



# City Council

## Regular Meeting Agenda

Monday, June 3, 2024  
6:30 PM  
Elk River City Hall

- Meeting in Council Chambers
- 

### 1. CALL MEETING TO ORDER

### 2. PLEDGE OF ALLEGIANCE

### 3. CONSIDER AGENDA

### 4. CONSENT AGENDA

Considered to be routine and noncontroversial and will be approved by one motion. There will be no separate discussion of these items unless there is a request to remove the item from the consent agenda to the regular agenda.

#### 4.1 May 20, 2024, City Council Regular Minutes

#### 4.2 Check Register

#### 4.3 Executive Recruitment Contract Agreement 24-15

#### 4.4 Hire Police Officer Magnuson

#### 4.5 Hire Police Officer Libor

#### 4.6 Call Special Budget Meetings

#### 4.7 2024-2025 Liquor License Renewals

#### 4.8 Temporary Liquor License: Aegir Brewing Company

#### 4.9 Resolution 24-27: Confirming Status of Lease Agreement with iBackCheck

#### 4.10 Emerald Ash Borer Management Plan

#### 4.11 Ordinance Amendment 24-14: Boards and Commissions and Resolution 24-28 for Summary Publication

#### 4.12 Insurance Agent of Record Agreement 24-16

#### 4.13 Resolution 24-29: Findings of Fact Approving a Variance Request for Ivan Foxcroft, 20055 Polk Street NW

#### 4.14 Purchase: Lion Fire Attack System

#### 4.15 Purchase Class A Burn Trailer

#### 4.16 Separation Agreement and Waiver of Claims

## 5. OPEN FORUM

An opportunity to provide comments and feedback regarding items not on the agenda. Information provided in Open Forum will not be discussed at this meeting; rather, the information will be referred to staff and/or scheduled for discussion at a future meeting.

## 6. PRESENTATIONS, AWARDS, AND RECOGNITION

### 6.1 Planning Commission Interviews

### 6.2 Annual Comprehensive Financial Report for Year ended December 31, 2023

## 7. PUBLIC HEARINGS

An opportunity for the public to express their opinions and raise questions pertaining to the agenda item. All comments become part of the official public record. For this reason, all comments must be made at the podium so they can be heard and recorded. Comments may also be provided in writing. There will not be deliberations, discussions, or answers to questions until the hearing is closed. It is important to be courteous and allow each presenter to comment before adding additional testimony.

### 7.1 Resolution 24-30: Tax Increment Financing District and Plan for Heritage Millwork, Inc. (TIF No. 29)

## 8. GENERAL BUSINESS

Items in which the information is presented by city staff or consultants, then deliberation and action occur. General Business items are not opportunities to receive or provide public input. However, the presiding officer may, at its sole discretion, solicit public feedback.

### 8.1 Ordinance Amendment 24-15: Massage Therapist Exemption

### 8.2 Ordinance Amendment 24-16: Food Trucks

### 8.3 Liquor License Renewal: The Confluence LLC dba Edge Bar & Boutique

### 8.4 Resolution 24-31: Sale of Property in Nature's Edge Business Park to PLM Properties, LLC

### 8.5 Discuss Work Session Items

### 8.6 Extend Land Use Approvals: Plat, Conditional Use Permit, and Easement Vacation for ERX

## 9. COUNCIL LIAISON UPDATES

### 9.1 Council Liaison Updates

## 10. MOTION TO ADJOURN

### The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*







**Meeting of the City Council  
Held at the Elk River City Hall  
Monday, May 20, 2024**

Members Present: Mayor John Dietz, Councilmembers Cory Grupa, Mike Beyer, Matt Westgaard and Jennifer Wagner

Members Absent: None

Staff Present: City Administrator Cal Portner, Business Services Director/Assistant City Administrator Joe Stremcha, Community Development Director Zack Carlton, Senior Planner Chris Leeseberg, and Deputy Clerk Jolene Richter

Others Present: City Attorney Jared Shepherd

**1. CALL MEETING TO ORDER**

Pursuant to due call and notice thereof, the meeting was called to order at 6:06 PM.

**2. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited.

**3. CONSIDER AGENDA**

**Moved by Councilmember Beyer and seconded by Councilmember Wagner to approve the agenda. Motion Carried 5-0.**

**4. CONSENT AGENDA**

**Moved by Councilmember Grupa and seconded by Councilmember Westgaard to approve the consent agenda. Motion Carried 5-0.**

4.1 April 29, 2024, Council Retreat Minutes

4.2 May 6, 2024, City Council Regular Minutes

4.3 Check Register for the period ending May 20, 2024.

4.4 Amend Resolution 23-62, 2024 Compensation Plan for Non-Organized Employees

4.5 Severance Agreement and Waiver of Claims: Perry Milless.

4.6 Resolution 24-25: Allocation of 2023 MN Public Safety Aid

4.7 Pay Estimates as outlined in the staff report.

4.8 Resolution 24-24: Safe Road Zone Grant Acceptance

4.9 Hire Street Maintenance Operator Jeremy Taylor effective June 3, 2024.

5. OPEN FORUM

No one appeared for Open Forum.

6. PRESENTATIONS, AWARDS, AND RECOGNITION

6.1 City of Elk River Volunteer of the Month

Mayor Dietz presented the May Volunteer of the Month award to Tim and Paula Boesch. He highlighted the following:

- Lector, greeter, and Eucharistic Ministers at the Church of St. Andrew.
- Sponsors for fully-engaged pre-marriage program.
- Tim belongs to the Knights of Columbus and teaches the Catholic faith to those joining St. Andrew's.
- Paula is the past president of the Council of Catholic Women.
- Tim is the past president of Riverwood National Homeowners Association and a current member of the architectural committee.
- Paula was a past volunteer for Community Education and performed with Elk River Community Theater.

6.2 Public Safety Recognition

Sherburne County Commissioner Andrew Hulse recognized and thanked Elk River public safety officers; Officer Brandon Martin, Officer Augustus Koppi, Paramedic Ron Lawrence, EMT Joe Libor Sr., EMT Carter Schmitt, and Sherburne County Dispatcher Matt Paumen who recently provided assistance in a medical event.

7. PUBLIC HEARINGS

7.1 Conditional Use Permit: PUD Amendment for Taco Bell Signage

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak to this matter, Mayor Dietz closed the public hearing.

**Moved by Councilmember Beyer and seconded by Councilmember Wagner to approve a Planned Unit Development amendment limiting the freestanding sign height consistent with the C-3 (Highway Commercial) sign ordinance. Motion Carried 5-0.**

7.2 Variance: Ivan Foxcroft - 20055 Polk Street NW

The staff report was presented.

Mayor Dietz opened the public hearing.

**Ivan Foxcroft, 20055 Polk St NW**, spoke to the neighbors regarding the project and they agreed with the plan. He understands the Board of Adjustments didn't want to set precedent, but feels that these requests should be on a case-by-case basis. He sent letters to 23 neighbors and no one spoke against it. He would like to respectfully request the Council approves the variance application.

**Chris Yearneau, 20079 Polk St NW**, is the neighbor to the North. He spoke to support the initial plan of the project of Mr. Foxcroft.

Mayor Dietz closed the public hearing.

Councilmember Wagner stated they have a unique lot set up due to the wetlands, drain field and well, which limits their space to build. She added that in her opinion the alternate plan would be worse. She feels the variance request is a reasonable one and they have their neighbor support. She would support the variance for those reasons.

Councilmember Beyer explained he totally understands setting precedence but thinks these are case-by-case basis, especially with such restraints. He likes that the neighbors are positive and in support of it. He thinks it lines up well with the other properties and the aesthetics are great.

Councilmember Westgaard stated the applicant has made a compelling argument and he would support it.

Councilmember Grupa thinks they did their due diligence and is in support of it.

Mayor Dietz gave credit to the applicant for talking to the neighbors ahead of time.

Moved by Councilmember Beyer to approve the variance. Motion died due to lack of second as City Attorney Shepherd interrupted directing the Council to make a motion to have staff prepare a resolution for approval.

**Moved by Councilmember Westgaard and seconded by Councilmember Beyer to have staff prepare a resolution of approval for the variance with the condition it conforms to the plan as outlined by the applicant and bring it back to the next Council meeting. Motion carried 5-0.**

7.3 Resolution 24-26 Preliminary and Final Plat: Natures Edge Business Center Fifth Addition, Heritage

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Millwork - PID 75-00929-0020

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak to this matter, Mayor Dietz closed the public hearing.

**Moved by Councilmember Wagner and seconded by Councilmember Beyer to approve the Preliminary Plat of Nature's Edge Business Center Fifth Addition. Motion carried 4-0. Councilmember Westgaard abstained due to a conflict of interest.**

**Moved by Councilmember Beyer and seconded by Councilmember Grupa to approve Resolution 24-26 approving the final plat of Natures Edge Business Center Fifth Addition, subject to the following conditions:**

1. The closing for the purchase of city-owned property occurs in conjunction with the recording of the plat.
2. Park Dedication Fees shall be paid per the city's fee schedule for the one buildable lot. (The current rate is 6% of the county's assessed value).
3. The street names on the plat must be updated to reflect the city's addressing grid.

**Motion carried 4-0. Councilmember Westgaard abstained due to a conflict of interest.**

#### 7.4 Ordinance 24-12 Amendment: PUD for Bradford Park

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak to this matter, Mayor Dietz closed the public hearing.

**Moved by Councilmember Grupa and seconded by Councilmember Westgaard to adopt, Ordinance 24-12 establishing and outlining the development standards for the Bradford Park Subdivision. Motion Carried 5-0.**

#### 7.5 Ordinance 24-13 Amendment: PUD for Spectrum Schools

The staff report was presented.

Mayor Dietz opened the public hearing. There being no one to speak to this matter, Mayor Dietz closed the public hearing.

**Moved by Councilmember Grupa and seconded by Councilmember Wagner to adopt Ordinance 24-13 establishing the PUD district and standards for Spectrum Schools. Motion Carried 5-0.**

## 8. GENERAL BUSINESS

### 8.1 iBackCheck Lease Termination Appeal

The staff report was presented.

Dr. Christi Jo Christian, CEO of iBackCheck Sport Therapy, was present to appeal the iBackCheck Lease Termination. She apologized and stated it would not happen again. She has requested a different communication plan with the city (handout).

Mayor Dietz asked Mr. Stremcha for clarification regarding the payments and the increased payment. Mr. Stremcha stated all the payments are up-to-date, including late fees and penalties.

Michelle Thatcher, Bank of Elk River, stated there was a bank error when keying in the increased amount, which defaulted to the old amount. She explained that has now been corrected.

Councilmember Beyer clarified payments with Mr. Stremcha. He thinks it is a valuable space and does not want it to go away and is willing to give it another chance.

Councilmember Westgaard stated he hoped the communication changes would help. He would prefer not to terminate the lease and thinks it is good for the community to have them in the space. He stated, as long as the finance piece is whole and there are mechanisms in place to make sure this doesn't happen again that keeping the status quo of them being in the space would be best for all parties involved.

Councilmember Grupa questioned the sub-lease and the logistics of who will be handling the sub-lease. Mr. Portner clarified by stating the entire lease space is held by iBack Check and they are sub-letting a portion of it to another group which the Council approved as well. In terms of that part of the lease it will remain as is until iBack Check's lease has ended.

Councilmember Wagner understands what it takes to run a small business and would like to see them run a successful business. She suggested for them to do what they need to do to ensure this doesn't happen again. She is looking forward to working this out and moving forward.

City Attorney Shepherd suggested the status of the lease to come back to the next Council meeting.

**Moved by Councilmember Grupa and seconded by Councilmember Westgaard to maintain the current lease agreement and bring back a resolution with the status of the lease at the next Council meeting. Motion carried 5-0.**

### 8.2 Agreement 24-14: Two Brothers Hockey Lease Agreement

This item was removed due to the appeal of iBack Check being approved.

### 8.3 Select Executive Search Firm

The staff report was presented.

The Council unanimously agreed that MGT/GovHR was the most appealing based on their experience with law enforcement, and they are originally from this area.

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**Moved by Councilmember Westgaard and seconded by Councilmember Grupa to approve the engagement of MGT/GovHR for executive recruitment services for the chief of police. Motion carried 5-0.**

#### 8.4 Financial Advisor Services

The staff report was presented.

**Moved by Councilmember Beyer and seconded by Councilmember Wagner to approve, Ehlers, Inc., to provide financial advisory services to the City of Elk River. Motion carried 5-0.**

#### 8.5 Temporary On-Sale Liquor License: Davis-Darrow-Meyer American Legion Post 112

The staff report was presented.

**Moved by Councilmember Beyer and seconded by Councilmember Wagner to approve a Temporary On-Sale Liquor License for Davis-Darrow-Meyer American Legion Post 112 for June 8, 2024, with the condition alcohol must be confined to an area enclosed by a fence with secured, controlled access. Wristband control is required for patrons 21 and over. Motion Carried 5-0.**

#### 8.6 Temporary On-Sale Liquor License: Sherburne County Fairgrounds

The staff report was presented.

**Moved by Councilmember Westgaard and seconded by Councilmember Grupa to approve a Temporary On-Sale Liquor License for the Sherburne County Fairgrounds for an event scheduled for July 27, 2024, with the condition alcohol must be limited to an area enclosed by a fence with secure, controlled access. Wristband control is also required. Motion Carried 5-0.**

#### 8.7 Temporary On-Sale Liquor License: Elk River Rotary Club

The staff report was presented.

**Moved by Councilmember Wagner and seconded by Councilmember Beyer to approve a Temporary On-Sale Liquor License to the Elk River Rotary Club for the Taste of Elk River event scheduled for August 8, 2024, with the condition alcohol must be limited to an area with secure, controlled access. Wristband control is also required. Motion carried 5-0.**

#### 8.8 2024 Goal Setting

The staff report was presented.

**Moved by Councilmember Beyer and seconded by Councilmember Westgaard to approve the updates to the Municipal Mission components and Council goals. Motion Carried 5-0.**

8.9 Resolution: Orderly Annexation

The staff report was presented.

Mayor Dietz asked if this affected the taxes for Elk River. City Attorney Shepherd stated that the city taxes would go to Elk River and the county taxes would go to Anoka County.

**Moved by Councilmember Grupa and seconded by Councilmember Westgaard to approve the draft resolution for orderly annexation. Motion Carried 5-0.**

9. MOTION TO ADJOURN REGULAR MEETING

**Moved by Councilmember Beyer and seconded by Councilmember Wagner to adjourn the meeting.**

The regular meeting adjourned at 7:10 p.m. Mayor Dietz called the work session to order at 7:10 p.m.

10. WORK SESSION – UPPER TOWN CONFERENCE ROOM

10.1 Concept Review: Twin Cities Land Development - City Sewer Service

The staff report was presented.

Mayor Dietz stated the Utilities Commission had a good conversation about this situation. The bigger picture is, if we put in the sewer now, we do not have to worry about the septic system failing.

Councilmember Westgaard stated the infrastructure for the sewer is already there and it will be decades before water service will get that far out. The density is more manageable than in previous proposals.

Councilmember Wagner explained she was not in favor of the large development and appreciates the 1-plus acre lots. She does not have any issues with hooking up to the sanitary line as long as the sanitary line can handle it.

The Council supports the idea of this project.

11. MOTION TO ADJOURN

**Moved by Councilmember Westgaard and seconded by Councilmember Grupa to adjourn the meeting.**

The meeting adjourned at 7:25 PM

Minutes prepared by Jolene Richter.

12. INFORMATION

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12.1 Financial Report - April



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John J. Dietz, Mayor



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Tina Allard, City Clerk

DRAFT





# Request for Action

**To**  
City Council

**Item Number**  
4.2

**Meeting Date**  
June 3, 2024

**Prepared By**  
Amy Stangler, Accounting Clerk

**Item Description**  
Check Register

**Reviewed by:**  
Lori Stich  
Joe Stremcha  
Cal Portner  
Tina Allard

## Action Requested

Approve, by motion, the check register for the period ending June 3, 2024.

## Background/Discussion

Below is a listing of the disbursements for the various funds for the period ending June 3, 2024. The details of these disbursements are attached to this request for action.

|                                                  |                 |
|--------------------------------------------------|-----------------|
| General                                          | \$ 245,365.43   |
| Special Revenue, Debt Service & Capital Projects | 615,452.24      |
| Enterprise                                       | 504,874.61      |
| Escrows                                          | -               |
| Total for All Funds                              | \$ 1,365,692.28 |

**Financial Impact**  
N/A

**Mission/Policy/Goal**  
N/A

## Attachments

1. 4.2 at1 Check Register
2. 4.2 at2 Check Register-Taxes

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



| VENDOR SORT KEY                   | DESCRIPTION               | FUND               | DEPARTMENT             | AMOUNT           |
|-----------------------------------|---------------------------|--------------------|------------------------|------------------|
| DEBRA THATCHER                    | INSULATED TOTES W/ LOGO   | GENERAL FUND       | Farmers Market         | <u>3,577.00</u>  |
|                                   |                           |                    | TOTAL:                 | 3,577.00         |
| ADVANTAGE POLICE SUPPLY           | SUPPLIES                  | CAPITAL OUTLAY RES | Emergency Management   | 7,999.75         |
|                                   | SUPPLIES                  | CAPITAL OUTLAY RES | Emergency Management   | <u>15,996.00</u> |
|                                   |                           |                    | TOTAL:                 | 23,995.75        |
| DAID ELECTRIC CORPORATION         | ELECTRICAL SVCS           | GENERAL FUND       | Parks Dept             | 232.20           |
|                                   | ELECTRICAL SVCS           | GOVT BUILDINGS     | Recreation             | <u>1,336.82</u>  |
|                                   |                           |                    | TOTAL:                 | 1,569.02         |
| DALLEGION ACCESS TECHNOLOGIES LLC | DOOR REPAIRS              | WASTEWATER TREATME | WWTS Plant             | <u>1,335.50</u>  |
|                                   |                           |                    | TOTAL:                 | 1,335.50         |
| DAN ANTHONY MANSFIELD             | RPZ & SPRINKLER TESTING   | MULTIPURPOSE FACIL | Multipurpose Facility  | <u>1,200.00</u>  |
|                                   |                           |                    | TOTAL:                 | 1,200.00         |
| AMAZON CAPITAL SERVICES           | SUPPLIES                  | GENERAL FUND       | City Council           | 17.99            |
|                                   | SUPPLIES                  | GENERAL FUND       | Administrative Service | 93.46            |
|                                   | SUPPLIES CREDIT-HLTH RWDS | GENERAL FUND       | Human Resources        | 32.99-           |
|                                   | SUPPLIES                  | GENERAL FUND       | Finance                | 77.99            |
|                                   | SUPPLIES                  | GENERAL FUND       | Information Technology | 170.85           |
|                                   | SUPPLIES                  | GENERAL FUND       | Information Technology | 1,242.38         |
|                                   | SUPPLIES                  | GENERAL FUND       | Information Technology | 340.37           |
|                                   | SUPPLIES                  | GENERAL FUND       | Patrol                 | 51.17            |
|                                   | SUPPLIES                  | GENERAL FUND       | Investigations         | 17.76            |
|                                   | SUPPLIES                  | GENERAL FUND       | Street Maintenance     | 74.73            |
|                                   | SUPPLIES                  | GENERAL FUND       | Parks & Rec Admin      | 109.98           |
|                                   | SUPPLIES                  | GENERAL FUND       | Sr Citizen Programs    | 69.95            |
|                                   | SUPPLIES                  | MULTIPURPOSE FACIL | Multipurpose Facility  | 5.80             |
|                                   | SUPPLIES                  | WASTEWATER TREATME | WWTS Plant             | 31.35            |
|                                   | SUPPLIES                  | LIQUOR             | Northbound-Operations  | 27.20            |
|                                   | SUPPLIES                  | LIQUOR             | Westbound-Operations   | 27.20            |
|                                   | SUPPLIES                  | GARBAGE            | Garbage                | 378.95           |
|                                   | SUPPLIES                  | GARBAGE            | Organics               | <u>95.97</u>     |
|                                   |                           |                    | TOTAL:                 | 2,800.11         |
| THE AMERICAN BOTTLING CO          | POP/MISC                  | LIQUOR             | Northbound-Cost of Sal | <u>263.42</u>    |
|                                   |                           |                    | TOTAL:                 | 263.42           |
| AMERICAN TEST CENTER              | ANNUAL SAFETY INSPECTION  | WASTEWATER TREATME | WWTS Plant             | <u>2,095.00</u>  |
|                                   |                           |                    | TOTAL:                 | 2,095.00         |
| ARTISAN BEER COMPANY              | BEER                      | LIQUOR             | Northbound-Cost of Sal | 804.70           |
|                                   | BEER                      | LIQUOR             | Westbound-Cost of Sale | 233.80           |
|                                   | BEER                      | LIQUOR             | Westbound-Cost of Sale | <u>253.90</u>    |
|                                   |                           |                    | TOTAL:                 | 1,292.40         |
| ASPEN MILLS                       | UNIFORMS-SANDBERG         | GENERAL FUND       | Patrol                 | 565.39           |
|                                   | UNIFORMS-BENDEL           | GENERAL FUND       | Patrol                 | 175.90           |
|                                   | UNIFORMS-POSER            | GENERAL FUND       | Investigations         | 231.53           |
|                                   | UNIFORMS-SMITH            | GENERAL FUND       | Fire Administration    | 74.90            |
|                                   | UNIFORMS-J SMITH          | GENERAL FUND       | Fire Administration    | <u>66.00</u>     |
|                                   |                           |                    | TOTAL:                 | 1,113.72         |
| BATTERIES PLUS BULBS              | SUPPLIES                  | WASTEWATER TREATME | Lift Stations          | 64.50            |

| VENDOR SORT KEY             | DESCRIPTION                | FUND               | DEPARTMENT             | AMOUNT           |
|-----------------------------|----------------------------|--------------------|------------------------|------------------|
|                             |                            |                    | TOTAL:                 | <u>64.50</u>     |
| DELMAR BAUERS               | ADULT PICKLEBALL LESSONS   | GENERAL FUND       | Recreation Programs    | <u>100.00</u>    |
|                             |                            |                    | TOTAL:                 | 100.00           |
| DEBAUDRY OIL CO             | UNLEADED FUEL              | GENERAL FUND       | Street Maintenance     | <u>18,884.31</u> |
|                             |                            |                    | TOTAL:                 | 18,884.31        |
| BELLBOY CORPORATION         | LIQUOR/THC PROD/FREIGHT    | LIQUOR             | Northbound-Cost of Sal | 1,060.08         |
|                             | LIQUOR/THC PROD/FREIGHT    | LIQUOR             | Northbound-Cost of Sal | 690.00           |
|                             | LIQUOR/THC PROD/FREIGHT    | LIQUOR             | Northbound-Cost of Sal | <u>43.58</u>     |
|                             |                            |                    | TOTAL:                 | 1,793.66         |
| BERGANKDV, LTD.             | AUDIT SERVICES             | GENERAL FUND       | Finance                | 7,500.00         |
|                             | AUDIT SERVICES             | WASTEWATER TREATME | WWTS Administration    | 2,250.00         |
|                             | AUDIT SERVICES             | LIQUOR             | Northbound-Operations  | 1,875.00         |
|                             | AUDIT SERVICES             | LIQUOR             | Westbound-Operations   | 1,875.00         |
|                             | AUDIT SERVICES             | GARBAGE            | Garbage                | 750.00           |
|                             | AUDIT SERVICES             | STORM WATER        | Storm Water            | <u>750.00</u>    |
|                             |                            |                    | TOTAL:                 | 15,000.00        |
| BERNICK'S                   | POP/MISC                   | LIQUOR             | Northbound-Cost of Sal | 70.99            |
|                             | THC PRODUCTS               | LIQUOR             | Northbound-Cost of Sal | 242.00           |
|                             | BEER                       | LIQUOR             | Northbound-Cost of Sal | 3,471.95         |
|                             | POP/MISC                   | LIQUOR             | Northbound-Cost of Sal | 248.92           |
|                             | THC PRODUCTS               | LIQUOR             | Northbound-Cost of Sal | 197.00           |
|                             | BEER                       | LIQUOR             | Northbound-Cost of Sal | 1,390.90         |
|                             | BEER CREDIT                | LIQUOR             | Northbound-Cost of Sal | 28.96-           |
|                             | POP/MISC                   | LIQUOR             | Westbound-Cost of Sale | 115.15           |
|                             | THC PRODUCTS               | LIQUOR             | Westbound-Cost of Sale | 39.00            |
|                             | BEER                       | LIQUOR             | Westbound-Cost of Sale | 2,695.15         |
|                             | POP/MISC                   | LIQUOR             | Westbound-Cost of Sale | 130.20           |
|                             | BEER                       | LIQUOR             | Westbound-Cost of Sale | 978.90           |
|                             | BEER CREDIT                | LIQUOR             | Westbound-Cost of Sale | <u>11.28-</u>    |
|                             |                            |                    | TOTAL:                 | 9,539.92         |
| BLACKHAWK PEST CONTROL, LLC | PEST CONTROL-CITY HALL     | GENERAL FUND       | Building Maintenance   | 125.00           |
|                             | PEST CONTROL-SPRING TRMNT  | GENERAL FUND       | Building Maintenance   | 100.00           |
|                             | PEST CONTROL-FS 3          | GENERAL FUND       | Fire Administration    | 52.50            |
|                             | PEST CONTROL-FS 3          | GENERAL FUND       | Fire Administration    | 52.50            |
|                             | PEST CONTROL-FS #3         | GENERAL FUND       | Fire Administration    | 52.50            |
|                             | PEST CONTROL- PW           | GENERAL FUND       | Street Maintenance     | 110.00           |
|                             | PEST CONTROL-FTCENTER      | MULTIPURPOSE FACIL | Multipurpose Facility  | <u>125.00</u>    |
|                             |                            |                    | TOTAL:                 | 617.50           |
| BLAINE LOCK & SAFE, INC     | KEYS                       | GENERAL FUND       | Information Technology | 49.00            |
|                             | KEYS CUT                   | GENERAL FUND       | Fire Administration    | 133.00           |
|                             | KEYS                       | MULTIPURPOSE FACIL | Multipurpose Facility  | <u>402.50</u>    |
|                             |                            |                    | TOTAL:                 | 584.50           |
| BNSF RAILWAY                | SIGNAL MAINT-MAIN ST/JACKS | GENERAL FUND       | Street Maintenance     | <u>57,132.90</u> |
|                             |                            |                    | TOTAL:                 | 57,132.90        |
| BOLTON & MENK, INC          | MEGA LOOP TRAIL IMPROVEMEN | PARK DEDICATION FU | Mega Loop Trail Imprv  | 5,174.00         |
|                             | 2023 STREET IMPROVEMENTS   | PAVEMENT MANAGEMEN | Street Improvements    | 1,566.50         |
|                             | LINE AVE CUL-DE-SAC        | STREET IMPROVEMENT | Hwy 169 Frontage/Backa | 6,818.50         |

| VENDOR SORT KEY                       | DESCRIPTION             | FUND               | DEPARTMENT             | AMOUNT           |
|---------------------------------------|-------------------------|--------------------|------------------------|------------------|
|                                       | ROLLING HILLS SEWER EXT | TRUNK UTILITIES    | Rolling Hills Sewer    | <u>10,755.50</u> |
|                                       |                         |                    | TOTAL:                 | 24,314.50        |
| BOURGET IMPORTS LLC                   | WINE/FREIGHT            | LIQUOR             | Westbound-Cost of Sale | 480.00           |
|                                       | WINE/FREIGHT            | LIQUOR             | Westbound-Cost of Sale | <u>18.00</u>     |
|                                       |                         |                    | TOTAL:                 | 498.00           |
| LINDSAY BRANDNER                      | REIMB MILEAGE 5/8 CONF  | GENERAL FUND       | Patrol                 | <u>137.75</u>    |
|                                       |                         |                    | TOTAL:                 | 137.75           |
| BREAKTHRU BEVERAGE MINNESOTA          | WINE                    | LIQUOR             | Northbound-Cost of Sal | 256.00           |
|                                       | POP/MISC                | LIQUOR             | Northbound-Cost of Sal | 362.03           |
|                                       | LIQUOR                  | LIQUOR             | Northbound-Cost of Sal | 12,147.70        |
|                                       | WINE                    | LIQUOR             | Northbound-Cost of Sal | 768.00           |
|                                       | LIQUOR                  | LIQUOR             | Northbound-Cost of Sal | 1,880.44         |
|                                       | LIQUOR                  | LIQUOR             | Westbound-Cost of Sale | 3,568.80         |
|                                       | WINE                    | LIQUOR             | Westbound-Cost of Sale | 640.00           |
|                                       | LIQUOR                  | LIQUOR             | Westbound-Cost of Sale | <u>2,535.86</u>  |
|                                       |                         |                    | TOTAL:                 | 22,158.83        |
| BRENTESON COMPANIES, INC              | LAKE ORONO IMPRVMT PROJ | ACTIVE ER PROJECTS | Orono Park             | <u>4,467.34</u>  |
|                                       |                         |                    | TOTAL:                 | 4,467.34         |
| C & L DISTRIBUTING CO                 | BEER CREDIT             | LIQUOR             | Northbound-Cost of Sal | 18.20-           |
|                                       | BEER CREDIT             | LIQUOR             | Northbound-Cost of Sal | 120.80-          |
|                                       | LIQUOR CREDIT           | LIQUOR             | Northbound-Cost of Sal | 51.00-           |
|                                       | LIQUOR/WINE             | LIQUOR             | Northbound-Cost of Sal | 1,695.00         |
|                                       | LIQUOR/WINE             | LIQUOR             | Northbound-Cost of Sal | 78.00            |
|                                       | BEER                    | LIQUOR             | Northbound-Cost of Sal | 8,110.45         |
|                                       | BEER                    | LIQUOR             | Northbound-Cost of Sal | 7,501.60         |
|                                       | BEER CREDIT             | LIQUOR             | Northbound-Cost of Sal | 316.80-          |
|                                       | THC PRODUCTS            | LIQUOR             | Northbound-Cost of Sal | 345.00           |
|                                       | WINE/LIQUOR             | LIQUOR             | Northbound-Cost of Sal | 197.40           |
|                                       | WINE/LIQUOR             | LIQUOR             | Northbound-Cost of Sal | 2,506.50         |
|                                       | BEER                    | LIQUOR             | Northbound-Cost of Sal | 9,060.00         |
|                                       | WINE/LIQUOR CREDIT      | LIQUOR             | Northbound-Cost of Sal | 78.00-           |
|                                       | WINE/LIQUOR CREDIT      | LIQUOR             | Northbound-Cost of Sal | <u>47.50-</u>    |
|                                       |                         |                    | TOTAL:                 | 28,861.65        |
| C & L DISTRIBUTING CO                 | BEER CREDIT             | LIQUOR             | Westbound-Cost of Sale | 13.58-           |
|                                       | BEER CREDIT             | LIQUOR             | Westbound-Cost of Sale | 10.20-           |
|                                       | BEER                    | LIQUOR             | Westbound-Cost of Sale | 13,057.90        |
|                                       | LIQUOR                  | LIQUOR             | Westbound-Cost of Sale | 858.90           |
|                                       | BEER                    | LIQUOR             | Westbound-Cost of Sale | 1,247.40         |
|                                       | WINE/LIQUOR             | LIQUOR             | Westbound-Cost of Sale | 67.20            |
|                                       | WINE/LIQUOR             | LIQUOR             | Westbound-Cost of Sale | 578.00           |
|                                       | BEER                    | LIQUOR             | Westbound-Cost of Sale | <u>10,554.15</u> |
|                                       |                         |                    | TOTAL:                 | 26,339.77        |
| CAMPBELL KNUTSON P.A.                 | APR LEGAL SVCS          | GENERAL FUND       | Legal                  | <u>11,303.07</u> |
|                                       |                         |                    | TOTAL:                 | 11,303.07        |
| CARLOS CREEK WINERY                   | WINE                    | LIQUOR             | Northbound-Cost of Sal | <u>600.00</u>    |
|                                       |                         |                    | TOTAL:                 | 600.00           |
| CENTRAL TURF & IRRIGATION SUPPLY INC. | SUPPLIES                | GENERAL FUND       | Parks Dept             | 975.30           |

| VENDOR SORT KEY            | DESCRIPTION                       | FUND               | DEPARTMENT             | AMOUNT           |
|----------------------------|-----------------------------------|--------------------|------------------------|------------------|
|                            |                                   |                    | TOTAL:                 | 975.30           |
| CHARTER COMMUNICATIONS     | PHONE LINE CHGS-FTCENTER          | MULTIPURPOSE FACIL | Multipurpose Facility  | 326.64           |
|                            | PHONE LINE CHGS-FTCENTER          | MULTIPURPOSE FACIL | Multipurpose Facility  | 326.64           |
|                            | PHONE LINE CHGS - WW              | WASTEWATER TREATME | WWTS Administration    | <u>135.26</u>    |
|                            |                                   |                    | TOTAL:                 | 788.54           |
| CINTAS CORPORATION LOC 470 | UNIFORMS RENTAL/CLEANING          | WASTEWATER TREATME | WWTS Plant             | 134.23           |
|                            | UNIFORMS RENTAL/CLEANING          | WASTEWATER TREATME | WWTS Plant             | 125.08           |
|                            | MATS, TOWELS, SCRAPERS, MO LIQUOR |                    | Northbound-Operations  | 51.50            |
|                            | MATS, TOWELS, SCRAPERS, MO LIQUOR |                    | Northbound-Operations  | 51.50            |
|                            | MATS, TOWELS, SCRAPERS, MO LIQUOR |                    | Westbound-Operations   | 37.28            |
|                            | MATS, TOWELS, SCRAPERS, MO LIQUOR |                    | Westbound-Operations   | <u>46.18</u>     |
|                            |                                   |                    | TOTAL:                 | 445.77           |
| CITY OF MONTICELLO         | ANIMAL CONTROL CHARGES            | GENERAL FUND       | Police Support Service | <u>388.00</u>    |
|                            |                                   |                    | TOTAL:                 | 388.00           |
| CITY OF ST PAUL            | TRAINING-BENDEL & ROSCOE          | GENERAL FUND       | Patrol                 | <u>800.00</u>    |
|                            |                                   |                    | TOTAL:                 | 800.00           |
| CIVICPLUS, LLC             | HOSTING, SUPPORT & HEADERS        | GENERAL FUND       | Administrative Service | <u>17,556.41</u> |
|                            |                                   |                    | TOTAL:                 | 17,556.41        |
| CORNERSTONE AUTO           | PARTS                             | GENERAL FUND       | Patrol                 | <u>139.95</u>    |
|                            |                                   |                    | TOTAL:                 | 139.95           |
| CSG FORTE PAYMENTS INC     | SUPPLIES                          | MULTIPURPOSE FACIL | Multipurpose Facility  | <u>450.00</u>    |
|                            |                                   |                    | TOTAL:                 | 450.00           |
| CUB FOODS                  | POP/MISC                          | MULTIPURPOSE FACIL | Arena concessions      | <u>27.92</u>     |
|                            |                                   |                    | TOTAL:                 | 27.92            |
| CUMMINS SALES & SERVICE    | GENERATOR MAINT 3853              | WASTEWATER TREATME | Lift Stations          | 637.93           |
|                            | GENERATOR MAINT 6885              | WASTEWATER TREATME | Lift Stations          | 582.01           |
|                            | GENERATOR MAINT 8768              | WASTEWATER TREATME | Lift Stations          | <u>790.12</u>    |
|                            |                                   |                    | TOTAL:                 | 2,010.06         |
| DACOTAH PAPER CO           | SUPPLIES                          | GENERAL FUND       | Parks Dept             | 523.16           |
|                            | SUPPLIES                          | GENERAL FUND       | Parks Dept             | <u>89.43</u>     |
|                            |                                   |                    | TOTAL:                 | 612.59           |
| DAHLHEIMER BEVERAGE, LLC   | BEER                              | LIQUOR             | Northbound-Cost of Sal | 18,213.60        |
|                            | BEER                              | LIQUOR             | Northbound-Cost of Sal | 13,177.97        |
|                            | BEER                              | LIQUOR             | Northbound-Cost of Sal | 14,875.60        |
|                            | BEER                              | LIQUOR             | Northbound-Cost of Sal | <u>180.00</u>    |
|                            |                                   |                    | TOTAL:                 | 46,447.17        |
| DAHLHEIMER BEVERAGE, LLC   | BEER                              | LIQUOR             | Westbound-Cost of Sale | 15,654.35        |
|                            | KEGS FOR DISPLAY                  | LIQUOR             | Westbound-Cost of Sale | 180.00           |
|                            | BEER                              | LIQUOR             | Westbound-Cost of Sale | 5,267.25         |
|                            | BEER CREDIT                       | LIQUOR             | Westbound-Cost of Sale | 176.80-          |
|                            | BEER/POP/MISC                     | LIQUOR             | Westbound-Cost of Sale | 9,414.90         |
|                            | BEER/POP/MISC                     | LIQUOR             | Westbound-Cost of Sale | 43.00            |
|                            | BEER                              | LIQUOR             | Westbound-Cost of Sale | 7,888.60         |
|                            | BEER/KEG CREDIT                   | LIQUOR             | Westbound-Cost of Sale | 30.00-           |

| VENDOR SORT KEY               | DESCRIPTION               | FUND               | DEPARTMENT             | AMOUNT    |
|-------------------------------|---------------------------|--------------------|------------------------|-----------|
|                               |                           |                    | TOTAL:                 | 38,241.30 |
| DELL MARKETING, L P           | COMPUTERS                 | TECHNOLOGY REPLACE | Information Technology | 5,793.98  |
|                               |                           |                    | TOTAL:                 | 5,793.98  |
| DORSEY & WHITNEY LLP          | LEGAL SVCS                | WASTEWATER TREATME | WWTS Administration    | 2,518.75  |
|                               |                           |                    | TOTAL:                 | 2,518.75  |
| E C M PUBLISHERS INC          | ORDINANCE 24-13           | GENERAL FUND       | Planning               | 172.00    |
|                               | ORDINANCE 24-12           | GENERAL FUND       | Planning               | 481.60    |
|                               | WEED & GRASS ELIMINATION  | GENERAL FUND       | Planning               | 68.80     |
|                               | NOTICE OF PH, PO CU 24-08 | GENERAL FUND       | Planning               | 103.20    |
|                               | NOTICE OF PH, PO CU 24-07 | GENERAL FUND       | Planning               | 111.80    |
|                               | NOTICE OF PH, PO V 24-06  | GENERAL FUND       | Planning               | 103.20    |
|                               | NOTICE OF PH, PO V 24-05  | GENERAL FUND       | Planning               | 103.20    |
|                               | NOTICE OF PH, PO IU 24-01 | GENERAL FUND       | Planning               | 103.20    |
|                               | NOTICE OF PH, PO CU 24-06 | GENERAL FUND       | Planning               | 111.80    |
|                               | BUSINESS CARDS-E PATULLO  | GENERAL FUND       | Police Administration  | 37.00     |
|                               | WINDOW ENVELOPES-FIRE     | GENERAL FUND       | Fire Administration    | 306.00    |
|                               | EMPLOYMENT ADV-FTCENTER   | MULTIPURPOSE FACIL | Multipurpose Facility  | 121.68    |
|                               | ORDINANCE 24-11           | LANDFILL           | General                | 387.00    |
|                               | EMPLOYMENT ADV-WW OPER    | WASTEWATER TREATME | WWTS Plant             | 60.40     |
|                               |                           |                    | TOTAL:                 | 2,270.88  |
| EARL F. ANDERSEN, INC         | SUPPLIES                  | GENERAL FUND       | Farmers Market         | 234.00    |
|                               |                           |                    | TOTAL:                 | 234.00    |
| DALE ECKERT                   | RELEASE-ECKERT            | WASTEWATER TREATME | WWTS Administration    | 100.00    |
|                               |                           |                    | TOTAL:                 | 100.00    |
| ELK RIVER MUNICIPAL UTILITIES | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Building Maintenance   | 3,235.72  |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Public safety building | 6,607.64  |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Public safety building | 64.50     |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Public safety building | 64.49     |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Fire Administration    | 770.39    |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Emergency Management   | 78.42     |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Emergency Management   | 304.44    |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Street Maintenance     | 57.12     |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Street Maintenance     | 32.64     |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Street Maintenance     | 3,550.28  |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Parks Dept             | 597.80    |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Parks Dept             | 630.34    |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Parks Dept             | 3,529.94  |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Parks Dept             | 1,393.50  |
|                               | WATER/ELECTRIC/SWR/STMWTR | GENERAL FUND       | Parks Dept             | 34.24     |
|                               | WATER/ELECTRIC/SWR/STMWTR | LIBRARY            | Library                | 3,061.16  |
|                               | WATER/ELECTRIC/SWR/STMWTR | MULTIPURPOSE FACIL | Multipurpose Facility  | 25,787.65 |
|                               | WATER/ELECTRIC/SWR/STMWTR | WASTEWATER TREATME | WWTS Plant             | 20,111.86 |
|                               | WATER/ELECTRIC/SWR/STMWTR | WASTEWATER TREATME | Lift Stations          | 3,668.94  |
|                               | WATER/ELECTRIC/SWR/STMWTR | WASTEWATER TREATME | Lift Stations          | 1,147.66  |
|                               | WATER/ELECTRIC/SWR/STMWTR | LIQUOR             | Westbound-Operations   | 2,079.82  |
|                               |                           |                    | TOTAL:                 | 76,808.55 |
| NOTHING BUT HEMP              | THC PRODUCTS              | LIQUOR             | Northbound-Cost of Sal | 1,575.00  |
|                               | THC PRODUCTS              | LIQUOR             | Westbound-Cost of Sale | 1,413.00  |
|                               |                           |                    | TOTAL:                 | 2,988.00  |

| VENDOR SORT KEY              | DESCRIPTION               | FUND               | DEPARTMENT             | AMOUNT        |
|------------------------------|---------------------------|--------------------|------------------------|---------------|
| CATHERINE ENGLISH            | FARMERS MKT ENT 06/20/24  | GENERAL FUND       | Farmers Market         | <u>175.00</u> |
|                              |                           |                    | TOTAL:                 | 175.00        |
| ENVIRONMENTAL RESOURCE ASSOC | SUPPLIES                  | WASTEWATER TREATME | WWTS Plant             | <u>265.77</u> |
|                              |                           |                    | TOTAL:                 | 265.77        |
| FACTORY MOTOR PARTS CO       | PARTS                     | GENERAL FUND       | Patrol                 | 66.70         |
|                              | PARTS                     | GENERAL FUND       | Patrol                 | 85.50         |
|                              | PARTS                     | GENERAL FUND       | Patrol                 | 66.70         |
|                              | PARTS                     | GENERAL FUND       | Patrol                 | <u>85.50</u>  |
|                              |                           |                    | TOTAL:                 | 304.40        |
| TIMOTHY FAST                 | FARMERS MKT ENT 06/13/24  | GENERAL FUND       | Farmers Market         | <u>175.00</u> |
|                              |                           |                    | TOTAL:                 | 175.00        |
| KIRI A FAUL                  | EMPLOYMENT EVALUATION     | GENERAL FUND       | Police Administration  | <u>665.00</u> |
|                              |                           |                    | TOTAL:                 | 665.00        |
| FLAGSHIP RECREATION LLC      | SUPPLIES                  | GENERAL FUND       | Parks Dept             | <u>77.00</u>  |
|                              |                           |                    | TOTAL:                 | 77.00         |
| FLEETPRIDE                   | SUPPLIES                  | GENERAL FUND       | Equipment Services     | 38.24         |
|                              | SUPPLIES                  | GENERAL FUND       | Equipment Services     | <u>36.24</u>  |
|                              |                           |                    | TOTAL:                 | 74.48         |
| FOXFURY LLC                  | SUPPLIES                  | CAPITAL OUTLAY RES | Emergency Management   | <u>919.03</u> |
|                              |                           |                    | TOTAL:                 | 919.03        |
| GEARED UP APPAREL            | UNIFORMS-WB LIQUOR        | LIQUOR             | Westbound-Operations   | 29.55         |
|                              | UNIFORMS-WB LIQUOR        | LIQUOR             | Westbound-Operations   | 95.40         |
|                              | UNIFORMS-WB LIQUOR        | LIQUOR             | Westbound-Operations   | 67.40         |
|                              | UNIFORMS-WB LIQUOR        | LIQUOR             | Westbound-Operations   | 46.60         |
|                              | UNIFORMS-WB LIQUOR        | LIQUOR             | Westbound-Operations   | 142.05        |
|                              | UNIFORMS-WB LIQUOR        | LIQUOR             | Westbound-Operations   | <u>123.20</u> |
|                              |                           |                    | TOTAL:                 | 504.20        |
| GRAINGER                     | SUPPLIES                  | WASTEWATER TREATME | WWTS Plant             | 13.28         |
|                              | SUPPLIES                  | WASTEWATER TREATME | WWTS Plant             | <u>26.41</u>  |
|                              |                           |                    | TOTAL:                 | 39.69         |
| GRANITE CITY JOBBING CO      | POP/MISC/THC/SPLS/FREIGHT | LIQUOR             | Northbound-Cost of Sal | 496.94        |
|                              | POP/MISC/THC/SPLS/FREIGHT | LIQUOR             | Northbound-Cost of Sal | 48.00         |
|                              | POP/MISC/THC/SPLS/FREIGHT | LIQUOR             | Northbound-Cost of Sal | 5.00          |
|                              | POP/MISC/SUPPLIES/FREIGHT | LIQUOR             | Northbound-Cost of Sal | 1,363.21      |
|                              | POP/MISC/SUPPLIES/FREIGHT | LIQUOR             | Northbound-Cost of Sal | 5.00          |
|                              | POP/MISC/THC/SPLS/FREIGHT | LIQUOR             | Northbound-Operations  | 68.35         |
|                              | POP/MISC/SUPPLIES/FREIGHT | LIQUOR             | Northbound-Operations  | 337.09        |
|                              | POP/MISC/SUPPLIES/FREIGHT | LIQUOR             | Westbound-Cost of Sale | 809.24        |
|                              | POP/MISC/SUPPLIES/FREIGHT | LIQUOR             | Westbound-Cost of Sale | 5.00          |
|                              | POP/MISC/SUPPLIES/FREIGHT | LIQUOR             | Westbound-Operations   | <u>7.64</u>   |
|                              |                           |                    | TOTAL:                 | 3,145.47      |
| GRIMCO, INC                  | SIGN SUPPLIES             | GENERAL FUND       | Communications         | 412.97        |
|                              | SIGN SUPPLIES             | GENERAL FUND       | Communications         | 112.00        |
|                              | SIGN SUPPLIES             | GENERAL FUND       | Communications         | <u>86.27</u>  |
|                              |                           |                    | TOTAL:                 | 611.24        |

| VENDOR SORT KEY            | DESCRIPTION                | FUND               | DEPARTMENT             | AMOUNT          |
|----------------------------|----------------------------|--------------------|------------------------|-----------------|
| HAWKINS, INC.              | SUPPLIES                   | WASTEWATER TREATME | WWTS Plant             | <u>50.00</u>    |
|                            |                            |                    | TOTAL:                 | 50.00           |
| HOME DEPOT CREDIT SERVICES | SUPPLIES-STRING TRIMMER    | WASTEWATER TREATME | WWTS Plant             | <u>89.97</u>    |
|                            |                            |                    | TOTAL:                 | 89.97           |
| HUMERATECH                 | WESTBOUND RTU'S            | LIQUOR             | Westbound-Operations   | <u>2,750.00</u> |
|                            |                            |                    | TOTAL:                 | 2,750.00        |
| INDIAN ISLAND WINERY LLC   | WINE                       | LIQUOR             | Westbound-Cost of Sale | <u>155.04</u>   |
|                            |                            |                    | TOTAL:                 | 155.04          |
| JOHNSON BROS LIQUOR        | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 5,155.50        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 103.21          |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 2,057.10        |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 51.74           |
|                            | POP/MISC/FREIGHT           | LIQUOR             | Northbound-Cost of Sal | 48.00           |
|                            | POP/MISC/FREIGHT           | LIQUOR             | Northbound-Cost of Sal | 1.72            |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 3,204.50        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 22.36           |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 8,130.70        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 178.93          |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 944.00          |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 22.36           |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 159.60          |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 6.88            |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 10,620.40       |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 153.09          |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 6,554.98        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 140.04          |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 137.34          |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 2.86            |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 1,581.00        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 16.34           |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 5,522.28        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 87.72           |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 215.76          |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 3.44            |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 2,226.00        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 72.26           |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 3,215.59        |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 66.08           |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 1,819.97        |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | <u>24.08</u>    |
|                            |                            |                    | TOTAL:                 | 52,545.83       |
| JOHNSON CONTROLS           | SECURITY SVC               | CAPITAL OUTLAY RES | Recycling              | <u>333.39</u>   |
|                            |                            |                    | TOTAL:                 | 333.39          |
| JUMP CITY INC              | INFLATABLES 7/27/24        | GENERAL FUND       | City Council           | <u>1,153.99</u> |
|                            |                            |                    | TOTAL:                 | 1,153.99        |
| JUNK FM LLC                | RIVERFRONT CONCERT 06/13/2 | GENERAL FUND       | Recreation Programs    | <u>2,500.00</u> |
|                            |                            |                    | TOTAL:                 | 2,500.00        |
| KENNEDY & GRAVEN CHARTERED | LEGAL SVCS                 | DEVELOPMENT FUND   | Economic Development   | 744.00          |



| VENDOR SORT KEY                   | DESCRIPTION                                   | FUND               | DEPARTMENT             | AMOUNT          |
|-----------------------------------|-----------------------------------------------|--------------------|------------------------|-----------------|
|                                   | LEGAL SVCS                                    | TIF #26 SHOOT STEE | TIF 26 SHOOT STEEL     | <u>363.50</u>   |
|                                   |                                               |                    | TOTAL:                 | 1,107.50        |
| LAKE STATE RECYCLING INC          | CLEAN UP DAY RECYCLING 4/2 LANDFILL           |                    | General                | 3,024.55        |
|                                   | CARDBOARD RECYCLING                           | LIQUOR             | Northbound-Operations  | 150.00          |
|                                   | CARDBOARD RECYCLING                           | LIQUOR             | Westbound-Operations   | <u>150.00</u>   |
|                                   |                                               |                    | TOTAL:                 | 3,324.55        |
| LANDFORM                          | PROFESSIONAL SVCS-STAKE D& FEDERAL COVID FUND |                    | Information Technology | <u>1,446.25</u> |
|                                   |                                               |                    | TOTAL:                 | 1,446.25        |
| LANGUAGE LINE SERVICES            | INTERPRETATION SVCS                           | GENERAL FUND       | Police Administration  | <u>26.60</u>    |
|                                   |                                               |                    | TOTAL:                 | 26.60           |
| LEAGUE OF MN CITIES INS TRUST     | INSURANCE ALLOCATION                          | GENERAL FUND       | City Council           | 20,051.00       |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Administrative Service | <u>32.00</u>    |
|                                   |                                               |                    | TOTAL:                 | 20,083.00       |
| LEAGUE OF MN CITIES               | MCMA MEMBERSHIP RENEWAL                       | GENERAL FUND       | Finance                | <u>177.00</u>   |
|                                   |                                               |                    | TOTAL:                 | 177.00          |
| LEAGUE OF MN CITIES INS TRUST     | INSURANCE ALLOCATION                          | GENERAL FUND       | Information Technology | 37.00           |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Planning               | 32.00           |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Building Maintenance   | 2,628.00        |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Police Administration  | 21,086.00       |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Public safety building | 5,158.00        |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Fire Administration    | 3,981.00        |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Building Safety        | 106.00          |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Code Enforcement       | 37.00           |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Street Maintenance     | 5,263.00        |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Engineering            | 37.00           |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Parks Dept             | 7,639.00        |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Parks & Rec Admin      | 1,248.00        |
|                                   | INSURANCE ALLOCATION                          | GENERAL FUND       | Economic Development   | 27.00           |
|                                   | INSURANCE ALLOCATION                          | LIBRARY            | Library                | 1,696.00        |
|                                   | INSURANCE ALLOCATION                          | MULTIPURPOSE FACIL | Multipurpose Facility  | 7,714.00        |
|                                   | INSURANCE ALLOCATION                          | INSURANCE RESERVE  | General                | 926.00          |
|                                   | INSURANCE ALLOCATION                          | INSURANCE RESERVE  | General                | 93.00           |
|                                   | INSURANCE ALLOCATION                          | INSURANCE RESERVE  | General                | 3,254.00        |
|                                   | INSURANCE ALLOCATION                          | WASTEWATER TREATME | WWTS Plant             | 9,483.00        |
|                                   | INSURANCE ALLOCATION                          | LIQUOR             | Northbound-Operations  | 8,963.00        |
|                                   | INSURANCE ALLOCATION                          | LIQUOR             | Westbound-Operations   | <u>4,323.00</u> |
|                                   |                                               |                    | TOTAL:                 | 83,731.00       |
| STEVEN M WICKELGREN               | COUNSELING & RETAINER FEE                     | GENERAL FUND       | Police Administration  | <u>605.00</u>   |
|                                   |                                               |                    | TOTAL:                 | 605.00          |
| MINNESOTA FIRE SERVICE CERT BOARD | FF I CERT EXAMS & HAZ MAT                     | GENERAL FUND       | Fire Operations        | 913.50          |
|                                   | FF II CERTIFICATION EXAMS                     | GENERAL FUND       | Fire Operations        | <u>378.00</u>   |
|                                   |                                               |                    | TOTAL:                 | 1,291.50        |
| M T I DISTRIBUTING INC            | PARTS                                         | GENERAL FUND       | Parks Dept             | 107.85          |
|                                   | PARTS                                         | GENERAL FUND       | Parks Dept             | <u>203.44</u>   |
|                                   |                                               |                    | TOTAL:                 | 311.29          |
| MACQUEEN EQUIPMENT LLC            | PARTS                                         | GENERAL FUND       | Street Maintenance     | 395.63          |

| VENDOR SORT KEY               | DESCRIPTION                | FUND               | DEPARTMENT             | AMOUNT          |
|-------------------------------|----------------------------|--------------------|------------------------|-----------------|
|                               |                            |                    | TOTAL:                 | <u>395.63</u>   |
| MOTHERS AGAINST DRUNK DRIVING | 2024 MADD TRAINING         | GENERAL FUND       | Patrol                 | <u>150.00</u>   |
|                               |                            |                    | TOTAL:                 | 150.00          |
| MARCO HOLDINGS LLC            | MICROSOFT SUBSCRIPTION     | GENERAL FUND       | Information Technology | <u>4,532.00</u> |
|                               |                            |                    | TOTAL:                 | 4,532.00        |
| MARTIES INC                   | SUPPLIES                   | WASTEWATER TREATME | WWTS Plant             | <u>214.84</u>   |
|                               |                            |                    | TOTAL:                 | 214.84          |
| MARTIN MARIETTA MATERIALS     | SUPPLIES                   | GENERAL FUND       | Street Maintenance     | <u>100.00</u>   |
|                               |                            |                    | TOTAL:                 | 100.00          |
| MCFOA REGION IV               | REGISTRATION-KATIE PORATH  | GENERAL FUND       | Administrative Service | <u>25.00</u>    |
|                               |                            |                    | TOTAL:                 | 25.00           |
| JUSTIN STRAYER                | BEER/THC PRODUCTS          | LIQUOR             | Westbound-Cost of Sale | 378.90          |
|                               | BEER/THC PRODUCTS          | LIQUOR             | Westbound-Cost of Sale | <u>371.40</u>   |
|                               |                            |                    | TOTAL:                 | 750.30          |
| MMN CITY\CO MANAGEMENT ASSN   | MEMBERSHIP DUES            | GENERAL FUND       | Administrative Service | <u>222.43</u>   |
|                               |                            |                    | TOTAL:                 | 222.43          |
| MMN POLLUTION CONTROL AGENCY  | WASTEWATER TREATMENT BASIC | WASTEWATER TREATME | WWTS Administration    | 585.00          |
|                               | WASTEWATER CERT EXAM       | WASTEWATER TREATME | WWTS Plant             | <u>55.00</u>    |
|                               |                            |                    | TOTAL:                 | 640.00          |
| MMN SHERIFF'S ASSOCIATION     | TRAINING-D MCKERNAN 038520 | GENERAL FUND       | Police Administration  | <u>90.00</u>    |
|                               |                            |                    | TOTAL:                 | 90.00           |
| SUSAN MONTAGUE                | INSTRUCTOR FEE-MAY         | GENERAL FUND       | Sr Citizen Programs    | <u>120.00</u>   |
|                               |                            |                    | TOTAL:                 | 120.00          |
| MONTICELLO SENIOR CENTER      | DAYTRIPPERS DINNER THEATRE | GENERAL FUND       | Sr Citizen Programs    | <u>1,757.50</u> |
|                               |                            |                    | TOTAL:                 | 1,757.50        |
| MOOSE LAKE BREWING CO LLC     | BEER                       | LIQUOR             | Northbound-Cost of Sal | <u>150.00</u>   |
|                               |                            |                    | TOTAL:                 | 150.00          |
| MMN VALLEY TESTING LAB INC    | WATER TESTING              | WASTEWATER TREATME | WWTS Plant             | <u>457.00</u>   |
|                               |                            |                    | TOTAL:                 | 457.00          |
| MMN A P A OF ELK RIVER, INC   | SUPPLIES                   | MULTIPURPOSE FACIL | Multipurpose Facility  | <u>90.24</u>    |
|                               |                            |                    | TOTAL:                 | 90.24           |
| MRAD ACQUISITION HOLDINGS LLC | SUPPLIES                   | GENERAL FUND       | Parks Dept             | <u>143.00</u>   |
|                               |                            |                    | TOTAL:                 | 143.00          |
| MNUTRIEN AG SOLUTIONS         | SUPPLIES                   | GENERAL FUND       | Parks Dept             | <u>150.65</u>   |
|                               |                            |                    | TOTAL:                 | 150.65          |
| MOCUPATIONAL HEALTH CENTERS   | EMPLOYMENT PHYSICAL        | GENERAL FUND       | Police Administration  | <u>767.00</u>   |
|                               |                            |                    | TOTAL:                 | 767.00          |
| MMOMANN BROS INC              | AC FINES MIX               | GENERAL FUND       | Street Maintenance     | 90.90           |

| VENDOR SORT KEY            | DESCRIPTION                | FUND               | DEPARTMENT             | AMOUNT    |
|----------------------------|----------------------------|--------------------|------------------------|-----------|
|                            |                            |                    | TOTAL:                 | 90.90     |
| PSIX LLC                   | SUPPLIES                   | GENERAL FUND       | Patrol                 | 360.56    |
|                            |                            |                    | TOTAL:                 | 360.56    |
| PAUSTIS WINE COMPANY       | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 598.00    |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 12.00     |
|                            |                            |                    | TOTAL:                 | 610.00    |
| PERFECTION PLUS, INC.      | CLEANING SVCS - TROTT BARN | GENERAL FUND       | Parks & Rec Admin      | 60.00     |
|                            | CLEANING SVCS - MAY        | LIBRARY            | Library                | 2,490.00  |
|                            |                            |                    | TOTAL:                 | 2,550.00  |
| PHILLIPS WINE & SPIRITS CO | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 674.86    |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 10.32     |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 3,530.75  |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 136.74    |
|                            | POP/MISC/FREIGHT           | LIQUOR             | Northbound-Cost of Sal | 360.82    |
|                            | POP/MISC/FREIGHT           | LIQUOR             | Northbound-Cost of Sal | 13.62     |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 2,595.63  |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 50.75     |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 1,604.04  |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 48.16     |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 54.25     |
|                            | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 1.72      |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 1,952.16  |
|                            | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 46.44     |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 84.00     |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 1.72      |
|                            | POP/MISC/FREIGHT           | LIQUOR             | Westbound-Cost of Sale | 341.70    |
|                            | POP/MISC/FREIGHT           | LIQUOR             | Westbound-Cost of Sale | 6.88      |
|                            | LIQUOR/POP/MISC/FREIGHT    | LIQUOR             | Westbound-Cost of Sale | 2,598.33  |
|                            | LIQUOR/POP/MISC/FREIGHT    | LIQUOR             | Westbound-Cost of Sale | 58.50     |
|                            | LIQUOR/POP/MISC/FREIGHT    | LIQUOR             | Westbound-Cost of Sale | 33.54     |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 1,150.00  |
|                            | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 25.80     |
|                            | FREIGHT                    | LIQUOR             | Westbound-Cost of Sale | 1.72      |
|                            |                            |                    | TOTAL:                 | 15,382.45 |
| CAL PORTNER                | REIMB ICMA ANNUAL DUES     | GENERAL FUND       | Administrative Service | 1,200.00  |
|                            |                            |                    | TOTAL:                 | 1,200.00  |
| PRINCETON RENTAL INC       | DITCHWITCH RENTAL          | GENERAL FUND       | Parks Dept             | 222.64    |
|                            |                            |                    | TOTAL:                 | 222.64    |
| PVS TECHNOLOGIES INC       | FERRIC CHLORIDE SOLUTION   | WASTEWATER TREATME | WWTS Plant             | 9,996.86  |
|                            |                            |                    | TOTAL:                 | 9,996.86  |
| QUALITY FLOW SYSTEMS INC   | FINAL BILLING-KLEIVER LS P | WASTEWATER TREATME | Lift Stations          | 20,897.50 |
|                            |                            |                    | TOTAL:                 | 20,897.50 |
| REINDERS                   | SUPPLIES                   | GENERAL FUND       | Parks Dept             | 1,228.00  |
|                            |                            |                    | TOTAL:                 | 1,228.00  |
| RITE ENTERPRISES, INC      | CR API SETUP AND ANNUAL FE | LIQUOR             | Northbound-Operations  | 361.38    |
|                            | CR API SETUP AND ANNUAL FE | LIQUOR             | Westbound-Operations   | 361.38    |

| VENDOR SORT KEY                     | DESCRIPTION                | FUND               | DEPARTMENT             | AMOUNT          |
|-------------------------------------|----------------------------|--------------------|------------------------|-----------------|
|                                     |                            |                    | TOTAL:                 | <u>722.76</u>   |
| ROLLING FORKS VINEYARDS, LLC        | WINE                       | LIQUOR             | Westbound-Cost of Sale | <u>252.00</u>   |
|                                     |                            |                    | TOTAL:                 | 252.00          |
| TIFFANY ROSSMEISL                   | REIMB MILEAGE 5/8 CONF     | GENERAL FUND       | Patrol                 | <u>137.75</u>   |
|                                     |                            |                    | TOTAL:                 | 137.75          |
| ROY C., INC.                        | REPAIRS                    | LIQUOR             | Westbound-Operations   | <u>2,765.86</u> |
|                                     |                            |                    | TOTAL:                 | 2,765.86        |
| SHAMROCK GROUP INC                  | ICE/FREIGHT                | LIQUOR             | Northbound-Cost of Sal | 219.80          |
|                                     | ICE/FREIGHT                | LIQUOR             | Northbound-Cost of Sal | 4.00            |
|                                     | ICE/FREIGHT                | LIQUOR             | Northbound-Cost of Sal | 318.72          |
|                                     | ICE/FREIGHT                | LIQUOR             | Northbound-Cost of Sal | 4.00            |
|                                     | ICE/FREIGHT                | LIQUOR             | Westbound-Cost of Sale | 261.90          |
|                                     | ICE/FREIGHT                | LIQUOR             | Westbound-Cost of Sale | 4.00            |
|                                     | ICE/FREIGHT                | LIQUOR             | Westbound-Cost of Sale | 174.54          |
|                                     | ICE/FREIGHT                | LIQUOR             | Westbound-Cost of Sale | <u>4.00</u>     |
|                                     |                            |                    | TOTAL:                 | 990.96          |
| MELONIE SHIPMAN                     | POWERPOINT PRESENTATION    | GENERAL FUND       | Sr Citizen Programs    | <u>100.00</u>   |
|                                     |                            |                    | TOTAL:                 | 100.00          |
| SOUTHERN GLAZER'S WINE & SPIRITS-MN | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 7,543.17        |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 74.29           |
|                                     | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 550.00          |
|                                     | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 6.25            |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 18,075.65       |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Northbound-Cost of Sal | 97.50           |
|                                     | POP/MISC/FREIGHT           | LIQUOR             | Northbound-Cost of Sal | 37.00           |
|                                     | POP/MISC/FREIGHT           | LIQUOR             | Northbound-Cost of Sal | 1.25            |
|                                     | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 847.60          |
|                                     | WINE/FREIGHT               | LIQUOR             | Northbound-Cost of Sal | 17.50           |
|                                     | FREIGHT                    | LIQUOR             | Northbound-Cost of Sal | 3.75            |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 3,888.79        |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 44.37           |
|                                     | POP/MISC/FREIGHT           | LIQUOR             | Westbound-Cost of Sale | 27.00           |
|                                     | POP/MISC/FREIGHT           | LIQUOR             | Westbound-Cost of Sale | 1.28            |
|                                     | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 518.88          |
|                                     | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 10.03           |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 6,738.16        |
|                                     | LIQUOR/FREIGHT             | LIQUOR             | Westbound-Cost of Sale | 50.99           |
|                                     | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 631.60          |
|                                     | WINE/FREIGHT               | LIQUOR             | Westbound-Cost of Sale | 14.08           |
|                                     | FREIGHT                    | LIQUOR             | Westbound-Cost of Sale | <u>1.49</u>     |
|                                     |                            |                    | TOTAL:                 | 39,180.63       |
| SPEEDCUTTERS OUTDOOR MAINT LLC      | SPRING START UP-IRRIGATION | GENERAL FUND       | Parks Dept             | 1,034.38        |
|                                     | SPRING START UP-IRRIGATION | GENERAL FUND       | Parks Dept             | 147.00          |
|                                     | SPRING START UP-IRRIGATION | GENERAL FUND       | Parks Dept             | 955.00          |
|                                     | SPRING START UP-IRRIGATION | LIQUOR             | Westbound-Operations   | <u>189.25</u>   |
|                                     |                            |                    | TOTAL:                 | 2,325.63        |
| NEMECEK GROUP, LLC                  | MESH BANNERS W/GROMMETS    | PARK IMPROVEMENT F | Parks                  | <u>3,997.64</u> |
|                                     |                            |                    | TOTAL:                 | 3,997.64        |

| VENDOR SORT KEY           | DESCRIPTION                | FUND               | DEPARTMENT             | AMOUNT          |
|---------------------------|----------------------------|--------------------|------------------------|-----------------|
| STAR TRIBUNE              | SUBSCRIPTION 05-30-24-08-2 | GENERAL FUND       | Sr Citizen Programs    | <u>88.95</u>    |
|                           |                            |                    | TOTAL:                 | 88.95           |
| STEP SAVER INC            | BULK SALT                  | GENERAL FUND       | Building Maintenance   | 115.50          |
|                           | BULK SALT                  | GENERAL FUND       | Public safety building | <u>67.50</u>    |
|                           |                            |                    | TOTAL:                 | 183.00          |
| STREICHER'S               | UNIFORMS CREDIT-GACKE      | GENERAL FUND       | Police Administration  | 48.00-          |
|                           | SUPPLIES-BAL DUE           | GENERAL FUND       | Patrol                 | 225.00          |
|                           | UNIFORMS-BIRDSALL          | GENERAL FUND       | Investigations         | <u>139.98</u>   |
|                           |                            |                    | TOTAL:                 | 316.98          |
| SUMMER LAKES BEVERAGE LLC | POP/MISC                   | LIQUOR             | Northbound-Cost of Sal | 1,212.75        |
|                           | POP/MISC                   | LIQUOR             | Westbound-Cost of Sale | <u>425.25</u>   |
|                           |                            |                    | TOTAL:                 | 1,638.00        |
| SUSTAINABLE SAFARI        | WILDLIFE SHOW 6/17/24      | GENERAL FUND       | Sr Citizen Programs    | <u>355.00</u>   |
|                           |                            |                    | TOTAL:                 | 355.00          |
| T-MOBILE                  | WIRELESS SVCS              | GENERAL FUND       | City Council           | 67.24           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Communications         | 34.52           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Information Technology | 28.70           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Building Maintenance   | 108.50          |
|                           | WIRELESS SVCS              | GENERAL FUND       | Building Maintenance   | 28.70           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Police Administration  | 114.80          |
|                           | WIRELESS SVCS              | GENERAL FUND       | Fire Operations        | 143.50          |
|                           | WIRELESS SVCS              | GENERAL FUND       | Building Safety        | 57.81           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Code Enforcement       | 24.66           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Code Enforcement       | 19.27           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Street Maintenance     | 123.30          |
|                           | WIRELESS SVCS              | GENERAL FUND       | Equipment Services     | 24.66           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Engineering            | 19.27           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Parks Dept             | 59.18           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Parks & Rec Admin      | 73.98           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Parks & Rec Admin      | 28.70           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Parks & Rec Admin      | 76.67           |
|                           | WIRELESS SVCS              | GENERAL FUND       | Sr Citizen Programs    | 24.66           |
|                           | WIRELESS SVCS              | MULTIPURPOSE FACIL | Multipurpose Facility  | 49.32           |
|                           | WIRELESS SVCS              | WASTEWATER TREATME | WWTS Administration    | 98.64           |
|                           | WIRELESS SVCS              | WASTEWATER TREATME | WWTS Administration    | 28.70           |
|                           | WIRELESS SVCS              | LIQUOR             | Westbound-Operations   | <u>28.70</u>    |
|                           |                            |                    | TOTAL:                 | 1,263.48        |
| TAHO SPORTSWEAR, INC.     | SUMMER STAFF SHIRTS        | GENERAL FUND       | Recreation Programs    | 321.10          |
|                           | SUMMER STAFF SHIRTS        | GENERAL FUND       | Recreation Programs    | 158.00          |
|                           | BASKETBALL CHAMP SHIRTS    | GENERAL FUND       | Recreation Programs    | 120.00          |
|                           | UNIFORMS-FMRS MKT          | GENERAL FUND       | Farmers Market         | 246.00          |
|                           | UNIFORMS-NATALIE & KRISTIN | GENERAL FUND       | Sr Citizen Programs    | 125.50          |
|                           | UNIFORMS-NATALIE & KRISTIN | GENERAL FUND       | Sr Citizen Programs    | <u>56.75</u>    |
|                           |                            |                    | TOTAL:                 | 1,027.35        |
| THREATLOCKER, INC.        | SECURE PD SERVER           | GENERAL FUND       | Information Technology | <u>3,376.00</u> |
|                           |                            |                    | TOTAL:                 | 3,376.00        |
| TRUE BRANDS               | POP/MISC                   | LIQUOR             | Westbound-Cost of Sale | <u>503.76</u>   |
|                           |                            |                    | TOTAL:                 | 503.76          |

| VENDOR SORT KEY              | DESCRIPTION                                           | FUND               | DEPARTMENT             | AMOUNT            |
|------------------------------|-------------------------------------------------------|--------------------|------------------------|-------------------|
| U S BANK - WIRE TRANSFERS    | GO SALES TX REV BNDS SR 20 2019A SALES TAX BO General |                    |                        | <u>492,418.76</u> |
|                              |                                                       |                    | TOTAL:                 | 492,418.76        |
| UNITED LABORATORIES          | SUPPLIES                                              | GENERAL FUND       | Parks Dept             | <u>616.71</u>     |
|                              |                                                       |                    | TOTAL:                 | 616.71            |
| UNITED RENTALS (NO. AMERICA) | SCISSOR LIFT MAINT                                    | GENERAL FUND       | Building Maintenance   | 404.10            |
|                              | SCISSOR LIFT MAINT                                    | MULTIPURPOSE FACIL | Multipurpose Facility  | <u>1,172.10</u>   |
|                              |                                                       |                    | TOTAL:                 | 1,576.20          |
| THE UPS STORE #5093          | DELIVERY CHGS-WW                                      | WASTEWATER TREATME | WWTS Administration    | 13.50             |
|                              | DELIVERY CHGS-WW                                      | WASTEWATER TREATME | WWTS Administration    | <u>35.84</u>      |
|                              |                                                       |                    | TOTAL:                 | 49.34             |
| US AUTOFORCE                 | TIRES                                                 | GENERAL FUND       | Parks Dept             | 428.16            |
|                              | TIRES                                                 | GENERAL FUND       | Parks Dept             | <u>254.76</u>     |
|                              |                                                       |                    | TOTAL:                 | 682.92            |
| VIKING COCA-COLA CO          | POP/MISC                                              | LIQUOR             | Northbound-Cost of Sal | 907.45            |
|                              | POP/MISC                                              | LIQUOR             | Westbound-Cost of Sale | <u>713.90</u>     |
|                              |                                                       |                    | TOTAL:                 | 1,621.35          |
| VINOCOPIA                    | LIQUOR/FREIGHT                                        | LIQUOR             | Northbound-Cost of Sal | 442.25            |
|                              | LIQUOR/FREIGHT                                        | LIQUOR             | Northbound-Cost of Sal | 5.00              |
|                              | WINE/LIQUOR/POP/MISC/FREIG                            | LIQUOR             | Westbound-Cost of Sale | 128.04            |
|                              | WINE/LIQUOR/POP/MISC/FREIG                            | LIQUOR             | Westbound-Cost of Sale | 351.75            |
|                              | WINE/LIQUOR/POP/MISC/FREIG                            | LIQUOR             | Westbound-Cost of Sale | 72.00             |
|                              | WINE/LIQUOR/POP/MISC/FREIG                            | LIQUOR             | Westbound-Cost of Sale | <u>12.00</u>      |
|                              |                                                       |                    | TOTAL:                 | 1,011.04          |
| ALLIE VOIT                   | REIMB SAFETY BOOTS                                    | GENERAL FUND       | Parks Dept             | <u>75.00</u>      |
|                              |                                                       |                    | TOTAL:                 | 75.00             |
| WASTE MANAGEMENT             | MAY GARBAGE TIPPING FEES                              | GARBAGE            | Garbage                | <u>29,927.63</u>  |
|                              |                                                       |                    | TOTAL:                 | 29,927.63         |
| WHITE CAP, LP                | SUPPLIES                                              | GENERAL FUND       | Parks Dept             | <u>162.79</u>     |
|                              |                                                       |                    | TOTAL:                 | 162.79            |
| WINE MERCHANTS               | WINE/FREIGHT                                          | LIQUOR             | Northbound-Cost of Sal | 1,214.00          |
|                              | WINE/FREIGHT                                          | LIQUOR             | Northbound-Cost of Sal | 20.37             |
|                              | WINE/FREIGHT                                          | LIQUOR             | Northbound-Cost of Sal | 900.00            |
|                              | WINE/FREIGHT                                          | LIQUOR             | Northbound-Cost of Sal | 15.48             |
|                              | WINE/FREIGHT                                          | LIQUOR             | Westbound-Cost of Sale | 1,667.50          |
|                              | WINE/FREIGHT                                          | LIQUOR             | Westbound-Cost of Sale | 23.23             |
|                              | WINE/FREIGHT                                          | LIQUOR             | Westbound-Cost of Sale | 239.31            |
|                              | WINE/FREIGHT                                          | LIQUOR             | Westbound-Cost of Sale | <u>1.29</u>       |
|                              |                                                       |                    | TOTAL:                 | 4,081.18          |
| KAREN WINGARD                | REIMB MLG 4/8 & PHONE JAN-                            | GENERAL FUND       | Parks & Rec Admin      | 120.00            |
|                              | REIMB MLG 4/8 & PHONE JAN-                            | GENERAL FUND       | Parks & Rec Admin      | <u>41.27</u>      |
|                              |                                                       |                    | TOTAL:                 | 161.27            |
| LAUREN WIPPER                | REIMB CELL PHONE JAN-MAR                              | GENERAL FUND       | Human Resources        | <u>90.00</u>      |
|                              |                                                       |                    | TOTAL:                 | 90.00             |

| VENDOR SORT KEY       | DESCRIPTION                                   | FUND               | DEPARTMENT            | AMOUNT   |
|-----------------------|-----------------------------------------------|--------------------|-----------------------|----------|
| JAMES P WOOD JR       | ANNOUNCING SEMI & FINAL GA MULTIPURPOSE FACIL |                    | Multipurpose Facility | 400.00   |
|                       |                                               |                    | TOTAL:                | 400.00   |
| Z & M ENTERPRISE, LLC | SUPPLIES                                      | WASTEWATER TREATME | WWTS Plant            | 1,449.53 |
|                       |                                               |                    | TOTAL:                | 1,449.53 |

## ===== FUND TOTALS =====

|     |                          |            |
|-----|--------------------------|------------|
| 101 | GENERAL FUND             | 244,345.73 |
| 211 | LIBRARY                  | 7,247.16   |
| 219 | FEDERAL COVID FUND       | 1,446.25   |
| 221 | MULTIPURPOSE FACILITY    | 38,199.49  |
| 225 | PARK DEDICATION FUND     | 5,174.00   |
| 228 | LANDFILL                 | 3,411.55   |
| 245 | DEVELOPMENT FUND         | 744.00     |
| 290 | CAPITAL OUTLAY RESERVE   | 25,248.17  |
| 291 | INSURANCE RESERVE        | 4,273.00   |
| 292 | GOVT BUILDINGS           | 1,336.82   |
| 343 | 2019A SALES TAX BONDS    | 492,418.76 |
| 401 | PAVEMENT MANAGEMENT      | 1,566.50   |
| 403 | STREET IMPROVEMENT       | 6,818.50   |
| 406 | TRUNK UTILITIES          | 10,755.50  |
| 411 | TECHNOLOGY REPLACEMENT   | 5,793.98   |
| 420 | ACTIVE ER PROJECTS       | 4,467.34   |
| 440 | PARK IMPROVEMENT FUND    | 3,997.64   |
| 466 | TIF #26 SHOOT STEEL      | 363.50     |
| 602 | WASTEWATER TREATMENT SYS | 79,549.43  |
| 603 | LIQUOR                   | 327,659.58 |
| 605 | GARBAGE                  | 31,152.55  |
| 607 | STORM WATER              | 750.00     |

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GRAND TOTAL: 1,296,719.45  
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TOTAL PAGES: 14

| VENDOR SORT KEY     | DESCRIPTION         | FUND               | DEPARTMENT            | AMOUNT       |
|---------------------|---------------------|--------------------|-----------------------|--------------|
| MN DEPT OF REVENUE  | APR PETROLEUM TAX   | GENERAL FUND       | Street Maintenance    | 323.34       |
|                     | APR PETROLEUM TAX   | WASTEWATER TREATME | Lift Stations         | <u>31.49</u> |
|                     |                     |                    | TOTAL:                | 354.83       |
| MN DEPT. OF REVENUE | APR SALES & USE TAX | GENERAL FUND       | NON-DEPARTMENTAL      | 687.14       |
|                     | APR SALES & USE TAX | GENERAL FUND       | General Fund          | 9.22         |
|                     | APR SALES & USE TAX | MULTIPURPOSE FACIL | NON-DEPARTMENTAL      | 2,190.08     |
|                     | APR SALES & USE TAX | LIQUOR             | NON-DEPARTMENTAL      | 41,261.95    |
|                     | APR SALES & USE TAX | LIQUOR             | NON-DEPARTMENTAL      | 24,436.54    |
|                     | APR SALES & USE TAX | LIQUOR             | Northbound-Operations | 6.69         |
|                     | APR SALES & USE TAX | LIQUOR             | Northbound-Operations | 12.51        |
|                     | APR SALES & USE TAX | LIQUOR             | Westbound-Operations  | 1.36         |
|                     | APR SALES & USE TAX | LIQUOR             | Westbound-Operations  | <u>12.51</u> |
|                     |                     |                    | TOTAL:                | 68,618.00    |

## ===== FUND TOTALS =====

|     |                          |           |
|-----|--------------------------|-----------|
| 101 | GENERAL FUND             | 1,019.70  |
| 221 | MULTIPURPOSE FACILITY    | 2,190.08  |
| 602 | WASTEWATER TREATMENT SYS | 31.49     |
| 603 | LIQUOR                   | 65,731.56 |

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GRAND TOTAL: 68,972.83  
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TOTAL PAGES: 1





# Request for Action

**To**  
City Council

**Item Number**  
4.3

**Meeting Date**  
June 3, 2024

**Prepared By**  
Cal Portner, City Administrator

**Item Description**  
Executive Recruitment Contract Agreement 24-15

**Reviewed by:**  
Cal Portner  
Lauren Wipper  
Tina Allard

**Action Requested**  
Approve, by motion, a services agreement with MGT/GovHR for executive recruitment services.

**Background/Discussion**  
Upon the retirement of Chief Nierenhausen, the City Council expressed a consensus to go to market to fill the vacancy utilizing an executive recruiting firm.

On May 20, 2024, the Council selected MGT/GovHR to conduct the search.

**Financial Impact**  
The firm's fee is not to exceed \$25,000.

**Mission/Policy/Goal**  
The Elk River Mission

**Attachments**  
I. GovHRMGT Exec Rec. MSA

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*

## **MASTER SERVICES AGREEMENT**

THIS MASTER SERVICES AGREEMENT (“Agreement”) is entered into as of May 23, 2024, (“Effective Date”) between GovHR USA, a division of MGT of America Consulting, LLC (“GovHR”), with offices located at 4320 West Kennedy Boulevard, Tampa, FL 33609, and the City of Elk River, MN (“Client”), located at 13065 Orono Parkway, Elk River, MN 55330, collectively referred to herein as the “Parties.”

WHEREAS, GovHR offers global technological, educational, organizational and staffing consulting solutions services to the public and private sectors;

WHEREAS, Client anticipates a need within its organization for GovHR’s services; and

WHEREAS, the Parties intend for this Agreement to serve as the governing, contractual basis of GovHR’s provision of future project-level services to Client.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. THIS AGREEMENT AND STATEMENTS OF WORK.** The Parties enter into this Agreement to set forth the general terms and conditions that will govern GovHR’s provision of services to Client. Such services will be subsequently agreed upon by the Parties in individual Statements of Work (“SOW”).

Each SOW will state all details required for the proper provision of project-level services, including scope, pricing, period of performance, and other required information (“Services”) each an Exhibit A, Statement of Work, attached hereto and incorporated into the Agreement. Unless otherwise stated in an SOW, all Services shall be performed remotely. Each SOW will require signature by both parties to be effective.

**2. CONTRACT DOCUMENTS AND ORDER OF PRECEDENCE.** The contract documents consist of this Agreement and all exhibits, attachments, amendments, and SOWs subsequently executed by the Parties and all exhibits, attachments, amendments, and other documents made a part of the SOW (“Contract Documents”). Upon signature by the Parties, all SOWs executed during the Term shall be considered incorporated into and made a part of this Agreement.

In the event of a conflict among the terms and conditions in this Agreement and any SOW, unless that SOW expressly states the intention for the SOW to control with regard to the conflicting term or condition, then this Agreement shall control. Any terms or conditions contained in documents issued by Client other than the Contract Documents, including purchase orders, shall be voidable at GovHR’s discretion.

**3. TERM.** The term of this Agreement shall commence on the Effective Date and will continue for a period of one (1) year or until terminated in accordance with this Agreement. This Agreement will automatically renew for additional one (1) year terms unless terminated by either party at least thirty (30) days prior to the expiration date.

**4. TERMINATION.** This Agreement or any individual SOW may be terminated with cause by either party: (a) if the other party materially breaches the terms of this Agreement and fails to cure the

breach within thirty (30) calendar days following written notice specifying the breach, or (b) immediately upon written notice if the other party fails to comply with applicable law or regulation.

**5. INSURANCE.** During the Term of this Agreement and any SOW, GovHR will maintain the minimum insurance coverages below. GovHR shall provide Certificates of Insurance to Client upon request and as required under SOWs.

|    |                               |                                                                                    |
|----|-------------------------------|------------------------------------------------------------------------------------|
| a. | Commercial General Liability  | \$1,000,000 per occurrence<br>\$2,000,000 annual aggregate                         |
| c. | Business Automobile Liability | \$1,000,000 combined single-limit, non-owned and hired. (GovHR does not own autos) |
| d. | Umbrella/Excess Liability     | \$10,000,000 per occurrence & aggregate, follows form                              |
| e. | Worker's Compensation         | Per Statute                                                                        |
| f. | Employer's Liability          | \$1,000,000 each accident                                                          |
| f. | Professional Liability        | \$6,000,000 aggregate                                                              |

**6. INDEMNIFICATION.** To the extent permitted by law, each Party shall fully defend, indemnify and hold harmless the other Party and its officers, directors, employees, agents, representatives, successors and assigns (collectively, "Indemnified Parties") from any and all claims, demands, causes of actions, costs, expenses, liability, losses, or damages including attorney's fees and expenses ("Claims"), whether in law or in equity, for bodily injury, death or property damage arising out of, relating to or caused by, in whole or part, the negligence, errors, omissions or willful misconduct of the indemnifying party or its officials, officers, employees, subcontractors, consultants or agents, relating to or connected with performance under this Agreement, unless Claims are caused wholly by the sole negligence or willful misconduct of the Indemnified Parties.

A Party's indemnity obligations under this Section are contingent upon the indemnified party: a) promptly notifying indemnifying party of each claim; provided, however, that the indemnified Parties failure to give prompt notice to the indemnifying party of any such claim shall not relieve the indemnified party of any obligation under this Section except and to the extent that such failure materially prejudices the indemnifying party's ability to defend against such claim; b) providing the indemnifying party with sole control over the defense and/or settlement thereof, provided however, that indemnifying party shall not settle any claim that includes an admission of wrongdoing by indemnified parties or otherwise adversely affects indemnified parties' interests without prior consent; and c) at the indemnifying party's request and expense, providing full information and reasonable assistance to the indemnifying party with respect to such claim.

**7. LIMITATION OF LIABILITY.** GovHR shall not be held liable for factors outside of its reasonable control, including losses or damages as a result of Client's provision of inaccurate data, or changing laws, regulations, political conditions.

TO THE EXTENT PERMITTED BY LAW AND EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, REVENUE, DATA OR DATA USE, OR LOSS OR INTERRUPTION OF BUSINESS, ARISING OUT OF ANY OF THE TERMS OR CONDITIONS OF THIS AGREEMENT OR WITH RESPECT TO ITS PERFORMANCE HEREUNDER, WHETHER ARISING OUT OF BREACH OF CONTRACT, BREACH OF WARRANTY, TORT (INCLUDING NEGLIGENCE), PRODUCT LIABILITY, STRICT

LIABILITY OR ANY OTHER THEORY. THE FOREGOING LIMITATION OF LIABILITY AND EXCLUSION OF DAMAGES APPLIES EVEN IF A PARTY HAD OR SHOULD HAVE HAD KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES.

To the extent permitted by law, except for actions or claims resulting from GovHR's gross negligence or intentional or willful misconduct, GovHR's total aggregate liability to Client shall be limited to the amount of compensation paid by Client to GovHR under this Agreement in the twelve (12) months prior to the action giving rise to liability.

**8. GOVERNING LAW, JURISDICTION AND CONSENT TO SUIT.** This Agreement shall be governed by and construed and interpreted in accordance with the laws of the state of Illinois, irrespective of the choice of laws principles of the state of Illinois, as to all matters including validity, construction, effect, enforceability, performance, and remedies. Client submits itself and its property in any legal action or proceeding relating to this Agreement to the exclusive jurisdiction of any state or federal court within Cook County, Illinois and Client hereby accepts venue in each such court.

**9. DISPUTE RESOLUTION PROCEDURE.** In the event of a dispute, controversy or claim by and between the Parties arising out of matters related to this Agreement, the Parties will first attempt in good faith to resolve through negotiation any such dispute, controversy, or claim. Either party may initiate negotiations by providing written notice to the other party setting forth the subject of the dispute and the relief requested. The recipient of such notice will respond in writing within five (5) business days with a statement of its position on, and recommended solution to, the dispute. If the dispute is not resolved by this exchange of correspondence, then senior management representatives of each party with full settlement authority will meet at a mutually agreeable time and place within fifteen (15) business days of the date of the initial notice to exchange relevant information and perspectives and to attempt to resolve the dispute.

If the dispute is not resolved by negotiation, either party may commence mediation by written request to the other party. The Parties will cooperate in selecting a mediator and in scheduling the mediation proceedings. The mediation shall take place in Tampa, Florida. The Parties will participate in the mediation in good faith and will share equally in its costs. All offers, promises, conduct and statements, whether oral or written, made in the course of the mediation by either of the parties, their agents, employees, experts or attorneys, or by the mediator, are confidential, privileged and inadmissible for any purpose, including impeachment, in any litigation or other proceeding involving the parties; provided, however, that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the mediation.

Either party may seek equitable relief prior to the mediation to preserve the *status quo* pending the completion of that process. Except for such an action to obtain equitable relief, neither party shall commence a civil action with respect to the matters submitted to mediation until after the completion of the initial mediation session, at which time suit may be brought in any court of competent jurisdiction. The prevailing party shall be entitled to an award of all reasonable costs, expenses, and attorneys' fees. In addition, should the dispute under this Agreement involve the failure to pay fees, and the matter is not resolved through negotiation or mediation, Client shall pay all costs of collection, including, but not limited to, GovHR's legal fees and costs should GovHR prevail.

**10. CONFIDENTIALITY.** Each party shall maintain in confidence and protect from unauthorized disclosure all information exchanged between the Parties that is reasonably understood under the circumstances to be confidential, whether disclosed orally, in writing or marked as confidential ("Confidential Information").

The receiving party shall make all reasonable efforts to protect Confidential Information from disclosure to unauthorized third parties. Confidential Information may be disclosed to third parties with a need-to-know under the circumstances and who are bound by confidentiality obligations no less restrictive than those herein. Neither party shall use such Confidential Information except in performance of the Services. GovHR may, however, disclose Client's name and the general nature of GovHR's work for Client sales proposals.

The above obligations of confidentiality shall not apply to the extent that the receiving party can show that the relevant information (a) was at the time of receipt already in the receiving party's possession; (b) is, or becomes in the future, public knowledge through no fault or omission of the receiving party; (c) was received from a third-party having the right to disclose; or (d) is required to be disclosed by law.

**11. FORCE MAJEURE.** Neither party shall be liable or considered at fault for any delay (except for payment) resulting from circumstances beyond the party's reasonable control, including but not limited to fire, flood, earthquake, elements of nature, epidemics, global pandemics, quarantines, acts of God, acts of war, labor disputes, and supply chain disruptions ("Excusable Delays"). The delayed party shall notify the other party in writing upon the discovery of any significant Excusable Delay. During an Excusable Delay, the delayed party shall use reasonable efforts to mitigate costs and damages and to resume performance under this Agreement.

The Parties recognize that GovHR's ability to timely perform under a SOW is contingent upon Client's timely provision of any agreed-upon data, personnel access, or other requirements. If Client's failure to provide to such data, access or other requirements causes significant delays to GovHR's progression of Services, and GovHR incurs losses or damages as a result, then the Parties shall negotiate and execute a SOW amendment for an equitable adjustment to the schedule and for additional costs. GovHR shall provide all substantiating documentation of costs reasonably requested by Client in consideration for any equitable adjustment. Excusable Delays shall not give rise to an equitable adjustment.

**12. FEES AND PAYMENT.** Unless otherwise set forth in a SOW, all correct invoices submitted by GovHR to Client shall be due and payable upon receipt. If Client disputes an invoice or portion thereof in good faith, then Client shall pay any undisputed portion and provide GovHR with written notice of the dispute, in reasonable detail, and the Parties shall promptly meet to resolve such dispute. GovHR reserves the right to impose an interest charge equal to the lesser of one and one-half percent (1.5%) per month or the maximum allowable by law in respect of any invoice which is outstanding for more than thirty (30) days. GovHR may stop work after sixty (60) days of Client's non-payment of undisputed invoiced amounts.

**13. MODIFICATION.** This Agreement and any SOW shall only be modified by written amendment signed by the Parties. All signed amendments shall be deemed incorporated into this Agreement by reference.

**14. NON-SOLICITATION.** During the term of this Agreement and for a period of two (2) years following termination or expiration, neither party shall knowingly, directly or indirectly, solicit nor encourage the solicitation of any person who is, or was within a 12-month period prior to such solicitation, an employee of the other party or its affiliates that became known to the other party as a result of this Agreement, except with the prior written consent of the other party. This provision shall not restrict the right of either party to solicit by public advertisement.

**15. ASSIGNMENT.** Neither party may assign any rights nor delegate any duties or obligations under

this Agreement without the express written consent of the other party. Notwithstanding the foregoing, GovHR, or its permitted successive assignees or transferees, may assign or transfer this Agreement or delegate any rights or obligations hereunder without consent: (i) to any entity controlled by, or under common control with, GovHR, or its permitted successive assignees or transferees; or (ii) in connection with a merger, reorganization, transfer, sale of assets or change of control or ownership of GovHR, or its permitted successive assignees or transferees.

**16. INDEPENDENT CONTRACTOR.** It is expressly understood that at all times, while rendering the Services, GovHR is acting as an independent contractor and not as an officer, agent, or employee of the Client. GovHR shall not be required to keep specific work hours (except in the case of specific hours required under employee leasing contracts), equipment, or a specific office, and shall use independent means and methods for performing the Services. For all purposes, including Medicare, Social Security taxes, the Federal Unemployment Act (“FUTA”), income tax withholding, worker’s compensation, and unemployment insurance, GovHR, its personnel and contractors will be treated and deemed independent contractors and not employees of Client.

**17. NON-DISCRIMINATION/EQUAL EMPLOYMENT PRACTICES.** Neither party shall unlawfully discriminate or permit discrimination against any person or group of persons in any matter prohibited by federal, state, or local laws. During the performance of this Agreement, neither party or their employees, agents, or subcontractors, if any, shall discriminate against any employee or applicant for employment because of age, marital status, religion, gender, sexual orientation, gender identity, race, creed, color, national or ethnic origin, medical conditions, physical disability, or any other classifications protected by local, state, or federal laws or regulations. The parties further agree to be bound by applicable state and federal rules governing equal employment opportunity and non-discrimination.

**18. NOTICES.** All legal notices required by this Agreement are deemed to have been given when notices are both (1) delivered by email to the email address below, and (2) following such email delivery, a mailed copy of the notice is delivered to the mailing address below.

**To GovHR:**

Name: GovHR, A division of MGT of  
America Consulting, LLC  
ATTN: Legal Notice/Contracts  
Address: 4320 West Kennedy Blvd.  
Tampa, FL 33609  
Email: [contracts@mgtconsulting.com](mailto:contracts@mgtconsulting.com)

**To Client:**

Name: Elk River, Minnesota  
ATTN: Calvin P. Portner  
Address: 13065 Orono Parkway  
Elk River, MN 55330  
Email: [cportner@elkrivermn.gov](mailto:cportner@elkrivermn.gov)

If the email address and mailing address is incomplete for a party, then notice shall be mailed to the address on the first page of this Agreement.

**19. SEVERABILITY.** If any provision of this Agreement shall be declared illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof, but such illegal or invalid provision shall be fully severable, and this Agreement shall be interpreted and enforced as if such illegal or invalid provision had never been included herein.

**20. COUNTERPARTS AND EXECUTION.** This Agreement and any SOW may be executed in counterparts, each of which when so executed shall be deemed an original and all of which together shall constitute one and the same instrument. The counterparts may be executed by electronic signature and



delivered by scanned signature or other electronic means by any of the parties to any other party and the receiving party may rely on the receipt of this Agreement so executed and delivered as if the original had been received.

**21. SURVIVAL.** The sections Term, Termination, Insurance, Indemnification, Limitation of Liability, Governing Law, Jurisdiction, Consent to Suit, Dispute Resolution Procedure, Confidentiality, and Non-Solicitation, of this Agreement and the payment obligations described in any SOW shall survive the termination or expiration of the Agreement or SOW.

**22. ENTIRE AGREEMENT.** This Agreement and all exhibits constitute the entire and only agreement between the Parties. Each party acknowledges that in entering into this Agreement it has not relied on any representation or undertaking, whether oral or in writing, except for those expressly stated herein. Any purchase order provided by the Client will be limited by, and subject to, the terms and conditions of this Agreement.

**23. NON-EXCLUSIVITY.** This Agreement is non-exclusive, and both Parties remain free to enter into similar agreements with third parties. During the term of this Agreement, GovHR may perform Services for any other clients, persons, or companies as GovHR sees fit, so long as the performance of such Services does not interfere with GovHR's performance of obligations under this Agreement, and do not create a conflict of interest.

**24. THIRD PARTY BENEFICIARIES.** Except as specifically set forth herein, nothing in this Agreement is intended or shall be construed to confer upon any person or entity, other than the parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Master Services Agreement.

**GOVHR, A DIVISION OF MGT OF  
AMERICA CONSULTING, LLC**

**ELK RIVER, MINNESOTA**

\_\_\_\_\_  
Name: A. Trey Traviesa  
Title: CEO  
Date:

\_\_\_\_\_  
Name: John Dietz  
Title: Mayor  
Date:

\_\_\_\_\_  
Name: Tina Allard  
Title: City Clerk  
Date:

**EXHIBIT A**  
**EXECUTIVE RECRUITMENT STATEMENT OF WORK**

As of May 23, 2024 (“Effective Date”), **GovHR, a division of MGT of America Consulting, LLC** (“GovHR”) and **Elk River, MN** (“Client”) execute this Statement of Work (“SOW”) pursuant to the Master Services Agreement between the Parties dated May 23, 2024 (“Agreement”).

**1. PROJECT-**

Executive Recruitment for the position of Chief of Police.

**2. SCOPE**

GovHR will provide recruitment services in accordance with GovHR’s proposal dated May 15, 2024. All terms of the Proposal are incorporated herein by reference and supersede in the event of a conflict.

**3. COMPENSATION AND REIMBURSABLE EXPENSES**

A. Fee. The flat fee for the Services described above is \$21,500.

B. Expenses. \$3,500 (not to exceed)

If GovHR is required to travel for provision of Services, GovHR must obtain prior written authorization from Client for reimbursement of actual expenses.

**5. INVOICING AND PAYMENT**

Recruitment Fee and advertising expenses incurred will be billed as follows:

**1<sup>st</sup> Invoice:** Contract Award (40% of the Recruitment Fee).

**2<sup>nd</sup> Invoice:** Presentation of Candidates (40% of the Recruitment Fee & expenses incurred to date).

**Final Invoice:** Completion of Recruitment (20% of the Recruitment Fee plus all remaining expenses).

Payment of invoices is due within thirty (30) days of receipt.

**GOVHR, A DIVISION OF MGT OF  
AMERICA CONSULTING, LLC**

**ELK RIVER, MINNESOTA**

\_\_\_\_\_  
Name: A. Trey Traviesa  
Title: CEO  
Date:

\_\_\_\_\_  
Name: John Dietz  
Title: Mayor  
Date:

\_\_\_\_\_  
Name: Tina Allard  
Title: City Clerk  
Date:





# Request for Action

**To**  
City Council

**Item Number**  
4.4

**Meeting Date**  
June 3, 2024

**Prepared By**  
Lauren Wipper, Human Resources Manager

**Item Description**  
Hire Police Officer Magnuson

**Reviewed by:**  
Darren McKernan  
Cal Portner  
Tina Allard

## Action Requested

Approve, by motion, the hiring of Brandon Magnuson to the position of police officer effective July 8, 2024.

## Background/Discussion

Due to recent retirements, we have been recruiting police officer candidates on an ongoing basis. Our process has been to interview qualified candidates as applications are received. Following interviews, background check, physical and psychological testing, we recommend Brandon Magnuson for one of our vacant positions.

Mr. Magnuson has an associates degree in law enforcement and has been working as a reserve deputy for Wright County and as a security officer for Per Mar Security.

Mr. Magnuson will start at pay step 2 of the LELS Local 231 contract. All pay and benefits will be consistent with union contract and city policy.

## Financial Impact

This is a budgeted position.

## Mission/Policy/Goal

The Elk River Mission.

## Attachments

None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



# Request for Action

**To**  
City Council

**Item Number**  
4.5

**Meeting Date**  
June 3, 2024

**Prepared By**  
Lauren Wipper, Human Resources Manager

**Item Description**  
Hire Police Officer Libor

**Reviewed by:**  
Darren McKernan  
Cal Portner  
Tina Allard

## Action Requested

Approve, by motion, the hiring of Allison Libor to the position of police officer effective July 8, 2024.

## Background/Discussion

Due to recent retirements, we have been recruiting police officer candidates on an on-going basis. Our process has been to interview qualified candidates as applications are received. Following interviews, background check, physical and psychological testing, we recommend Allison Libor for one of our vacant positions.

Ms. Libor is working toward a bachelors degree in criminal justice and worked three years as a military police officer in the Army, one year as a police officer for the Department of Defense Army in Fort Wainwright, Arkansas, and has been a police officer for the River Falls Police Department for the past two years.

As a lateral hire, Ms. Libor will start at pay step 3 of the LELS Local 231 contract and be eligible for a pay step increase upon successful completion of field training. All other pay and benefits will be consistent with union contract and city policy.

## Financial Impact

This is a budgeted position.

## Mission/Policy/Goal

The Elk River Mission

## Attachments

None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





# Request for Action

**To**  
City Council

**Item Number**  
4.6

**Meeting Date**  
June 3, 2024

**Prepared By**  
Tina Allard, City Clerk

**Item Description**  
Call Special Budget Meetings

**Reviewed by:**  
Cal Portner  
Tina Allard

## Action Requested

Approve, by motion, the following special meetings to discuss the 2025 budget.

- Monday, July 29, 4:30 p.m.
- Monday, August 12, 4:30 p.m.

## Background/Discussion

Historically, the Council has called special meetings to review and discuss budgets with various city staff.

**Financial Impact**  
N/A

**Mission/Policy/Goal**  
Responsibly grow

**Attachments**  
None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





# Request for Action

**To**  
City Council

**Item Number**  
4.7

**Meeting Date**  
June 3, 2024

**Prepared By**  
Jolene Richter, Deputy Clerk

**Item Description**  
2024-2025 Liquor License Renewals

**Reviewed by:**  
Cal Portner  
Tina Allard

**Action Requested**

Approve, by motion, the attached list of liquor license renewals for the period of July 1, 2024, through June 30, 2025.

**Background/Discussion**

Liquor licenses run from July 1 through June 30.

**Financial Impact**

N/A

**Mission/Policy/Goal**

Elk River Mission

**Attachments**

- I. 2024-2025 Liquor License Renewals

**The Elk River Vision**

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



## 2024-2025 LIQUOR LICENSES

### **Brewer Off-Sale (\$100/year)**

- Aegir Brewing Company

### **Brewer Pub Off-Sale (\$100/year)**

- Aegir Brewing Company

### **Tap Room On-Sale (\$225/year)**

- Aegir Brewing Company

### **3.2 Percent Malt Beverage On-Sale (\$225/year)**

- Pompeii Pizzeria

### **3.2 Percent Off-Sale (\$75/year)**

- Cub Foods
- Wal-Mart Supercenter #3209

### **Club (\$300/year)**

- Eagles Club

### **On-Sale Liquor (\$5,000/year)**

- American Legion
- Applebee's Neighborhood Grill & Bar
- Broadway Bar & Pizza
- Elk River Extreme Motorpark
- Elk River Golf Club
- Mucho Loco
- Sammy's Perrella's Pizza & Restaurant
- Serrano Brothers Catering
- Sunshine Depot
- Topsy Chicken

### **On-Sale Sunday (\$200/year)**

- Aegir Brewing Company
- American Legion
- Applebee's Neighborhood Grill & Bar
- Broadway Bar & Pizza
- Eagles Club
- Elk River Extreme Motorpark
- Elk River Golf Club
- Mucho Loco
- Sammy's Perrella's Pizza & Restaurant
- Serrano Brothers Catering
- Sunshine Depot
- Topsy Chicken

**Wine (\$700/year)**

- Pompeii Pizzeria

**Strong Beer Permission (no fee)**

- Pompeii Pizzeria



# Request for Action

**To**  
City Council

**Item Number**  
4.8

**Meeting Date**  
June 3, 2024

**Prepared By**  
Jolene Richter, Deputy Clerk

**Item Description**  
Temporary Liquor License: Aegir Brewing Company

**Reviewed by:**  
Cal Portner  
Tina Allard

## Action Requested

Approve, by motion, Temporary On-Sale Liquor License for Aegir Brewing Company, LLC, 19050 Industrial Blvd NW, for June 22, 2024.

## Background/Discussion

Aegir Brewing Company has applied for a Temporary On-Sale Liquor License for their current location for June 22, 2024. All application materials have been submitted and reviewed. Once the Council approves, the license will be sent to the state for approval and issuance.

**Financial Impact**  
N/A

**Mission/Policy/Goal**  
Elk River Mission

**Attachments**  
None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





# Request for Action

**To**  
City Council

**Item Number**  
4.9

**Meeting Date**  
June 3, 2024

**Prepared By**  
Joe Stremcha, Business Services Director/Assistant  
City Administrator

**Item Description**  
Resolution 24-27: Confirming Status of Lease  
Agreement with iBackCheck

**Reviewed by:**  
Cal Portner  
Tina Allard

**Action Requested**  
Adopt, by motion, Resolution 24-27 confirming status of lease agreement with iBackCheck.

**Background/Discussion**  
The City Council agreed to withdraw the lease termination and reconfirm the lease status after hearing from iBackCheck CEO Dr. Christi Jo Christiansen and The Bank of Elk River Commercial Lender Michelle Thatcher.

**Financial Impact**  
None

**Mission/Policy/Goal**  
Work with citizens to achieve goals.

**Attachments**  
I. Resolution Confirming Status of Lease Agreement

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*







## City of Elk River City Council

### Resolution 24-\_\_\_\_\_

#### **A Resolution of the City Council of the City of Elk River Confirming the Status of the Lease Agreement Between the City of Elk River and iBackCheck, PLLC dated May 3, 2022**

**WHEREAS**, the City of Elk River and iBackCheck, PLLC (“iBackCheck”) entered into a 5-year Lease Agreement (the “Lease”) for space in the Furniture and Things Community Event Center dated May 3, 2022; and

**WHEREAS**, in late 2023 and in Spring 2024 the City provided notices to iBackCheck of late fees, insufficient rent payments, and outstanding balances; and

**WHEREAS**, such outstanding balances were not remedied to the satisfaction of the City; and

**WHEREAS**, after review on May 6, 2024, the City Council determined to call the outstanding balance due immediately and, pursuant to Article 20 of the Lease, to terminate the lease effective May 31, 2024; and

**WHEREAS**, The Bank of Elk River and Dr. Christi Jo Christiansen (“Dr. Christiansen”), Chief Manager of iBackCheck, notified the City of bank errors related to the most recent automatic fund transfer; and

**WHEREAS**, as of May 16, 2024, iBackCheck paid all outstanding balances related to its Lease, including late fees; and

**WHEREAS**, Dr. Christiansen appealed the lease termination and appeared before the City Council at its regular meeting on May 20, 2024; and

**WHEREAS**, after hearing from Dr. Christiansen, the City Council agreed to withdraw the termination and reconfirm the status of the Lease.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council of the City of Elk River as follows:

1. The Lease Termination is hereby withdrawn.
2. The Lease remains in full force and effect pursuant to its terms, and the City retains all rights under the Lease.



Passed and adopted this 3rd day of June 2024.

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John J. Dietz, Mayor

ATTEST:

---

Tina Allard, City Clerk



# Request for Action

**To**  
City Council

**Item Number**  
4.10

**Meeting Date**  
June 3, 2024

**Prepared By**  
Tim Sevcik, Street and Park Superintendent

**Item Description**  
Emerald Ash Borer Management Plan

**Reviewed by:**  
Justin Femrite  
Cal Portner  
Tina Allard

**Action Requested**  
Approve, by motion, the Emerald Ash Borer Management Plan.

## Background/Discussion

Staff and the City Council discussed the draft EAB Management Plan in a Regular Meeting Work Session on March 4 and April 15, 2024. Through these Work Sessions, staff and the Council modified and revised the draft plan and initiated a communication plan for members of the public. An open house was held on Monday, May 6, 2024, at City Hall to solicit input from the public on this draft plan.

Based on input from the public and comments provided by the Council at the April 15, 2024, Regular Meeting Work session, staff recommends adopting the EAB Management Plan with implementation beginning in the fall of 2024.

**Financial Impact**  
None

**Mission/Policy/Goal**  
Meet changing needs - Agile

**Attachments**  
I. EAB Management Plan

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**Emerald Ash Borer  
Management Plan  
Policy**

# City of Elk River

## Emerald Ash Borer Management Plan

### Purpose

The City of Elk River has determined the most appropriate management approach for emerald ash borer (EAB) is the systematic removal of ash trees on public property. The objectives of this plan are to educate the public on the effects of EAB, maintain public safety through timely removals of ash trees, minimizing the financial impact to the city by utilizing a systematic approach to treatments, and lowering the risk of future tree canopy loss through a diversified urban forest.

### Introduction

Emerald ash borer (EAB), otherwise known as *Agrilus planipennis*, is native to eastern Asia. This insect was discovered in the United States in 2002 and has since spread to 36 states including Minnesota in 2009. In Minnesota, EAB has spread rapidly to 50 counties and has already killed millions of ash trees with some cities reporting a complete loss of all ash trees within five years of EAB becoming established. EAB was first identified in Elk River in 2023; however Minnesota Department of Agricultural staff determined it has likely been present since 2018 and is already widespread throughout the city.

All species of ash (*Fraxinus*) trees native to Minnesota are susceptible to infestation by EAB. EAB is spread by adult beetles laying eggs on the bark of an ash tree which hatch into larvae that bore into the tree. The larvae tunnel into the phloem layer of the tree, just under the bark and disrupt the movement of water and nutrients, eventually killing the tree. The adult beetles emerge in the spring and can travel at least a half-mile on their own; however EAB is spread much faster through the movement of ash materials such as firewood, brush and logs.

A tree inventory conducted in Elk River in 2013 found 9.2% of all trees within the city are ash with 9.1% of all public trees and 10.1% of all private trees being ash. Based on this survey, it is estimated that there are approximately 1,000 publicly owned ash trees in public rights-of-way, city facilities, and maintained areas of parks; this survey approximates the total ash population within the city at 4,800.

### Administration

The City Administrator will be responsible for administering and implementing the provisions of this plan and keeping the City Council updated.

### EAB Identification

Signs and symptoms of EAB include:

- Bark splitting
  - Vertical fissures on bark

- Galleries exposed under bark splits
- Blonding of the bark
- Serpentine galleries and “D” shaped exit holes
- The presence of EAB or larvae
- Canopy dieback
  - Begins in the top one-third of canopy
  - Progresses until the tree is bare
  - Increased woodpecker activity
- Sprouting of epicormic shoots from the base of the tree

## **Management Strategy**

Treatment for EAB consists of two primary methods, chemical treatments to prevent ash trees from becoming infested and removal ash trees. Chemical treatments can be further broken down into three primary categories; soil drenches, stem injections, and granular treatments. Of these, granular treatments and soil drenches can be done by the property owner; however the effectiveness of these treatments is limited and both of these treatments can have negative impacts on groundwater, stormwater, and non-target species. Stem injections have shown to be effective for up to three years; however these treatments are cost prohibitive on a large scale with current estimates ranging from \$7-\$11 per diameter inch of stem at 4.5 feet above the ground and must be conducted every three years to protect the tree.

Due to the financial unfeasibility of chemical treatments for publicly owned trees, this management plan will focus on the physical removal of ash trees. The number of public trees removed in any given year will be dependent upon the amount of human and financial resources available. The Street and Park Maintenance Divisions will conduct removals of publicly owned trees as time allows. Tree removals will generally take place from September to March each year. This period ensures that adult beetles have already emerged and transporting of infested wood will not further spread EAB to other areas of the city.

Street and Park Maintenance Division staff will work systematically throughout the city conducting removals of ash trees. Based on population growth models for EAB, it is anticipated that 80% of ash trees will die within the next 4-6 years throughout the city which requires an average removal rate of 175-225 public trees per year. Due to this condensed timeline and the hazards posed to public and private property from dead trees, staff will work through neighborhoods removing all public ash trees regardless of their current infestation status. This approach will be the most cost effective while ensuring the necessary staff and equipment resources are available.

Public trees are determined to be trees located within public road rights-of-way, city owned stormwater ponds and outlots, city campuses, and city parks. Staff will utilize plat documentation and measurements to determine the edge of the road rights-of-way and determine if the tree is public; trees will be determined public if all or part of the tree’s stem is within the right-of-way. Residents, at their own expense, may hire a surveyor to mark their property boundaries and determine tree ownership if they dispute the city’s assessment.

Trees located on city campuses and active use areas of parks will be removed, while trees in city outlots, stormwater treatment ponds and natural areas of city parks will be evaluated for their potential to cause damage to public or private infrastructure. If a tree in these areas is identified as a potential hazard to a target it will be removed; trees without potential targets will be left untreated to provide wildlife habitat and to be recycled into the soil.

Removal of ash trees will be conducted in three phases; removal of tree, stump grinding, and restoration. During removal, staff will work through a neighborhood felling ash trees, loading brush and logs and transporting materials to the city compost site. This activity may require temporary traffic control and/or road closures to allow staff a safe work zone until the tree is felled and all material is removed. Stump grinding will be conducted by staff as time permits and may be done at any time during the year. Restoration will consist of black dirt and seed appropriate to the conditions.

In areas where private landscaping, pet fences and irrigation systems are within the public right-of-way, staff will work to minimize impact to the landscaping during the removal and stump grinding process. The city is not responsible for damage to private landscaping within the right-of-way and it is the homeowner's responsibility to restore any disturbed landscaping because of ash tree removal.

## **Tree Replacement**

Due to the volume of public trees anticipated to be removed as a result of EAB, the city must focus its efforts on tree replacements in areas of greatest need. Trees on city campuses and public parks will be the priority for replacement to ensure aesthetics of public facilities and provide shade to the public. Tree replacement along public rights-of-way may be conducted as time and resources permit. Establishment of trees in public rights-of-way will be the responsibility of the adjacent property owner. The city will not conduct tree replacements in city outlots, stormwater ponds, or natural areas. These areas will be allowed to naturally regenerate.

Replacement trees will consist of 1-1.5-inch diameter bareroot trees consisting of a variety of species to establish a more diverse canopy able to resist any future disease and insect pests. Tree species include hybrid American elm (sp.), white oak (sp.), maple (sp.) hackberry, Kentucky Coffee, American linden (sp.), river birch, honey locust, Ohio buckeye, ginkgo, black cherry, black walnut, butternut, northern catalpa, northern redbud, shagbark hickory, and bitternut hickory. These tree species meet current and projected frost hardiness zones for central Minnesota according to the University of Minnesota, Forest Resources Department.

## **Private Trees**

The City of Elk River does not intend to treat or remove ash trees located wholly within private property, removal of these trees is the responsibility of the property owner. The city may inspect and conduct abatement of any nuisance trees in accordance with Chapter 46



Section 46-34 of the city ordinance. Nuisance trees on private property are further defined in Chapter 82, Article II, Section 82-30 through 82-40 of the ordinance.

In accordance with these sections, property owners are responsible to abate any trees that are dead, diseased, or otherwise not maintaining foliage on more than 50 percent of the tree during the growing season. In the event abatement is not conducted, the city may abate the tree to prevent further spread of EAB.

The City of Elk River, at the direction of the Council, may establish master contracts for ash tree injections and/or removals. These contracts, if determined by the Council, may provide for bulk treatment pricing that could be extended to privately owned ash trees to reduce the cost to homeowners.

Additionally, at the direction of the Council, the City may apply for grant funding to support the city's EAB program. Through these programs, there is the potential for the city to provide assistance to private property owners for ash tree abatement.

Wood generated from the removal of EAB infested ash trees may be disposed of at the Elk River Compost Facility located at 19000 Proctor Road, Elk River, MN 55330. Compost site passes are available in person at City Hall or online at [Compost Site | Elk River, MN - Official Website \(elkrivernm.gov\)](#).

Residents are required to follow all compost site requirements when disposing of any tree or yard waste. Contractors may dispose of tree waste in the compost site only if performing work on Elk River residents' property and utilizing the compost site pass of the property owner to gain access to the site. Materials from outside of Sherburne County are not authorized.

## **Communication**

Communication and education of the public are key components of managing the impact of EAB. Public information will be available to residents through the City's website, social media sites, newsletters, a public open house, and the local newspaper. Residents can also find information about EAB on the following websites:

[Emerald Ash Borer Program | Minnesota Department of Agriculture \(state.mn.us\)](#)  
[Emerald Ash Borer Information for Homeowners | Minnesota Department of Agriculture \(state.mn.us\)](#)  
[Does My Tree Have Emerald Ash Borer \(EAB\)? \(state.mn.us\)](#)  
[Ash Tree Identification \(state.mn.us\)](#)  
[Firewood Information | Minnesota Department of Agriculture \(state.mn.us\)](#)



## Emerald Ash Borer Management Plan Policy History

| Adopted by: | On (date) | Item # |
|-------------|-----------|--------|
|             |           |        |
|             |           |        |
|             |           |        |
|             |           |        |



# Request for Action

**To**  
City Council

**Item Number**  
4.11

**Meeting Date**  
June 3, 2024

**Prepared By**  
Tina Allard, City Clerk

**Item Description**  
Ordinance Amendment 24-14: Boards and Commissions and Resolution 24-28 for Summary Publication

**Reviewed by:**  
Cal Portner  
Tina Allard

## Action Requested

Adopt, by motion, Ordinance 24-14 governing Boards and Commissions and Resolution 24-28 for summary publication of the ordinance.

## Background/Discussion

The City Council reviewed this item in a Regular Meeting Work Session on February 20, 2024, and directed staff to have the Parks and Recreation and the Elk River Municipal Utilities Commissions review their sections of the ordinance. Changes discussed by these commissions are incorporated into the draft ordinance.

## Financial Impact

A resolution for summary publication is included due to the length of the ordinance and the publication costs.

## Mission/Policy/Goal

Ethical, efficient, and responsible

## Attachments

1. February 20, 2024 Staff Report
2. Draft Ordinance for Boards
3. Resolution for Summary Publication

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





# Request for Action

|                                                                                   |                                                       |                                               |
|-----------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------|
| <b>To</b><br>Mayor and City Council                                               |                                                       | <b>Item Number</b><br>10.2                    |
| <b>Agenda Section</b><br>Work Session                                             | <b>Meeting Date</b><br>February 20, 2024              | <b>Prepared by</b><br>Tina Allard, City Clerk |
| <b>Item Description</b><br>Ordinance Amendment: Chapter 2, Boards and Commissions | <b>Reviewed by</b><br>Cal Portner, City Administrator |                                               |
|                                                                                   | <b>Reviewed by</b>                                    |                                               |

## Action Requested

Review and provide feedback regarding the governing of boards and commissions.

## Background/Discussion

The draft ordinance is mostly a housekeeping item as there were inconsistencies among the organization of the various commissions outlined in the ordinance. New items to note and discuss:

1. Bylaws would now be required by each board to be reviewed and approved annually.
  - a. The Clerk's office would supply a template that can be used by each board.
  - b. Each Commission can set their schedules and certain items without needing an ordinance amendment.
2. Information that applied to every board was removed from individual sections and added to its own *Generally* section.
3. Sections are reorganized so all commissions follow the same section headings.
4. Clarification on reporting requirements to the City Council for all the boards.

## Financial Impact

N/A

## Mission/Policy/Goal

The Elk River Mission

## Attachments

- Draft Ordinance
- Draft Bylaw Template

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity.*



Updated: January 2023

## **ARTICLE V. BOARDS AND COMMISSIONS**

### ***DIVISION 1. GENERALLY***

#### **Secs. 2-191. Generally**

Except as otherwise provided with respect to an Aa advisory Bb board or cC Commission, the provisions of this section shall apply to all Aa advisory Bb boards and Cc commissions (Cc commission) provided in this Chapter 2.

#### **Secs. 2-192. Terms of Appointment**

The terms of commission members of a Commission shall be for a period of three (3) years each, provided however, in order to avoid the expiration of the terms of all members on the same date, the term of each member appointed may be established and stated at the time of the appointment so that an equal or approximately equal number of terms of members shall expire each year after the initial appointment of members and thereafter. Terms shall commence March 1 and shall continue for the terms appointed and until the member's successor has been appointed and qualified. The City Council may appoint a person for the unexpired portion of the term of a member whose membership has become vacant.

#### **Secs. 2-193. Organizational Meeting**

Each Cc Commission shall have developed bylaws. At the first meeting of each year, each cC Commission shall complete the following:

- a) Review and update their bylaws.
- b) Set their meeting schedule, which shall be kept on file at its primary office and Elk River City Hall.
- c) Choose a chair and vice chair to serve for a period of one (1) year. The chairperson must have served on the Cc commission for one (1) year.
  - 1) The chair shall preside over each meeting and perform all duties as assigned by the Cc commission or the council.
  - 2) The vice chair assumes the duties of the chair in the chair's absence. If a vacancy occurs in the chair's absence, the vice chair shall fulfill the remaining term and the cC Commission shall elect a new vice chair for the remaining term.
- d) The City Council approved Attendance Policy.

#### **2-194. Rules Governing Meetings**

The cC Commission shall follow Robert's Rules of Order and the Open Meeting Law.

#### **2-195. Compensation, Expenses, Training**

Commission members shall serve without compensation but may be reimbursed for actual expenses incurred while performing their duties. Members shall be encouraged to avail themselves of training courses offered by the city, state, and other governmental units and agencies, and the City Council shall budget for the reimbursement of expenses incurred in training each year.

**Secs. 2-19~~61~~—2-210. Reserved.**

## *DIVISION 2. HERITAGE PRESERVATION COMMISSION<sup>1</sup>*

### **Sec. 2-211. Established.**

A heritage preservation commission for the city is hereby established.

### **Sec. 2-212. Membership; ~~officers.~~**

The ~~H~~eritage ~~p~~reservation ~~e~~Commission shall consist of ~~no fewer than five~~ seven members appointed by the ~~e~~City ~~e~~Council. ~~for terms of three years. The last day for the term of office of each member shall be the last day of February; however, all members may continue service until either reappointed or replaced by the city council. A vacancy shall be filled by the city council for the remainder of the term.~~ Commission members must be persons with demonstrated interest or expertise in historic preservation. Each ~~commission~~ member must be a resident of the city. The ~~h~~eritage ~~p~~reservation ~~e~~Commission shall include, if available, a member of the Sherburne County Historical Society.

### **Sec. 2-213. Purpose.**

The ~~H~~eritage ~~p~~reservation ~~e~~Commission is established to review and make recommendations to the ~~e~~City ~~e~~Council on issues pertaining to the historical, archaeological, engineering, and cultural heritage of the city. The commission shall participate in the preservation and acquisition of the city's heritage and historical sites.

### **Sec. 2-214. Powers and duties.**

The ~~H~~eritage ~~p~~reservation ~~e~~Commission shall prepare, hold hearings on, and recommend to the ~~C~~ity ~~e~~Council such plans, programs, and policies as it deems necessary to carry out the purposes of this division. Such powers shall include, but are not limited to, the study of and recommendation to the ~~e~~City ~~e~~Council on the following:

- (1) Work for the continuing education of ~~the citizens of the city~~ residents with respect to ~~the city~~ historic and architectural heritage ~~of the city~~. It shall keep current and public a register of designated heritage preservation sites and areas.
- (2) Conduct a continuing survey of all areas, places, buildings, structures, or similar objects in the city which the commission, ~~on the basis of~~ based on information available or presented to it, has reason to believe are, or will be, eligible for designation as heritage preservation sites.
- (3) Solicit gifts and contributions to be made to the city and assist in the preparation of applications for grant funds to be made to the city for the purpose of heritage preservation.
- (4) Recommend ~~accepting~~ engaging the services on a permanent or part-time basis of technical experts and other such persons as may be required to perform its duties.
- (5) Make recommendation that an area, building, district, or object be designated a heritage preservation site.
- (6) Review and make recommendations relative to requests for heritage preservation site alteration permits.
- (7) Recommend ~~making~~ application to the National Register or the Minnesota Historical Society for the designation of a historic site or district.

- (8) Make recommendations on the acquisition of sites eligible for designation as a heritage preservation site by gift, negotiation, or eminent domain as provided for in Minn. Stats. ~~e~~Ch. 117.

#### **Sec. 2-215. Meetings ~~and rules of procedure.~~**

The ~~H~~eritage ~~p~~reservation ~~e~~Commission shall meet regularly at least four times each calendar year, at such time and place as established per their bylaws. ~~The commission must abide by the MN Open Meeting Law, Chapter 13D.~~

#### **Sec. 2-216. Reports.**

Reports, conclusions, and recommendations shall be made to the ~~C~~ity ~~e~~Council throughout the year as needed. An annual meeting shall be held with the ~~e~~City ~~e~~Council to review commission vision, goals, tasks, and accomplishments.

### *DIVISION 3. PARK AND RECREATION COMMISSION<sup>2</sup>*

#### **Sec. 2-231. Established.**

A park and recreation commission for the city is hereby established.

#### **Sec. 2-232. Membership; ~~officers; compensation of members; training courses.~~**

~~(a) The p~~Park and ~~r~~Recreation ~~e~~Commission shall consist of seven members appointed by the ~~e~~City ~~e~~Council ~~for terms of three years each. All terms shall end on the last day of February; however, commissioners shall hold office until their successors have been appointed. The terms of the members shall be staggered so that no more than three terms of office shall expire at one time. All appointments shall be made by the city council and a vacancy shall be filled by the city council for the remainder of the term. Officers of the park and recreation commission shall consist of chair, vice-chair and secretary. The chair shall preside at all meetings of the commission if present, and perform all other duties and functions assigned by the commission or the city council. The vice-chair shall perform these duties in absence of the chair. If a vacancy occurs in the chair office, the vice-chair shall assume the chair's duties for the remainder of the year and a new vice-chair shall be elected by the commission at the next scheduled commission meeting. A quorum shall consist of a majority of the sitting members.~~ It is expected that a preference be given to city residents, but residency by itself shall not be a disqualification.

~~(b) The members of the commission shall serve without pay but may be reimbursed for actual expenses incurred while performing duties as a park and recreation commission member.~~

~~(c) The commission members shall be encouraged to avail themselves of training courses offered by the city, state, and other governmental units and agencies, and the city council shall budget for the reimbursement of expenses incurred in training each year.~~

#### **Sec. 2-233. Purpose.**

The ~~P~~ark and ~~r~~Recreation ~~e~~Commission is established to review and ~~to~~ make recommendations to the ~~C~~ity ~~e~~Council on the development and organization of the city parks and ~~city~~ recreation programs. The scope of the commission shall consist of advising the ~~C~~ity ~~e~~Council regarding on matters relevant to ~~the city~~ parks and recreation functions ~~of the city~~. The commission shall participate in the planning for development and acquisition of parks and recreation programs.

## Sec. 2-234. Powers and duties.

- (a) The ~~park and recreation~~ eCouncil shall prepare, hold hearings on and recommend to the eCity eCouncil such plans, programs, and policies ~~as it deems necessary to carry out the purposes of this division~~ the parks and recreation department. Such powers shall include, but not be limited to, the study of and recommendation to the city council on the following:
- (1) Land acquisition for parks, trails, and recreation facilities, ~~and recreation purposes~~.
  - (2) Plans for and major improvements in city parks, trails, and recreation facilities.
  - (3) Rules and requirements for conduct of and in parks, trails, and recreation facilities.
  - (4) Plans and programs relating to the design and programming of city parks, trails, and recreation facilities.
  - ~~(5) Proposed amendments in the recreation section of the city growth management plan.~~
  - ~~(56)~~ Development of a comprehensive city park, trail, and recreation plan and making recommendations for plan on the implementation ~~of this plan~~.
  - ~~(6)~~ Collaborate with City staff and local experts to create a comprehensive natural resources management plan.
  - (7) Assisting in with the promotion of city parks, trails, and recreation facilities.
  - ~~(8) Conducting periodic inspections of city parks and reviewing~~ Provide feedback on existing situations and making recommendations on improvements of city parks, trails, recreation facilities, and recreation programs.
  - ~~(9) Discouraging the vandalism of city parks.~~
  - ~~(910)~~ Collaborate Working with a variety of external organizations in to ensuring the offering of an appropriate array of recreation opportunities for the youth and adults of the city.
  - ~~(101)~~ Collaborate with City staff Work with the city administrator or his/her designee street/park superintendent to ensure the proper maintenance and development of city parks and park facilities.
  - ~~(112)~~ Collaborate with Work with the eCity administrative staff in ensuring that appropriate park properties are obtained by the city during the city development platting process.
  - ~~(123)~~ Any other plans and programs as may be assigned by the eCity eCouncil from time to time.
- (b) The commission shall not be considered a park board under state law and shall have no powers to acquire or lease land, employ personnel, or enter ~~into~~ contracts or leases, or any similar powers authorized for a park board by state law.

## Sec. 2-235. Meetings ~~and rules of procedure~~.

The park and recreation commission shall meet regularly each month ~~as established per their bylaws. Special meetings may be held at any time upon the call of the chair. Notice of the time and place of a special meeting shall be communicated to the members and publicly noticed at least three days prior to the meeting except in the event of emergency. All commission meetings shall be open to the public except as provided in this division. The commission shall be governed and operate pursuant to Robert's Rules of Order, Newly Revised (ninth edition).~~

## Sec. 2-236. Reports ~~and recommendations~~.

The park and recreation commission's reports, conclusions and recommendations shall be made to the eCity eCouncil as may be requested. Its reports, conclusions and recommendations are purely advisory, and the final determination and responsibility shall be with the eCity eCouncil. ~~The commission shall be aided and assisted in every possible way by the city administrator.~~

**Secs. 2-237—2-249~~50~~. Reserved.**

#### *DIVISION 4. MULTIPURPOSE FACILITY ADVISORY COMMISSION<sup>3</sup>*

##### **Sec. 2-250. Established.**

There is hereby continued, as heretofore created, a multipurpose facility advisory commission.

##### **Sec. 2-251. Membership.**

The commission shall consist of nine members appointed by the council to include:

- (1) A city resident and member in good standing of the Elk River Senior Center.
- (2) Two members in good standing representing turf-use associations, which use the facility, including:
  - a. Elk River Youth Football Association.
  - b. Elk River Youth Baseball Association.
  - c. Elk River Youth Softball Association.
  - d. Elk River Youth Lacrosse Association.
  - e. Elk River Flag Football Association.
- (3) Two members in good standing representing ice-use associations, which use the facility, including one each from:
  - a. Elk River Youth Hockey Association.
  - b. Elk River Figure Skating Club.
- (4) A sitting member of the city council.
- (5) A designee of ISD #728. The School District may have a proxy representative in case of absence of the appointed designee. The proxy's name shall be provided to the staff liaison prior to a meeting. The proxy representative does have voting rights.
- (6) Two at-large residents of the community with no affiliation to the former organizations for at least five years.

Representatives of the ice and turf-use associations and the ISD #728 designee may be nonresidents of the city, but there shall be no more than three nonresidents of the city serving on the commission at any one time.

##### **Sec. 2-25~~21~~. Purpose.**

The commission shall set goals and expectations for the community use and enjoyment of the multipurpose facility. The commission shall seek community input regarding the use and development of the facility and make recommendations to the city council to protect and preserve the facility as an asset to the community. The commission shall recommend an operational budget and capital plan that meets or exceeds the goals, values, and vision of the facility.

##### **Sec. 2-252. Membership and terms.**

~~The commission shall consist of nine members appointed by the council to include:~~

---



- ~~(1) — A city resident and member in good standing of the Elk River Senior Center.~~
- ~~(2) — Two members in good standing representing turf use associations, which use the facility, including:
  - ~~a. — Elk River Youth Football Association.~~
  - ~~b. — Elk River Youth Baseball Association.~~
  - ~~c. — Elk River Youth Softball Association.~~
  - ~~d. — Elk River Youth Lacrosse Association.~~
  - ~~e. — Elk River Flag Football Association.~~~~
- ~~(3) — Two members in good standing representing ice use associations, which use the facility, including one each from:
  - ~~a. — Elk River Youth Hockey Association.~~
  - ~~b. — Elk River Figure Skating Club.~~~~
- ~~(4) — A sitting member of the city council.~~
- ~~(5) — A designee of ISD #728.~~
- ~~(6) — Two at-large residents of the community with no affiliation to the former organizations for at least five years.~~

~~Representatives of the ice and turf use associations and the ISD #728 designee may be nonresidents of the city, but there shall be no more than three nonresidents of the city serving on the commission at any one time.~~

~~Following the initial commissioner appointments, all commissioners shall be appointed for a term of three years, serving on a staggered basis. For the initial commission appointments, the city council shall assign terms of one, two, and three years for designated members.~~

## **Sec. 2-253. Authority Powers and duties.**

The multipurpose facility advisory commissions authority shall include, but not be limited to, the study and recommendation to the city council on the following:

- (1) Develop a value statement and a mission statement for the commission. Review each statement annually and amend as so desired.
- (2) Serves as a conduit to the public to gain feedback on the effectiveness of the facility and services provided. Holds at least one annual public hearing to receive community comments regarding the operation, use, and future development of the facility.
- (3) Develop and provide a verbal annual report on the outcomes and activities of the facility to the city council.
- (4) The commission shall review facility rental rates annually and recommend a fee schedule for incorporation into the annual budget.
- (5) The commission shall recommend a budget that balances facility revenue and expenses. The budget will include projected revenue, expenses, transfers, and capital improvements. The budget shall be completed no later than August-November 1 of each year.
- (6) The commission shall annually provide a draft capital improvement plan to the city council that includes capital replacements, repairs, and additions. The plan shall project improvements over a rolling ten-year period. The capital plan shall be completed no later than September 1 of each year.
- (7) The commission shall review and recommend operational policies for the facility and review all policies at a minimum every two years.

## Sec. 2-254. Meetings.

~~At their inaugural meeting, and the first meeting of each subsequent year, the commission shall elect a chair, vice chair and secretary. The chair shall preside over each meeting and perform all duties assigned by the commission or the council. The vice chair shall assume the duties of the chair in the chair's absence. If a vacancy occurs in the chair, the vice chair shall fulfill the remaining term and the commission shall elect a new vice chair for the remaining term. The commission shall meet regularly at least three times each calendar year at such time and place as established per their bylaws.~~ The sitting council member and the designee from ISD #728 are excluded from holding chair or vice chair positions. ~~The secretary shall prepare the minutes of the commission.~~

~~The commission shall meet no fewer than three times per year. The commission shall develop bylaws and adopt a schedule of meetings, meeting times and locations at their first meeting of the year and provide the schedule to the city council for approval.~~

~~A quorum shall consist of a majority of the sitting members. The commission shall follow Robert's Rules of Order. Meetings are subject to the Minnesota Open Meeting Law. Special meetings may be called by the chair or by a simple majority of the sitting commission.~~

## Sec. 2-254. Reports.

Reports, conclusions, and recommendations shall be made to the City Council throughout the year as needed. An annual meeting shall be held with the City Council to review commission vision, goals, tasks, and accomplishments.

## Secs. 2-255—2-270. Reserved.

# *DIVISION 5. PUBLIC UTILITIES COMMISSION<sup>4</sup>*

## Sec. 2-271. ~~Statutes accepted~~Established.

There is hereby continued as heretofore established in the city a public utilities commission.

The public utilities commission shall be governed independently by the officers and members of the Public Utilities Commission in accordance with Section G.1a Bylaws of the Elk River Municipal Utilities Commission Policy.

The city hereby accepts the provisions of Minn. Stats. §§ 412.331—412.391.

In addition, the city hereby accepts Laws of Minnesota 2016, Chapter 97—H.F. No. 2718, signed by the Governor of Minnesota on May 12, 2016, which states: "Notwithstanding Minnesota Statutes, sections 412.331 and 412.341, subdivision 1, the city of Elk River may increase the membership of the city's public utilities commission to five members. Upon increasing the membersnumber of members to five members, no more than two members may also serve as city council members. Terms for the additional membership shall be staggered and set in accordance with the bylaws governing the public utilities commission."

## Sec. 2-272. ~~Commission continued~~Membership.

There is hereby continued as heretofore established in the city a public utilities commission. Membership of the Public Utilities Commission shall be in accordance with Section G.1a Bylaws of the Elk River Municipal Utilities Commission Policy.

In addition, the city hereby accepts Laws of Minnesota 2016, Chapter 97 – H.F. No. 2718, signed by the Governor of Minnesota on May 12, 2016, which states: “Notwithstanding Minnesota Statutes, Section 412.331 and 412.341, Subdivision 1, the City of Elk River may increase the membership of the city’s public utilities commission to five members. Upon increasing the number of members to five members, no more than two members may also serve as city council members. Terms for the additional membership shall be staggered and set in accordance with the bylaws government the public utilities commission.”

#### **Sec. 2-273. Membership.**

~~Each member of the public utilities commission shall be a resident of the city. The public utilities commission shall consist of five members, with a minimum of one member and no more than two members being city council members. Terms expire on the last day of February in the appropriate year.~~

#### **Sec. 2-273. Purpose**

The Elk River Municipal Utilities Commission is established to operate and maintain those utilities under its jurisdiction as stated in Section G.1a Bylaws, in the Elk River Municipal Commission Policy.

#### **Sec. 2-274. Powers, Duties, and Jurisdiction.**

The utilities commission shall have and exercise the powers and duties conferred upon such commissions by Minn. Stats. Section 412.331 – 412.391 and by ordinances, rules, and regulations of the city. The commission shall also exercise the duties conferred upon it by this Code and by the Elk River Municipal Utilities Commission Policy Manual.

The following public utilities shall be within the jurisdiction of the public utilities commission:

- (1) The city water system.
- (2) The city light and power system.

#### **Section 2-275. Meetings**

The public utilities commission shall meet regularly each month.

#### **Sec. 2-~~275~~276. Reports.**

The accounting officer of the public utilities commission shall make such monthly or annual statements of operation as the commission may require. ~~A copy of each report shall be filed in the office of the city administrator.~~ An annual financial report shall be ~~made~~made, and a copy filed with the city administrator at the close of the calendar year and shall be included as part of the annual financial statement of the city administrator in conformance with ~~law. The~~law. The cost of publication of any other official statement required by law to be published shall be paid from public utility funds.

#### **Sec. 2-276. Violation of rules.**

It is unlawful for any person to violate any rules promulgated by the public utilities commission.

#### **Secs. 2-277—2-295. Reserved.**

### ***DIVISION 6. PLANNING COMMISSION***

## **Sec. 2-296. Established.**

A city planning commission is hereby established. The commission shall be the city planning agency authorized by Minn. Stats. § 462.354, subd. 1(1).

## **Sec. 2-297. Membership.**

The planning commission shall consist of seven members who are residents of the city ~~and appointed by the city council for terms of three years. All terms shall end on the last day of February. A vacancy shall be filled by the city council for the remainder of the term. Officers of the commission shall consist of chair and vice-chair, as elected by the commission. The chair shall preside at all meetings of the commission if present, and perform other duties and functions assigned by the commission or the city council. The vice-chair shall perform these duties in the absence of the chair. If a vacancy occurs in the chair office, the vice-chair shall assume the chair's duties for the remainder of the year and a new vice-chair shall be elected by the commission at the next scheduled commission meeting.~~

## **Sec. 2-298. Purpose.**

The planning commission assists in implementing city plans by making recommendations to the City Council on long-range planning issues, such as land use and transportation, as well as current issues including subdivisions, site plans, conditional use permits, and variances.

## **Sec. 2-29~~98~~. Powers and duties.**

The planning commission shall have and exercise the powers and duties conferred upon such commissions by Minn. Stats. §§ 462.351—462.364 and by ordinances, rules, and regulations of the city. The commission shall also exercise the duties conferred upon it by this Code and by the council. After the commission has prepared and adopted a comprehensive plan, the commission shall periodically review the comprehensive plan, any ordinances, and any capital improvement program the council has adopted to implement the plan. After such review, it shall, to the extent it deems necessary, revise the comprehensive plan, adopt the amendments or the new ~~ec~~comprehensive plan, and recommend it to the council in accordance with ~~law~~the law. Similarly, after such review, it shall recommend to the council any amendments it deems desirable to the capital improvement program and any ordinance implementing the plan.

## **Sec. 2-~~300~~299. Meetings ~~and rules of procedure.~~**

The planning commission shall meet regularly ~~on the fourth Tuesday of each month to take action on its official business, including planning-related items at such time and place as established per their bylaws. Special meetings may be held at any time upon the call of the chair. Notice of the time and place of a special meeting shall be communicated to the members and publicly noticed at least three days prior to the meeting except in the event of an emergency. A majority of the commission members shall constitute a quorum. All commission meetings shall be open to the public. Except as provided in this article, the commission shall be governed by and operate pursuant to Robert's Rules of Order, Newly Revised (ninth edition).~~

## **Sec. 2-301. Reports.**

The planning commission's reports, conclusions and recommendations shall be made to the city council as may be required. Its reports, conclusions and recommendations are purely advisory, and the final determination and responsibility shall be with the city council.

## **Secs. 2-30~~20~~—2-325. Reserved.**

## *DIVISION 7. BOARD OF ADJUSTMENTS<sup>5</sup>*

### **Sec. 2-326. Membership.**

Members of the planning commission shall serve as the board of adjustments as required pursuant to Minn. Stats. § 462.354, subd. 2. Members shall serve until the expiration of their term as planning commission members. ~~Board members shall serve without compensation but may be paid for necessary expenses. Each member of the commission shall be a resident of the city.~~

### **~~Sec. 2-327. Rules of procedure.~~**

~~The board of adjustments may adopt rules of procedure for the transaction of its business consistent with the provisions of division 2 of article VI of chapter 30 and Minn. Stats. §§ 462.351—462.364. Four members of the board shall constitute a quorum. Regular meetings of the board shall be held on the second Tuesday of each month or at such other times as are specified in its rules. Special meetings shall be held at the call of the chair, who shall be the chair of the planning commission. Notice of special meetings shall be posted at the city hall and transmitted to members at least three days prior to the date of the meeting. There shall be a fixed place of meeting and all meetings shall be open to the public. A record shall be kept of the board's transactions, findings and determinations.~~

### **Sec. 2-327. Purpose.**

The board of adjustment hears matters of zoning variances, zoning appeals, and the establishment of legal nonconforming rights.

### **Sec. 2-328. Powers and Duties**

The board of adjustment shall have the following powers and duties:

- 1) *Administrative review.* To hear and decide appeals where it is alleged there is error in any order, requirement, ~~decision~~decision, or determination made by staff in the enforcement of this chapter.
- 2) *Variances.* To authorize, upon appeal in specific cases, such variance from the terms of this chapter as will not be contrary to the public interest where, owing to special conditions, a literal interpretation and enforcement of the provisions of this chapter would result in unnecessary hardship as provided in Chapter 30, Article VI.

### **Sec. 2-329. Meetings.**

The board of adjustments shall adopt bylaws for the transaction of its business consistent with the provisions of Chapter 30, division 2, article VI of this code and Minn. Stats. §§ 462.351—462.364. Meetings of the board shall be held on the same evenings as the Planning Commission meetings.

### **Sec. 2-330. Reports.**

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The board of adjustment's reports, conclusions, and decisions shall be provided to the city council as required under Chapter 30, Article VI.

**Secs. 2-3~~3028~~—2-350. Reserved.**

## *DIVISION 8. ENERGY CITY COMMISSION*

### **Sec. 2-351. Established.**

There is hereby established in the City of Elk River an Energy City Commission pursuant to the provisions of this division.

### **Sec. 2-352. Membership;~~officers; compensation of members.~~**

The energy city commission shall consist of up to 11 members ~~who shall be appointed by the city council for terms of three years.~~ The commission will consist of the following:

- (1) One representative from the city council/economic development authority.
- (2) One representative from the Elk River Municipal Utilities.
- (3) Up to seven representatives from:
  - a) Energy related businesses (this can include consultants, manufacturers, technology, environmental, energy producers and/or energy providers);
  - b) Commercial or residential customers (representatives must receive at least one city service—water, sewer, trash collection, or electric delivery), or;
  - c) Nonprofit organizations (this can include schools, youth organizations or business organizations as determined by the city council).
- (4) One representative designated by a school located in Elk River. The ~~Schools~~school may have a proxy representative in case of absence of the appointed designee. The proxy's name shall be provided to the staff liaison prior to a meeting. The proxy representative does have voting rights.
- (5) One representative from the Elk River Chamber of Commerce. The Chamber may have a proxy representative in case of absence of the appointed designee. The proxy's name shall be provided to the staff liaison prior to a meeting. The proxy representative does have voting rights.

~~All terms shall end on the last day of February; however, members shall hold office until their successors have been appointed. A vacancy during the term of any member shall be filled by city council appointment for the remainder of the term. Officers of the commission shall consist of chair and vice-chair, as elected by the commission. The chair shall preside at all meetings of the commission if present, and perform other duties and functions assigned by the commission or the city council. The vice-chair shall perform these duties in the absence of the chair. If a vacancy occurs in the chair office, the vice-chair shall assume the chair's duties for the remainder of the year and a new vice-chair shall be elected by the commission at the next scheduled commission meeting. A quorum shall consist of a majority of the sitting members.~~

### **Sec. 2-353. Purpose.**

The energy city commission ~~is~~was established to promote the City of Elk River as a hub of energy technology, energy manufacturing, energy demonstrations, recycling, use of green products and the adoption of sustainable living practices.

## **Sec. 2-354. Powers and duties.**

The energy city commission shall have the following responsibilities:

- (1) Aid, create, promote, endorse, sponsor, and facilitate energy and environmentally sustainable initiatives and demonstrations that lead by example for others to learn from.
- (2) Work for the continuing education of the public with respect to energy technology, energy manufacturing, sustainable demonstrations, recycling, use of green products and the adoption of sustainable living practices.
- (3) Develop sub-committees of members to work on specific projects/programs that reflect and support the goals of the commission.
- (4) Solicit gifts and contributions to be made to the city and assist in the preparation of applications for grant funds for the purpose of energy technology, energy manufacturing, energy demonstrations, recycling, use of green products and the adoption of sustainable living practices.
- (5) Such other responsibilities as the city council shall assign from time to time.

## **Sec. 2-355. Meetings ~~and rules of procedure.~~**

The energy city commission shall meet regularly at least four times each calendar year. ~~The commission shall develop bylaws and adopt a schedule of meetings, at such meeting times, and locations place at their first meeting of each year as established per their bylaws. Additional meetings may be held at any time at the call of the chair or the request of two other commissioners. The commission shall be governed and operated pursuant to the most recent edition of Robert's Rules of Order.~~

## **Sec. 2-356. Contracts with commissioners.**

~~Individual commission members, or their employees, may enter into contracts with the commission or the city for consultant or other services, provided that no commissioner shall vote on the approval of any contract for which the commissioner, the commissioner's employer, or any family member of the commissioner would be a party.~~

## **Sec. 2-356. Reports**

Reports, conclusions, and recommendations shall be made to the city council throughout the year as needed. An annual meeting shall be held with the city council to review commission vision, goals, tasks, and accomplishments.



Councilmember \_\_\_\_\_ introduced the following resolution and moved its adoption:

### **Resolution 24-\_\_\_\_\_**

#### **A Resolution of the City of Elk River Approving Notice of Summary Publication of Ordinance #24-\_\_ An Ordinance Governing Boards and Commissions**

**WHEREAS**, on June 3, 2024, the Elk River City Council adopted Ordinance 24-\_\_\_\_\_ amending Chapter 2, Boards and Commissions of the Elk River Code of Ordinances, after an initial review on February 20, 2020; and

**WHEREAS**, Bylaws will be required and reviewed annually by each board and commission and each group can set their own schedules in their bylaws versus an ordinance amendment; and

**WHEREAS**, Information that applied to every board and commission was removed from individual sections and added to its own *Generally* section for consistency in application to all boards and commissions;

**WHEREAS**, Reporting requirements to the City Council were clarified for each board and commission;

**WHEREAS**, a copy of the full text of the ordinance is available for inspection by any person at the office of the Elk River City Clerk, 13065 Orono Parkway, during regular business hours; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council, by at least four-fifths vote, authorizes the publication of the title and summary of Ordinance 24-\_\_\_\_\_.

The motion for adoption of the foregoing resolution was duly seconded by Councilmember \_\_\_\_\_, and upon vote being taken thereon, the following voted in favor thereof:

\_\_\_\_\_ and the following against: \_\_\_\_\_, whereupon said resolution was declared duly passed and adopted.



The following members were present: \_\_\_\_\_

and the following absent: \_\_\_\_\_

Passed and adopted this 3<sup>rd</sup> day of June 2024.

ATTEST:

\_\_\_\_\_  
John J. Dietz, Mayor

\_\_\_\_\_  
Tina Allard, City Clerk



# Request for Action

**To**  
City Council

**Item Number**  
4.12

**Meeting Date**  
June 3, 2024

**Prepared By**  
Lori Stich, Finance Manager

**Item Description**  
Insurance Agent of Record Agreement 24-16

**Reviewed by:**  
Lori Stich  
Joe Stremcha  
Cal Portner  
Tina Allard

## Action Requested

Approve by motion, Corporate Four Insurance to continue providing insurance agent of record services to the City of Elk River.

## Background/Discussion

The city must have an insurance agent of record as a member of the League of Minnesota Cities Insurance Trust (LMCIT). In March 2013, the city engaged Northern Capital Insurance Group to provide these services:

- Advise and assist the city in assembling and accurately reporting underwriting data, including updating property values, for rating purposes.
- Advise and assist the city in evaluating and selecting among coverage alternatives such as deductibles, limits, optional coverage, and alternative coverage forms, etc.
- Review coverage documents and invoices to assure coverage has been correctly issued and billed.
- Advise the city on potential gaps or overlaps in coverage.
- Assist the city as requested in submitting claims and interpreting coverage as applied to particular claims.
- Review loss reports for correct reporting, appropriate reserves, etc.
- Assist as requested with safety and loss control activities.
- Assist the city in identifying risk exposures and developing appropriate strategies to address those exposures.
- In 2019, the services were transferred from Northern Capital Insurance Group to Corporate Four Insurance with a five-year agreement. Staff recommends continuing the relationship with Corporate Four Insurance for another five years as outlined in the attached service fee agreement.

## Financial Impact

Annual fees are paid from the Insurance Reserve Fund.

### The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**Mission/Policy/Goal**

Responsible for every dollar - good stewards.

**Attachments**

- I. Elk River Service Fee Agreement 2024



## Service Fee Agreement

The City of Elk River, hereinafter "Client" agrees to engage the services of Corporate Four Insurance Agency, 7220 Metro Blvd., Edina, MN 55439, hereinafter Corporate Four, and Corporate Four agrees, as a function of their business as General Agents, or Insurance Brokers, to advise Client in the management of risk of loss generally covered by property and casualty insurance, and to procure or attempt to procure on Client's behalf such insurance as Client may designate, subject to the following terms and conditions:

**I. Effective Date and Term:**

This agreement shall begin as of the date signed and shall continue until June 30, 2028, and thereafter shall continue from year to year. Either party may terminate this agreement at any time by giving 30 days written notice of termination.

**II. Objective of Agreement:**

Corporate Four will act in the dual capacity of risk management consultant and insurance agent and/or broker.

**III. Basis of Compensation:**

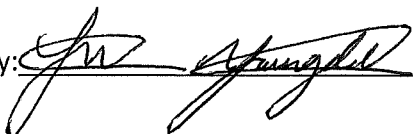
The annual fee for services provided by employees of Corporate Four during the period of this agreement will be:

|                              |          |
|------------------------------|----------|
| July 1, 2024 – June 30, 2025 | \$10,500 |
| July 1, 2025 – June 30, 2026 | \$10,500 |
| July 1, 2026 – June 30, 2027 | \$10,500 |
| July 1, 2027 – June 30, 2028 | \$10,500 |

This fee is guaranteed from July 1, 2024 to June 30, 2028 with an annual option thereafter. The initial installment is payable upon execution of the Agreement and is fully earned as of the date. Insurance coverage with insurers other than the League of MN Cities Insurance Trust may include commissions.

Corporate Four Insurance

Client

By: 

By: \_\_\_\_\_

Date: 5/28/2024

Date: \_\_\_\_\_



# Request for Action

**To**  
City Council

**Item Number**  
4.13

**Meeting Date**  
June 3, 2024

**Prepared By**  
Chris Leeseberg, Senior Planner

**Item Description**  
Resolution 24-29: Findings of Fact Approving a  
Variance Request for Ivan Foxcroft, 20055 Polk  
Street NW

**Reviewed by:**  
Zack Carlton  
Cal Portner  
Tina Allard

## Action Requested

Adopt, by motion, Resolution 24-29 making findings of fact approving a variance application submitted by Ivan Foxcroft.

## Background/Discussion

The City Council, at their May 20, 2024, meeting, overturned the Board of Adjustments decision that the variance application (V 24-02) did not meet the criteria for the granting of a variance as outlined in Sec. 30-635 of the Elk River code of ordinances. Staff and legal counsel drafted a resolution making findings of fact of approval for the City Council to review and approve.

## Financial Impact

None

## Mission/Policy/Goal

Work with citizens to achieve goals.

## Attachments

1. Resolution Making Findings of Fact
2. Board of Adjustments Packet dated 04-23-2024
3. City Council Staff Report dated 5-20-2024

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





## Resolution 24 - \_\_\_\_\_

### **A Resolution Making Findings of Fact Approving a Variance Application Submitted by Ivan Foxcroft and Permitting an Encroachment into the Front Yard Setback by 16-feet and the Side Yard Setback 10-feet**

**WHEREAS**, Ivan Foxcroft, (“Applicant”), has applied (“Application”) for two variances to permit a new garage addition to encroach into the front and side yard setbacks for the property located at 20055 Polk Street NW(Case No. V 24-02); and

**WHEREAS**, the record in this matter includes all of the materials submitted to the Board of Adjustments and City Council in connection with the March 25, 2024, Variance Application, including the staff reports and all attachments thereto, all other written materials submitted to the Board of Adjustments and City Council, and all staff presentations and other testimony taken at the public meetings considering the Variances, all of which is incorporated and made a part of the findings of fact and this resolution; and

**WHEREAS**, the Board of Adjustments held a public hearing on April 23, 2024, to receive testimony and evidence from city staff, the Applicant, and any other persons regarding the Variance Application; and

**WHEREAS**, the Board of Adjustments, after having held the public hearing and giving all members of the public an opportunity to speak, denied the Variance Application based on concerns about setting a precedent that could be applied to future similar applications. The Board of Adjustments concluded that the general purpose and intent of the City Code requirements are not met, which will alter the essential character of the locale. The Board of Adjustments further concluded that a smaller addition could be added without a variance.

**WHEREAS**, denial of a variance by the Board of Adjustments results in an automatic appeal to the City Council; and

**WHEREAS**, the City Council held a public hearing on May 20, 2024, to receive testimony and evidence from city staff, the Applicant, and any other persons regarding whether the Application should be approved; and

**WHEREAS**, the Applicant and all others wishing to speak were given the opportunity to present testimony to the City Council; and

**WHEREAS**, the City Council, at the conclusion of its May 20, 2024, public hearing on the Application, directed staff to prepare a resolution making findings of fact approving the Application for City Council consideration.

**NOW, THEREFORE,** the City Council of the City of Elk River makes the following findings of fact and decision with respect to the Application by Ivan Foxcroft to allow encroachment into the front yard setback by 16-feet and side yard setback by 10-feet while maintain the architectural design presented at the May 20, 2024, council meeting.

### **FINDINGS OF FACT**

1. The parcel at 20055 Polk Street NW (the Property) was purchased by Ivan Foxcroft in 2018.
2. The plat of Preserve Estates, with the subject parcel, was approved by City Council in 1999.
3. The residential structure on the subject parcel, was approved and built in 2000.
4. Ordinance requires the following setbacks:  
Front: 35'  
Side: 20'  
Garage-side: 20'  
Rear: 30'
5. On March 25, 2024, Ivan Foxcroft submitted Variance Application to allow encroachment into the front yard setback by 16-feet (a proposed setback of 19-feet) and side yard setback by 10-feet (a proposed setback of 10-feet).
6. On April 23, 2024, the Board of Adjustments reviewed the Variance Application. The Board received testimony from staff, the applicant and neighboring residents regarding impacts to the neighborhood that may or may not occur if the Variances were granted.
7. Elk River City Code states that in order for a Variance to be granted, the request must meet the five criteria outlined in Sec. 30-635. – Variances;
  - a. A variance may be granted by the board only if it finds that:
    - (1) The variance is in harmony with the general purpose and intent of the ordinance.
    - (2) The variance is consistent with the City of Elk River comprehensive plan.
  - b. Variances may be granted when the petitioner establishes that there are practical difficulties in complying with the zoning ordinance. Practical difficulties means that:
    - (1) The petitioner proposes to use the property in a reasonable manner not permitted by the zoning ordinance;

- (2) The plight of the petitioner is due to circumstances unique to the property not a consequence of the petitioner's own action or inaction; and
  - (3) The variance, if granted, will not alter the essential character of the locality.
8. The Board of Adjustments voted 3-2 to deny the Variances based on the following findings:
  - a. The variance is not in harmony with the general purpose and intent of the ordinance.
  - b. The essential character of the locality will be altered if a structure encroaches into the front yard setback.
9. The Elk River City Code provides that a decision by the Board of Adjustments to deny a variance shall not be final and shall automatically be appealed to the City Council.
10. On May 20, 2024, the City Council held a public hearing and reviewed the Variance requests.
11. During the public hearing, the City Council received testimony regarding the proposed Variances on the surrounding residential area.
12. Following the conclusion of the public hearing, the City Council voted 5-0 to reverse the decision of the Board of Adjustments.
13. The decision of the City Council took into consideration all the testimony and evidence received at the public hearing, as well as the record presented from the Board of Adjustments and the Variance Application, and the foregoing Findings of Fact, the City Council finds, that the Applicant has established that it has met the requirements for approval of the requested Variances as follows:
  - a. A variance may be granted by the board only if it finds that:
    - (1) The variance is in harmony with the general purpose and intent of the ordinance.

*The purpose and intent of front yard setbacks is to ensure that buildings are not constructed too close to the street, helping maintain a visually pleasing streetscape with uniformity of structures along a street. Due to the size of the lot, construction of the proposed structure where it encroaches into the front yard setbacks will not be too close to the street, and will not detract from the streetscape of structure uniformity.*
    - (2) The variance is consistent with the City of Elk River comprehensive plan.



*The property is guided as Traditional Single Family Residential. The suburban residential category predominately consists of single-family detached homes occupying moderately sized lots. This land use is the most prevalent residential type within the Urban Service Area and consists of a range of neighborhood types. The district should accommodate single-family attached, townhomes, and duplexes which have varying setbacks, in some cases down to zero. While the proposal does not meet the ordinance, it is consistent with the comprehensive plan.*

- b. Variances may be granted when the petitioner establishes that there are practical difficulties in complying with the zoning ordinance. Practical difficulties means that:

- (1) The petitioner proposes to use the property in a reasonable manner not permitted by the zoning ordinance;

*Reasonableness is determined by the City Council based on the unique facts and circumstances in each application. Reasonableness does not mean that the property cannot be used in any reasonable way at all unless a variance is granted. It just means that an applicant's requested use of the land is appropriate in the circumstances. Here, most of the property is encumbered by easements, setbacks, the drain field, the well, and a steep change in topography. The only location for a structure is on either side of the house/ garage and to be allowed the square footage this size of lot can typically support, encroachments into the front yard would be required. The property owner's request reflects his wish to utilize his property to its allowed potential, and in a manner that is consistent with other properties in the neighborhood. The proposed use is reasonable.*

- (2) The plight of the petitioner is due to circumstances unique to the property not a consequence of the petitioner's own action or inaction; and

*As described above, the property is encumbered by easements, setbacks, the drain field, the well, and a steep change in topography. These characteristics of the property limit use of the entire property. The property owner bought the property in 2018 in its current configuration with these limitations already in existence. These plights are not a consequence of the applicant's own action or inaction.*

- (3) The variance, if granted, will not alter the essential character of the locality.

*The proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors, which will create a more aesthetically pleasing view from the street and front angles of the property. Constructing the proposed structure will contribute to additional privacy for this property and for the neighboring property. The proposed structure is also consistent with several other properties on the street that also have garage additions.*

## DECISION

Therefore, the City Council of the City of Elk River **APPROVES** the Application for Variances at 20055 Polk Street NW, based on the findings of fact set forth above.

Passed and adopted this 3<sup>rd</sup> day of June 2024.

---

John J. Dietz, Mayor

ATTEST:

---

Tina Allard, City Clerk



# Request for Action

**To**  
Board of Adjustments

**Item Number**  
5.1

**Meeting Date**  
April 23, 2024

**Prepared By**  
Chris Leeseberg, Senior Planner

**Item Description**  
Variance Request: Ivan Foxcroft - 20055 Polk Street NW

**Reviewed by:**  
Zack Carlton

## Action Requested

Deny, by motion, the front and side yard setback variance for the following reasons:

1. The general purpose and intent of the ordinance is not met.
2. A garage closer to the street than the other homes/garages on that street will alter the essential character of the locality.

## Background/Discussion

The property is zoned Panned Unit Development (PUD) which has the following setbacks from property lines:

Front: 35'

Side: 20'

Garage-side: 20'

Rear: 30'

The applicant is requesting a variance to extend 16 feet past the front setback and 10 feet past the side setback of the property.

## Public Hearing

Staff received two letters of support for the requested variance. One of the property owners is directly adjacent to the subject property on the side that the encroachments would occur. They think the proposal looks fantastic and the aesthetic is in keeping with the rest of the subject property and will be an excellent addition to the neighborhood. It also would provide additional privacy to the pool area behind their own house. The other property owner does not feel it will affect the character of the neighborhood.

## Applicable Regulation

(The applicant's responses are italicized with staff's notes after.)

Variances may be granted when the petitioner establishes that the variance satisfies all five of the criteria described below. The variance is:

- I. Is in harmony with the general purpose and intent of the ordinance, and

The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*

*The addition, in its proposed form, will be more aesthetically pleasing than other options available within the setback criteria. The proposed structure will still be 31.5 feet from the bituminous curb and 16.5 feet from my property line.*

The purpose and intent of front yard setbacks is to ensure that buildings are not constructed too close to the street, helping maintain a visually pleasing streetscape with uniformity of structures along a street.

2. Is consistent with the City of Elk River comprehensive plan.

*The property is guided for residential, and accessory structures are allowed in residential districts and is consistent with the Elk River comprehensive plan.*

The property is guided as Traditional Single Family Residential. The suburban residential category predominately consists of single-family detached homes occupying moderately sized lots. This land use is the most prevalent residential type within the Urban Service Area and consists of a range of neighborhood typologies. The district should accommodate single-family attached, townhomes, and duplexes which have varying setbacks, in some cases down to zero. While the proposal does not meet the ordinance, it is consistent with the comprehensive plan.

Variances may be granted when the petitioner establishes that there are practical difficulties in complying with the zoning ordinance. Practical difficulties means that:

3. The petitioner proposes to use the property in a reasonable manner not permitted by the zoning ordinance;

*I think this addition does put the land to reasonable use. In addition, it will create additional privacy for my neighbor and I to the rear of our current properties.*

As the staff site plan exhibit shows, most of the property is encumbered by easements, setbacks, the drain field, the well, and a change in topography. The only location for a structure is on either side of the house/garage and to be allowed the square footage this size of lot can typically support, encroachments into the front yard would be required.

While a small accessory structure meeting setbacks could be built, the property owner is trying to utilize his property to its allowed potential, the same as other property owners in the neighborhood can, which the applicant believes is reasonable.

4. The plight of the petitioner is due to circumstances unique to the property not a consequence of the petition's own action or inaction; and

*The practical difficulty with my parcel of land is as follows:*

- A large percentage of the land to the rear of the property is wetland with a 20' setback.*
- The location of my septic tanks and septic drainage field and the 20' setback to these.*
- The acute slope to the side of the property and location of my water well on that slope.*

*These factors limit the options available to me and make the proposed area for construction my only viable option.*

The property owner bought the property in 2018 in its current configuration with the location of the well, wetland, and septic drain field already in place. These plights are not a consequence of the petitioner's own action or inaction.

5. The variance, if granted, will not alter the essential character of the locality.

*If anything, I feel it will add to the essential character of the locality.*

*If approved, the proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors,*

*creating a more aesthetically pleasing view from the street and front angles of the property.  
It will contribute to additional privacy for my neighbor and I to the rear of our properties.  
In addition, it is in line with several other properties in our street that also have garage additions.*

If approved, the proposed garage would be closer to the street than the other homes/garages on that street. As the applicant has stated, a desire of his is to minimize the number of garage doors facing directly toward the street and make it look more like a house, which is more aesthetically pleasing.

### **Financial Impact**

None

### **Mission/Policy/Goal**

- Help, not hinder citizen quality of life
- Reflect the culture of citizens and what is important to majority

### **Attachments**

1. Location Map
2. Applicant's Narrative
3. Rendering
4. Staff Site Plan
5. Letters of Support



Foxcroft  
Variance

Case No: V 24-02





## V 24-02 Narrative

To Board of Adjustment

I respectfully request that you consider my application for a variance to the setbacks of my property in Polk St NW, Elk River.

I have always dreamed of having a garage large enough to allow for my hobby / passion of restoring, collecting and showing vintage motorcycles in my spare time.

I am finally in a position financially to be able to afford to build one. Unfortunately, due to the constraints of my property, listed below, I am not able to construct a suitably sized building within the current setbacks.

I am requesting a variance to my property setbacks to allow me to build an attached 42' x 30' garage addition.

The proposed garage will extend 16 feet past the front setback and 10 feet past the side setback of the property.

The practical difficulty with my parcel of land is that a large percentage of land to the rear of the property is wetland. In addition to this, the location of my septic tanks and septic drainage field and the required setbacks to those, I am limited to the proposed area, to construct the addition. Please see the attached plan.

The proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors, creating a more aesthetically pleasing view from the street and front angles of the property. Please see attached proposed rendering.

I plan to model the front of the addition to look exactly as the front of the house to create the image of an extension of the dwelling space.

With the addition, my total garage space will be 1956 sq/ft, well within the 2500 sq/ft allotted for my parcel of land.

I have included letters from my neighbors who are all in support of my proposal.

I humbly request a favorable response to this variance request to enable me to add this addition to my property.

Respectfully

Ivan Foxcroft

### **A variance may be granted by the board only if it finds that:**

The variance is in harmony with the general purpose and intent of the ordinance

*The addition in its proposed form, will be more aesthetically pleasing than other options available within the setback criteria. The proposed structure will still be 31.5 feet from the bituminous curb and 16.5 feet from my property line.*

### **The variance is consistent with the City of Elk River Comprehensive Plan (discuss with city staff in needed)**

*The property is guided for residential, and accessory structures are allowed in residential districts and is consistent with the Elk River comprehensive plan.*

**Variances may be granted when the petitioner establishes that there are practical difficulties in complying with the zoning ordinance. Practical difficulties means that:**

The petitioner proposes to use the property in a reasonable manner not permitted by the zoning ordinance

*I think this addition does put the land to reasonable use, in addition, it will create additional privacy for my neighbor and I to the rear of our current properties.*

**The plight of the petitioner is due to circumstances unique to the property not a consequence of the petition's own action or inaction; and**

*The practical difficulty with my parcel of land is as follows:*

- *A large percentage of the land to the rear of the property is wetland with a 20' setback.*
- *The location of my septic tanks and septic drainage field and the 20' setback to these.*
- *The acute slope to the side of the property and location of my water well on that slope.*

*These factors limit the options available to me and make the proposed area for construction my only viable option.*

**The variance, if granted, will not alter the essential character of the locality**

*If anything, I feel it will add to the essential character of the locality.*

*If approved, the proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors, creating a more aesthetically pleasing view from the street and front angles of the property.*

*It will contribute to additional privacy for my neighbor and I to the rear of our properties.*

*In addition, it is in line with several other properties in our street that also have garage additions.*









Christopher Yearneau  
20079 Polk St NW  
Elk River, MN 55330

21<sup>st</sup> March 2024

Re: Proposed Variance at 20055 Polk St NW, Elk River, MN, 55330

Variance Board,

We have recently reviewed the attached proposed application for variance of Ivan & Zanielle' s garage addition at 20055 Polk St NW, Elk River.

We are their neighbors on the side of the proposed addition to their home.

We have lived in our house for over a year and have developed a great friendship with both Ivan and Zanielle.

We are writing this letter to indicate our support for the variance. We think their proposal looks fantastic, the aesthetic is in keeping with the rest of their property and will be an excellent addition to the neighborhood.

In addition, the proposed garage will provide additional privacy to the pool area behind our house. We support their application and look forward to the addition.

Please don't hesitate to contact us if you require any additional information.

Respectfully:

A handwritten signature in black ink, appearing to be 'Chris', with a stylized, flowing script.

Chris

**Support Letter**  
Darren and Angie Kiser  
20113 Polk St Nw  
Elk River, MN 55330

March 23, 2024

To whom it may concern:

We are writing in support of Ivan & Zanielle's application for a variance on their home 20055 Polk St NW, Elk River, MN, 55330.

We have been neighbors for 5 years and have developed a great friendship with the Foxcroft family. Our kids are really good friends and hang out regularly.

We feel that the proposed addition will in no way affect the general purpose or intent of the land usage, and if granted will improve on the essential character of the locality.

We have reviewed their proposed plan and support the addition to their property.

Respectfully submitted,  
Darren & Angie Kiser  
20113 Polk St NW  
Elk River, MN 55330



# Request for Action

**To**  
City Council

**Item Number**  
7.2

**Meeting Date**  
May 20, 2024

**Prepared By**  
Chris Leeseberg, Senior Planner

**Item Description**  
Variance: Ivan Foxcroft - 20055 Polk Street NW

**Reviewed by:**  
Zack Carlton  
Cal Portner  
Tina Allard

## Action Requested

Hold the public hearing and direct, by motion, staff to prepare a finding of fact denying the variance and return to the next available Regular City Council Meeting.

## Background/Discussion

(Case No. V 24-02)

The property is zoned Planned Unit Development (PUD) with the following setbacks from property lines: Front: 35 feet, Side: 20 feet, and Rear: 30 feet. The applicant is requesting a variance to extend 16 feet past the front setback and 10 feet past the side setback of the property. The attached staff report to the Board of Adjustments outlines the five criteria for approval of a variance. The applicant's responses are italicized with staff's comments after.

An initial motion was made to approve the variance that failed by a 2-3 vote. A second motion was made to deny the variance based on setting precedence, general purpose, and intent are not met, altering the essential charter of the locale, and an addition while smaller, could be added without a variance. The Board of Adjustments denied the variance on April 23, 2024, by a 3-2 vote. As the variance was denied, it was automatically appealed to the City Council for their consideration.

No one spoke against the request during the public hearing. Included with the Board of Adjustments staff report are two letters of support, one from the property owner directly adjacent to the subject property on the side where the encroachments would occur.

Since the Board of Adjustments meeting, the applicant shared with staff an alternative plan he will likely build if he is not granted the variance. The new plan meets setbacks but does involve the relocation of the well.

**Financial Impact**  
None

## Mission/Policy/Goal

The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



- Help, not hinder citizens' quality of life
- Reflect the culture of citizens and what is important to the majority

**Attachments**

1. Board of Adjustments Packet 04-23-2024
2. Alternative Design



# Request for Action

**To**  
Board of Adjustments

**Item Number**  
5.1

**Meeting Date**  
April 23, 2024

**Prepared By**  
Chris Leeseberg, Senior Planner

**Item Description**  
Variance Request: Ivan Foxcroft - 20055 Polk Street  
NW

**Reviewed by:**  
Zack Carlton

## Action Requested

Deny, by motion, the front and side yard setback variance for the following reasons:

1. The general purpose and intent of the ordinance is not met.
2. A garage closer to the street than the other homes/garages on that street will alter the essential character of the locality.

## Background/Discussion

The property is zoned Panned Unit Development (PUD) which has the following setbacks from property lines:

Front: 35'

Side: 20'

Garage-side: 20'

Rear: 30'

The applicant is requesting a variance to extend 16 feet past the front setback and 10 feet past the side setback of the property.

## Public Hearing

Staff received two letters of support for the requested variance. One of the property owners is directly adjacent to the subject property on the side that the encroachments would occur. They think the proposal looks fantastic and the aesthetic is in keeping with the rest of the subject property and will be an excellent addition to the neighborhood. It also would provide additional privacy to the pool area behind their own house. The other property owner does not feel it will affect the character of the neighborhood.

## Applicable Regulation

(The applicant's responses are italicized with staff's notes after.)

Variances may be granted when the petitioner establishes that the variance satisfies all five of the criteria described below. The variance is:

- I. Is in harmony with the general purpose and intent of the ordinance, and

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*The addition, in its proposed form, will be more aesthetically pleasing than other options available within the setback criteria. The proposed structure will still be 31.5 feet from the bituminous curb and 16.5 feet from my property line.*

The purpose and intent of front yard setbacks is to ensure that buildings are not constructed too close to the street, helping maintain a visually pleasing streetscape with uniformity of structures along a street.

2. Is consistent with the City of Elk River comprehensive plan.

*The property is guided for residential, and accessory structures are allowed in residential districts and is consistent with the Elk River comprehensive plan.*

The property is guided as Traditional Single Family Residential. The suburban residential category predominately consists of single-family detached homes occupying moderately sized lots. This land use is the most prevalent residential type within the Urban Service Area and consists of a range of neighborhood typologies. The district should accommodate single-family attached, townhomes, and duplexes which have varying setbacks, in some cases down to zero. While the proposal does not meet the ordinance, it is consistent with the comprehensive plan.

Variances may be granted when the petitioner establishes that there are practical difficulties in complying with the zoning ordinance. Practical difficulties means that:

3. The petitioner proposes to use the property in a reasonable manner not permitted by the zoning ordinance;

*I think this addition does put the land to reasonable use. In addition, it will create additional privacy for my neighbor and I to the rear of our current properties.*

As the staff site plan exhibit shows, most of the property is encumbered by easements, setbacks, the drain field, the well, and a change in topography. The only location for a structure is on either side of the house/garage and to be allowed the square footage this size of lot can typically support, encroachments into the front yard would be required.

While a small accessory structure meeting setbacks could be built, the property owner is trying to utilize his property to its allowed potential, the same as other property owners in the neighborhood can, which the applicant believes is reasonable.

4. The plight of the petitioner is due to circumstances unique to the property not a consequence of the petition's own action or inaction; and

*The practical difficulty with my parcel of land is as follows:*

- A large percentage of the land to the rear of the property is wetland with a 20' setback.*
- The location of my septic tanks and septic drainage field and the 20' setback to these.*
- The acute slope to the side of the property and location of my water well on that slope.*

*These factors limit the options available to me and make the proposed area for construction my only viable option.*

The property owner bought the property in 2018 in its current configuration with the location of the well, wetland, and septic drain field already in place. These plights are not a consequence of the petitioner's own action or inaction.

5. The variance, if granted, will not alter the essential character of the locality.

*If anything, I feel it will add to the essential character of the locality.*

*If approved, the proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors,*



*creating a more aesthetically pleasing view from the street and front angles of the property.  
It will contribute to additional privacy for my neighbor and I to the rear of our properties.  
In addition, it is in line with several other properties in our street that also have garage additions.*

If approved, the proposed garage would be closer to the street than the other homes/garages on that street. As the applicant has stated, a desire of his is to minimize the number of garage doors facing directly toward the street and make it look more like a house, which is more aesthetically pleasing.

### **Financial Impact**

None

### **Mission/Policy/Goal**

- Help, not hinder citizen quality of life
- Reflect the culture of citizens and what is important to majority

### **Attachments**

1. Location Map
2. Applicant's Narrative
3. Rendering
4. Staff Site Plan
5. Letters of Support



Foxcroft  
Variance

Case No: V 24-02



## V 24-02 Narrative

To Board of Adjustment

I respectfully request that you consider my application for a variance to the setbacks of my property in Polk St NW, Elk River.

I have always dreamed of having a garage large enough to allow for my hobby / passion of restoring, collecting and showing vintage motorcycles in my spare time.

I am finally in a position financially to be able to afford to build one. Unfortunately, due to the constraints of my property, listed below, I am not able to construct a suitably sized building within the current setbacks.

I am requesting a variance to my property setbacks to allow me to build an attached 42' x 30' garage addition.

The proposed garage will extend 16 feet past the front setback and 10 feet past the side setback of the property.

The practical difficulty with my parcel of land is that a large percentage of land to the rear of the property is wetland. In addition to this, the location of my septic tanks and septic drainage field and the required setbacks to those, I am limited to the proposed area, to construct the addition. Please see the attached plan.

The proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors, creating a more aesthetically pleasing view from the street and front angles of the property. Please see attached proposed rendering.

I plan to model the front of the addition to look exactly as the front of the house to create the image of an extension of the dwelling space.

With the addition, my total garage space will be 1956 sq/ft, well within the 2500 sq/ft allotted for my parcel of land.

I have included letters from my neighbors who are all in support of my proposal.

I humbly request a favorable response to this variance request to enable me to add this addition to my property.

Respectfully

Ivan Foxcroft

### **A variance may be granted by the board only if it finds that:**

The variance is in harmony with the general purpose and intent of the ordinance

*The addition in its proposed form, will be more aesthetically pleasing than other options available within the setback criteria. The proposed structure will still be 31.5 feet from the bituminous curb and 16.5 feet from my property line.*

### **The variance is consistent with the City of Elk River Comprehensive Plan (discuss with city staff in needed)**

*The property is guided for residential, and accessory structures are allowed in residential districts and is consistent with the Elk River comprehensive plan.*

**Variances may be granted when the petitioner establishes that there are practical difficulties in complying with the zoning ordinance. Practical difficulties means that:**

The petitioner proposes to use the property in a reasonable manner not permitted by the zoning ordinance

*I think this addition does put the land to reasonable use, in addition, it will create additional privacy for my neighbor and I to the rear of our current properties.*

**The plight of the petitioner is due to circumstances unique to the property not a consequence of the petition's own action or inaction; and**

*The practical difficulty with my parcel of land is as follows:*

- *A large percentage of the land to the rear of the property is wetland with a 20' setback.*
- *The location of my septic tanks and septic drainage field and the 20' setback to these.*
- *The acute slope to the side of the property and location of my water well on that slope.*

*These factors limit the options available to me and make the proposed area for construction my only viable option.*

**The variance, if granted, will not alter the essential character of the locality**

*If anything, I feel it will add to the essential character of the locality.*

*If approved, the proposed structure will allow the garage door to be at a 90-degree angle to the current garage doors, creating a more aesthetically pleasing view from the street and front angles of the property.*

*It will contribute to additional privacy for my neighbor and I to the rear of our properties.*

*In addition, it is in line with several other properties in our street that also have garage additions.*







Christopher Yearneau  
20079 Polk St NW  
Elk River, MN 55330

21<sup>st</sup> March 2024

Re: Proposed Variance at 20055 Polk St NW, Elk River, MN, 55330

Variance Board,

We have recently reviewed the attached proposed application for variance of Ivan & Zanielle' s garage addition at 20055 Polk St NW, Elk River.

We are their neighbors on the side of the proposed addition to their home.

We have lived in our house for over a year and have developed a great friendship with both Ivan and Zanielle.

We are writing this letter to indicate our support for the variance. We think their proposal looks fantastic, the aesthetic is in keeping with the rest of their property and will be an excellent addition to the neighborhood.

In addition, the proposed garage will provide additional privacy to the pool area behind our house. We support their application and look forward to the addition.

Please don't hesitate to contact us if you require any additional information.

Respectfully:

A handwritten signature in black ink, appearing to be 'Chris', with a stylized, flowing script.

Chris

**Support Letter**  
Darren and Angie Kiser  
20113 Polk St Nw  
Elk River, MN 55330

March 23, 2024

To whom it may concern:

We are writing in support of Ivan & Zanielle's application for a variance on their home 20055 Polk St NW, Elk River, MN, 55330.

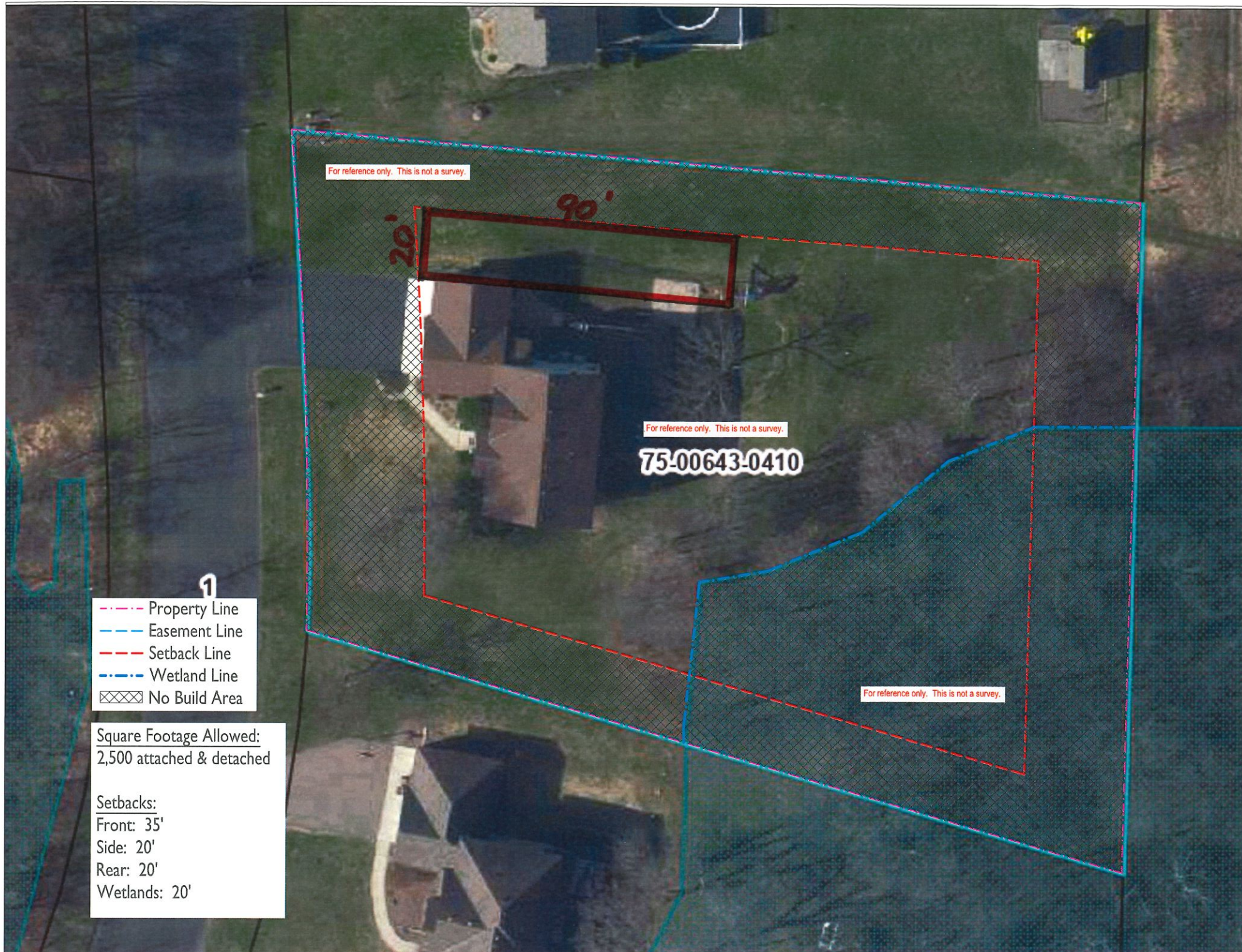
We have been neighbors for 5 years and have developed a great friendship with the Foxcroft family. Our kids are really good friends and hang out regularly.

We feel that the proposed addition will in no way affect the general purpose or intent of the land usage, and if granted will improve on the essential character of the locality.

We have reviewed their proposed plan and support the addition to their property.

Respectfully submitted,  
Darren & Angie Kiser  
20113 Polk St NW  
Elk River, MN 55330









# Request for Action

**To**  
City Council

**Item Number**  
4.14

**Meeting Date**  
June 3, 2024

**Prepared By**  
Casey Neumann, Deputy Fire Chief

**Item Description**  
Purchase: Lion Fire Attack System

**Reviewed by:**  
Mark Dickinson  
Cal Portner  
Tina Allard

## Action Requested

Accept, by motion, the quote from Fire Equipment Specialties Inc. to purchase the Lion Fire Attack System for \$63,906.

## Background/Discussion

The City of Elk River received state public safety aid money for the purchase of certain goods and services. The City Council reviewed a proposed list of eligible purchases at their annual strategic planning retreat and approved a list of items by resolution at the May 20, 2024, Regular Council Meeting.

This item was included in the Council-approved resolution.

This training apparatus will be utilized at the Fire Academy with new recruits and for ongoing firefighter training.

## Financial Impact

None

## Mission/Policy/Goal

Elk River Mission Statement

## Attachments

- I. Elk River Fire Attack System

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



# Your Safety



# Our Concern

*Fire Equipment  
Specialties, Inc.*

Elk River Fire Department  
Casey Neumann – Deputy Fire Chief  
13065 Orono Parkway  
Elk River, MN 55330

May 13, 2024

Chief Neumann,

Below you will find the pricing you have requested. In talking with the plant, you will need three sets of the master software. I have requested a response from the plant as to what that is required so we both understand the reason. I will forward that to you once I receive it. As you will see below Lion allowed us to hold the pricing we gave you in December 2023.

- (3) ATTACK Digital Fire Training Panel, V2 - ATTB002 **\$7760.00 ea. (23,280.00)**
- (3) Get Started Kit for ATTACK Digital Fire Training Panel - ATTSK02 **\$596.00 ea. (1788.00)**
- (3) ATTACK Master Software - ATS01MS **\$2412.00 ea. (7236.00)**
- (3) ATTACK Industrial Remote, V2 - ATS002IR **\$1459.00 ea. (4377.00)**
- (3) ATTACK Weighted Base with Refillable Water Tank - ATS001WB **\$1850.00 ea. (5550.00)**
- (3) ATTACK Quick Release Wall Mount - WM02A **\$350.00 ea. (1050.00)**
- (3) ATTACK Weighted Base Transport Bag - ATC01WB **\$218.00 ea. (654.00)**
- (3) Transport Case for ATTACK Digital Fire Training Panel and BullsEye Digital Simulation Panel, V2 - 103790 - ATC01DP **\$1054.00 ea. (3162.00)**
- (3) ATTACK Digital Nozzle V2 - DN002 **\$3525.00 ea (10,575.00)**
- (3) 50' Weighted Hose Line - HL001 **\$1544.00 ea. (4632.00)**
- (3) Transport Case for ATTACK Digital Nozzle - DHLN003 **\$437.00 ea. (874.00)**
- (3) Get Started Kit for ATTACK Digital Nozzle, V2 - DNSK01 **\$97.00 ea (291.00)**

**Total cost for three packages \$63,906.00**

Tom Evenson  
FES, Inc.  
425 Berkshire Lane North  
Plymouth, MN 55441



# Request for Action

**To**  
City Council

**Item Number**  
4.15

**Meeting Date**  
June 3, 2024

**Prepared By**  
Casey Neumann, Deputy Fire Chief

**Item Description**  
Purchase Class A Burn Trailer

**Reviewed by:**  
Mark Dickinson  
Cal Portner  
Tina Allard

## Action Requested

Accept, by motion, the Purchase Order for Fire Facilities Inc. totaling \$204,016

## Background/Discussion

The City of Elk River received state public safety aid money for the purchase of certain goods and services. The City Council reviewed a proposed list of eligible purchases at their annual strategic planning retreat and approved a list of items by resolution at the May 20, 2024, Regular Council Meeting.

This item was included in the Council-approved resolution.

This training apparatus will be utilized at the Fire Academy with new recruits and for ongoing firefighter training.

## Financial Impact

None

## Mission/Policy/Goal

Elk River Mission Statement

## Attachments

1. Fire Facilities Purchase Order
2. HGAC Contract Pricing Worksheet\_Elk River\_MN

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*







**CONTRACT PRICING WORKSHEET**  
For Catalog & Price Sheet Type Purchases

Contract No.: MB11-20

Date Prepared: 5/29/2024

**This Worksheet is prepared by Contractor and given to End User. If a PO is issued, both documents MUST be faxed to H-GAC @ 713-993-4548. Therefore please type or print legibly.**

|                 |                            |              |                            |
|-----------------|----------------------------|--------------|----------------------------|
| Buying Agency:  | Elk River Fire Department  | Contractor:  | Fire Facilities, Inc.      |
| Contact Person: | Deputy Chief Casey Neumann | Prepared By: | Shelley Mertig             |
| Phone:          | 320/815-9493               | Phone:       | 608/327-4150               |
| Fax:            |                            | Fax:         | 866/639-7012               |
| Email:          | cneumann@elkrivernm.gov    | Email:       | smertig@firefacilities.com |

|                                 |                                          |
|---------------------------------|------------------------------------------|
| Catalog / Price Sheet Name:     | MB20LD14                                 |
| General Description of Product: | Wesco Model (MBR-25) Mobile Trainee Unit |

**A. Catalog / Price Sheet Items being purchased - Itemize Below - Attach Additional Sheet If Necessary**

| Quan                             | Description                                              | Unit Pr | Total     |
|----------------------------------|----------------------------------------------------------|---------|-----------|
| 1                                | MB20LD14 Wesco Model (MBR-25) Mobile Trainee Unit        | 144500  | 144500    |
| 1                                | CVRL - Chopout Cover, 4' x 4' (Handles, Latches, Chain)  | 878     | 878       |
| 1                                | PANSS - Class "A" Burn Prop, Stainless Steel             | 4600    | 4600      |
| 1                                | LDEX - Ladder, Interior, 10'                             | 2231    | 2231      |
| 1                                | RPNT - Slip-resistant Paint System, 300 sf coverage      | 1508    | 1508      |
| 88                               | RLFD - Trailer, MBR, Railing, Foldable (per Lineal Foot) | 252.61  | 22229.68  |
| 1                                | TLEX - Trailer, MBR, Six Feet Length Upgrade             | 17980   | 17980     |
|                                  |                                                          |         | 0         |
|                                  |                                                          |         | 0         |
|                                  |                                                          |         | 0         |
|                                  |                                                          |         | 0         |
|                                  |                                                          |         | 0         |
| Total From Other Sheets, If Any: |                                                          |         |           |
| Subtotal A:                      |                                                          |         | 193926.68 |

**B. Unpublished Options, Accessory or Service items - Itemize Below - Attach Additional Sheet If Necessary**

(Note: Unpublished Items are any which were not submitted and priced in contractor's bid.)

| Quan                             | Description                                                                                  | Unit Pr | Total   |
|----------------------------------|----------------------------------------------------------------------------------------------|---------|---------|
| 1                                | Add Separation Wall w/ Framed Opening, Remove Storage Area to Extend Burn Room And All Other | 8291.32 | 8291.32 |
|                                  | Changes Per Drawings                                                                         |         | 0       |
|                                  |                                                                                              |         | 0       |
|                                  |                                                                                              |         | 0       |
| Total From Other Sheets, If Any: |                                                                                              |         |         |
| Subtotal B:                      |                                                                                              |         | 8291.32 |

Check: Total cost of Unpublished Options (B) cannot exceed 25% of the total of the Base Unit Price plus Published Options (A+B).

For this transaction the percentage is:

4%

**C. Trade-Ins / Special Discounts / Other Allowances / Freight / Installation / Miscellaneous Charges**

|                          |      |
|--------------------------|------|
| Freight to Elk River, MN | 1798 |
|                          |      |
|                          |      |
| Subtotal C:              | 1798 |

Delivery Date:

**D. Total Purchase Price (A+B+C):**

204016



# Request for Action

**To**  
City Council

**Item Number**  
4.16

**Meeting Date**  
June 3, 2024

**Prepared By**  
Lauren Wipper, Human Resources Manager

**Item Description**  
Separation Agreement and Waiver of Claims

**Reviewed by:**  
Cal Portner  
Tina Allard

**Action Requested**  
Approve, by motion, the Separation Agreement and Release with Liquor Store Manager John Colotti.

**Background/Discussion**  
John Colotti's last day with the city was May 28, 2024. As part of the Severance Pay requirements, a release of claims must be executed. Mr. Colotti returned his signed Agreement on May 30, 2024.

**Financial Impact**  
As per Severance Pay policy.

**Mission/Policy/Goal**  
The Elk River Mission

**Attachments**  
I. J Colotti Separation Agreement and Release

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



## **SEPARATION AGREEMENT AND RELEASE**

### **1. Separation From Employment and Severance Payment.**

I, John A. Colotti, (referred to throughout this Separation and Release Agreement in the first person) understand that my last day of employment with the City of Elk River (the "City") was May 28, 2024 (the "Separation Date"). I understand that City policy ("Severance Pay") provides that I may be eligible to receive a portion of my unused sick leave if I meet the following conditions: 1) I must resign in good standing; 2) I must provide proper written notice of my resignation in accordance with City policy; and 3) I must execute a release of claims. The amount I may be eligible for is determined in accordance with the Severance Pay policy. For purposes of this Agreement, the third condition described above is the "Release Condition"; the first and second conditions are the "Other Conditions."

I understand that in order to be eligible for a portion of my unused sick leave in connection with my separation from employment, I must satisfy the Other Conditions according to their terms and I must satisfy the Release Condition by signing and not rescinding this Separation Agreement and Release ("Agreement"). As of May 18, 2024, the amount of my unused sick and ESST ("sick") leave is 290.1477 hours and my regular rate of pay at the time I gave notice to resign was \$47.0651 per hour. If I satisfy the Release Condition and the Other Conditions, pursuant to the Severance Policy, the portion of my unused sick leave that I will receive is 50% adjusted by the ESST accrual, up to 480 hours. Accordingly, the sum total of the cash payment that I will receive for my unused sick leave if I satisfy the Release Condition and the Other Conditions will be six thousand six hundred thirty-four dollars and twenty-one cents (\$6,634.21) plus the product of my regular rate of pay and 50% of the number of any sick leave hours that I accrue and minus the product of my regular rate of pay and 50% of the number of any sick leave hours that I use between May 19, 2024, and the Separation Date (the "Severance"). The Severance will be paid on the first pay day following 18 days after I sign and return this Agreement, provided I sign and do not rescind the Agreement.

I understand that the Severance payment will be subject to normal deductions that the City is obligated by law to make, or believes in good faith it is obligated by law to make. No representations as to taxability or tax treatment of the Severance have been made to me by the City. I understand that I will receive the Severance only if I satisfy the Other Conditions and sign this Agreement and do not rescind it within the fifteen (15) calendar days described below under Opportunity to Rescind.

### **2. No Other Benefits.**

I understand that except for the Severance payment described in this Agreement, following the Separation Date I shall receive no other benefits. All my rights under the City's benefit plans shall be governed in accordance with the terms of such plans. I acknowledge receipt of applicable summary plan descriptions relating to such plans. I understand that I will no longer be an employee of the City after the Separation Date, and I hereby relinquish any rights I may have



had under the City's employee policies and any contractual rights I may have had under any agreements with the City.

**3. Return of Property.**

As of the date of my signing of this Agreement, I warrant that I have returned the originals and all copies of all the City files, documents, software, hardware, keys, office equipment, all records and documents related to the City, and all other City property in my possession or under my control. If I find any City property after I sign this Agreement, I will promptly return it.

**4. No Further Claim to Compensation.**

This Agreement fully and completely satisfies any and all obligations between the City and me that arise out of or relate to my employment, except for my final paycheck to be paid on June 7, 2024, and all payments required under this Agreement to be paid on the first pay day following 18 days after I sign and return this Agreement. I have no claim to any compensation from the City, in any form, beyond the compensation that is specifically described in Paragraph 1 through 4 of this Agreement.

**5. Complete Release.**

In return for the Severance payment and other benefits provided herein, which I acknowledge are good and sufficient consideration for all aspects of this Agreement, I, on behalf of myself and all of my past, present and future heirs, executors, administrators, agents, attorneys, insurers, subrogees, lienors, trustees, indemnitors, principals, servants, representatives, employees, partners, predecessors, successors and assigns, hereby release the City, and any of its subsidiaries and affiliated entities, and all of their respective current and former officers, agents, directors, employees, independent contractors, shareholders, attorneys, accountants, insurers, representatives, predecessors, successors and assigns, both individually and in any representative capacity (collectively, the "Released Parties"), from each and every legal claim, demand or grievance of any kind ("Claim"), whether known or unknown, existing at any time up to and including the date I sign this Agreement, including without limitation any claim, demand or grievance in any way arising out of or related to my employment with the City, or my separation of employment with the City.

I understand and agree that this Agreement is a full, final and complete settlement and release of the Released Parties of any and all Claims, whether known or unknown, including but not limited to any Claim I may have under: the federal or any state constitution; Employment Retirement Income Security Act; Title VII of the Civil Rights Act of 1964; the Americans with Disabilities Act; the Fair Labor Standards Act; the Equal Pay Act; the Family and Medical Leave Act; the Age Discrimination in Employment Act; the Minnesota Public Employment Labor Relations Act; the Minnesota Veterans Preference Act; the Minnesota Government Data Practices Act; the Minnesota Employment, Wages, Conditions, Hours, and Restrictions Laws (Minn. Stat. Chapter 181); the Minnesota Whistleblower Act; section 176.82 of the Minnesota Worker's Compensation Act; the Minnesota Human Rights Act; the Minnesota Public Employment Labor Relations Act; and any other federal, state, or local government laws,

regulations or executive orders governing employment. I further understand and agree that I am releasing any Claim I may have, whether known or unknown, for: payment of compensation or benefits of any kind; fraud or misrepresentation; promissory estoppel; wrongful or constructive discharge; defamation; invasion of privacy; breach of covenant of good faith and fair dealing; reprisal or retaliation; breach of contract; breach of a collective bargaining agreement; unjust enrichment; negligence; negligent hiring; supervision and retention; intentional or negligent infliction of emotional distress; and any other Claim arising under any law.

I further agree that if any Claim I release in this Agreement is prosecuted in my name before any court or administrative agency, I will waive any benefits I obtain through such prosecution and will not take any award of money or other damages from such Claim.

Notwithstanding the foregoing, this Agreement does not release any rights or claims I may have under the Minnesota Human Rights Act or the Age Discrimination in Employment Act that arise after I sign this Agreement or that arise from acts occurring after I sign this Agreement.

Furthermore, this Agreement does not release any post-separation rights I may have under an ERISA welfare benefit or pension plan that are specifically provided for in the applicable plan document or required by law, any rights I may have under any plan subject to Section 409A of the Internal Revenue Code of the United States to the extent the release would cause a violation of Section 409A, or any rights to post-separation benefits continuation under state or federal law. This Agreement also does not prevent me from pursuing any claim to enforce this Agreement, or any right or claim that by law may not be waived.

**6. Period for Review and Consideration.**

I acknowledge, agree, represent, and warrant that I have been provided twenty-one (21) days in which to consider whether to sign this Agreement. I understand that I may use as much or as little of this twenty-one (21) day period as I wish prior to signing this Agreement. I also understand that upon the expiration of this twenty-one (21) day period, the offer to enter into this Agreement may be revoked if I have not by then accepted it. I also acknowledge that I have been advised by the City to seek advice of an attorney of my choosing and that I have had the opportunity to obtain such advice before I signed this Agreement. I acknowledge that if I sign this Agreement before the twenty-one (21) calendar days have elapsed, I am voluntarily waiving my right to the twenty-one (21) day review period.

**7. Opportunity to Rescind Under the ADEA and MHRA.**

I recognize that by signing this Agreement I am waiving and releasing any employment discrimination, retaliation, or other claims that he might have under the Age Discrimination in Employment Act ("ADEA"). After I sign this Agreement, I will have seven (7) calendar days to revoke my waiver and release of any claims arising under the ADEA. This right of revocation applies only to claims arising under the ADEA. For a revocation of claims under the ADEA to be effective, it must be personally delivered to Lauren Wipper, City of Elk River, 13065 Orono Parkway, Elk River, Minnesota 55330, or sent by United States certified mail, return receipt requested and postmarked within the 7 day period.

I recognize that by signing this Agreement I am waiving and releasing any employment discrimination and retaliation claims that I might have under the Minnesota Human Rights Act ("MHRA"). Under the MHRA (Minnesota Statutes § 363A.31), I have the right to rescind this release of claims in writing within fifteen (15) calendar days after signing it. This right of rescission applies only to any claims arising under the MHRA. For a rescission of claims arising under the MHRA to be effective, it must be delivered to Lauren Wipper, either personally or by United States mail within the fifteen (15) day period. If delivered by mail, the rescission must be postmarked within the fifteen (15) day period, properly addressed to Lauren Wipper, City of Elk River, 13065 Orono Parkway, Elk River, Minnesota 55330 and sent by certified mail, return receipt requested.

**8. Effect of Rescission of Release of Claims.**

If I revoke or rescind any part of the Release of All Claims in this Agreement, paragraph 1 of this Agreement will automatically be rescinded without further action by either party.

**9. Non-Disparagement.**

I agree not to make any disparaging or negative remarks, either verbally or in writing, regarding the City or any of the City's current or former employees, elected or appointed officials, representatives, or business partners, either individually or in any representative capacity, with regard to acts occurring before the signing of this Agreement.

**10. No Admission of Wrongdoing.**

Nothing in this Agreement may be construed to be an admission of liability or wrongdoing by, against, or on behalf of the City or me. Any form of wrongdoing or liability is expressly denied by the City and its representatives and by the undersigned and his representatives.

**11. Complete Agreement.**

I acknowledge and agree that there are no other agreements, covenants, promises, undertakings, or understandings between me and the City except as explicitly set forth in this Agreement and that I have not relied on any statement, representation, or promise of the City, or of any representative or attorney for the City, in executing this Agreement, except as may be set forth explicitly in this Agreement.

No modification of, or addition to, this Agreement shall be effective unless it is in writing and signed by all Parties to this Agreement.

**12. Miscellaneous.**

I understand that this Agreement is a contract, and that the contract has been agreed upon by the City in Minnesota, and that this Agreement will be construed and interpreted in accordance with the laws of the state of Minnesota. I also understand that if either the City or I believe that this Agreement has been violated or breached in some fashion, that any litigation brought to enforce this Agreement must be brought in the State of Minnesota. I also understand that nothing

contained in this Agreement is to be construed by me or anyone else as an admission that the City has violated any local, state or federal law, rule, regulation or principle of common law. In fact, I understand that the City expressly denies any wrongdoing whatsoever in connection with my employment and the termination of my employment.

**13. Signature.**

I have read this Agreement, know its contents and have signed it as a free and voluntary act having had adequate opportunity to consider its terms. Furthermore,

**I HAVE SIGNED THIS AGREEMENT INTENDING TO BE LEGALLY BOUND TO ALL ITS TERMS.**

Date: 5/30/2024

John A. Colotti  
**EMPLOYEE NAME**

  
**EMPLOYEE SIGNATURE**

Date: \_\_\_\_\_ **THE CITY OF ELK RIVER**

\_\_\_\_\_  
John J. Dietz, Mayor

ATTEST:

\_\_\_\_\_  
Tina Allard, City Clerk



# Request for Action

**To**  
City Council

**Item Number**  
6.1

**Meeting Date**  
June 3, 2024

**Prepared By**  
Jolene Richter, Deputy Clerk

**Item Description**  
Planning Commission Interviews

**Reviewed by:**  
Cal Portner  
Tina Allard

## Action Requested

The Council will interview candidates for the Planning Commission. Appointments will be made at a later meeting.

## Background/Discussion

There is currently one vacancy on the Planning Commission with a term ending 02/28/27. Anthony Kaba will be in attendance to be interviewed.

**Financial Impact**  
NA

**Mission/Policy/Goal**  
Elk River Mission

**Attachments**  
I. Applications

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**From:** [noreply@civicplus.com](mailto:noreply@civicplus.com)  
**To:** [Jolene Richter](#)  
**Subject:** Online Form Submittal: Board and Commission Application Form  
**Date:** Thursday, May 9, 2024 6:02:26 AM

---

## Board and Commission Application Form

### Residency Information

#### Residency Requirements

Must be an Elk River resident for the following

- Economic Development Authority (EDA)
- Heritage Preservation Commission
- Housing and Redevelopment Authority (HRA)
- Planning Commission
- Utilities Commission

Must be a Sherburne County resident for the following:

- Library Board

Residency does not matter for the following:

- EDA Beautification and Public Art Committee
- EDA Together Elk River Committee
- Energy City Commission
- Joint Finance Committee
- Multipurpose Facility Advisory Commission
- Parks and Recreation Commission

---

Select the Commission    Planning Commission  
applying for

---

First Name                      Anthony

---

Last Name                      Kaba

---

Address1                      19141 Johnson St NW

---

City                              Elk River

---

State                              MN

---

|                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Zip                                                                                                     | 55330                                                                                                                                                                                                                                                                                                                                                                                                     |
| Home Phone Number                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                           |
| Cell Phone Number                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                           |
| Email Address                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                           |
| Public Contact Information                                                                              | Cell Phone Number, Email Address                                                                                                                                                                                                                                                                                                                                                                          |
| Employer                                                                                                | Sherburne county                                                                                                                                                                                                                                                                                                                                                                                          |
| Occupation                                                                                              | Information Technology                                                                                                                                                                                                                                                                                                                                                                                    |
| Why are you interested in serving on a city commission?                                                 | <p>Serving as a city commissioner is a noble endeavor that allows individuals like myself to contribute directly to the community's well-being.</p> <p>As a city commissioners, I would've the opportunity to advocate for policies and initiatives that benefit fellow residents. I would also have the opportunity to address issues related to public safety, infrastructure, education, and more.</p> |
| What skills, training, and experience would you bring to the commission for which you seek appointment? | <p>As an information analyst, there are several skills and qualifications that I would bring to the commission.</p> <p>Data Analysis Tools: My familiarity with data analysis tools enables me to extract meaningful insights from complex datasets.</p> <p>I have several years of experience in related roles, which has honed my analytical skills and problem-solving abilities.</p>                  |
| Conflict of Interest                                                                                    | No                                                                                                                                                                                                                                                                                                                                                                                                        |
| If yes, explain:                                                                                        | <i>Field not completed.</i>                                                                                                                                                                                                                                                                                                                                                                               |
| How did you hear about this vacancy?                                                                    | City Website                                                                                                                                                                                                                                                                                                                                                                                              |
| Electronic Signature Agreement                                                                          | Agree                                                                                                                                                                                                                                                                                                                                                                                                     |
| Electronic Signature                                                                                    | Anthony Kaba                                                                                                                                                                                                                                                                                                                                                                                              |

Email not displaying correctly? [View it in your browser.](#)



# Request for Action

**To**  
City Council

**Item Number**  
6.2

**Meeting Date**  
June 3, 2024

**Prepared By**  
Lori Stich, Finance Manager

**Item Description**  
Annual Comprehensive Financial Report for Year ended December 31, 2023

**Reviewed by:**  
Lori Stich  
Joe Stremcha  
Cal Portner  
Tina Allard

## Action Requested

Accept, by motion, the Annual Comprehensive Financial Report for the City of Elk River for the year ended December 31, 2023.

## Background/Discussion

The city is required to have an annual independent audit of its financial statements in which the audit firm issues an opinion on the city's financial statements.

BerganKDV conducted the city's audit for the year 2023 and will present a summary of the 2023 financial report and audit results.

**Financial Impact**  
N/A

**Mission/Policy/Goal**  
Responsible for every dollar - good stewards

## Attachments

1. City of Elk River 2023 ACFR - FINAL
2. City of Elk River 2023 CL - FINAL
3. City of Elk River 2023 GAS.UG.LC Reports - FINAL

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*







# Annual Comprehensive Financial Report

For the Year Ended December 31, 2023

2023





CITY OF ELK RIVER  
ELK RIVER, MINNESOTA  
ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2023

PREPARED BY:

FINANCE DEPARTMENT

Member of Governmental Finance Officers  
Association of the United States and Canada



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**INTRODUCTORY SECTION**

CITY OF ELK RIVER  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023







May 13, 2024

Honorable Mayor, Members  
of the City Council, and  
Citizens of Elk River  
Elk River, Minnesota

The Annual Comprehensive Financial Report for the City of Elk River for the fiscal year ended December 31, 2023, is hereby submitted. *Minnesota State Statutes* and the City's ordinance require an annual audit of the City's accounts by the Office of the State Auditor or an independent certified public accountant. The firm of BerganKDV was selected to perform the City's audit and their unmodified opinion has been included in this report. The independent auditors' report is included in the financial section of this report.

The responsibility for the completeness and accuracy of this data, as well as the fairness of this presentation including all enclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are recorded in a manner designed to present fairly the financial position and the results of operations of the various funds of the City. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to both protect the City's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of these financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable but not absolute assurance that the financial statements are free of any material misstatements.

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

### **Profile of the City**

Elk River was originally incorporated in 1880 and consolidated with Elk River Township in 1978 to form a City of roughly 44 square miles. Elk River is the Sherburne County Seat and is located approximately halfway between the metropolitan areas of Minneapolis/St. Paul and St. Cloud along the Mississippi River. The City has been growing and will not reach full development in the near future. The current population is approximately 27,001. Urban services are available to about one-third of the City's land area.

Elk River operates as a Statutory Plan A form of government consisting of a four-member City council and an at-large mayor who is also a voting member. Council members are elected by ward to a four-year term with two council seats up for election each even year. The mayor is also elected to a four-year term. The mayor and council are responsible for adopting the City's budget and tax levy, passing resolutions and ordinances, all hiring and firing decisions, policy making, development and growth planning, and overall direction of the City.

The City provides a full range of services and amenities including police and fire protection, building safety inspections, planning and zoning, economic development, environmental services, recreation programming, street and park maintenance, and snow removal. The City also manages municipal water, sanitary sewer, garbage/recycling, and electric services. Elk River also owns and operates two municipal off-sale liquor stores, the City library, community event center and over 40 active and passive parks.

The annual budget serves as the foundation for the City's financial planning and control. The City administrator must prepare estimates for an annual budget and submit them to the City council for approval. The council is required to adopt a final budget by late December for the subsequent year. The budget is prepared by fund, function (e.g., public works), and department (e.g., streets). Department directors are allowed to make administrative budget amendments (excluding personal service and capital outlay) throughout the year if the total department budget does not change and the amendment is approved by the City administrator and finance manager. Budget amendments to the total budgeted expenditures require City council approval.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the Governmental Funds. For other Governmental Funds with appropriated annual budgets, this comparison is presented in the Governmental Fund subsection of this report.

### **Local Economy**

The local economy has continued to grow as indicated by building permits with a construction value of \$105,925,954 issued in 2023. New construction accounts for \$53,720,802 and additions/remodels make up the \$52,205,152 balance. In 2022, residential growth was stable as the City issued 93 new housing permits, slightly less than the 95 permits issued in 2022. Single family homes accounted for 92 of the new permits, in addition to one new multi-family apartment buildings with a total of 52 units. The average value home decreased to \$340,300 from \$344,100 in 2022.

The recent market trend shows stable property values on existing properties and new construction/remodeling. There remains continued interest in both affordable and market rate multi-family housing projects, as well as protecting property values of the existing housing stock.

Many of Elk River's employers reported stable employment levels during 2023 and are expected to remain stable. This is largely due to the diverse industry sectors of manufacturing, retail trade, government, and health services that drive the local economy within the region. The commercial/industrial sector has experienced modest growth and the economic outlook in this region looks promising with recent development projects that should continue to spur tax base growth and employment.

### **Long-term Financial Planning**

The City has developed a financial management plan that provides a long-range forecast projecting future expenditures, revenues, and development. The council diligently maintains a level tax rate and the plan provides the guidance needed to develop and sustain City services while keeping the property taxes stable. The council reviews and updates the financial management plan annually as part of the annual budget and Capital Improvement Plan (CIP) process. The CIP is a comprehensive five-year planning tool that forecasts the City's capital needs based on the City's long-range plans, goals, and policies.

### **Relevant Financial Policies**

The council has adopted a comprehensive set of Financial Management Policies that provide the basic framework for the overall fiscal management of the City. The policies provide guidance for revenues, property taxes, investments, purchasing, financial reporting, reserves, fund balance, capital investment, and debt. Financial stability requires reserve funds for unanticipated expenditures or unforeseen emergencies, and adequate working capital for current operating needs to avoid short-term borrowing. City policy requires the unassigned funds in the General Fund be maintained at not less than 40-45% of budgeted operating expenditures; however, this may fluctuate with each year's budget objectives.

### **Major Initiatives**

Elk River was selected for \$157 million state transportation funding to redesign and reconstruct three miles of Highway 169 which runs north-south through the City. The Highway 169 corridor is an important arterial route serving commuters, recreational uses, and connecting economic centers in the state. The project which began in 2022 will convert Highway 169 to a new freeway by removing five stop lights from the Mississippi River north through Elk River. During 2022, the interchanges at the north and south ends of the project area were completed. In 2023, two more interchanges were added. Construction on the final interchange will be done in 2024. When complete, the project will increase capacity, improve overall traffic flow, and improve accessibility and safety.

The City replaced aging storage buildings at the Youth Athletic Complex and Woodland Trails park in 2023. These new buildings will provide secure space to store equipment that is frequently used at the parks and save staff time by not having to transport equipment from the Public Works building.

Maintenance on City facilities continues to be a priority and in 2023 the roofs on the public safety building, City hall and Northbound Liquor were replaced.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Elk River for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending December 31, 2022. This was the 34th consecutive year the City has received this prestigious award. To be awarded the certificate, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current ACFR will meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report is made possible by the efficient and dedicated services of the entire staff of the finance division, all City departments, and through the helpful guidance and assistance from our auditing firm, BerganKDV. Credit must also be given to the mayor and City council for their diligence and resolve in maintaining high standards in the financial management of the City.

Respectfully submitted,

*Lori Stich*

Lori Stich  
Finance Manager



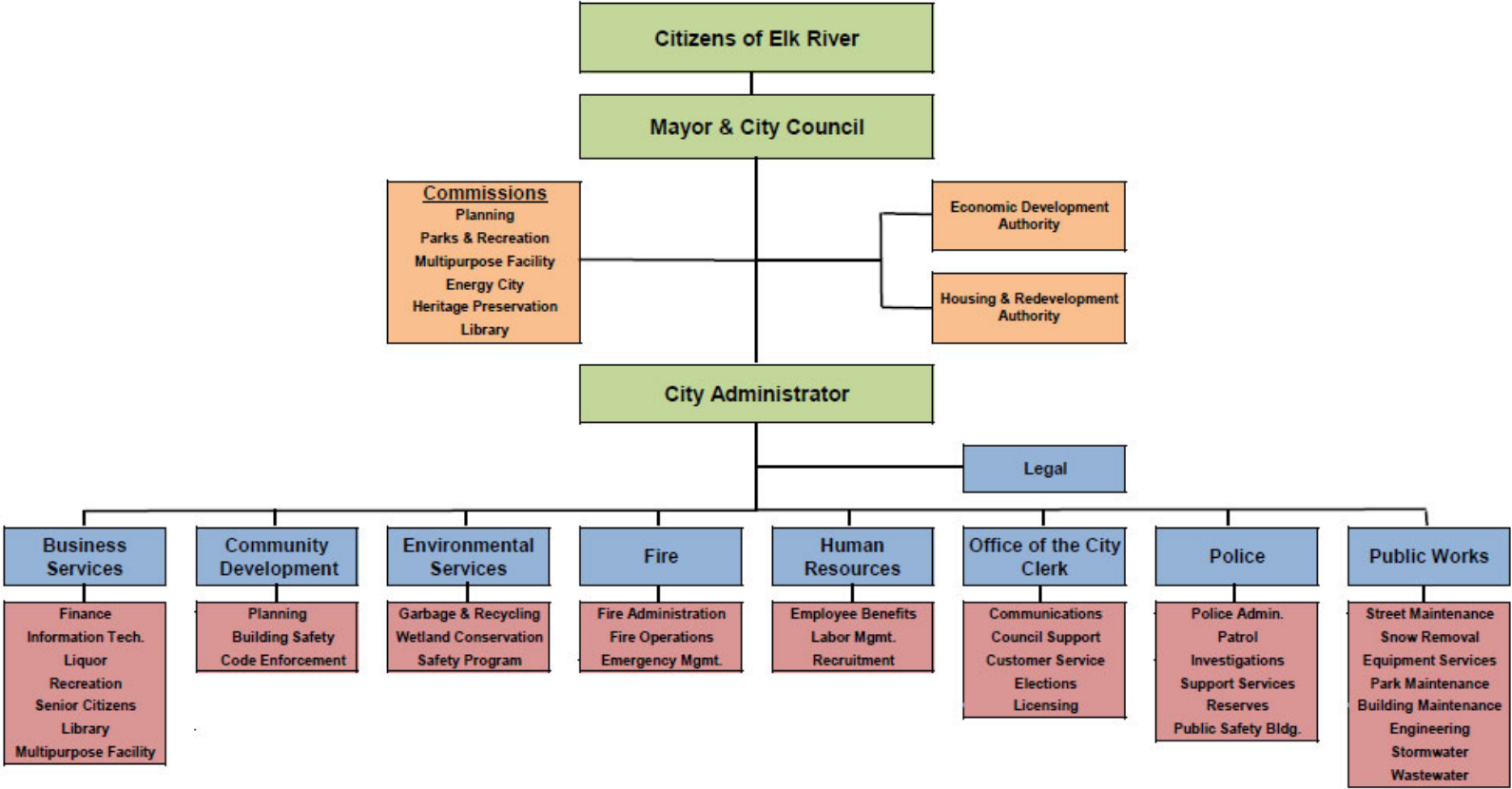
**City of Elk River, Minnesota  
Elected Officials and Administration  
December 31, 2023**

| <u>Elected Officials</u> | <u>Position</u> | <u>Term Expires</u> |
|--------------------------|-----------------|---------------------|
| John Dietz               | Mayor           | December 31, 2026   |
| Cory Grupa               | Council Member  | December 31, 2026   |
| Matthew Westgaard        | Council Member  | December 31, 2024   |
| Mike Beyer               | Council Member  | December 31, 2024   |
| Jennifer Wagner          | Council Member  | December 31, 2026   |

| <u>Administration</u> | <u>Position</u>                                         |
|-----------------------|---------------------------------------------------------|
| Calvin Portner        | City Administrator                                      |
| Joe Stremcha          | Assistant City Administrator/Business Services Director |
| Ron Nierenhausen      | Chief of Police                                         |
| Mark Dickinson        | Fire Chief                                              |
| Zachary Carlton       | Community Development Director                          |
| Justin Femrite        | Public Works Director/Chief Engineer                    |
| Suzanne Fischer       | Environmental & Special Projects Director               |



# **City of Elk River Organizational Chart**









Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Elk River  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



**FINANCIAL SECTION**

CITY OF ELK RIVER  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023





## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Elk River  
Elk River, Minnesota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elk River, as of and for the year ended December 31, 2023, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our report and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elk River, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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.

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric and Water proprietary funds, which represent 68% of the assets and deferred outflows, 61% of the net position, and 77% of the revenues of the proprietary funds and business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the proprietary funds and business-type activities, is based solely on the report of the other auditors.

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elk River's basic financial statements. The accompanying supplementary information identified in the Table of Contents is 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 relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of the City of Elk River'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 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.

*Bergan KDV, Ltd.*

Minneapolis, Minnesota  
May 13, 2024

## City of Elk River Management's Discussion and Analysis

As management of the City of Elk River, 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, 2023. 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 starting on page 3 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 \$253,740,871 (*net position*). Of this amount, \$52,639,649 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- ◆ The net position of business-type activities increased by \$5,728,390 and net position of the governmental activities increased by \$2,696,722. This resulted in a total net position increase of \$8,425,112 for the City.
- ◆ As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$42,785,245, an increase of \$263,062 from the prior year.
- ◆ At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,240,805. The City's policy is to maintain a minimum of 40-45% of the following year's budget in unassigned fund balance. At year end, the unassigned fund balance is 43% of the 2024 budgeted General Fund expenditures.

### 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 basic 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. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. 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 a single column for governmental activities in the basic governmental financial statements.

**City of Elk River  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The following chart shows how the various parts of this annual report are arranged and related to one another:

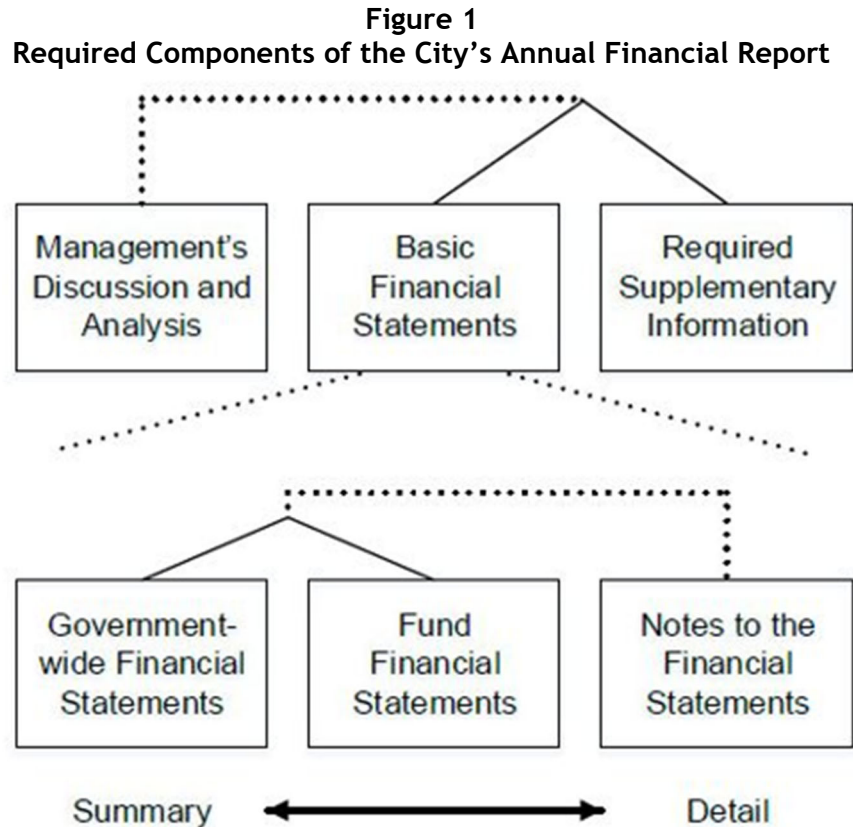


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**City of Elk River  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Figure 2  
Major Features of the Government-wide and Fund Financial Statements**

|                                                            |                                                                                                                  | <b>Fund Financial Statements</b>                                                                                                                                                           |                                                                                                                                                                                         |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                            | <b>Government-Wide Statements</b>                                                                                | <b>Governmental Funds</b>                                                                                                                                                                  | <b>Proprietary Funds</b>                                                                                                                                                                |
| Scope                                                      | Entire City government and the City's component units                                                            | The activities of the City that are not proprietary or fiduciary, such as police, fire and parks                                                                                           | Activities the City operates similar to private businesses, such as the water and sewer system                                                                                          |
| Required financial statements                              | <ul style="list-style-type: none"> <li>◆ Statement of Net Position</li> <li>◆ Statement of Activities</li> </ul> | <ul style="list-style-type: none"> <li>◆ Balance Sheet</li> <li>◆ Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>                                              | <ul style="list-style-type: none"> <li>◆ Statement of Net Position</li> <li>◆ Statement of Revenues, Expenses and Changes in Net Position</li> <li>◆ Statement of Cash Flows</li> </ul> |
| Accounting basis and measurement focus                     | Accrual accounting and economic resources focus                                                                  | Modified accrual accounting and current financial resources focus                                                                                                                          | Accrual accounting and economic resources focus                                                                                                                                         |
| Type of asset/liability information                        | All assets and liabilities, both financial and capital, and short-term and long-term                             | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included                                                            | All assets and liabilities, both financial and capital, and short-term and long-term                                                                                                    |
| Type of deferred outflows/inflows of resources information | All deferred outflows/inflows of resources, regardless of when cash is received or paid                          | Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included                  | All deferred outflows/inflows of resources, regardless of when cash is received or paid                                                                                                 |
| Type of inflow/outflow information                         | All revenues and expenses during year, regardless of when cash is received or paid                               | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid                                                                                                  |

## City of Elk River Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**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 and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four 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 municipal liquor, sewer, garbage, storm water, electric, and water utilities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Housing and Redevelopment Authority (HRA) which are backed by the full faith and credit of the City of Elk River. Financial information for this *component unit* is discretely presented for the primary government.

The government-wide financial statements start on page 36 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 fiduciary funds.

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

## City of Elk River Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact 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 (deficits) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds, five of which are Debt Service 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 and Pavement Management, which are 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, Library, Multipurpose Facility, and Economic Development Funds. A budgetary comparison statement or schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 40 of this report.

**Proprietary Funds.** The City maintains one type 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 liquor, sewer, garbage, storm water, electric, and water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary funds financial statements start on page 46 of this report.

**Notes to the Basic 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 basic financial statements start on page 57 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City of Elk River's share of net pension liabilities for defined benefit plans, schedule of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required Supplementary Information can be found starting on page 104 of this report.

**City of Elk River  
Management's Discussion and Analysis**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 123 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 exceeded liabilities and deferred inflows by \$253,740,871 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (72.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# City of Elk River Management's Discussion and Analysis

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### City of Elk River's Summary of Net Position

|                                       | Governmental Activities |                |                        | Business-Type Activities |                |                        |
|---------------------------------------|-------------------------|----------------|------------------------|--------------------------|----------------|------------------------|
|                                       | 2023                    | 2022           | Increase<br>(Decrease) | 2023                     | 2022           | Increase<br>(Decrease) |
| <b>Assets</b>                         |                         |                |                        |                          |                |                        |
| Current and other assets              | \$ 52,338,622           | \$ 52,094,579  | \$ 244,043             | \$ 53,501,629            | \$ 53,468,950  | \$ 32,679              |
| Capital assets                        | 144,232,117             | 144,536,694    | (304,577)              | 134,870,351              | 131,672,213    | 3,198,138              |
| Total assets                          | 196,570,739             | 196,631,273    | (60,534)               | 188,371,980              | 185,141,163    | 3,230,817              |
| <b>Deferred Outflows of Resources</b> |                         |                |                        |                          |                |                        |
| Deferred OPEB resources               | 80,414                  | 81,827         | (1,413)                | 10,052                   | 11,058         | (1,006)                |
| Deferred pension resources            | 10,565,477              | 12,666,297     | (2,100,820)            | 1,081,073                | 1,866,126      | (785,053)              |
| Total deferred outflows of resources  | 10,645,891              | 12,748,124     | (2,102,233)            | 1,091,125                | 1,877,184      | (786,059)              |
| <b>Liabilities</b>                    |                         |                |                        |                          |                |                        |
| Other liabilities                     | 9,322,393               | 9,773,646      | (451,253)              | 9,326,634                | 10,166,258     | (839,624)              |
| Noncurrent liabilities                | 67,468,390              | 81,137,474     | (13,669,084)           | 40,379,748               | 43,707,769     | (3,328,021)            |
| Total liabilities                     | 76,790,783              | 90,911,120     | (14,120,337)           | 49,706,382               | 53,874,027     | (4,167,645)            |
| <b>Deferred Inflows of Resources</b>  |                         |                |                        |                          |                |                        |
| Deferred OPEB resources               | 152,862                 | 107,304        | 45,558                 | 19,107                   | 14,500         | 4,607                  |
| Deferred pension resources            | 10,043,971              | 750,069        | 9,293,902              | 1,290,188                | 83,351         | 1,206,837              |
| Deferred lease resources              | 150,894                 | 229,506        | (78,612)               | 4,784,677                | 5,112,108      | (327,431)              |
| Total deferred inflows of resources   | 10,347,727              | 1,086,879      | 9,260,848              | 6,093,972                | 5,209,959      | 884,013                |
| <b>Net Position</b>                   |                         |                |                        |                          |                |                        |
| Net investment in capital assets      | 86,306,541              | 83,281,488     | 3,025,053              | 97,325,836               | 93,539,999     | 3,785,837              |
| Restricted                            | 15,689,829              | 9,676,717      | 6,013,112              | 1,779,016                | 1,779,016      | -                      |
| Unrestricted                          | 18,081,750              | 24,423,193     | (6,341,443)            | 34,557,899               | 32,615,346     | 1,942,553              |
| Total net position                    | \$ 120,078,120          | \$ 117,381,398 | \$ 2,696,722           | \$ 133,662,751           | \$ 127,934,361 | \$ 5,728,390           |

An additional portion of the City's net position (6.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (20.7%) 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.

**Governmental Activities.** Governmental activities increased the City's net position by \$2,696,722, thereby accounting for 32.0% of the growth in the net position of the City. Key elements of this change are as follows.



**City of Elk River  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities (Continued)**

**City of Elk River's Changes in Net Position**

|                                         | Governmental Activities |                       |                        | Business-Type Activities |                       |                        |
|-----------------------------------------|-------------------------|-----------------------|------------------------|--------------------------|-----------------------|------------------------|
|                                         | 2023                    | 2022                  | Increase<br>(Decrease) | 2023                     | 2022                  | Increase<br>(Decrease) |
| Revenues                                |                         |                       |                        |                          |                       |                        |
| Program revenues                        |                         |                       |                        |                          |                       |                        |
| Charges for services                    | \$ 4,149,080            | \$ 3,805,379          | \$ 343,701             | \$ 62,761,120            | \$ 61,806,702         | \$ 954,418             |
| Operating grants and contributions      | 2,553,557               | 1,905,073             | 648,484                | -                        | -                     | -                      |
| Capital grants and contributions        | 3,843,438               | 8,005,633             | (4,162,195)            | 1,583,273                | 8,149,583             | (6,566,310)            |
| General revenues                        |                         |                       |                        |                          |                       |                        |
| Property taxes                          | 16,077,123              | 15,250,309            | 826,814                | -                        | -                     | -                      |
| Franchise and gravel taxes              | 1,712,109               | 1,722,678             | (10,569)               | -                        | -                     | -                      |
| Sales taxes                             | 3,810,301               | 3,862,154             | (51,853)               | -                        | -                     | -                      |
| Grants and contributions not restricted | 1,217,658               | 734,932               | 482,726                | -                        | -                     | -                      |
| Unrestricted investment earnings        | 2,233,568               | (2,079,797)           | 4,313,365              | 1,177,123                | (1,947,278)           | 3,124,401              |
| Gain on disposal of capital assets      | 805,210                 | 108,455               | 696,755                | 58,346                   | 32,788                | 25,558                 |
| Miscellaneous revenues                  | 539,436                 | 537,061               | 2,375                  | -                        | -                     | -                      |
| Total revenues                          | <u>36,941,480</u>       | <u>33,851,877</u>     | <u>3,089,603</u>       | <u>65,579,862</u>        | <u>68,041,795</u>     | <u>(2,461,933)</u>     |
| Expenses                                |                         |                       |                        |                          |                       |                        |
| General government                      | 5,993,465               | 5,180,758             | 812,707                | -                        | -                     | -                      |
| Public safety                           | 12,082,411              | 11,558,469            | 523,942                | -                        | -                     | -                      |
| Public works                            | 6,469,657               | 8,498,158             | (2,028,501)            | -                        | -                     | -                      |
| Culture and recreation                  | 7,261,458               | 6,139,661             | 1,121,797              | -                        | -                     | -                      |
| Economic development                    | 685,115                 | 527,673               | 157,442                | -                        | -                     | -                      |
| Interest and fiscal charges             | 1,506,222               | 1,615,250             | (109,028)              | -                        | -                     | -                      |
| Municipal liquor                        | -                       | -                     | -                      | 7,342,192                | 7,785,027             | (442,835)              |
| Sewer                                   | -                       | -                     | -                      | 3,970,547                | 3,759,165             | 211,382                |
| Garbage                                 | -                       | -                     | -                      | 1,702,811                | 1,670,454             | 32,357                 |
| Storm water                             | -                       | -                     | -                      | 980,969                  | 663,420               | 317,549                |
| Electric                                | -                       | -                     | -                      | 42,868,962               | 43,262,804            | (393,842)              |
| Water                                   | -                       | -                     | -                      | 3,232,421                | 3,208,929             | 23,492                 |
| Total expenses                          | <u>33,998,328</u>       | <u>33,519,969</u>     | <u>478,359</u>         | <u>60,097,902</u>        | <u>60,349,799</u>     | <u>(251,897)</u>       |
| Increase in Net Assets before transfers | 2,943,152               | 331,908               | 2,611,244              | 5,481,960                | 7,691,996             | (2,210,036)            |
| Transfers                               | <u>(246,430)</u>        | <u>2,885,633</u>      | <u>(3,132,063)</u>     | <u>246,430</u>           | <u>(2,885,633)</u>    | <u>3,132,063</u>       |
| Changes in Net Position                 | 2,696,722               | 3,217,541             | (520,819)              | 5,728,390                | 4,806,363             | 922,027                |
| Net position, January 1                 | <u>117,381,398</u>      | <u>114,163,857</u>    | <u>3,217,541</u>       | <u>127,934,361</u>       | <u>123,127,998</u>    | <u>4,806,363</u>       |
| Net position, December 31               | <u>\$ 120,078,120</u>   | <u>\$ 117,381,398</u> | <u>\$ 2,696,722</u>    | <u>\$ 133,662,751</u>    | <u>\$ 127,934,361</u> | <u>\$ 5,728,390</u>    |

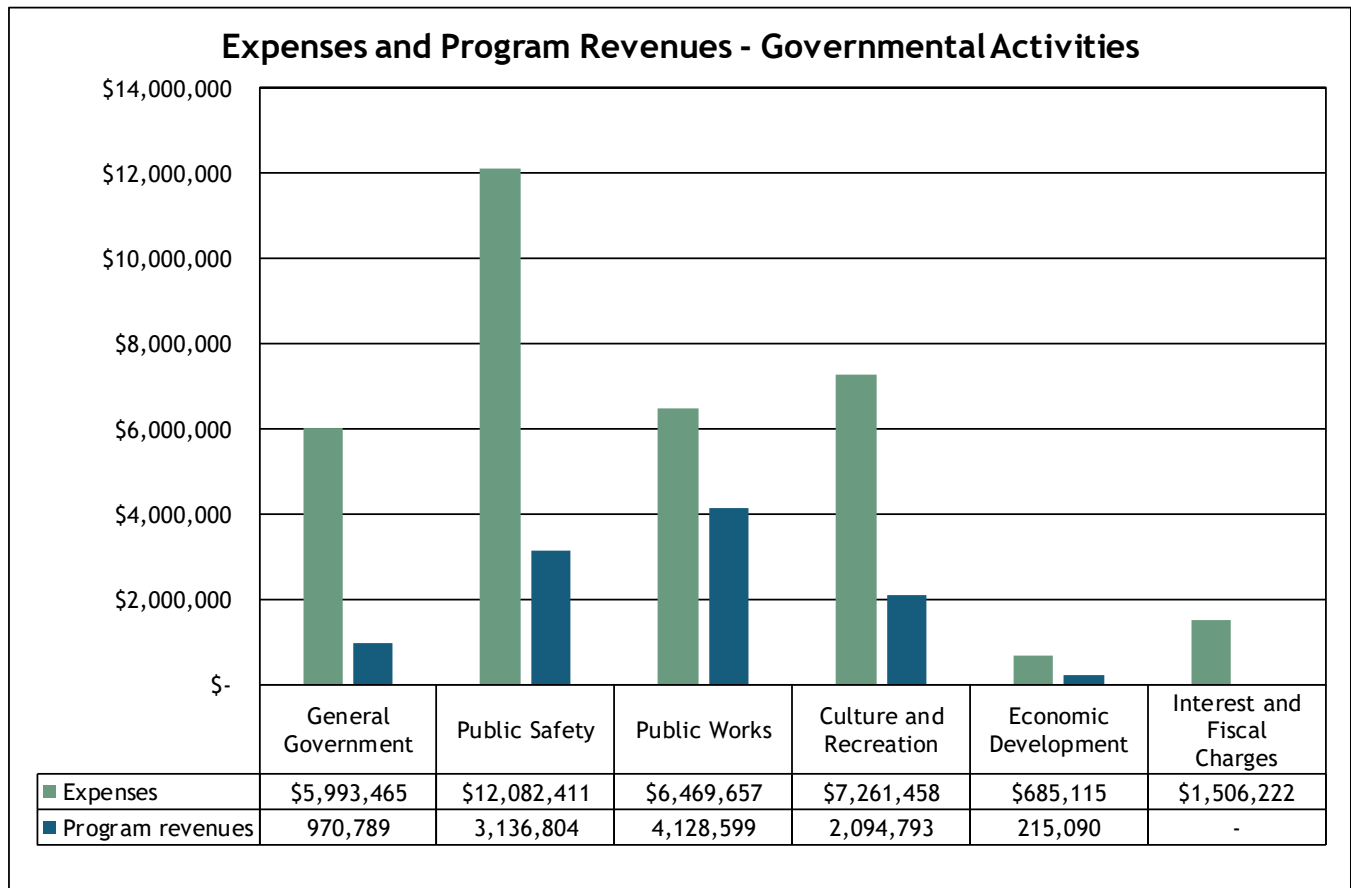
- ◆ Property taxes represent approximately 43.5% of total revenues in 2023 in governmental activities.
- ◆ The largest revenue variance was an increase in unrestricted investment income due to the increase of market value of investments held by the City.
- ◆ The largest expense variance was a decrease in the public works function as a result of capital project work that was completed in 2022.

**City of Elk River  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

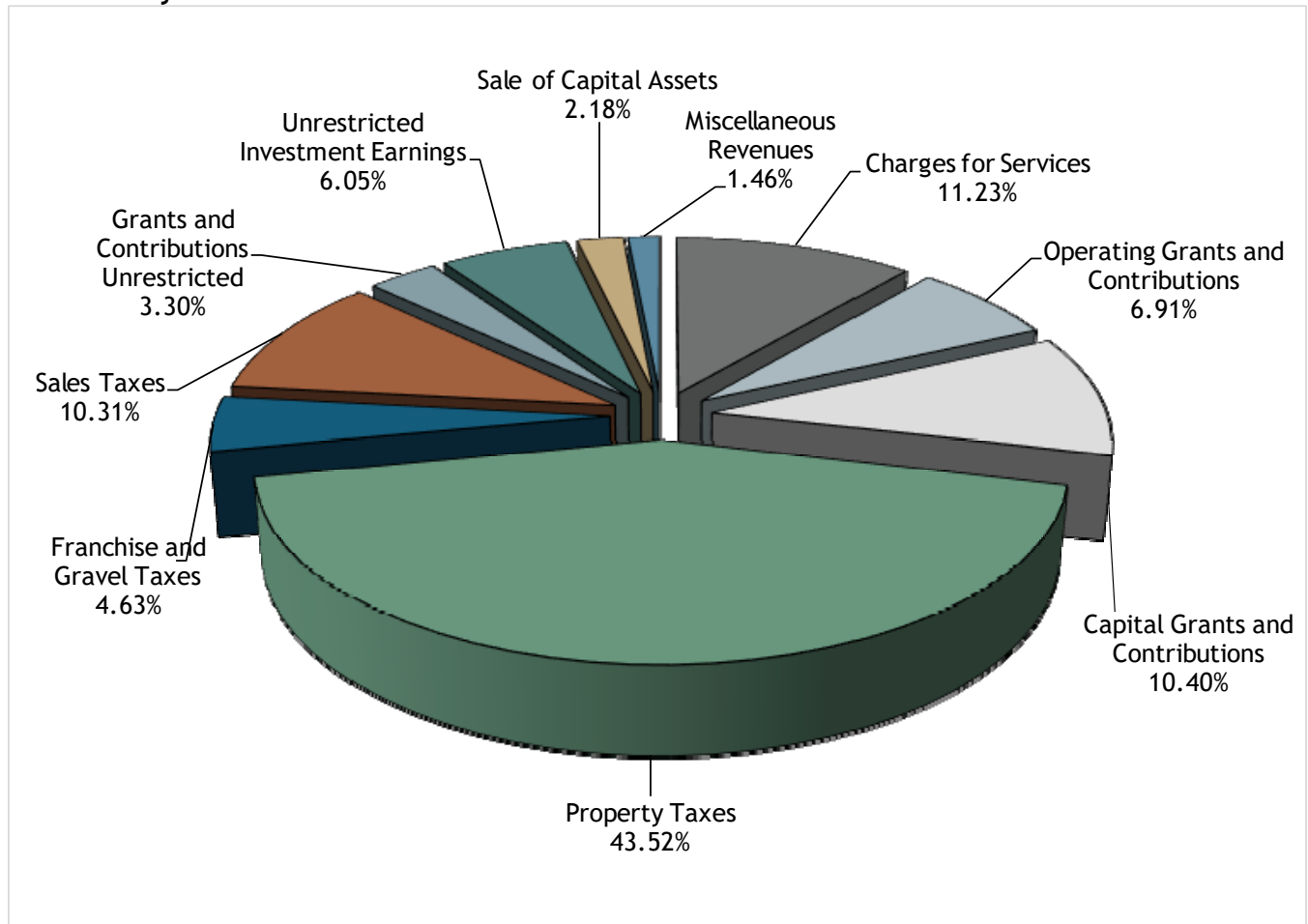
**Governmental Activities (Continued)**

The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.



City of Elk River  
Management's Discussion and Analysis

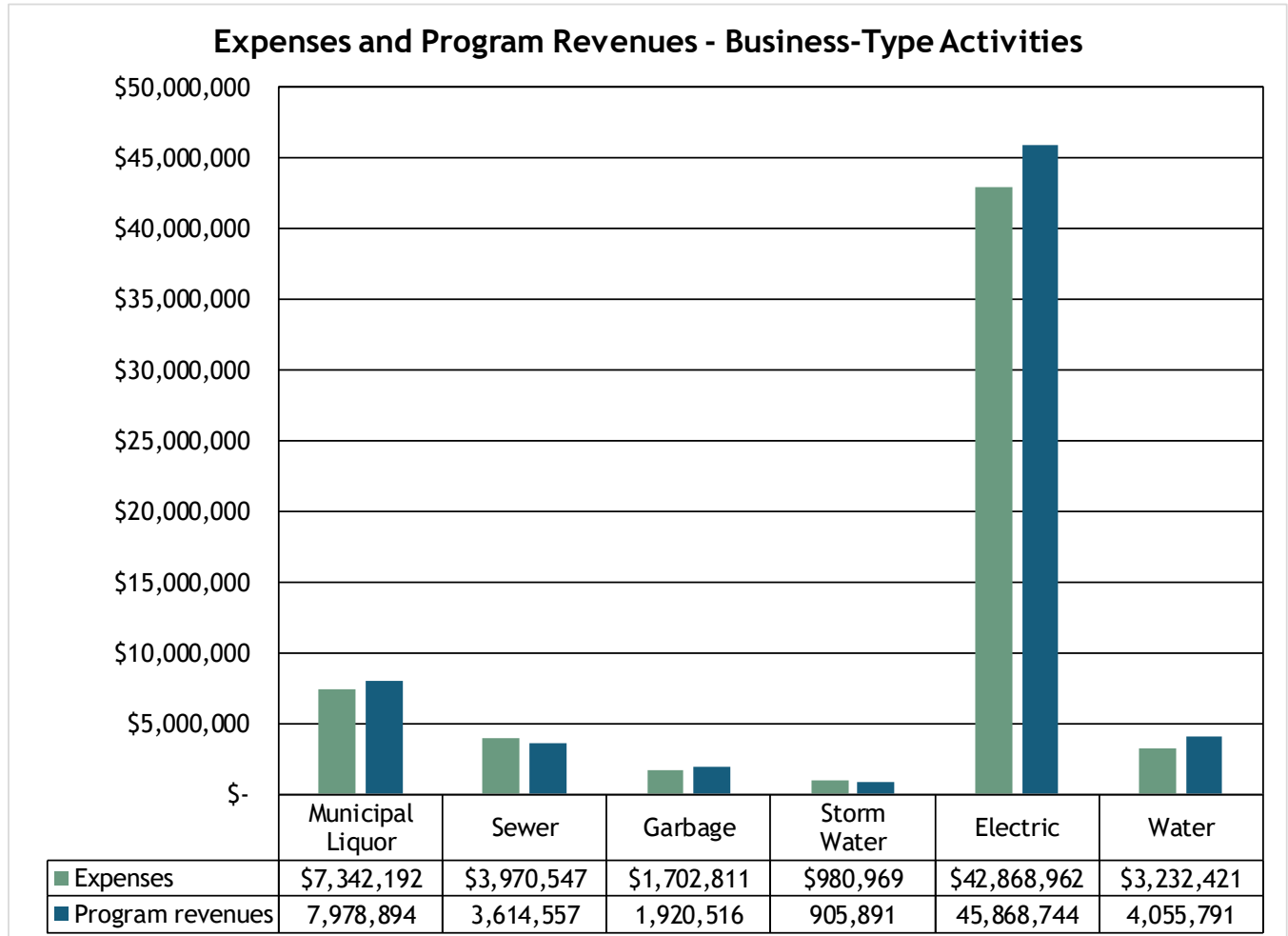
Revenues by Source - Governmental Activities



**City of Elk River  
Management's Discussion and Analysis**

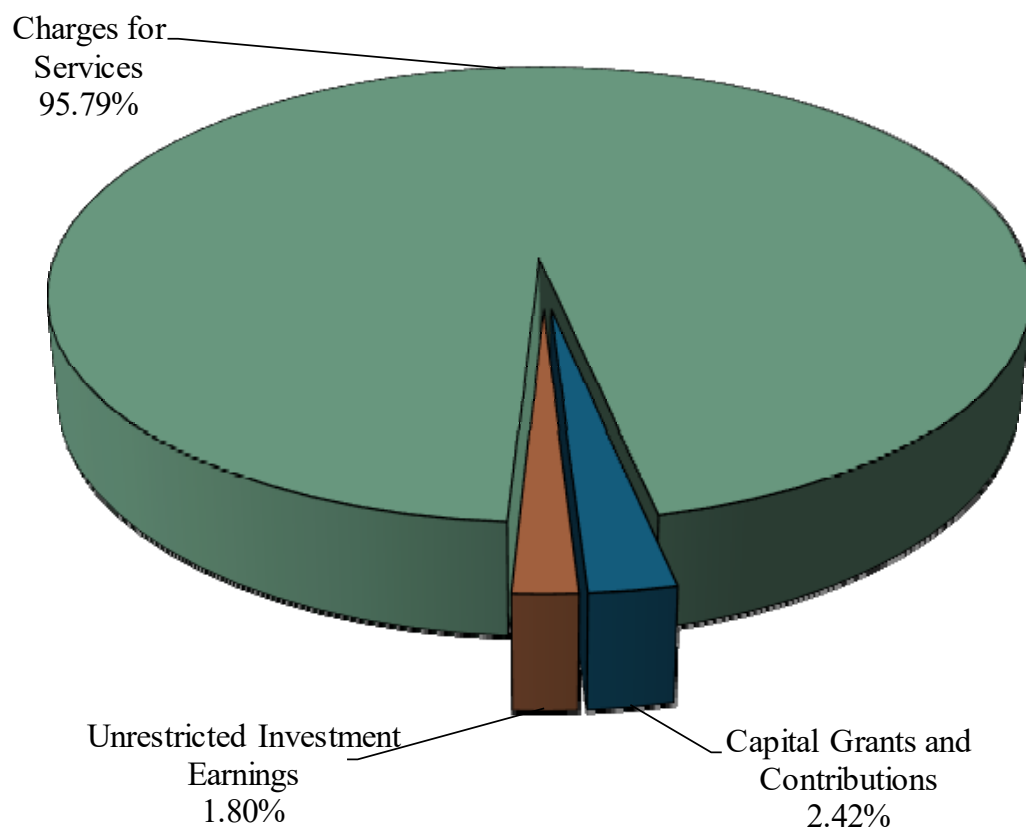
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Business-type Activities.** Business-type activities increased the City's net position by \$5,728,390 primarily due to the operating income of the Electric Fund. Elements of the increase are as follows:



City of Elk River  
Management's Discussion and Analysis

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



# City of Elk River Management's Discussion and Analysis

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Financial Analysis of the Government'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, *unrestricted 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 reported combined ending fund balances of \$42,785,245, an increase of \$263,062 in comparison with the prior year. Approximately 18% of this total amount (\$7,596,889) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$35,188,356) is not available for new spending because it is either 1) nonspendable (\$214,251), 2) restricted (\$15,918,585), 3) committed (\$7,291,361), or 4) assigned (\$11,764,159) for the purposes described in the fund balance section of each balance sheet.

| Major Funds                                                                                                                                                                                                                          | Fund Balance December 31, |              | Increase<br>(Decrease) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------|------------------------|
|                                                                                                                                                                                                                                      | 2023                      | 2022         |                        |
| <b>General</b>                                                                                                                                                                                                                       | \$ 9,323,318              | \$ 8,888,888 | \$ 434,430             |
| <p>The General Fund is the chief operating fund of the City.</p> <p>The General Fund had an increase in fund balance of \$434,430. The fund had net transfers of \$2,728,500 during the year, which contributed to the increase.</p> |                           |              |                        |
| <b>Pavement Management</b>                                                                                                                                                                                                           | \$ 3,273,427              | \$ 6,274,764 | \$ (3,001,337)         |
| <p>The Pavement Management Fund is a major capital projects fund with a total fund balance of \$3,273,427. Fund balance decreased \$3,001,337 from 2022 due to increased street improvement projects during the year.</p>            |                           |              |                        |

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$34,557,899. The total increase in net position for the funds was \$5,728,390.

### General Fund Budgetary Highlights

The City's General Fund budget was not amended during the year. The budget called for no change in fund balance. The General Fund had an actual increase of \$434,430 in 2023. Some of the larger variances are as follows:

- ◆ Revenues were over budget by \$163,036 with charges for services revenue being over budget by \$83,608. Investment income was over budget by \$82,618.
- ◆ Expenditures were under budget by \$271,394, in part due to culture and recreation being under budget by \$233,797 based on salaries and benefits coming in under anticipated amounts.

# City of Elk River Management's Discussion and Analysis

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### 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, 2023, amounts to \$279,102,468 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

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

- ◆ Reroof of city hall, Northbound liquor store, and public safety facility
- ◆ Construction in progress of Rolling Hills sewer extension
- ◆ Purchases of vehicles
- ◆ Purchase of new Zamboni ice resurfacers
- ◆ Various street improvement projects

### City of Elk River's Capital Assets (Net of Accumulated Depreciation)

|                                   | Governmental Activities |                       |                        | Business-Type Activities |                       |                        |
|-----------------------------------|-------------------------|-----------------------|------------------------|--------------------------|-----------------------|------------------------|
|                                   | 2023                    | 2022                  | Increase<br>(Decrease) | 2023                     | 2022                  | Increase<br>(Decrease) |
| Land                              | \$ 38,838,959           | \$ 38,838,959         | \$ -                   | \$ 1,965,026             | \$ 1,965,026          | \$ -                   |
| Construction in progress          | 20,000                  | 1,913,782             | (1,893,782)            | 3,828,700                | 2,351,587             | 1,477,113              |
| Buildings                         | 55,397,058              | 56,533,406            | (1,136,348)            | 27,466,772               | 27,401,128            | 65,644                 |
| Improvements other than buildings | 9,006,154               | 9,567,471             | (561,317)              | 142,755                  | 158,677               | (15,922)               |
| Equipment                         | 8,370,431               | 7,743,980             | 626,451                | 7,186,638                | 7,005,001             | 181,637                |
| Infrastructure                    | 32,305,395              | 29,530,007            | 2,775,388              | 69,985,042               | 68,750,797            | 1,234,245              |
| Intangible assets                 | -                       | -                     | -                      | 24,262,932               | 23,997,909            | 265,023                |
| Leased equipment                  | 294,120                 | 409,089               | (114,969)              | 32,486                   | 42,088                | (9,602)                |
| Total                             | <u>\$ 144,232,117</u>   | <u>\$ 144,536,694</u> | <u>\$ (304,577)</u>    | <u>\$ 134,870,351</u>    | <u>\$ 131,672,213</u> | <u>\$ 2,933,115</u>    |

Additional information on the City's capital assets can be found in Note 8 starting on page 73 of this report.

# City of Elk River Management's Discussion and Analysis

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

### Capital Asset and Debt Administration (Continued)

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$89,455,000. While all of the City's bonds have revenue streams, they are also all backed by the full faith and credit of the City.

### City of Elk River's Outstanding Debt

|                                  | Governmental Activities |                      |                        | Business-Type Activities |                      |                        |
|----------------------------------|-------------------------|----------------------|------------------------|--------------------------|----------------------|------------------------|
|                                  | 2023                    | 2022                 | Increase<br>(Decrease) | 2023                     | 2022                 | Increase<br>(Decrease) |
| General obligation bonds         | \$ 23,685,000           | \$ 25,760,000        | \$ (2,075,000)         | \$ -                     | \$ -                 | \$ -                   |
| General obligation revenue bonds | 29,625,000              | 30,515,000           | (890,000)              | 8,185,000                | 8,765,000            | (580,000)              |
| Revenue bonds                    | -                       | -                    | -                      | 27,960,000               | 28,875,000           | (915,000)              |
| Total                            | <u>\$ 53,310,000</u>    | <u>\$ 56,275,000</u> | <u>\$ (2,965,000)</u>  | <u>\$ 36,145,000</u>     | <u>\$ 37,640,000</u> | <u>\$ (1,495,000)</u>  |

The City's bond rating is AA+ from Standard and Poor's. Additional information on the City's long-term debt can be found in Note 9 starting on page 76 of this report.

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

The City of Elk River estimates that the demand for City services will continue at stable growth levels due to the economic environment and the outlook of recent building activity. This was taken into consideration in preparation of the City's 2024 budget. The property tax levy is set annually and is adjusted as necessary to fund the cost of providing services to our citizens and customers. Charges for services are evaluated each year and adjusted if warranted. The City expects to keep the tax levy consistent in upcoming years.

### Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the finance department, City of Elk River, 13065 Orono Pkwy, Elk River, Minnesota 55330 or by calling 763-635-1000.





## **BASIC FINANCIAL STATEMENTS**

**City of Elk River**  
**Statement of Net Position**  
**December 31, 2023**

|                                                            | Primary Government         |                             |                       | Component Unit                            |
|------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|-------------------------------------------|
|                                                            | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Housing and<br>Redevelopment<br>Authority |
| <b>Assets</b>                                              |                            |                             |                       |                                           |
| Cash and investments                                       | \$ 44,524,699              | \$ 40,880,486               | \$ 85,405,185         | \$ 821,348                                |
| Restricted cash                                            | -                          | 1,779,016                   | 1,779,016             | -                                         |
| Taxes receivable                                           | 1,068,315                  | -                           | 1,068,315             | 10,424                                    |
| Accounts receivable                                        | 713,845                    | 2,518,344                   | 3,232,189             | 1,917                                     |
| Interest receivable                                        | 205,725                    | 132,897                     | 338,622               | -                                         |
| Notes and loans receivable                                 | 1,230,006                  | -                           | 1,230,006             | 562,108                                   |
| Leases receivable                                          | 150,894                    | 4,968,455                   | 5,119,349             | -                                         |
| Special assessments receivable                             | 1,143,117                  | 465,215                     | 1,608,332             | -                                         |
| Due from other governments                                 | 2,657,701                  | -                           | 2,657,701             | -                                         |
| Due from primary government                                | -                          | -                           | -                     | 161,823                                   |
| Due from component unit                                    | 8,469                      | -                           | 8,469                 | -                                         |
| Internal balances                                          | 138,940                    | (138,940)                   | -                     | -                                         |
| Inventory                                                  | -                          | 2,675,346                   | 2,675,346             | -                                         |
| Land held for resale                                       | 175,000                    | -                           | 175,000               | 382,000                                   |
| Prepaid items                                              | 214,251                    | 220,810                     | 435,061               | -                                         |
| Pension asset                                              | 107,660                    | -                           | 107,660               | -                                         |
| Capital assets not<br>being depreciated                    |                            |                             |                       |                                           |
| Land                                                       | 38,838,959                 | 1,965,026                   | 40,803,985            | 315,900                                   |
| Construction in progress                                   | 20,000                     | 3,828,700                   | 3,848,700             | -                                         |
| Capital assets being depreciated/amortized                 |                            |                             |                       |                                           |
| Buildings and building improvements                        | 81,818,173                 | 41,406,580                  | 123,224,753           | -                                         |
| Improvements other<br>than buildings                       | 15,175,353                 | 266,259                     | 15,441,612            | 174,290                                   |
| Infrastructure                                             | 82,670,355                 | -                           | 82,670,355            | -                                         |
| Collection and distribution systems                        | -                          | 147,904,911                 | 147,904,911           | -                                         |
| Intangible assets                                          | -                          | 27,769,490                  | 27,769,490            | -                                         |
| Equipment and furniture                                    | 19,798,937                 | 13,519,301                  | 33,318,238            | -                                         |
| Leased equipment                                           | 507,518                    | 48,008                      | 555,526               | -                                         |
| Less accumulated depreciation/amortization                 | (94,597,178)               | (101,837,924)               | (196,435,102)         | (128,781)                                 |
| <b>Total assets</b>                                        | <b>196,570,739</b>         | <b>188,371,980</b>          | <b>384,942,719</b>    | <b>2,301,029</b>                          |
| <b>Deferred Outflows of Resources</b>                      |                            |                             |                       |                                           |
| Deferred outflows of resources<br>related to OPEB          | 80,414                     | 10,052                      | 90,466                | -                                         |
| Deferred outflows of resources<br>related to pensions      | 10,565,477                 | 1,081,073                   | 11,646,550            | 14,392                                    |
| <b>Total deferred outflows<br/>of resources</b>            | <b>10,645,891</b>          | <b>1,091,125</b>            | <b>11,737,016</b>     | <b>14,392</b>                             |
| <b>Total assets and deferred<br/>outflows of resources</b> | <b>\$ 207,216,630</b>      | <b>\$ 189,463,105</b>       | <b>\$ 396,679,735</b> | <b>\$ 2,315,421</b>                       |

See notes to basic financial statements.

**City of Elk River  
Statement of Net Position  
December 31, 2023**

|                                                                              | Primary Government         |                             |                       | Component Unit                            |
|------------------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|-------------------------------------------|
|                                                                              | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Housing and<br>Redevelopment<br>Authority |
| <b>Liabilities</b>                                                           |                            |                             |                       |                                           |
| Accounts payable                                                             | \$ 2,297,022               | \$ 4,659,711                | \$ 6,956,733          | \$ 27                                     |
| Salaries and benefits payable                                                | 529,932                    | 356,608                     | 886,540               | 3,476                                     |
| Contracts and deposits payable                                               | 311,252                    | 1,196,691                   | 1,507,943             | -                                         |
| Due to other governments                                                     | 30,893                     | 249,841                     | 280,734               | -                                         |
| Due to primary government                                                    | -                          | -                           | -                     | 8,469                                     |
| Due to component unit                                                        | 161,823                    | -                           | 161,823               | -                                         |
| Unearned revenue                                                             | 2,138,861                  | 290,620                     | 2,429,481             | -                                         |
| Interest payable                                                             |                            |                             |                       |                                           |
| Payable within one year                                                      | 343,457                    | 409,714                     | 753,171               | -                                         |
| Compensated absences payable                                                 |                            |                             |                       |                                           |
| Payable within one year                                                      | 917,398                    | 610,843                     | 1,528,241             | -                                         |
| Payable after one year                                                       | 1,075,480                  | 62,879                      | 1,138,359             | -                                         |
| Total OPEB liability                                                         |                            |                             |                       |                                           |
| Payable within one year                                                      | 73,127                     | 8,125                       | 81,252                | -                                         |
| Payable after one year                                                       | 661,416                    | 83,693                      | 745,109               | -                                         |
| Lease liability                                                              |                            |                             |                       |                                           |
| Payable within one year                                                      | 113,628                    | 9,481                       | 123,109               | -                                         |
| Payable after one year                                                       | 181,506                    | 23,198                      | 204,704               | -                                         |
| Net bonds payable                                                            |                            |                             |                       |                                           |
| Payable within one year                                                      | 2,405,000                  | 1,535,000                   | 3,940,000             | -                                         |
| Payable after one year                                                       | 55,225,442                 | 36,009,515                  | 91,234,957            | -                                         |
| Net pension liability                                                        |                            |                             |                       |                                           |
| Payable after one year                                                       | 10,324,546                 | 4,200,463                   | 14,525,009            | 53,256                                    |
| Total liabilities                                                            | <u>76,790,783</u>          | <u>49,706,382</u>           | <u>126,497,165</u>    | <u>65,228</u>                             |
| <b>Deferred Inflows of Resources</b>                                         |                            |                             |                       |                                           |
| Deferred inflows of resources<br>related to OPEB                             | 152,862                    | 19,107                      | 171,969               | -                                         |
| Deferred inflows of resources<br>related to pensions                         | 10,043,971                 | 1,290,188                   | 11,334,159            | 16,314                                    |
| Deferred inflows of resources<br>related to leases                           | 150,894                    | 4,784,677                   | 4,935,571             | -                                         |
| Total deferred inflows<br>of resources                                       | <u>10,347,727</u>          | <u>6,093,972</u>            | <u>16,441,699</u>     | <u>16,314</u>                             |
| <b>Net Position</b>                                                          |                            |                             |                       |                                           |
| Net investment in capital assets                                             | 86,306,541                 | 97,325,836                  | 183,632,377           | 361,409                                   |
| Restricted for                                                               |                            |                             |                       |                                           |
| Fiscal recovery                                                              | 147,725                    | -                           | 147,725               | -                                         |
| Public safety                                                                | 1,152,060                  | -                           | 1,152,060             | -                                         |
| Parks and recreation improvements                                            | 1,773,916                  | -                           | 1,773,916             | -                                         |
| Capital projects                                                             | 902,987                    | -                           | 902,987               | -                                         |
| Economic development                                                         | 1,668,171                  | -                           | 1,668,171             | -                                         |
| Debt service                                                                 | 9,001,361                  | 1,779,016                   | 10,780,377            | -                                         |
| Pensions                                                                     | 107,660                    | -                           | 107,660               | -                                         |
| Landfill mitigation                                                          | 935,949                    | -                           | 935,949               | -                                         |
| Housing and redevelopment                                                    | -                          | -                           | -                     | 1,872,470                                 |
| Unrestricted                                                                 | 18,081,750                 | 34,557,899                  | 52,639,649            | -                                         |
| Total net position                                                           | <u>120,078,120</u>         | <u>133,662,751</u>          | <u>253,740,871</u>    | <u>2,233,879</u>                          |
| <br>Total liabilities, deferred<br>inflows of resources, and<br>net position | <u>\$ 207,216,630</u>      | <u>\$ 189,463,105</u>       | <u>\$ 396,679,735</u> | <u>\$ 2,315,421</u>                       |

See notes to basic financial statements.

**City of Elk River**  
**Statement of Activities**  
**Year Ended December 31, 2023**

| Functions/Programs                                           | Expenses             | Program Revenues     |                                    |                                  |
|--------------------------------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                                              |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government                                           |                      |                      |                                    |                                  |
| Governmental activities                                      |                      |                      |                                    |                                  |
| General government                                           | \$ 5,993,465         | \$ 926,657           | \$ 44,132                          | \$ -                             |
| Public safety                                                | 12,082,411           | 1,267,373            | 1,869,431                          | -                                |
| Public works                                                 | 6,469,657            | 88,288               | 481,359                            | 3,558,952                        |
| Culture and recreation                                       | 7,261,458            | 1,745,735            | 64,572                             | 284,486                          |
| Economic development                                         | 685,115              | 121,027              | 94,063                             | -                                |
| Interest and fiscal charges                                  | 1,506,222            | -                    | -                                  | -                                |
| Total governmental activities                                | <u>33,998,328</u>    | <u>4,149,080</u>     | <u>2,553,557</u>                   | <u>3,843,438</u>                 |
| Business-type activities                                     |                      |                      |                                    |                                  |
| Municipal liquor                                             | 7,342,192            | 7,978,894            | -                                  | -                                |
| Sewer                                                        | 3,970,547            | 2,774,077            | -                                  | 840,480                          |
| Garbage                                                      | 1,702,811            | 1,920,516            | -                                  | -                                |
| Storm water                                                  | 980,969              | 905,891              | -                                  | -                                |
| Electric                                                     | 42,868,962           | 45,379,292           | -                                  | 489,452                          |
| Water                                                        | 3,232,421            | 3,802,450            | -                                  | 253,341                          |
| Total business-type activities                               | <u>60,097,902</u>    | <u>62,761,120</u>    | <u>-</u>                           | <u>1,583,273</u>                 |
| Total primary governmental                                   | <u>\$ 94,096,230</u> | <u>\$ 66,910,200</u> | <u>\$ 2,553,557</u>                | <u>\$ 5,426,711</u>              |
| Component Unit                                               |                      |                      |                                    |                                  |
| Housing and Redevelopment Authority                          | <u>\$ 286,876</u>    | <u>\$ -</u>          | <u>\$ 236</u>                      | <u>\$ -</u>                      |
| General revenues                                             |                      |                      |                                    |                                  |
| Property taxes                                               |                      |                      |                                    |                                  |
| Franchise and gravel taxes                                   |                      |                      |                                    |                                  |
| Sales taxes                                                  |                      |                      |                                    |                                  |
| Grants and contributions not restricted to specific programs |                      |                      |                                    |                                  |
| Unrestricted investment income                               |                      |                      |                                    |                                  |
| Gain on sale of assets                                       |                      |                      |                                    |                                  |
| Miscellaneous revenues                                       |                      |                      |                                    |                                  |
| Transfers                                                    |                      |                      |                                    |                                  |
| Total general revenues and transfers                         |                      |                      |                                    |                                  |
| Change in net position                                       |                      |                      |                                    |                                  |
| Net position - beginning                                     |                      |                      |                                    |                                  |
| Net position - ending                                        |                      |                      |                                    |                                  |

| Net (Expense) Revenues and Changes in Net Position |                             |                       |                                           |
|----------------------------------------------------|-----------------------------|-----------------------|-------------------------------------------|
| Primary                                            |                             |                       | Component Unit                            |
| Governmental<br>Activities                         | Business-Type<br>Activities | Total                 | Housing and<br>Redevelopment<br>Authority |
| \$ (5,022,676)                                     | \$ -                        | \$ (5,022,676)        | \$ -                                      |
| (8,945,607)                                        | -                           | (8,945,607)           | -                                         |
| (2,341,058)                                        | -                           | (2,341,058)           | -                                         |
| (5,166,665)                                        | -                           | (5,166,665)           | -                                         |
| (470,025)                                          | -                           | (470,025)             | -                                         |
| (1,506,222)                                        | -                           | (1,506,222)           | -                                         |
| (23,452,253)                                       | -                           | (23,452,253)          | -                                         |
| -                                                  | 636,702                     | 636,702               | -                                         |
| -                                                  | (355,990)                   | (355,990)             | -                                         |
| -                                                  | 217,705                     | 217,705               | -                                         |
| -                                                  | (75,078)                    | (75,078)              | -                                         |
| -                                                  | 2,999,782                   | 2,999,782             | -                                         |
| -                                                  | 823,370                     | 823,370               | -                                         |
| -                                                  | 4,246,491                   | 4,246,491             | -                                         |
| (23,452,253)                                       | 4,246,491                   | (19,205,762)          | -                                         |
| -                                                  | -                           | -                     | (286,640)                                 |
| 16,077,123                                         | -                           | 16,077,123            | 394,515                                   |
| 1,712,109                                          | -                           | 1,712,109             | -                                         |
| 3,810,301                                          | -                           | 3,810,301             | -                                         |
| 1,217,658                                          | -                           | 1,217,658             | -                                         |
| 2,233,568                                          | 1,177,123                   | 3,410,691             | 7,652                                     |
| 805,210                                            | 58,346                      | 863,556               | -                                         |
| 539,436                                            | -                           | 539,436               | -                                         |
| (246,430)                                          | 246,430                     | -                     | -                                         |
| 26,148,975                                         | 1,481,899                   | 27,630,874            | 402,167                                   |
| 2,696,722                                          | 5,728,390                   | 8,425,112             | 115,527                                   |
| 117,381,398                                        | 127,934,361                 | 245,315,759           | 2,118,352                                 |
| <u>\$ 120,078,120</u>                              | <u>\$ 133,662,751</u>       | <u>\$ 253,740,871</u> | <u>\$ 2,233,879</u>                       |

**City of Elk River**  
**Balance Sheet - Governmental Funds**  
**December 31, 2023**

|                                                                        | General Fund         | Pavement<br>Management | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------------------------------------------|----------------------|------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>                                                          |                      |                        |                                   |                                |
| Cash and investments                                                   | \$ 9,243,274         | \$ 3,342,219           | \$ 31,939,206                     | \$ 44,524,699                  |
| Taxes receivable                                                       | 363,035              | -                      | 705,280                           | 1,068,315                      |
| Accounts receivable                                                    | 15,666               | 147,740                | 550,439                           | 713,845                        |
| Interest receivable                                                    | 49,729               | 19,324                 | 136,672                           | 205,725                        |
| Notes and loans receivable                                             | -                    | -                      | 1,230,006                         | 1,230,006                      |
| Leases receivable                                                      | -                    | -                      | 150,894                           | 150,894                        |
| Special assessments receivable                                         |                      |                        |                                   |                                |
| Delinquent                                                             | -                    | -                      | 17,762                            | 17,762                         |
| Deferred                                                               | -                    | 8,568                  | 1,116,787                         | 1,125,355                      |
| Due from other funds                                                   | 388,063              | 262,257                | 988,218                           | 1,638,538                      |
| Due from other governments                                             | 65,571               | 2,565,750              | 26,380                            | 2,657,701                      |
| Due from component unit                                                | 8,469                | -                      | -                                 | 8,469                          |
| Advances to other funds                                                | -                    | -                      | 200,000                           | 200,000                        |
| Land held for resale                                                   | -                    | -                      | 175,000                           | 175,000                        |
| Prepaid items                                                          | 82,513               | -                      | 131,738                           | 214,251                        |
| Total assets                                                           | <u>\$ 10,216,320</u> | <u>\$ 6,345,858</u>    | <u>\$ 37,368,382</u>              | <u>\$ 53,930,560</u>           |
| <b>Liabilities</b>                                                     |                      |                        |                                   |                                |
| Accounts payable                                                       | \$ 286,556           | \$ 289,702             | \$ 1,720,764                      | \$ 2,297,022                   |
| Salaries and benefits payable                                          | 486,480              | -                      | 43,452                            | 529,932                        |
| Contracts and deposits payable                                         | -                    | 208,411                | 102,841                           | 311,252                        |
| Due to other funds                                                     | -                    | -                      | 1,499,598                         | 1,499,598                      |
| Due to other governments                                               | 15,976               | -                      | 14,917                            | 30,893                         |
| Due to component unit                                                  | -                    | -                      | 161,823                           | 161,823                        |
| Advances from other funds                                              | -                    | -                      | 200,000                           | 200,000                        |
| Unearned revenue                                                       | -                    | -                      | 2,138,861                         | 2,138,861                      |
| Total liabilities                                                      | <u>789,012</u>       | <u>498,113</u>         | <u>5,882,256</u>                  | <u>7,169,381</u>               |
| <b>Deferred Inflows of Resources</b>                                   |                      |                        |                                   |                                |
| Unavailable revenue - property taxes                                   | 103,990              | -                      | 15,086                            | 119,076                        |
| Unavailable revenue - special assessments                              | -                    | 8,568                  | 1,131,646                         | 1,140,214                      |
| Unavailable revenue - other                                            | -                    | 2,565,750              | -                                 | 2,565,750                      |
| Deferred inflow related to leases receivable                           | -                    | -                      | 150,894                           | 150,894                        |
| Total deferred inflows of resources                                    | <u>103,990</u>       | <u>2,574,318</u>       | <u>1,297,626</u>                  | <u>3,975,934</u>               |
| <b>Fund Balances</b>                                                   |                      |                        |                                   |                                |
| Nonspendable                                                           | 82,513               | -                      | 131,738                           | 214,251                        |
| Restricted                                                             | -                    | -                      | 15,918,585                        | 15,918,585                     |
| Committed                                                              | -                    | 3,273,427              | 4,017,934                         | 7,291,361                      |
| Assigned                                                               | -                    | -                      | 11,764,159                        | 11,764,159                     |
| Unassigned                                                             | 9,240,805            | -                      | (1,643,916)                       | 7,596,889                      |
| Total fund balances                                                    | <u>9,323,318</u>     | <u>3,273,427</u>       | <u>30,188,500</u>                 | <u>42,785,245</u>              |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 10,216,320</u> | <u>\$ 6,345,858</u>    | <u>\$ 37,368,382</u>              | <u>\$ 53,930,560</u>           |

See notes to basic financial statements.

**City of Elk River**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2023**

|                                                                                                                                                                                                 |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Total fund balances - governmental funds                                                                                                                                                        | \$ 42,785,245         |
| Amounts reported for governmental activities in the Statement of Net Position are different because:                                                                                            |                       |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.                                            |                       |
| Cost of capital assets                                                                                                                                                                          | 238,829,295           |
| Less accumulated depreciation/amortization                                                                                                                                                      | (94,597,178)          |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.                                     |                       |
| Long-term liabilities at year-end consist of:                                                                                                                                                   |                       |
| Bond principal payable                                                                                                                                                                          | (53,310,000)          |
| Revenue bonds payable                                                                                                                                                                           |                       |
| Unamortized bond premiums/discounts                                                                                                                                                             | (4,320,442)           |
| Lease liability                                                                                                                                                                                 | (295,134)             |
| Compensated absences payable                                                                                                                                                                    | (1,992,878)           |
| Total OPEB liability                                                                                                                                                                            | (734,543)             |
| Net pension liability                                                                                                                                                                           | (10,324,546)          |
| Net pension asset                                                                                                                                                                               | 107,660               |
| Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.         |                       |
| Property taxes                                                                                                                                                                                  | 119,076               |
| Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds. |                       |
| Deferred inflows of resources related to pensions                                                                                                                                               | (10,043,971)          |
| Deferred outflows of resources related to pensions                                                                                                                                              | 10,565,477            |
| Deferred outflows of resources related to OPEB                                                                                                                                                  | 80,414                |
| Deferred inflows of resources related to OPEB                                                                                                                                                   | (152,862)             |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.                                                              |                       |
| Deferred special assessments                                                                                                                                                                    | 1,140,214             |
| State shared taxes                                                                                                                                                                              | 2,565,750             |
| Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.                                                                                      |                       |
|                                                                                                                                                                                                 | (343,457)             |
| Total net position - governmental activities                                                                                                                                                    | <u>\$ 120,078,120</u> |



**City of Elk River**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2023**

|                                              | General Fund        | Pavement<br>Management | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------------|---------------------|------------------------|-----------------------------------|--------------------------------|
| <b>Revenues</b>                              |                     |                        |                                   |                                |
| Property taxes                               | \$ 13,785,282       | \$ -                   | \$ 2,493,822                      | \$ 16,279,104                  |
| Sales taxes                                  | -                   | -                      | 3,810,301                         | 3,810,301                      |
| Other taxes                                  | 156,365             | 1,555,744              | -                                 | 1,712,109                      |
| Special assessments                          | -                   | -                      | 224,426                           | 224,426                        |
| Licenses and permits                         | 976,260             | -                      | -                                 | 976,260                        |
| Intergovernmental                            | 706,917             | 768,365                | 2,525,536                         | 4,000,818                      |
| Charges for services                         | 1,247,308           | -                      | 1,820,795                         | 3,068,103                      |
| Fines and forfeitures                        | 169,910             | -                      | -                                 | 169,910                        |
| Other revenue                                |                     |                        |                                   |                                |
| Investment income                            | 202,618             | 655,353                | 1,375,597                         | 2,233,568                      |
| Contributions and donations                  | -                   | -                      | 275,685                           | 275,685                        |
| Refunds and reimbursements                   | 188,548             | 17,931                 | 200,088                           | 406,567                        |
| Landfill expansion fee                       | -                   | -                      | 2,193,833                         | 2,193,833                      |
| Miscellaneous revenue                        | 54,828              | -                      | 128,052                           | 182,880                        |
| Total revenues                               | <u>17,488,036</u>   | <u>2,997,393</u>       | <u>15,048,135</u>                 | <u>35,533,564</u>              |
| <b>Expenditures</b>                          |                     |                        |                                   |                                |
| Current                                      |                     |                        |                                   |                                |
| General government                           | 4,908,703           | -                      | 246,936                           | 5,155,639                      |
| Public safety                                | 9,696,200           | -                      | 93,273                            | 9,789,473                      |
| Public works                                 | 2,630,313           | -                      | 71,120                            | 2,701,433                      |
| Culture and recreation                       | 2,432,803           | -                      | 2,278,714                         | 4,711,517                      |
| Economic development                         | -                   | -                      | 580,422                           | 580,422                        |
| Capital outlay                               |                     |                        |                                   |                                |
| General government                           | -                   | -                      | 1,450,553                         | 1,450,553                      |
| Public safety                                | 3,830               | -                      | 1,212,445                         | 1,216,275                      |
| Public works                                 | -                   | 5,998,730              | 1,769,775                         | 7,768,505                      |
| Culture and recreation                       | -                   | -                      | 974,439                           | 974,439                        |
| Economic development                         | -                   | -                      | 85,709                            | 85,709                         |
| Debt service                                 |                     |                        |                                   |                                |
| Principal                                    | 105,484             | -                      | 2,972,213                         | 3,077,697                      |
| Interest and other charges                   | 4,773               | -                      | 1,791,155                         | 1,795,928                      |
| Total expenditures                           | <u>19,782,106</u>   | <u>5,998,730</u>       | <u>13,526,754</u>                 | <u>39,307,590</u>              |
| Excess of revenues over (under) expenditures | (2,294,070)         | (3,001,337)            | 1,521,381                         | (3,774,026)                    |
| <b>Other Financing Sources (Uses)</b>        |                     |                        |                                   |                                |
| Proceeds from sale of capital asset          | -                   | -                      | 805,210                           | 805,210                        |
| Transfers in                                 | 3,165,000           | -                      | 1,829,167                         | 4,994,167                      |
| Transfers out                                | (436,500)           | -                      | (1,325,789)                       | (1,762,289)                    |
| Total other financing sources (uses)         | <u>2,728,500</u>    | <u>-</u>               | <u>1,308,588</u>                  | <u>4,037,088</u>               |
| Net change in fund balances                  | 434,430             | (3,001,337)            | 2,829,969                         | 263,062                        |
| <b>Fund Balances</b>                         |                     |                        |                                   |                                |
| Beginning of year                            | <u>8,888,888</u>    | <u>6,274,764</u>       | <u>27,358,531</u>                 | <u>42,522,183</u>              |
| End of year                                  | <u>\$ 9,323,318</u> | <u>\$ 3,273,427</u>    | <u>\$ 30,188,500</u>              | <u>\$ 42,785,245</u>           |

See notes to basic financial statements.

City of Elk River  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the  
Statement of Activities - Governmental Funds  
Year Ended December 31, 2023

|                                                    |            |
|----------------------------------------------------|------------|
| Total change in fund balances - governmental funds | \$ 263,062 |
|----------------------------------------------------|------------|

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

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

|                                               |             |
|-----------------------------------------------|-------------|
| Capital outlays                               | 9,291,684   |
| Depreciation/amortization expense             | (7,466,896) |
| Completed CIP transferred to enterprise funds | (2,129,365) |

Some expenses are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.

|                                                       |           |
|-------------------------------------------------------|-----------|
| Compensated absences payable                          | (126,448) |
| Total other post employment benefits (OPEB) liability | 13,399    |

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities.

|                          |           |
|--------------------------|-----------|
| Bond principal payments  | 2,965,000 |
| Lease principal payments | 112,697   |

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

251,933

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires 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.

37,773

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

|                 |             |
|-----------------|-------------|
| Pension expense | (1,102,930) |
|-----------------|-------------|

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

|                    |         |
|--------------------|---------|
| State shared taxes | 966,427 |
|--------------------|---------|

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.

|                     |           |
|---------------------|-----------|
| Property taxes      | (201,981) |
| Special assessments | (177,633) |

|                                                  |                     |
|--------------------------------------------------|---------------------|
| Change in net position - governmental activities | \$ <u>2,696,722</u> |
|--------------------------------------------------|---------------------|



**City of Elk River**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2023**

|                                                 | Budgeted Amounts  |                   | Actual              | Variance with     |
|-------------------------------------------------|-------------------|-------------------|---------------------|-------------------|
|                                                 | Original          | Final             | Amounts             | Final Budget -    |
|                                                 |                   |                   |                     | Over (Under)      |
| <b>Revenues</b>                                 |                   |                   |                     |                   |
| Property taxes                                  | \$ 13,893,000     | \$ 13,893,000     | \$ 13,785,282       | \$ (107,718)      |
| Other taxes                                     | 225,000           | 225,000           | 156,365             | (68,635)          |
| Licenses and permits                            | 1,004,300         | 1,004,300         | 976,260             | (28,040)          |
| Intergovernmental                               | 634,000           | 634,000           | 706,917             | 72,917            |
| Charges for services                            | 1,163,700         | 1,163,700         | 1,247,308           | 83,608            |
| Fines and forfeitures                           | 130,000           | 130,000           | 169,910             | 39,910            |
| Other revenue                                   |                   |                   |                     |                   |
| Investment income                               | 120,000           | 120,000           | 202,618             | 82,618            |
| Refunds and reimbursements                      | 125,000           | 125,000           | 188,548             | 63,548            |
| Miscellaneous revenue                           | 30,000            | 30,000            | 54,828              | 24,828            |
| Total revenues                                  | <u>17,325,000</u> | <u>17,325,000</u> | <u>17,488,036</u>   | <u>163,036</u>    |
| <b>Expenditures</b>                             |                   |                   |                     |                   |
| Current                                         |                   |                   |                     |                   |
| General government                              | 4,907,100         | 4,907,100         | 4,908,703           | 1,603             |
| Public safety                                   | 9,857,300         | 9,857,300         | 9,696,200           | (161,100)         |
| Public works                                    | 2,622,500         | 2,622,500         | 2,630,313           | 7,813             |
| Culture and recreation                          | 2,666,600         | 2,666,600         | 2,432,803           | (233,797)         |
| Debt service                                    |                   |                   |                     |                   |
| Principal                                       | -                 | -                 | 105,484             | 105,484           |
| Interest and other charges                      | -                 | -                 | 4,773               | 4,773             |
| Capital outlay                                  |                   |                   |                     |                   |
| Public safety                                   | -                 | -                 | 3,830               | 3,830             |
| Total expenditures                              | <u>20,053,500</u> | <u>20,053,500</u> | <u>19,782,106</u>   | <u>(271,394)</u>  |
| Excess of revenues over<br>(under) expenditures | (2,728,500)       | (2,728,500)       | (2,294,070)         | 434,430           |
| <b>Other Financing Sources (Uses)</b>           |                   |                   |                     |                   |
| Transfers in                                    | 3,165,000         | 3,165,000         | 3,165,000           | -                 |
| Transfers out                                   | (436,500)         | (436,500)         | (436,500)           | -                 |
| Total other financing sources (uses)            | <u>2,728,500</u>  | <u>2,728,500</u>  | <u>2,728,500</u>    | <u>-</u>          |
| Net change in fund balances                     | <u>\$ -</u>       | <u>\$ -</u>       | <u>434,430</u>      | <u>\$ 434,430</u> |
| <b>Fund Balances</b>                            |                   |                   |                     |                   |
| Beginning of year                               |                   |                   | <u>8,888,888</u>    |                   |
| End of year                                     |                   |                   | <u>\$ 9,323,318</u> |                   |

See notes to basic financial statements.

**City of Elk River**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2023**

|                                                    | Business-Type Activities - Enterprise Funds |                      |                   |                      |
|----------------------------------------------------|---------------------------------------------|----------------------|-------------------|----------------------|
|                                                    | Municipal<br>Liquor                         | Sewer                | Garbage           | Storm Water          |
| <b>Assets</b>                                      |                                             |                      |                   |                      |
| Current assets                                     |                                             |                      |                   |                      |
| Cash and investments                               | \$ 3,526,983                                | \$ 8,853,336         | \$ 802,786        | \$ 1,921,645         |
| Restricted cash                                    | -                                           | -                    | -                 | -                    |
| Accounts receivable                                | -                                           | 34,185               | -                 | -                    |
| Interest receivable                                | 20,392                                      | 52,868               | 4,641             | 11,163               |
| Due from other funds                               | -                                           | 392,567              | 160,360           | 53,291               |
| Leases receivable                                  | -                                           | -                    | -                 | -                    |
| Special assessments receivable                     | -                                           | 420,834              | 2,393             | 291                  |
| Inventory                                          | 1,609,734                                   | -                    | -                 | -                    |
| Prepaid items                                      | -                                           | -                    | -                 | -                    |
| Total current assets                               | <u>5,157,109</u>                            | <u>9,753,790</u>     | <u>970,180</u>    | <u>1,986,390</u>     |
| Noncurrent assets                                  |                                             |                      |                   |                      |
| Leases receivable                                  | -                                           | -                    | -                 | -                    |
| Capital assets                                     |                                             |                      |                   |                      |
| Land                                               | 753,961                                     | 302,581              | -                 | 9,900                |
| Construction in progress                           | -                                           | 1,517,969            | -                 | -                    |
| Buildings and building improvements                | 3,051,851                                   | 20,312,707           | -                 | -                    |
| Improvements other than buildings                  | -                                           | 232,178              | -                 | -                    |
| Collection and distribution                        | -                                           | 29,354,608           | -                 | 20,449,218           |
| Intangible assets                                  | -                                           | -                    | -                 | -                    |
| Equipment and furniture                            | 167,743                                     | 7,524,358            | -                 | 27,821               |
| Leased equipment                                   | 20,873                                      | 27,135               | -                 | -                    |
| Total capital assets                               | <u>3,994,428</u>                            | <u>59,271,536</u>    | <u>-</u>          | <u>20,486,939</u>    |
| Less accumulated depreciation/amortization         | <u>(2,498,852)</u>                          | <u>(27,484,683)</u>  | <u>-</u>          | <u>(10,839,472)</u>  |
| Net capital assets                                 | <u>1,495,576</u>                            | <u>31,786,853</u>    | <u>-</u>          | <u>9,647,467</u>     |
| Total noncurrent assets                            | <u>1,495,576</u>                            | <u>31,786,853</u>    | <u>-</u>          | <u>9,647,467</u>     |
| Total assets                                       | <u>6,652,685</u>                            | <u>41,540,643</u>    | <u>970,180</u>    | <u>11,633,857</u>    |
| <b>Deferred Outflows of Resources</b>              |                                             |                      |                   |                      |
| Deferred outflows of resources related to OPEB     | 5,361                                       | 4,691                | -                 | -                    |
| Deferred outflows of resources related to pensions | <u>150,077</u>                              | <u>107,889</u>       | <u>6,738</u>      | <u>-</u>             |
| Total deferred outflows of resources               | <u>155,438</u>                              | <u>112,580</u>       | <u>6,738</u>      | <u>-</u>             |
| Total assets and deferred outflows of resources    | <u>\$ 6,808,123</u>                         | <u>\$ 41,653,223</u> | <u>\$ 976,918</u> | <u>\$ 11,633,857</u> |

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds

| Electric             | Water                | Total                 |
|----------------------|----------------------|-----------------------|
| \$ 14,896,235        | \$ 10,879,501        | \$ 40,880,486         |
| 1,779,016            | -                    | 1,779,016             |
| 2,363,576            | 120,583              | 2,518,344             |
| 1,954                | 41,879               | 132,897               |
| 3,442                | 217,223              | 826,883               |
| -                    | 235,035              | 235,035               |
| 4,529                | 37,168               | 465,215               |
| 1,048,510            | 17,102               | 2,675,346             |
| 185,599              | 35,211               | 220,810               |
| <u>20,282,861</u>    | <u>11,583,702</u>    | <u>49,734,032</u>     |
| -                    | 4,733,420            | 4,733,420             |
| 697,870              | 200,714              | 1,965,026             |
| 834,236              | 1,476,495            | 3,828,700             |
| 15,119,753           | 2,922,269            | 41,406,580            |
| 34,081               | -                    | 266,259               |
| 55,723,788           | 42,377,297           | 147,904,911           |
| 27,769,490           | -                    | 27,769,490            |
| 5,141,084            | 658,295              | 13,519,301            |
| -                    | -                    | 48,008                |
| <u>105,320,302</u>   | <u>47,635,070</u>    | <u>236,708,275</u>    |
| <u>(37,746,565)</u>  | <u>(23,268,352)</u>  | <u>(101,837,924)</u>  |
| <u>67,573,737</u>    | <u>24,366,718</u>    | <u>134,870,351</u>    |
| <u>67,573,737</u>    | <u>29,100,138</u>    | <u>139,603,771</u>    |
| <u>87,856,598</u>    | <u>40,683,840</u>    | <u>189,337,803</u>    |
| -                    | -                    | 10,052                |
| <u>690,058</u>       | <u>126,311</u>       | <u>1,081,073</u>      |
| <u>690,058</u>       | <u>126,311</u>       | <u>1,091,125</u>      |
| <u>\$ 88,546,656</u> | <u>\$ 40,810,151</u> | <u>\$ 190,428,928</u> |

**City of Elk River**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2023**

|                                                                    | Business-Type Activities - Enterprise Funds |                      |                   |                      |
|--------------------------------------------------------------------|---------------------------------------------|----------------------|-------------------|----------------------|
|                                                                    | Municipal<br>Liquor                         | Sewer                | Garbage           | Storm Water          |
| <b>Liabilities</b>                                                 |                                             |                      |                   |                      |
| Current liabilities                                                |                                             |                      |                   |                      |
| Accounts payable                                                   | \$ 369,896                                  | \$ 101,528           | \$ 128,109        | \$ 28,876            |
| Salaries and benefits payable                                      | 40,947                                      | 26,407               | 1,599             | -                    |
| Contracts and deposits payable                                     | -                                           | -                    | -                 | -                    |
| Interest payable                                                   | 13                                          | 35,365               | -                 | -                    |
| Unearned revenue                                                   | 5,655                                       | -                    | -                 | -                    |
| Due to other funds                                                 | -                                           | 580                  | 2,006             | 856                  |
| Due to other governments                                           | 86,645                                      | 10                   | -                 | -                    |
| Current compensated absences                                       | 43,297                                      | 45,434               | -                 | -                    |
| Current total OPEB liability                                       | 4,333                                       | 3,792                | -                 | -                    |
| Lease liability due within one year                                | 4,122                                       | 5,359                | -                 | -                    |
| Bonds payable due within one year                                  | -                                           | 520,000              | -                 | -                    |
| Total current liabilities                                          | <u>554,908</u>                              | <u>738,475</u>       | <u>131,714</u>    | <u>29,732</u>        |
| Noncurrent liabilities                                             |                                             |                      |                   |                      |
| Compensated absences                                               | 37,036                                      | 25,843               | -                 | -                    |
| Total OPEB liability                                               | 44,637                                      | 39,056               | -                 | -                    |
| Lease liability                                                    | 10,086                                      | 13,112               | -                 | -                    |
| Bonds payable                                                      | -                                           | 6,187,308            | -                 | -                    |
| Net pension liability                                              | 555,358                                     | 399,244              | 24,934            | -                    |
| Total noncurrent liabilities                                       | <u>647,117</u>                              | <u>6,664,563</u>     | <u>24,934</u>     | <u>-</u>             |
| Total liabilities                                                  | <u>1,202,025</u>                            | <u>7,403,038</u>     | <u>156,648</u>    | <u>29,732</u>        |
| <b>Deferred Inflows of Resources</b>                               |                                             |                      |                   |                      |
| Deferred inflows of resources related to OPEB                      | 10,190                                      | 8,917                | -                 | -                    |
| Deferred inflows of resources related to pensions                  | 170,127                                     | 122,303              | 7,638             | -                    |
| Deferred inflows of resources related to leases                    | -                                           | -                    | -                 | -                    |
| Total deferred inflows of resources                                | <u>180,317</u>                              | <u>131,220</u>       | <u>7,638</u>      | <u>-</u>             |
| <b>Net Position</b>                                                |                                             |                      |                   |                      |
| Net investment in capital assets                                   | 1,495,576                                   | 25,079,545           | -                 | 9,647,467            |
| Restricted for debt service                                        | -                                           | -                    | -                 | -                    |
| Unrestricted                                                       | 3,930,205                                   | 9,039,420            | 812,632           | 1,956,658            |
| Total net position                                                 | <u>5,425,781</u>                            | <u>34,118,965</u>    | <u>812,632</u>    | <u>11,604,125</u>    |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 6,808,123</u>                         | <u>\$ 41,653,223</u> | <u>\$ 976,918</u> | <u>\$ 11,633,857</u> |

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds

| Electric             | Water                | Total                 |
|----------------------|----------------------|-----------------------|
| \$ 3,822,240         | \$ 209,062           | \$ 4,659,711          |
| 243,235              | 44,420               | 356,608               |
| 1,067,795            | 128,896              | 1,196,691             |
| 357,003              | 17,333               | 409,714               |
| 142,988              | 141,977              | 290,620               |
| 928,921              | 33,460               | 965,823               |
| 160,414              | 2,772                | 249,841               |
| 470,277              | 51,835               | 610,843               |
| -                    | -                    | 8,125                 |
| -                    | -                    | 9,481                 |
| 955,000              | 60,000               | 1,535,000             |
| <u>8,147,873</u>     | <u>689,755</u>       | <u>10,292,457</u>     |
| -                    | -                    | 62,879                |
| -                    | -                    | 83,693                |
| -                    | -                    | 23,198                |
| 28,260,262           | 1,561,945            | 36,009,515            |
| 2,720,477            | 500,450              | 4,200,463             |
| <u>30,980,739</u>    | <u>2,062,395</u>     | <u>40,379,748</u>     |
| <u>39,128,612</u>    | <u>2,752,150</u>     | <u>50,672,205</u>     |
| -                    | -                    | 19,107                |
| 836,813              | 153,307              | 1,290,188             |
| -                    | 4,784,677            | 4,784,677             |
| <u>836,813</u>       | <u>4,937,984</u>     | <u>6,093,972</u>      |
| 38,358,475           | 22,744,773           | 97,325,836            |
| 1,779,016            | -                    | 1,779,016             |
| 8,443,740            | 10,375,244           | 34,557,899            |
| <u>48,581,231</u>    | <u>33,120,017</u>    | <u>133,662,751</u>    |
| <u>\$ 88,546,656</u> | <u>\$ 40,810,151</u> | <u>\$ 190,428,928</u> |



**City of Elk River**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position - Proprietary Funds**  
**Year Ended December 31, 2023**

|                                                          | Business-Type Activities - Enterprise Funds |               |            |               |
|----------------------------------------------------------|---------------------------------------------|---------------|------------|---------------|
|                                                          | Municipal Liquor                            | Sewer         | Garbage    | Storm Water   |
| <b>Sales and Cost of Sales</b>                           |                                             |               |            |               |
| Sales                                                    | \$ 7,974,201                                | \$ -          | \$ -       | \$ -          |
| Cost of sales                                            | (5,762,668)                                 | -             | -          | -             |
| Gross profit                                             | 2,211,533                                   | -             | -          | -             |
| <b>Operating Revenues</b>                                |                                             |               |            |               |
| User charges                                             | -                                           | 2,581,293     | 1,918,204  | 633,969       |
| Delinquent collections                                   | -                                           | 1,735         | 2,312      | 212           |
| Other                                                    | 4,693                                       | 191,049       | -          | 271,710       |
| Total operating revenues                                 | 4,693                                       | 2,774,077     | 1,920,516  | 905,891       |
| <b>Operating Expenses</b>                                |                                             |               |            |               |
| Personnel services                                       | 1,119,287                                   | 827,512       | 46,318     | -             |
| Materials and supplies                                   | 38,089                                      | 307,724       | 3,017      | 757           |
| Purchased power                                          | -                                           | -             | -          | -             |
| Other services and charges                               | 359,657                                     | 906,050       | 1,653,476  | 485,419       |
| Depreciation/amortization                                | 62,030                                      | 1,710,941     | -          | 494,793       |
| Equipment                                                | -                                           | 134,413       | -          | -             |
| Total operating expenses                                 | 1,579,063                                   | 3,886,640     | 1,702,811  | 980,969       |
| Operating income (loss)                                  | 637,163                                     | (1,112,563)   | 217,705    | (75,078)      |
| <b>Nonoperating Revenues (Expenses)</b>                  |                                             |               |            |               |
| Investment income                                        | 329,638                                     | 515,308       | 30,921     | 85,586        |
| Gain (loss) on sale of asset                             | (4,150)                                     | -             | -          | -             |
| Interest and other charges                               | (461)                                       | (83,907)      | -          | -             |
| Miscellaneous revenue                                    | -                                           | -             | -          | -             |
| Total nonoperating revenues                              | 325,027                                     | 431,401       | 30,921     | 85,586        |
| Income (loss) before capital contributions and transfers | 962,190                                     | (681,162)     | 248,626    | 10,508        |
| <b>Capital Contributions</b>                             |                                             |               |            |               |
| Contributions from Governmental                          | -                                           | 1,641,841     | -          | 487,524       |
| Contributions from Customers                             | -                                           | -             | -          | -             |
| Connection Fees                                          | -                                           | 840,480       | -          | -             |
| <b>Transfers out</b>                                     | (1,250,000)                                 | (170,000)     | (56,500)   | (135,000)     |
| Change in net position                                   | (287,810)                                   | 1,631,159     | 192,126    | 363,032       |
| <b>Net Position</b>                                      |                                             |               |            |               |
| Beginning of year                                        | 5,713,591                                   | 32,487,806    | 620,506    | 11,241,093    |
| End of year                                              | \$ 5,425,781                                | \$ 34,118,965 | \$ 812,632 | \$ 11,604,125 |

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds

| Electric      | Water         | Totals         |
|---------------|---------------|----------------|
| \$ -          | \$ -          | \$ 7,974,201   |
| -             | -             | (5,762,668)    |
| -             | -             | 2,211,533      |
| 43,986,269    | 3,305,148     | 52,424,883     |
| -             | -             | 4,259          |
| 464,470       | 78,851        | 1,010,773      |
| 44,450,739    | 3,383,999     | 53,439,915     |
| 3,387,478     | 774,117       | 6,154,712      |
| 239,587       | 389,274       | 978,448        |
| 31,232,788    | -             | 31,232,788     |
| 4,020,779     | 857,834       | 8,283,215      |
| 3,177,120     | 1,174,752     | 6,619,636      |
| -             | -             | 134,413        |
| 42,057,752    | 3,195,977     | 53,403,212     |
| 2,392,987     | 188,022       | 2,248,236      |
| 158,310       | 57,360        | 1,177,123      |
| 59,556        | 2,940         | 58,346         |
| (811,210)     | (36,444)      | (932,022)      |
| 928,553       | 418,451       | 1,347,004      |
| 335,209       | 442,307       | 1,650,451      |
| 2,728,196     | 630,329       | 3,898,687      |
| -             | 1,348,943     | 3,478,308      |
| 489,452       | -             | 489,452        |
| -             | 253,341       | 1,093,821      |
| (1,620,378)   | -             | (3,231,878)    |
| 1,597,270     | 2,232,613     | 5,728,390      |
| 46,983,961    | 30,887,404    | 127,934,361    |
| \$ 48,581,231 | \$ 33,120,017 | \$ 133,662,751 |

**City of Elk River**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2023**

|                                                              | Business-Type Activities - Enterprise Funds |                     |                   |                     |
|--------------------------------------------------------------|---------------------------------------------|---------------------|-------------------|---------------------|
|                                                              | Municipal<br>Liquor                         | Sewer               | Garbage           | Storm Water         |
| <b>Cash Flows - Operating Activities</b>                     |                                             |                     |                   |                     |
| Receipts from customers and users                            | \$ 7,979,017                                | \$ 2,773,990        | \$ 1,920,516      | \$ 905,891          |
| Payments to suppliers                                        | (6,214,428)                                 | (1,383,934)         | (1,655,507)       | (477,121)           |
| Payments to employees                                        | (1,109,417)                                 | (795,430)           | (43,621)          | -                   |
| Other operating receipts                                     | -                                           | -                   | -                 | -                   |
| Net cash flows - operating activities                        | <u>655,172</u>                              | <u>594,626</u>      | <u>221,388</u>    | <u>428,770</u>      |
| <b>Cash Flows - Noncapital</b>                               |                                             |                     |                   |                     |
| <b>Financing Activities</b>                                  |                                             |                     |                   |                     |
| Borrowing (payments) on                                      |                                             |                     |                   |                     |
| interfund balances                                           | -                                           | (19,205)            | (2,483)           | (3,249)             |
| Transfer to other funds                                      | (1,250,000)                                 | (170,000)           | (56,500)          | (135,000)           |
| Net cash flows - noncapital financing activities             | <u>(1,250,000)</u>                          | <u>(189,205)</u>    | <u>(58,983)</u>   | <u>(138,249)</u>    |
| <b>Cash Flows - Capital and Related</b>                      |                                             |                     |                   |                     |
| <b>Financing Activities</b>                                  |                                             |                     |                   |                     |
| Special assessments received                                 | -                                           | 81,467              | (79)              | 176                 |
| Connection charges collected                                 | -                                           | 840,480             | -                 | -                   |
| Principal paid on bonds                                      | -                                           | (520,000)           | -                 | -                   |
| Interest paid on debt                                        | (465)                                       | (88,539)            | -                 | -                   |
| Principal paid on leases                                     | (4,007)                                     | (5,209)             | -                 | -                   |
| Proceeds from sale of capital assets                         | -                                           | -                   | -                 | -                   |
| Acquisition of capital assets                                | (182,250)                                   | (443,690)           | -                 | -                   |
| Net cash flows - capital and related<br>financing activities | <u>(186,722)</u>                            | <u>(135,491)</u>    | <u>(79)</u>       | <u>176</u>          |
| <b>Cash Flows - Investing Activities</b>                     |                                             |                     |                   |                     |
| Interest and dividends received                              | <u>330,267</u>                              | <u>505,125</u>      | <u>29,508</u>     | <u>82,601</u>       |
| Net change in cash and cash equivalents                      | (451,283)                                   | 775,055             | 191,834           | 373,298             |
| <b>Cash and Cash Equivalents</b>                             |                                             |                     |                   |                     |
| January 1                                                    | <u>3,978,266</u>                            | <u>8,078,281</u>    | <u>610,952</u>    | <u>1,548,347</u>    |
| December 31                                                  | <u>\$ 3,526,983</u>                         | <u>\$ 8,853,336</u> | <u>\$ 802,786</u> | <u>\$ 1,921,645</u> |

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds

| Electric             | Water                | Total                |
|----------------------|----------------------|----------------------|
| \$ 45,858,458        | \$ 3,365,455         | \$ 62,803,327        |
| (35,929,492)         | (1,397,690)          | (47,058,172)         |
| (3,108,487)          | (750,613)            | (5,807,568)          |
| 980,012              | 549,528              | 1,529,540            |
| <u>7,800,491</u>     | <u>1,766,680</u>     | <u>11,467,127</u>    |
| (90,372)             | (108,448)            | (223,757)            |
| <u>(1,620,378)</u>   | <u>-</u>             | <u>(3,231,878)</u>   |
| <u>(1,710,750)</u>   | <u>(108,448)</u>     | <u>(3,455,635)</u>   |
| -                    | -                    | 81,564               |
| -                    | 253,341              | 1,093,821            |
| (915,000)            | (60,000)             | (1,495,000)          |
| (886,134)            | (44,095)             | (1,019,233)          |
| -                    | -                    | (9,216)              |
| 72,630               | 2,940                | 75,570               |
| <u>(4,517,495)</u>   | <u>(1,057,219)</u>   | <u>(6,200,654)</u>   |
| <u>(6,245,999)</u>   | <u>(905,033)</u>     | <u>(7,473,148)</u>   |
| <u>156,646</u>       | <u>58,718</u>        | <u>1,162,865</u>     |
| 388                  | 811,917              | 1,701,209            |
| <u>16,674,863</u>    | <u>10,067,584</u>    | <u>40,958,293</u>    |
| <u>\$ 16,675,251</u> | <u>\$ 10,879,501</u> | <u>\$ 42,659,502</u> |

City of Elk River  
Statement of Cash Flows - Proprietary Funds  
Year Ended December 31, 2023

|                                           | Business-Type Activities - Enterprise Funds |                |            |             |
|-------------------------------------------|---------------------------------------------|----------------|------------|-------------|
|                                           | Municipal<br>Liquor                         | Sewer          | Garbage    | Storm Water |
| <b>Reconciliation of Operating</b>        |                                             |                |            |             |
| <b>Income (Loss) to Net Cash Flows -</b>  |                                             |                |            |             |
| <b>Operating Activities</b>               |                                             |                |            |             |
| Operating income (loss)                   | \$ 637,163                                  | \$ (1,112,563) | \$ 217,705 | \$ (75,078) |
| Adjustments to reconcile operating        |                                             |                |            |             |
| income (loss) to net cash flows -         |                                             |                |            |             |
| operating activities                      |                                             |                |            |             |
| Other revenues                            | -                                           | -              | -          | -           |
| Bad debt expense                          | -                                           | -              | -          | -           |
| Depreciation/amortization expense         | 62,030                                      | 1,710,941      | -          | 494,793     |
| Pension expense                           | 30,931                                      | 24,085         | 2,631      | -           |
| Accounts receivable                       | -                                           | (87)           | -          | -           |
| Special assessments receivable            | -                                           | -              | -          | -           |
| Lease receivable                          | -                                           | -              | -          | -           |
| Other receivables                         | -                                           | -              | -          | -           |
| Due from other governments                | -                                           | -              | -          | -           |
| Prepaid items                             | -                                           | -              | -          | -           |
| Inventory                                 | (105,551)                                   | -              | -          | -           |
| Accounts payable                          | 59,570                                      | (35,757)       | 986        | 9,055       |
| Contracts and deposits payable            | -                                           | -              | -          | -           |
| Due to other governmental units           | (8,033)                                     | 10             | -          | -           |
| Salaries and benefits payable             | 1,602                                       | 2,068          | 66         | -           |
| Unearned revenue                          | 123                                         | -              | -          | -           |
| OPEB expense                              | (5,327)                                     | (4,663)        | -          | -           |
| Compensated absences payable              | (17,336)                                    | 10,592         | -          | -           |
| Deferred lease resources                  | -                                           | -              | -          | -           |
| Total adjustments                         | 18,009                                      | 1,707,189      | 3,683      | 503,848     |
| Net cash flows                            |                                             |                |            |             |
| - operating activities                    | \$ 655,172                                  | \$ 594,626     | \$ 221,388 | \$ 428,770  |
| <b>Supplemental Schedule of</b>           |                                             |                |            |             |
| <b>Noncash Capital and Related</b>        |                                             |                |            |             |
| <b>Financing Activities</b>               |                                             |                |            |             |
| Contributions of capital assets           | \$ -                                        | \$ 1,641,841   | \$ -       | \$ 487,524  |
| Gain (Loss) on disposal of capital assets | (4,150)                                     | -              | -          | -           |
| Book value of disposed capital assets     | 65,660                                      | -              | -          | -           |
| Capital assets purchased on account       | -                                           | -              | -          | -           |
| Amortization of bond premium              | -                                           | -              | -          | -           |

Business-Type Activities - Enterprise Funds

| Electric            | Water               | Total                |
|---------------------|---------------------|----------------------|
| \$ 2,392,987        | \$ 188,022          | \$ 2,248,236         |
| 928,553             | 418,451             | 1,347,004            |
| 29,142              | (28)                | 29,114               |
| 3,177,120           | 1,174,752           | 6,619,636            |
| 211,279             | 19,272              | 288,198              |
| 1,408,119           | 1,512               | 1,409,544            |
| (400)               | (20,056)            | (20,456)             |
| -                   | 220,218             | 220,218              |
| (90,917)            | 208,467             | 117,550              |
| 8,263               | -                   | 8,263                |
| 70,788              | 18,537              | 89,325               |
| 63,325              | 11,286              | (30,940)             |
| (631,281)           | (92,117)            | (689,544)            |
| 63,101              | (59,129)            | 3,972                |
| (40,288)            | (101)               | (48,412)             |
| 24,430              | 2,202               | 30,368               |
| 142,988             | 793                 | 143,904              |
| -                   | -                   | (9,990)              |
| 43,282              | 2,030               | 38,568               |
| -                   | (327,431)           | (327,431)            |
| <u>5,407,504</u>    | <u>1,578,658</u>    | <u>9,218,891</u>     |
| <u>\$ 7,800,491</u> | <u>\$ 1,766,680</u> | <u>\$ 11,467,127</u> |

|            |              |              |
|------------|--------------|--------------|
| \$ 489,452 | \$ 1,348,943 | \$ 3,967,760 |
| (13,074)   | -            | (17,224)     |
| 44,574     | -            | 110,234      |
| 947,461    | 6,111        | 953,572      |
| 59,862     | 6,651        | 66,513       |



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Elk River, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in *Minnesota Statutes*. Under this plan, the City Council is composed of an elected mayor and four elected Council Members. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The basic financial statements and the accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City of Elk River (the primary government) and its component units. The Elk River Municipal Utilities is considered to be part of the primary government. The Elk River Municipal Utilities was established, and statutory authority is provided in accordance with Chapter 412.321 of the *Minnesota Statutes* and is considered to be part of the City. The Utilities Commission has five council approved members who serve overlapping three-year terms. The statutes provide the City Council all the discretionary authority necessary to operate the utilities, except as its powers have been delegated to the Commission. The Utility funds are included with the enterprise funds of this report. Separate financial statements for the Utilities may be obtained at the Elk River Municipal Utilities, 13069 Orono Pkwy, Elk River, Minnesota, 55330.

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 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. Based upon the application of these criteria, the City has the following component units:

**1. Blended Component Unit**

The Economic Development Authority (EDA) was created to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The seven-member board consists of three Council Members, the Mayor and three other council approved members. The criteria that result in the EDA being reported as a blended component unit include the fact that the EDA may not exercise any of its authorized powers without prior approval of the City Council and the City having operational responsibility. The EDA is reported as a special revenue fund and does not issue separate financial statements.



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**2. Discretely Presented Component Unit**

The Housing and Redevelopment Authority (HRA) is a legally separate entity created to carry out community development consistent with policies established by the City Council. The HRA is governed by five council appointed members, one of which is a Council Member; however, the City does not have a financial benefit or burden relationship and does not have operational responsibility. The criteria that result in the HRA being reported as a discretely presented component unit include 1) the five council appointed member board and 2) the ability of the City to impose its will on the HRA by significantly influencing the programs, projects, activities, or level of service performed by the HRA by approving the HRA's budget. The HRA does not issue separate financial statements and are included in the financial section of this report.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary 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.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**Description of Funds:**

**Major Governmental Funds:**

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

Pavement Management Fund - This fund accounts for franchise taxes collected to fund expenditures for the ongoing maintenance and repair of the City streets.

**Proprietary Funds:**

Municipal Liquor Fund - This fund accounts for the operations of the City's off-sale liquor stores.

Sewer Fund - This fund accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

Garbage Fund - This fund accounts for the activities of the garbage and recycling collection programs.

Storm Water Fund - This fund accounts for the activities of the storm water collection system.

Electric Fund - This fund accounts for the activities of the electric distribution system.

Water Fund - This fund accounts for the activities of the water distribution system.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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 nonoperating revenues and expenses.

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

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

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City are reported at fair value as disclosed in Note 3. 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.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1. Deposits and Investments (Continued)**

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

**2. Receivables**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County and tax settlements are made to the City during January, July, and December each year.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. The City annually certifies delinquent accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable 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 unless related to unpaid charges and are due within one year.

**3. Inventory and Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**3. Inventory and Prepaid Items (Continued)**

Inventory is valued at cost using the first in, first out (FIFO) method. Inventories of enterprise funds are recorded as expenditures when consumed rather than when purchased.

Property held for resale consists of property that the City and Housing and Redevelopment Authority component unit holds for resale. Properties held for resale are reported as an asset at the lower of cost or estimated fair value.

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, 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 cost of more than \$10,000 and an estimated useful life in excess of two years.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all items previously accounted for. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at acquisition value of the item at the date of its donation.

Property, plant, and equipment of the City, as well as the component unit, are depreciated using the straight-line method over the following useful lives:

| Classification               | Years |
|------------------------------|-------|
| Buildings and improvements   | 10-40 |
| Other park improvements      | 10-20 |
| Machinery and equipment      | 3-20  |
| Public domain infrastructure | 15-50 |
| System infrastructure        | 4-50  |

The City recognizes lease liabilities and intangible right-to-use lease assets (leased assets) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more for equipment leases, and an initial, individual value of \$25,000 or more for property, plant and infrastructure leases.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**5. Lease Receivable**

The City is a lessor for numerous noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term in a systematic and rational manner.

Key estimates and judgments include how the City determines (1) the discount rate, (2) lease term, (3) lease receipts, and (4) amortization.

The City determines the discount rate for leases based on the applicable State and Local Government Securities (SLGS) rate. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**6. Right-to-Use Lease Assets/Lease Liabilities**

The City recorded right-to-use lease assets as a result of implementing GASB Statement No. 87, *Leases*. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the lease liability plus any payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Key estimates and judgments related to leases include (1) the discount rate, (2) lease term, (3) lease payments, and (4) amortization.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City determines its estimated borrowing rate based on the applicable State and Local Government Securities rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of the leases and will remeasure the right-to-use lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time. The City has two items that qualify for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 four items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years. Deferred inflows of resources related to leases receivable is reported in both the government-wide Statement of Net Position, the Governmental Funds Balance Sheet, and the Proprietary Funds Statement of Net Position.

**8. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation can be accrued by the employees up to a maximum of 240 hours, the limit of which is determined by years of service. All vacation pay is accrued when incurred in the 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. In the event a liability is recorded in the governmental funds, the General fund would be used to liquidate the compensated absences payable. Employees can also accrue an unlimited amount of unused sick leave. Employees with two or more years of service are entitled to receive severance pay equal to 50% of unused sick leave, up to a maximum of 480 hours. The liability for severance pay is accounted for the same as accrued vacation pay.

**9. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**9. Long-Term Obligations (Continued)**

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.

**10. Pensions**

For purposes of measuring the net pension liability, net pension asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association 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.

**11. Postemployment Benefits**

The City of Elk River and its discretely presented component unit provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical insurance benefits. The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense were measured actuarially in accordance with GASB Statement No. 75, based on entry age normal cost method.

**12. Unearned Revenue**

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.

**13. Fund Balance**

In the fund financial statements, governmental funds report various levels of spending constraints.

- ◆ Nonspendable Fund Balances - These are amounts that cannot be spent because they are not in spendable form as they are legally or contractually required to be maintained intact and include prepaid items, inventory, and advances to other funds.
- ◆ Restricted Fund Balances - These are subject to externally enforceable legal restrictions.
- ◆ Committed Fund Balances - The government's highest level of decision making authority is the City Council. The formal action to establish or modify a commitment is made through resolution. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**13. Fund Balance (Continued)**

In the fund financial statements, governmental funds report various levels of spending constraints.

- ◆ Assigned Fund Balances - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General Fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.
- ◆ Minimum Fund Balance Policy - The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 40-45% of budgeted operating expenditures for cash-flow timing needs.

The City will spend restricted funds first for expenditures that meet the intended purpose before using unrestricted fund balance. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made for the purposes intended.

**E. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets, consists of capital assets, net accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**F. Use of Estimates**

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

**G. Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund and the Library, Multipurpose Facility, and Economic Development Authority special revenue funds. Project-length financial plans are adopted for all capital projects funds. All annual appropriations lapse at fiscal year-end.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Budgetary Information (Continued)**

On or before July 1 of each year, all departments and agencies of the City submit requests for appropriation to the City's administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review and approval. The City Council holds public hearings and may add to, subtract from, or change appropriations. Any changes in the budget must be within the revenue and reserves estimated as available or the revenue estimates must be changed by an affirmative vote by a majority of the City Council.

The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Expenditures may not legally exceed budgeted appropriations at the fund level without Council approval. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at the department level. Reported budget amounts are as originally adopted or as amended by Council approved supplemental appropriations and budget transfers.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balances**

The following funds had a deficit fund balance at December 31, 2023:

| Fund                      | Amount     |
|---------------------------|------------|
| Nonmajor Special Revenue  |            |
| Multipurpose Facility     | \$ 207,655 |
| Insurance Reserve         | 52,165     |
| Nonmajor Capital Projects |            |
| TIF Districts             | 1,252,358  |

The deficits will be funded with future charges for services, refunds and reimbursements, transfers and tax increment revenue.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Cash balances of the City's funds that are intended to be invested on a long-term basis are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

**A. Deposits**

**Custodial Credit Risk - Deposits:** This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City (including Elk River Municipal Utilities) has an investment policy in place to address custodial credit risk for deposits, stating all deposits and investments must be in compliance with *Minnesota Statutes* § 118A, with collateralization levels of 110% of the market value of the principal and accrued interest. As of December 31, 2023, the City's bank balance of \$25,595,122 was not exposed to custodial credit risk because it was insured and fully collateralized by federal depository insurance and collateral pledged. The book balance as of December 31, 2023, was \$27,027,395.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

*Discretely Presented Component Unit*

As of December 31, 2023, the HRA's bank balance of \$821,348 was not exposed to custodial credit risk because it was fully collateralized. The HRA's book balance of all deposits at December 31, 2023, totaled \$821,348.

**B. Investments**

| Investment Type                             | Credit Rating | Fair Value           | Investment Maturities |                      |                      |                      |
|---------------------------------------------|---------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
|                                             |               |                      | Less than One Year    | 1-5 Years            | Greater than 5 Years | No Maturity          |
| Negotiable certificates of deposit          | N/A           | \$ 8,399,209         | \$ 1,778,477          | \$ 6,620,732         | \$ -                 | \$ -                 |
| Municipal bonds                             | AA to AAA     | 36,987,667           | 3,763,582             | 19,048,767           | 14,175,318           | -                    |
| Government Securities                       | N/A           | 493,765              | 493,765               | -                    | -                    | -                    |
| Asset Backed Securities                     | N/A           | 2,240,741            | -                     | 580,470              | -                    | 300,096              |
| UBS Select Prime Institutional Money Market | N/A           | 681,760              | -                     | -                    | -                    | 681,760              |
| Minnesota Municipal Money Market (4M Fund)  | N/A           | 11,342,221           | -                     | -                    | -                    | 11,342,221           |
| Other money market funds                    | N/A           | 5,943                | 5,943                 | -                    | -                    | -                    |
| <b>Total</b>                                |               | <b>\$ 60,151,306</b> | <b>\$ 6,041,767</b>   | <b>\$ 26,249,969</b> | <b>\$ 14,175,318</b> | <b>\$ 12,324,077</b> |

**Concentration Risk:** This is the risk associated with investing a significant portion of the City's investment (considered 5% or more) in the securities of a single issuer and no more than 50% of the City's total investment portfolio may be invested in certificates of deposit or commercial paper. As of December 31, 2023, the City had invested 5% or more of its total investment portfolio in one single issuer, the Minnesota Municipal Money Market (4M Fund).

**Credit Risk:** Credit risk is the risk that an issuer to an investment will not fulfill its obligation. State law limits investments in state and local securities and commercial paper to those with specified rating by nationally recognized rating agencies. U.S. treasury obligations are not considered to have credit risk. The City's investment policy does not further limit the ratings of their investments.

**Interest Rate Risk:** This is the risk that fair values of securities in a portfolio would decrease due to changes in fair value interest rates. The City's investment policy uses diversification of maturity dates as a means of managing exposure to fair value by stating that no more than 30% of the City's investments may extend beyond a five-year maturity.

**Custodial Credit Risk - Investments:** This is the risk 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 the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. As of December 31, 2023, all investments were insured or registered, or securities were held by the City or its agent in the City's name.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

The City has the following recurring fair value measurements as of December 31, 2023:

- ◆ Brokered certificates of deposit of \$8,399,209, municipal bonds of \$36,987,667, and government securities of \$493,765, and asset backed securities of \$2,240,741 are valued using a matrix pricing model (Level 2 inputs)

**C. Deposits and Investments**

Summary of cash deposits and investments as of December 31, 2023, were as follows:

|                                | Primary<br>Government | Component<br>Unit HRA | Total                |
|--------------------------------|-----------------------|-----------------------|----------------------|
| Deposits                       | \$ 27,027,395         | \$ 821,348            | \$ 27,848,743        |
| Investments                    | 60,151,306            | -                     | 60,151,306           |
| Petty cash                     | 5,500                 | -                     | 5,500                |
|                                | <u>5,500</u>          | <u>-</u>              | <u>5,500</u>         |
| Total deposits and investments | <u>\$ 87,184,201</u>  | <u>\$ 821,348</u>     | <u>\$ 88,005,549</u> |

Deposits and investments are presented in the December 31, 2023, basic financial statements as follows:

|                                | Primary<br>Government | Component<br>Unit HRA | Total                |
|--------------------------------|-----------------------|-----------------------|----------------------|
| Statement of Net Position      |                       |                       |                      |
| Cash and investments           | \$ 85,405,185         | \$ 821,348            | \$ 86,226,533        |
| Restricted cash                | 1,779,016             | -                     | 1,779,016            |
|                                | <u>1,779,016</u>      | <u>-</u>              | <u>1,779,016</u>     |
| Total deposits and investments | <u>\$ 87,184,201</u>  | <u>\$ 821,348</u>     | <u>\$ 88,005,549</u> |

**NOTE 4 - NOTES RECEIVABLE/CONTRACT FOR DEED**

The City has made several business subsidy loans to local businesses, some of which were funded with grant proceeds received from the state and federal governments. The terms of repayment vary with each loan and will be repaid over a period of 10 years. Under the terms of the grant agreement, the City retains the grant repayments. Notes receivable of \$212,868 in the Revolving Loan Fund and \$125,535 in the State DEED Fund are outstanding at December 31, 2023.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 4 - NOTES RECEIVABLE/CONTRACT FOR DEED (CONTINUED)**

In 2015, the City issued a \$1,288,589 long-term note receivable related to the sale of property to a developer under an abatement agreement. The note shall be payable in semiannual installments as tax abatement revenues are received, commencing on August 1, 2017, and maturing February 1, 2037. A note receivable of \$604,205 in the Development Fund is outstanding at December 31, 2023.

In 2021, the City entered into a \$320,000 contract for deed for property, equipment, and buildings located at property commonly referred to as Pinewood Golf Course, located in Elk River, Minnesota. The contract for deed is to be repaid annually at 4% interest beginning July 2022. The contract for deed matures on August 1, 2037. The balance of this contract for deed is \$287,398 at December 31, 2023.

In 2006, the HRA issued a loan to a developer to assist in the financing of a housing development for the benefit of low and moderate income residents which was funded with state grant proceeds. Repayment of the loan is deferred for 30 years, payable in one lump sum at an interest rate of 1%. Notes receivable of \$400,000 in the HRA is outstanding at December 31, 2023.

Starting in 2015, the HRA issued loans to applicants under the rehabilitation loan program. The terms of each loan vary and are payable over five to 15 years with rates from 1.25% to 3.25%. Notes receivable of \$162,108 in the HRA are outstanding at December 31, 2023.

**NOTE 5 - LEASES RECEIVABLE**

The City has various leases for building space. The lease agreements include annual principal and interest payments. Interest and discount rates on the lease agreements range from 3.0% to 3.9%. Revenue from these leases for the year ended December 31, 2023, was \$65,395.

There are also multiple leases with Verizon and Sprint that allows Elk River Municipal Utilities to place antennas on water towers. The lease payments increase yearly. Interest and discount rates on the lease agreements range from 1.41% to 1.78%. As of December 31, 2023, the lease principal receivable balance was \$5,119,349. This is partially offset with a deferred inflow of lease resources.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 6 - INTERFUND ASSETS/LIABILITIES**

At December 31, 2023, interfund balances for the City were as follows:

| Receivable Fund                   | Payable Fund                                     | Amount              |
|-----------------------------------|--------------------------------------------------|---------------------|
| Due from/to other funds           |                                                  |                     |
| General Fund                      | Nonmajor Governmental Funds                      | \$ 226,443          |
| General Fund                      | Electric                                         | 128,160             |
| General Fund                      | Water                                            | 33,460              |
| Pavement Management               | Electric                                         | 262,257             |
| Nonmajor Governmental Funds       | Nonmajor Governmental Funds                      | 884,132             |
| Nonmajor Governmental Funds       | Electric                                         | 104,086             |
| Sewer                             | Nonmajor Governmental Funds                      | 171,800             |
| Sewer                             | Electric                                         | 220,767             |
| Garbage                           | Electric                                         | 160,360             |
| Storm Water                       | Electric                                         | 53,291              |
| Electric                          | Sewer                                            | 580                 |
| Electric                          | Garbage                                          | 2,006               |
| Electric                          | Storm Water                                      | 856                 |
| Water                             | Nonmajor Governmental Funds                      | 217,223             |
|                                   |                                                  | <u>\$ 2,465,421</u> |
| Total due from/to other funds     |                                                  |                     |
| Advances to/from other funds      |                                                  |                     |
| Nonmajor Governmental Funds       | Nonmajor Governmental Funds                      | <u>\$ 200,000</u>   |
| Due from/to component unit        |                                                  |                     |
| Primary Government - General Fund | Component Unit - HRA                             | \$ 8,469            |
| Component Unit - HRA              | Primary Government - Nonmajor Governmental Funds | 161,823             |
|                                   |                                                  | <u>\$ 170,292</u>   |
| Total due from/to component unit  |                                                  |                     |

The interfund receivable/payable balances result from the distribution of utility collections and the lending/borrowing between funds for operating or capital purposes.

The advance between nonmajor governmental funds represents an interfund balance related to the purchase of a Zamboni ice resurfacers. In 2023, an amount of \$200,000 was advanced from the Capital Outlay Reserve Fund to the Multipurpose Facility Fund. Annual principal payments of \$20,000 will be made along with interest at a rate of four percent annually until the year 2033.

The outstanding balance between the primary government and the component unit represents the transfer for administrative services and the lending/borrowing arrangement to finance construction costs. The \$161,823 payable to the HRA will be paid with the collection of tax increment revenue and will not be repaid within one year.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 7 - INTERFUND TRANSFERS**

Transfers during the year ended December 31, 2023, were as follows:

| Transfers Out               | Transfers In        |                                   |                    |
|-----------------------------|---------------------|-----------------------------------|--------------------|
|                             | General             | Nonmajor<br>Governmental<br>Funds | Total              |
| General                     | \$ -                | \$ 436,500                        | \$ 436,500         |
| Nonmajor governmental funds | 423,500             | 902,289                           | 1,325,789          |
| Municipal Liquor            | 1,000,000           | 250,000                           | 1,250,000          |
| Sewer                       | 170,000             | -                                 | 170,000            |
| Garbage                     | 56,500              | -                                 | 56,500             |
| Storm Water                 | 135,000             | -                                 | 135,000            |
| Electric                    | 1,380,000           | 240,378                           | 1,620,378          |
| Total                       | <u>\$ 3,165,000</u> | <u>\$ 1,829,167</u>               | <u>\$4,994,167</u> |

Interfund transfers are used to provide additional capital funding or to move revenues from the fund with collection authorization to debt service funds as principal and interest payments come due. In addition, interfund transfers are occasionally authorized to allow redistribution of resources between funds for the most efficient use of funds.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2023, was as follows:

*Primary Government*

|                                                    | Beginning<br>Balance  | Increases           | Decreases           | Ending<br>Balance     |
|----------------------------------------------------|-----------------------|---------------------|---------------------|-----------------------|
| Governmental activities                            |                       |                     |                     |                       |
| Capital assets not being depreciated               |                       |                     |                     |                       |
| Land                                               | \$ 38,838,959         | \$ -                | \$ -                | \$ 38,838,959         |
| Construction in progress                           | 1,913,782             | 18,875              | 1,912,657           | 20,000                |
| Total capital assets<br>not being depreciated      | <u>40,752,741</u>     | <u>18,875</u>       | <u>1,912,657</u>    | <u>38,858,959</u>     |
| Other capital assets                               |                       |                     |                     |                       |
| Buildings                                          | 80,179,661            | 1,702,712           | 64,200              | 81,818,173            |
| Other Improvements                                 | 15,044,458            | 130,895             | -                   | 15,175,353            |
| Equipment                                          | 18,517,735            | 1,876,870           | 595,668             | 19,798,937            |
| Infrastructure                                     | 78,753,214            | 5,345,624           | 1,428,483           | 82,670,355            |
| Leased equipment                                   | 510,027               | -                   | 2,509               | 507,518               |
| Total other capital assets<br>at historical cost   | <u>193,005,095</u>    | <u>9,056,101</u>    | <u>2,090,860</u>    | <u>199,970,336</u>    |
| Less accumulated depreciation for                  |                       |                     |                     |                       |
| Buildings                                          | 23,646,255            | 2,839,060           | 64,200              | 26,421,115            |
| Other Improvements                                 | 5,476,987             | 692,212             | -                   | 6,169,199             |
| Equipment                                          | 10,773,755            | 1,250,419           | 595,668             | 11,428,506            |
| Infrastructure                                     | 49,223,207            | 2,570,236           | 1,428,483           | 50,364,960            |
| Less accumulated amortization for                  |                       |                     |                     |                       |
| Leased equipment                                   | 100,938               | 114,969             | 2,509               | 213,398               |
| Total accumulated<br>depreciation and amortization | <u>89,221,142</u>     | <u>7,466,896</u>    | <u>2,090,860</u>    | <u>94,597,178</u>     |
| Total other capital<br>assets, net                 | <u>103,783,953</u>    | <u>1,589,205</u>    | <u>-</u>            | <u>105,373,158</u>    |
| Governmental activities capital<br>assets, net     | <u>\$ 144,536,694</u> | <u>\$ 1,608,080</u> | <u>\$ 1,912,657</u> | <u>\$ 144,232,117</u> |

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

|                                                                       |                     |
|-----------------------------------------------------------------------|---------------------|
| Governmental activities                                               |                     |
| General government                                                    | \$ 378,590          |
| Public safety                                                         | 1,381,142           |
| Public works                                                          | 3,264,341           |
| Culture and recreation                                                | <u>2,442,823</u>    |
| Total depreciation and amortization expense - governmental activities | <u>\$ 7,466,896</u> |



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

*Primary Government (Continued)*

|                                                    | Beginning<br>Balance  | Increases           | Decreases           | Ending<br>Balance     |
|----------------------------------------------------|-----------------------|---------------------|---------------------|-----------------------|
| Business-type activities                           |                       |                     |                     |                       |
| Capital assets not being depreciated               |                       |                     |                     |                       |
| Land                                               | \$ 1,965,026          | \$ -                | \$ -                | \$ 1,965,026          |
| Construction in progress                           | 2,351,587             | 4,755,746           | 3,278,633           | 3,828,700             |
| Total capital assets not<br>being depreciated      | 4,316,613             | 4,755,746           | 3,278,633           | 5,793,726             |
| Other capital assets                               |                       |                     |                     |                       |
| Buildings and improvements                         | 40,144,257            | 1,305,623           | 43,300              | 41,406,580            |
| Improvements other than buildings                  | 266,259               | -                   | -                   | 266,259               |
| Equipment and furniture                            | 12,929,995            | 1,077,877           | 488,571             | 13,519,301            |
| Intangible assets                                  | 26,836,332            | 933,158             | -                   | 27,769,490            |
| Collection and distribution                        | 142,832,184           | 5,072,727           | -                   | 147,904,911           |
| Leased equipment                                   | 48,008                | -                   | -                   | 48,008                |
| Total other capital assets<br>at historical cost   | 223,057,035           | 8,389,385           | 531,871             | 230,914,549           |
| Less accumulated depreciation for                  |                       |                     |                     |                       |
| Buildings and improvements                         | 12,743,129            | 1,235,829           | 39,150              | 13,939,808            |
| Improvements other than buildings                  | 107,582               | 15,922              | -                   | 123,504               |
| Equipment and furniture                            | 5,924,994             | 851,666             | 443,997             | 6,332,663             |
| Intangible assets                                  | 2,838,423             | 668,135             | -                   | 3,506,558             |
| Collection and distribution                        | 74,081,387            | 3,838,482           | -                   | 77,919,869            |
| Less accumulated amortization for                  |                       |                     |                     |                       |
| Leased equipment                                   | 5,920                 | 9,602               | -                   | 15,522                |
| Total accumulated<br>depreciation and amortization | 95,701,435            | 6,619,636           | 483,147             | 101,837,924           |
| Total other capital<br>assets, net                 | 127,355,600           | 1,769,749           | 48,724              | 129,076,625           |
| Business-type activities<br>capital assets, net    | <u>\$ 131,672,213</u> | <u>\$ 6,525,495</u> | <u>\$ 3,327,357</u> | <u>\$ 134,870,351</u> |

Depreciation and amortization expense was charged to functions/programs of the business-type activities as follows:

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Business-type activities                              |                     |
| Municipal liquor                                      | \$ 62,030           |
| Sewer                                                 | 1,710,941           |
| Storm water                                           | 494,793             |
| Electric                                              | 3,177,120           |
| Water                                                 | 1,174,752           |
| Total depreciation expense - business-type activities | <u>\$ 6,619,636</u> |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

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

*Discretely Presented Component Unit*

|                                                | Beginning<br>Balance | Increases          | Decreases   | Ending<br>Balance |
|------------------------------------------------|----------------------|--------------------|-------------|-------------------|
| Capital assets not being depreciated           |                      |                    |             |                   |
| Land                                           | \$ 315,900           | \$ -               | \$ -        | \$ 315,900        |
| Capital assets being depreciated               |                      |                    |             |                   |
| Improvements other than buildings              | 174,290              | -                  | -           | 174,290           |
| Less accumulated depreciation for              |                      |                    |             |                   |
| Improvements other than buildings              | 117,162              | 11,619             | -           | 128,781           |
| Total capital assets being<br>depreciated, net | 57,128               | (11,619)           | -           | 45,509            |
| Component unit<br>capital assets, net          | <u>\$ 373,028</u>    | <u>\$ (11,619)</u> | <u>\$ -</u> | <u>\$ 361,409</u> |

Depreciation expense was charged to functions/programs of the HRA as follows:

|                                     |                  |
|-------------------------------------|------------------|
| Business-type activities            |                  |
| Housing and Redevelopment Authority | <u>\$ 11,619</u> |

**NOTE 9 - LONG-TERM DEBT**

**A. General Obligation Bonds**

The City issues general obligation (G.O.) bonds to provide for the construction of major capital improvements having a relatively long life. They are payable from special assessments levied and collected on local improvements to property and are backed by the full faith and credit of the City.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**B. Components of Long-Term Liabilities**

*Primary Government*

|                                                               | Issue<br>Date | Interest<br>Rates | Original<br>Issue | Final<br>Maturity | Balance<br>End of Year |
|---------------------------------------------------------------|---------------|-------------------|-------------------|-------------------|------------------------|
| Governmental activities                                       |               |                   |                   |                   |                        |
| General obligation bonds                                      |               |                   |                   |                   |                        |
| EDA G.O. Refunding Bonds, Series 2013A                        | 02/12/13      | 2.00%-3.00%       | \$ 9,685,000      | 02/01/33          | \$ 6,485,000           |
| G.O. Sales Tax Revenue Bonds, Series 2019A                    | 09/19/19      | 2.50%-5.00%       | 32,715,000        | 12/01/44          | 29,625,000             |
| G.O. Capital Improvement Bonds, Series 2020A                  | 12/29/20      | 1.00%-5.00%       | 9,435,000         | 02/01/42          | 9,100,000              |
| G.O. Capital Improvement Refunding Bonds,<br>Series 2020B     | 12/29/20      | 1.00%-5.00%       | 5,340,000         | 02/01/33          | 3,530,000              |
| G.O. Capital Improvement and Equipment Bonds,<br>Series 2021A | 05/20/21      | 1.35%-5.00%       | 4,805,000         | 02/01/42          | 4,570,000              |
| Total general obligation bonds                                |               |                   |                   |                   | 53,310,000             |
| Unamortized bond premium/discount                             |               |                   |                   |                   | 4,320,442              |
| Lease liability                                               |               |                   |                   |                   | 295,134                |
| Compensated absences                                          |               |                   |                   |                   | 1,992,878              |
| Total governmental activities                                 |               |                   |                   |                   | 59,918,454             |
| Business-type activities                                      |               |                   |                   |                   |                        |
| General obligation revenue bonds                              |               |                   |                   |                   |                        |
| G.O. Sewer Revenue Refunding Bonds,<br>Series 2020C           | 12/29/20      | 1.00%-1.70%       | 7,200,000         | 02/01/35          | 6,680,000              |
| G.O. Water Revenue Bonds, Series 2021C                        | 06/10/21      | 2.00%-4.00%       | 1,615,000         | 08/01/41          | 1,505,000              |
| Total general obligation revenue bonds                        |               |                   |                   |                   | 8,185,000              |
| Revenue Bonds                                                 |               |                   |                   |                   |                        |
| Electric Revenue Bonds, Series 2016A                          | 07/14/16      | 2.00%-4.00%       | 9,755,000         | 02/01/36          | 7,515,000              |
| Electric Revenue Bonds, Series 2018A                          | 09/26/18      | 3.50%-5.00%       | 10,000,000        | 08/01/48          | 9,025,000              |
| Electric Revenue Bonds, Series 2021B                          | 05/13/21      | 2.00%-5.00%       | 11,810,000        | 08/01/51          | 11,420,000             |
| Total revenue bonds                                           |               |                   |                   |                   | 27,960,000             |
| Total bonds                                                   |               |                   |                   |                   | 36,145,000             |
| Unamortized bond premium/discount                             |               |                   |                   |                   | 1,399,515              |
| Lease liability                                               |               |                   |                   |                   | 32,679                 |
| Compensated absences                                          |               |                   |                   |                   | 673,722                |
| Total business-type activities                                |               |                   |                   |                   | 38,250,916             |
| Total all long-term liabilities                               |               |                   |                   |                   | \$ 98,169,370          |

Long-term bonded indebtedness listed above were issued to finance equipment and the acquisition and construction of capital facilities or to refinance (refund) previous bond issues.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**C. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2023, was as follows:

*Primary Government*

|                                                   | Beginning<br>Balance | Additions         | Reductions            | Ending<br>Balance    | Due Within<br>One Year |
|---------------------------------------------------|----------------------|-------------------|-----------------------|----------------------|------------------------|
| Governmental activities                           |                      |                   |                       |                      |                        |
| Bonds payable                                     |                      |                   |                       |                      |                        |
| General obligation bonds                          | \$ 25,760,000        | \$ -              | \$ (2,075,000)        | \$ 23,685,000        | \$ 1,470,000           |
| General obligation revenue bonds                  | 30,515,000           | -                 | (890,000)             | 29,625,000           | 935,000                |
| Unamortized bond premiums                         | 4,572,375            | -                 | (251,933)             | 4,320,442            | -                      |
| Total bonds payable                               | 60,847,375           | -                 | (3,216,933)           | 57,630,442           | 2,405,000              |
| Lease liability                                   | 407,831              | -                 | (112,697)             | 295,134              | 113,628                |
| Compensated absences payable                      | 1,866,430            | 902,039           | (775,591)             | 1,992,878            | 917,398                |
|                                                   |                      |                   |                       |                      |                        |
| Governmental activities<br>long-term liabilities  | <u>\$ 63,121,636</u> | <u>\$ 902,039</u> | <u>\$ (4,105,221)</u> | <u>\$ 59,918,454</u> | <u>\$ 3,436,026</u>    |
| Business-type activities                          |                      |                   |                       |                      |                        |
| Bonds payable                                     |                      |                   |                       |                      |                        |
| General obligation revenue bonds                  | \$ 8,765,000         | \$ -              | \$ (580,000)          | \$ 8,185,000         | \$ 580,000             |
| Revenue bonds                                     | 28,875,000           | -                 | (915,000)             | 27,960,000           | 955,000                |
| Unamortized bond premiums                         | 1,468,489            | -                 | (68,974)              | 1,399,515            | -                      |
| Total bonds payable                               | 39,108,489           | -                 | (1,563,974)           | 37,544,515           | 1,535,000              |
| Lease liability                                   | 41,895               | -                 | (9,216)               | 32,679               | 9,481                  |
| Compensated absences payable                      | 635,154              | 610,436           | (571,868)             | 673,722              | 610,843                |
|                                                   |                      |                   |                       |                      |                        |
| Business-type activities<br>long-term liabilities | <u>\$ 39,785,538</u> | <u>\$ 610,436</u> | <u>\$ (2,145,058)</u> | <u>\$ 38,250,916</u> | <u>\$ 2,155,324</u>    |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

**D. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term liabilities:

*Primary Government*

| Year Ending<br>December 31, | Governmental Activities |                     |                      |                      |                   |                 |
|-----------------------------|-------------------------|---------------------|----------------------|----------------------|-------------------|-----------------|
|                             | G.O. Bonds              |                     | G.O. Revenue Bonds   |                      | Lease Liability   |                 |
|                             | Principal               | Interest            | Principal            | Interest             | Principal         | Interest        |
| 2024                        | \$ 1,470,000            | \$ 589,285          | \$ 935,000           | \$ 984,838           | \$ 113,628        | \$ 4,167        |
| 2025                        | 1,530,000               | 531,760             | 1,000,000            | 938,088              | 115,099           | 2,696           |
| 2026                        | 1,590,000               | 473,060             | 1,030,000            | 888,088              | 54,996            | 1,192           |
| 2027                        | 1,640,000               | 412,616             | 1,080,000            | 836,588              | 11,411            | 67              |
| 2028                        | 1,705,000               | 353,966             | 1,135,000            | 782,588              | -                 | -               |
| 2029-2033                   | 9,085,000               | 1,024,443           | 6,450,000            | 3,145,788            | -                 | -               |
| 2034-2038                   | 3,580,000               | 418,540             | 7,550,000            | 2,045,056            | -                 | -               |
| 2039-2043                   | 3,085,000               | 112,490             | 8,580,000            | 1,014,725            | -                 | -               |
| 2044                        | -                       | -                   | 1,865,000            | 55,950               | -                 | -               |
| Total                       | <u>\$ 23,685,000</u>    | <u>\$ 3,916,160</u> | <u>\$ 29,625,000</u> | <u>\$ 10,691,709</u> | <u>\$ 295,134</u> | <u>\$ 8,122</u> |

| Year Ending<br>December 31, | Business-Type Activities |                   |                      |                      |                  |                 |
|-----------------------------|--------------------------|-------------------|----------------------|----------------------|------------------|-----------------|
|                             | G.O. Revenue Bonds       |                   | Revenue Bonds        |                      | Lease Liability  |                 |
|                             | Principal                | Interest          | Principal            | Interest             | Principal        | Interest        |
| 2024                        | \$ 580,000               | \$ 123,835        | \$ 955,000           | \$ 849,381           | \$ 9,481         | \$ 805          |
| 2025                        | 595,000                  | 116,185           | 990,000              | 811,306              | 9,754            | 533             |
| 2026                        | 605,000                  | 108,260           | 1,035,000            | 774,406              | 10,035           | 252             |
| 2027                        | 605,000                  | 100,110           | 1,075,000            | 738,256              | 3,409            | 20              |
| 2028                        | 620,000                  | 91,910            | 1,105,000            | 700,606              | -                | -               |
| 2029-2033                   | 3,225,000                | 312,740           | 6,130,000            | 2,909,631            | -                | -               |
| 2034-2038                   | 1,655,000                | 78,195            | 5,730,000            | 1,938,006            | -                | -               |
| 2039-2043                   | 300,000                  | 12,000            | 4,340,000            | 1,279,006            | -                | -               |
| 2044-2048                   | -                        | -                 | 4,985,000            | 630,856              | -                | -               |
| 2049                        | -                        | -                 | 1,615,000            | 73,240               | -                | -               |
| Total                       | <u>\$ 8,185,000</u>      | <u>\$ 943,235</u> | <u>\$ 27,960,000</u> | <u>\$ 10,704,694</u> | <u>\$ 32,679</u> | <u>\$ 1,610</u> |

**E. Lease Liability**

The City entered into lease agreements for copiers, a mail machine, body cameras, fleet cameras, and tasers. The lease agreements include annual principal and interest payments as noted above. Interest and discount rates on the lease agreements range from 0.36% to 2.84%.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 10 - FUND BALANCE**

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

|                                    | Major Funds  |              | Nonmajor      |               |
|------------------------------------|--------------|--------------|---------------|---------------|
|                                    | General      | Pavement     | Governmental  | Total         |
|                                    | Fund         | Management   | Funds         |               |
| Nonspendable                       |              |              |               |               |
| Prepaid items                      | \$ 82,513    | \$ -         | \$ 131,738    | \$ 214,251    |
| Restricted                         |              |              |               |               |
| Park and recreation improvements   | -            | -            | 1,773,916     | 1,773,916     |
| Debt service                       | -            | -            | 9,337,777     | 9,337,777     |
| Landfill mitigation                | -            | -            | 935,949       | 935,949       |
| Law enforcement                    | -            | -            | 6,459         | 6,459         |
| Fiscal recovery                    | -            | -            | 147,725       | 147,725       |
| Economic development               | -            | -            | 1,668,171     | 1,668,171     |
| Public safety                      | -            | -            | 1,145,601     | 1,145,601     |
| Capital projects                   | -            | -            | 902,987       | 902,987       |
| Total restricted                   | -            | -            | 15,918,585    | 15,918,585    |
| Committed                          |              |              |               |               |
| Capital projects                   | -            | -            | 99,206        | 99,206        |
| Street improvements                | -            | 3,273,427    | -             | 3,273,427     |
| Library operations                 | -            | -            | 226,186       | 226,186       |
| Economic development               | -            | -            | 3,692,542     | 3,692,542     |
| Total committed                    | -            | 3,273,427    | 4,017,934     | 7,291,361     |
| Assigned                           |              |              |               |               |
| Building construction/improvements | -            | -            | 4,757,755     | 4,757,755     |
| Economic development               | -            | -            | 728,192       | 728,192       |
| Capital equipment                  | -            | -            | 3,264,650     | 3,264,650     |
| Street improvements                | -            | -            | 496,997       | 496,997       |
| Other improvement projects         | -            | -            | 2,208,428     | 2,208,428     |
| Park improvements                  | -            | -            | 308,137       | 308,137       |
| Total assigned                     | -            | -            | 11,764,159    | 11,764,159    |
| Unassigned                         | 9,240,805    | -            | (1,643,916)   | 7,596,889     |
| Total fund balances                | \$ 9,323,318 | \$ 3,273,427 | \$ 30,188,500 | \$ 42,785,245 |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 11 - 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**NOTE 12 - PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2023, was \$3,485,532. The components of pension expense are noted in the following plan summaries.

The General Fund and Municipal Liquor, Sewer, Electric, and Water Funds typically liquidate the liability related to the pensions.

**Public Employees' Retirement Association**

**A. Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by 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 local relief associations that elected to merge with and transfer assets and administration to PERA.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

**Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. 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. 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.



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**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 6.5% of their annual covered salary in fiscal year 2023 and the City and HRA were required to contribute 7.5% for Coordinated Plan members. The City and HRA contributions to the General Employees Fund for the year ended December 31, 2023, were \$972,578 and \$5,799, respectively. The contributions were equal to the required contributions as set by state statute.

**Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2023, and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2023, were \$779,420. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**General Employees Fund Pension Costs**

At December 31, 2023, the City and HRA reported liabilities of \$9,033,562 and \$53,256, respectively, for their proportionate shares of the General Employees Fund's net pension liability. The City and HRA net pension liabilities 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 and HRA totaled \$249,055 and \$1,468, respectively.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1599% at the end of the measurement period and 0.1606% for the beginning of the period. The HRA's proportionate share was 0.0010% at the end of the measurement period and 0.0008% for the beginning of the period.

|                                                                                                |                            |
|------------------------------------------------------------------------------------------------|----------------------------|
| City's proportionate share of the net pension liability                                        | \$ 9,033,562               |
| HRA's proportionate share of the net pension liability                                         | 53,256                     |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>250,523</u>             |
| Total                                                                                          | <u><u>\$ 9,337,341</u></u> |

For the year ended December 31, 2023, the City and HRA recognized pension expense of \$1,581,793 and \$10,561, respectively, for their proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$662 and the HRA recognized \$65 as pension expense (and grant revenue), respectively, for their proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

At December 31, 2023, the City and HRA reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

*Primary Government*

|                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience      | \$ 296,181                           | \$ 59,511                           |
| Changes in actuarial assumptions                                 | 1,400,657                            | 2,476,022                           |
| Net difference between projected and actual investment earnings  | -                                    | 235,213                             |
| Changes in proportion                                            | 206,704                              | -                                   |
| Contributions paid to PERA subsequent<br>to the measurement date | 483,600                              | -                                   |
|                                                                  | <u>483,600</u>                       | <u>-</u>                            |
| Total                                                            | <u><u>\$ 2,387,142</u></u>           | <u><u>\$ 2,770,746</u></u>          |

*Discretely Presented Component Unit*

|                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience      | \$ 1,747                             | \$ 351                              |
| Changes in actuarial assumptions                                 | 8,265                                | 14,597                              |
| Net difference between projected and actual investment earnings  | -                                    | 1,366                               |
| Changes in proportion                                            | 1,480                                | -                                   |
| Contributions paid to PERA subsequent<br>to the measurement date | 2,900                                | -                                   |
|                                                                  | <u>2,900</u>                         | <u>-</u>                            |
| Total                                                            | <u><u>\$ 14,392</u></u>              | <u><u>\$ 16,314</u></u>             |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**General Employees Fund Pension Costs (Continued)**

*Discretely Presented Component Unit (Continued)*

The \$486,500 for the City and the \$2,900 for the HRA reported as deferred outflows of resources related to pensions resulting from City and HRA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as noted on the following page.

*Primary Government*

| <u>Year Ending<br/>December 31,</u> | <u>Pension<br/>Expense<br/>Amount</u> |
|-------------------------------------|---------------------------------------|
| 2024                                | \$ 342,866                            |
| 2025                                | (1,226,982)                           |
| 2026                                | 212,879                               |
| 2027                                | <u>(195,967)</u>                      |
| Total                               | <u><u>\$ (867,204)</u></u>            |

*Discretely Presented Component Unit*

| <u>Year Ending<br/>December 31,</u> | <u>Pension<br/>Expense<br/>Amount</u> |
|-------------------------------------|---------------------------------------|
| 2024                                | \$ 2,159                              |
| 2025                                | (7,126)                               |
| 2026                                | 1,301                                 |
| 2027                                | <u>(1,156)</u>                        |
| Total                               | <u><u>\$ (4,822)</u></u>              |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs (Continued)**

At December 31, 2023, the City reported a liability of \$5,491,447 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3180% at the end of the measurement period and 0.3277% for the beginning of the period.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets 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, 2022. 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% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$221,260.

|                                                                                                |                            |
|------------------------------------------------------------------------------------------------|----------------------------|
| City's proportionate share of the net pension liability                                        | \$ 5,491,447               |
| State of Minnesota's proportionate share of the net pension liability associated with the City | <u>221,260</u>             |
| Total                                                                                          | <u><u>\$ 5,712,707</u></u> |

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 (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, 2023, the City recognized pension expense of \$1,621,320 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized (\$13,326) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$28,620 for the year ended December 31, 2023, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs (Continued)**

At December 31, 2023, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

|                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience      | \$ 1,520,273                         | \$ -                                |
| Changes in actuarial assumptions                                 | 6,456,480                            | 7,719,530                           |
| Net difference between projected and actual investment earnings  | -                                    | 138,390                             |
| Changes in proportion                                            | 183,567                              | 414,567                             |
| Contributions paid to PERA subsequent<br>to the measurement date | 389,710                              | -                                   |
|                                                                  | <u>389,710</u>                       | <u>-</u>                            |
| Total                                                            | <u>\$ 8,550,030</u>                  | <u>\$ 8,272,487</u>                 |

The \$389,710 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending<br>December 31, | Pension Expense<br>Amount |
|-----------------------------|---------------------------|
| 2024                        | \$ 268,098                |
| 2025                        | 76,767                    |
| 2026                        | 1,357,037                 |
| 2027                        | (381,250)                 |
| 2028                        | (1,432,819)               |
|                             | <u>(1,432,819)</u>        |
| Total                       | <u>\$ (112,167)</u>       |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Long-Term Expected Return on Investment**

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

| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|--------------------------|-------------------------------------------------------|
| Domestic equity      | 35.5 %                   | 5.10 %                                                |
| Private markets      | 25.0                     | 5.90                                                  |
| Fixed income         | 20.0                     | 0.75                                                  |
| International equity | 17.5                     | 5.90                                                  |
| Cash equivalents     | 2.0                      | 0.00                                                  |
|                      | <hr/>                    |                                                       |
| Total                | 100.0 %                  |                                                       |
|                      | <hr/> <hr/>              |                                                       |

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2023, 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 7.0%. 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 7.0% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

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

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

**General Employees Fund**

**Changes in Actuarial Assumptions**

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

**Changes in Plan Provisions**

- ◆ An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**Police and Fire Fund**

**Changes in Actuarial Assumptions**

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

**Changes in Plan Provisions**

- ◆ Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- ◆ Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- ◆ A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- ◆ Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- ◆ The total and permanent duty disability benefit was increased, effective July 1, 2023.



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2023 was 7.0%. 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 positions of the General Employees and Police and Fire Plans 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.

**H. Pension Liability Sensitivity**

The following presents the City and HRA's proportionate shares 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 1 percentage point lower or 1 percentage point higher than the current discount rate:

*Primary Government*

|                                                                                            | 1% Decrease in<br>Discount Rate<br>(6.0%) | Current<br>Discount Rate<br>(7.0%) | 1% Increase in<br>Discount Rate<br>(8.0%) |
|--------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|-------------------------------------------|
| City's proportionate share of<br>the General Employees Fund<br>net pension liability       | \$ 15,981,095                             | \$ 9,033,562                       | \$ 3,318,950                              |
| City's proportionate share of<br>the Police and Fire Fund<br>net pension liability (asset) | \$ 10,895,685                             | \$ 5,491,447                       | \$ 1,048,440                              |

*Discretely Presented Component Unit*

|                                                                                     | 1% Decrease in<br>Discount Rate<br>(6.0%) | Current<br>Discount Rate<br>(7.0%) | 1% Increase in<br>Discount Rate<br>(8.0%) |
|-------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------|-------------------------------------------|
| HRA's proportionate share of<br>the General Employees Fund<br>net pension liability | \$ 94,215                                 | \$ 53,256                          | \$ 19,567                                 |

**I. Pension Plan Fiduciary Net Position**

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

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Public Employees Defined Contribution Plan (Defined Contribution Plan)**

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

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes* Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. 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% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2023 were:

| Contribution Amount |          | Percentage of Covered Payroll |          | Required Rate |
|---------------------|----------|-------------------------------|----------|---------------|
| Employee            | Employer | Employee                      | Employer |               |
| \$ 850              | \$ 850   | 5%                            | 5%       | 5%            |

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association**

**A. Plan Description**

The Elk River Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Elk River Fire Department per *Minnesota State Statutes*.

**B. Benefits Provided**

Volunteer firefighters of the City are members of the Elk River Firefighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 20 years of service for lump sum service pensions. Partial benefits are payable to members who have reached 50 and have completed 5 years of service. Disability benefits and widow and children's survivor benefits are also payable to members, or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association**

**C. Employees Covered by Benefit Terms**

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

|                                                                       |             |
|-----------------------------------------------------------------------|-------------|
| Inactive employees entitled to but not yet receiving benefit payments | 14          |
| Active employees                                                      | 53          |
|                                                                       | <hr/>       |
| Total                                                                 | 67          |
|                                                                       | <hr/> <hr/> |

**D. Contributions**

*Minnesota Statutes* Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City's obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure on behalf payment of \$275,775 made by the State of Minnesota for the Relief Association.

**E. Net Pension Liability**

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                 |
|---------------------------|-----------------|
| Inflation                 | 2.50 % Per year |
| Discount rate             | 5.00 % Per year |
| Investment rate of return | 5.00 %          |

The demographic assumption of mortality is based on the rates use in the July 1, 2020, Minnesota PERA Police & Fire Plan actuarial valuation as described below.

Healthy Pre-retirement: Pub-2010 Public Safety Employee mortality tables with projected mortality improvements based on scale MP-2021.

Healthy Post-retirement: Pub-2010 Healthy Retired Public Safety mortality tables with projected mortality improvements based on scale MP-2021 with male rates being adjusted by a factor of 0.98.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**E. Net Pension Liability (Continued)**

Disabled: Pub-2010 Public Safety Disabled Retiree mortality tables with projected mortality improvements based on scale MP-2021. Male rates are adjusted by a factor of 1.05.

The 5.00% long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date are summarized in the table below.

| <u>Asset Class</u>           | <u>Target Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------------|--------------------------|-------------------------------------------------------|
| Domestic equity              | 32.0 %                   | 4.10 %                                                |
| International equity         | 23.0                     | 4.64                                                  |
| Fixed income                 | 25.0                     | 1.05                                                  |
| Real estate and alternatives | 5.0                      | 3.54                                                  |
| Cash and equivalents         | 15.0                     | -0.45                                                 |
| Total                        | <u>100.0 %</u>           |                                                       |

The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**F. Changes in the Net Pension Liability**

|                                                       | Increase (Decrease)                  |                                          |                                          |
|-------------------------------------------------------|--------------------------------------|------------------------------------------|------------------------------------------|
|                                                       | Total<br>Pension<br>Liability<br>(a) | Plan Fiduciary<br>Net<br>Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at December 31, 2022                         | <u>\$ 3,828,551</u>                  | <u>\$ 4,394,086</u>                      | <u>\$ (565,535)</u>                      |
| Changes for the year                                  |                                      |                                          |                                          |
| Service cost                                          | 196,328                              | -                                        | 196,328                                  |
| Interest cost                                         | 179,830                              | -                                        | 179,830                                  |
| Differences between expected<br>and actual experience | (162,665)                            | -                                        | (162,665)                                |
| Changes of assumptions                                | (11,236)                             | -                                        | (11,236)                                 |
| Contributions - State and local                       | -                                    | 285,658                                  | (285,658)                                |
| Net investment income                                 | -                                    | (525,860)                                | 525,860                                  |
| Benefit payments                                      | (856,550)                            | (856,550)                                | -                                        |
| Administrative expense                                | -                                    | (15,416)                                 | 15,416                                   |
| Net changes                                           | <u>(654,293)</u>                     | <u>(1,112,168)</u>                       | <u>457,875</u>                           |
| Balances at December 31, 2023                         | <u><u>\$ 3,174,258</u></u>           | <u><u>\$ 3,281,918</u></u>               | <u><u>\$ (107,660)</u></u>               |

Sensitivity of the net pension liability to changes in the discount rate. The following table on the next page presents the net pension liability of the City, calculated using the discount rate of 5.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00%) or 1-percentage-point higher (6.00%) than the current rate:

|                                                                         | 1% Decrease in<br>Discount Rate<br>(4.00%) | Current<br>Discount Rate<br>(5.00%) | 1% Increase in<br>Discount Rate<br>(6.00%) |
|-------------------------------------------------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|
| City's proportionate share of<br>the Plan net pension liability (asset) | <u><u>\$ (11,049)</u></u>                  | <u><u>\$ (107,660)</u></u>          | <u><u>\$ (199,559)</u></u>                 |

Detailed information about the pension plan's fiduciary net position is available in the separately issued relief association financial report.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2023, the City recognized pension expense of (\$37,767). At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                               | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
|                                                                               | <u>                    </u>          | <u>                    </u>         |
| Differences between expected and actual liability                             | \$ 14,692                            | \$ 280,993                          |
| Changes in actuarial assumptions                                              | 46,663                               | 9,933                               |
| Net collective difference between projected<br>and actual investment earnings | 342,248                              | -                                   |
| Contributions paid to the plan subsequent<br>to the measurement date          | <u>305,775</u>                       | <u>-</u>                            |
| Total                                                                         | <u><u>\$ 709,378</u></u>             | <u><u>\$ 290,926</u></u>            |

The \$305,775 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as shown on the following page:

| <u>Year Ending<br/>December 31,</u> | <u>Pension Expense<br/>Amount</u> |
|-------------------------------------|-----------------------------------|
| 2024                                | \$ (35,209)                       |
| 2025                                | 38,997                            |
| 2026                                | 71,655                            |
| 2027                                | 116,660                           |
| 2028                                | (29,572)                          |
| Thereafter                          | <u>(49,854)</u>                   |
| Total                               | <u><u>\$ 112,677</u></u>          |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 12 - PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan - Volunteer Firefighter's Relief Association (Continued)**

**H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The City provides other postemployment health insurance benefits for retired employees through a defined benefit plan: Municipal Retirees Health Plan (MRHP), a single employer defined benefit healthcare plan. The plan provides benefits for eligible retirees and their dependents through the City's group health insurance plans, which cover both active and retired members. Since the premium is a blended rate determined on the active and retiree population, the retirees are receiving an implicit rate subsidy. The MRHP does not issue publicly available financial reports.

Elk River Municipal Utilities has switched to age-based medical premiums and no longer has an OPEB liability. Since medical premiums are age-based, the premiums are equal to the expected true cost of retiree coverage. As a result, there is no implicit subsidy for these benefits. There is also no explicit subsidy since retirees must pay the full premium to remain covered during retirement.

**B. Funding Policy**

Contribution requirements are reviewed at the time changes are made to the plans. Benefit provisions for MRHP are established and amended by the City. Eligible retirees receiving benefits are required to pay 100% of the total premium.

**C. Members**

As of the valuation date of January 1, 2023, the following were covered by the benefit terms:

|                                    |             |
|------------------------------------|-------------|
| Active employees electing coverage | 135         |
| Retirees receiving payments        | 7           |
| Spouses receiving payments         | 4           |
|                                    | <hr/>       |
| Total                              | 146         |
|                                    | <hr/> <hr/> |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**D. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation measured as of January 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

---

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

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|                      |                                                                                                                                             |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rate        | 4.00%                                                                                                                                       |
| Salary increases     | Service graded table                                                                                                                        |
| Inflation            | 2.50%                                                                                                                                       |
| Medical trend rate   | 6.25% in 2023, grading to 5.00% over 6 years and then to 4.00% over the next 48 years                                                       |
| Mortality assumption | Pub-2010 Public Retirement Plans<br>Headcount-Weighted Mortality Tables<br>(General, Safety) with MP-2021<br>Generational Improvement Scale |

The actuarial assumptions used in the January 1, 2023, valuation were based on the results of an actuarial experience study for the period January 1, 2022 to December 31, 2022.

The discount rate used to measure the total OPEB liability was 4.00% based on 20-year municipal bond rates.

**E. Total OPEB Liability**

The City's total OPEB liability of \$826,361 was measured as of January 1, 2023, and was determined by an actuarial valuation as of that date.



**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**E. Total OPEB Liability (Continued)**

Changes in the total OPEB liability are as follows:

|                                                    |                          |
|----------------------------------------------------|--------------------------|
| Balance at December 31, 2022                       | <u>\$ 902,334</u>        |
| Changes for the year                               |                          |
| Service cost                                       | 49,594                   |
| Interest                                           | 18,488                   |
| Differences between expected and actual experience |                          |
| economic experience                                | 5,939                    |
| Changes of assumptions                             | (94,638)                 |
| Benefit payments                                   | <u>(55,356)</u>          |
| Net changes                                        | <u>(75,973)</u>          |
| Balance at December 31, 2023                       | <u><u>\$ 826,361</u></u> |

The General Fund and Municipal Liquor and Sewer Funds typically liquidate the liability related to OPEB. No assets are accumulated in a trust to pay related benefits.

**F. OPEB Liability Sensitivity**

The following presents the City's total OPEB liability calculated using the discount rate of 2.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

| Total OPEB Liability |                   |                      |
|----------------------|-------------------|----------------------|
| 1% Decrease<br>3.00% | Current<br>4.00%  | 1% Increase<br>5.00% |
| <u>\$ 883,804</u>    | <u>\$ 826,361</u> | <u>\$ 772,895</u>    |

The table below presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

| Total OPEB Liability                         |                                          |                                              |
|----------------------------------------------|------------------------------------------|----------------------------------------------|
| 1% Decrease<br>(5.25% Decreasing<br>to 3.0%) | Current<br>(6.25% Decreasing<br>to 4.0%) | 1% Increase<br>(7.25% Decreasing<br>to 5.0%) |
| <u>\$ 754,703</u>                            | <u>\$ 826,361</u>                        | <u>\$ 909,635</u>                            |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 13 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2023, the City recognized OPEB expense of \$33,351. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                           | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-----------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual liability         | \$ 5,090                             | \$ 82,894                           |
| Changes of assumptions                                    | 28,636                               | 89,075                              |
| Contributions between measurement date and reporting date | 56,740                               | -                                   |
|                                                           | <u>56,740</u>                        | <u>-</u>                            |
| Total                                                     | <u>\$ 90,466</u>                     | <u>\$ 171,969</u>                   |

The \$56,740 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in pension expense as shown on the following page:

| Year Ending<br>December 31, | Total               |
|-----------------------------|---------------------|
| 2024                        | \$ (34,731)         |
| 2025                        | (34,723)            |
| 2026                        | (18,257)            |
| 2027                        | (25,188)            |
| 2028                        | (12,671)            |
| Thereafter                  | (12,673)            |
| Total                       | <u>\$ (138,243)</u> |

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

**A. Commitments**

At December 31, 2023, The City had a construction commitment for the Rolling Hills Sewer Extension project outstanding totaling \$420,162.

The Utilities entered into an agreement in 2007 with Central Minnesota Municipal Power Agency (CMMPA) to acquire an interest in the CAPX Initiative Brookings Project, a power transmission line in Minnesota. The project is a 250-mile, 345 kV AC transmission line with a rating of 2,300 MW, between Brookings, South Dakota, and the Southeast Twin Cities. In 2011, there was increased opportunity for investment, and subsequent agreements provide the Utilities with an ownership share of \$5.6 million or 18.89%. Revenues have been less than originally projected due to the decrease in Rate of Return (ROE) issued by FERC. The original ROE 12.38% has been reduced to 10.52% on this investment through CMMPA is designed to provide approximately \$80K annually over the 40-year project life. With majority of the distribution once the bonds are paid off, the projected over recovery in 2023 is estimated to be \$104K. The bond obligations are satisfied first, distribution to participants is directly affected by under recovery. The over recovery is rolled forward under the true up. However, the over recovery in 2023 (approximately \$104K) would be included in the revenue requirements in 2025. The transmission payments for 2023 were \$48,540, all of which was a receivable at December 31, 2023.

**B. Contingent Liabilities**

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

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. The City's management is not aware of any instances of noncompliance which would have a material effect on the financial statements.

**NOTE 15 - TAX ABATEMENTS**

The City of Elk River has established a tax abatement program pursuant to *Minnesota Statutes* Sections 469.1812 through 469.1815. As part of the City's program the City enters into agreements through the use of tax increment financing districts under *Minnesota Statutes* Section 469.174 to 469.179 (the Tax Increment Act). Under these statutes, the City annually abates taxes collected above the district's base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight, and providing affordable housing.

For fiscal year ending December 31, 2023, the City has five agreements established under *Minnesota Statutes* Section 469.174 to 469.179 which resulted in property taxes totaling \$371,412 being abated. Individual abatement payments which constituted more than 1% of the City's 2023 tax levy include:

- ◆ A pay-as-you-go note resulting in an abatement amount of \$165,276, for a financial institution.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 15 - TAX ABATEMENTS (CONTINUED)**

As part of the City's tax abatement program, the City also enters into agreements with local businesses in the form of business subsidy agreements established under *Minnesota Statutes* Section 116J.993 through 116J.995. These agreements must meet a public purpose which may include, but may not be limited to, increasing the tax base.

In 2021, the City of Elk River had four business subsidy agreements in place which resulted in property taxes totaling \$94,212 being abated. Individual agreements which result in taxes abated in excess of 1% of the City's total tax levy would be disclosed individually. There were no such payments made in 2022 or 2023 in excess of this amount.

**NOTE 16 - CONDUIT DEBT**

From time-to-time, the City has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial, multi-family and educational facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payment received from the benefited entity. 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, 2023, there was one series of revenue bonds outstanding, with a principal payable amount of \$2,755,000.

**NOTE 17 - OTHER INFORMATION**

**A. Territorial Acquisition Agreement**

In 2015, the Utilities entered into an agreement to transfer ownership of electric plant and electric service to customers in eight designated areas receiving service from Connexus Energy. Specific payment terms have been negotiated for five years, and if any of the eight areas are not acquired within this timeframe, the payment terms may be renegotiated. In 2019, the Utilities acquired the final service areas.

The agreed cost of property purchased from Connexus Energy is net book value, integration expenses, and a loss of revenue payment. The loss of revenue payment for each area acquired is based on a formula outlined in the agreement, payable for the subsequent ten years after initial purchase.

The Utilities acquired designated service area one in 2015 for \$877,807, service area two in 2016 for \$663,586, service areas three and four in 2017 for \$276,776, service areas five and six in 2018 for \$298,736 and service areas seven and eight in 2019 for \$78,457. The loss of revenue payments made were \$411,157 in 2017, \$570,725 in 2018, \$751,860 in 2019, \$834,185 in 2020, \$857,538 in 2021, \$924,187 in 2022, \$940,467 in 2023, and \$933,159 in 2024. All amounts paid are included in property and equipment, and loss of revenue payments are included in intangible assets.

**City of Elk River**  
**Notes to Basic Financial Statements**

**NOTE 17 - OTHER INFORMATION (CONTINUED)**

**B. Joint Ventures**

The City has agreements with government and other entities which provide reduced costs, better service, and additional benefits to the participants. In 2007, the City and neighboring municipalities formed the Sherburne/Wright Cable Communications Commission (the Commission). The purpose of the organization is to monitor the operation and activities of cable communications of the member municipalities. The Commission also provides coordination, administration, and enforcement of the franchises for the cable communication system. The City has no ongoing financial interest or responsibility with regards to the Cable Commission. Financial statements for the Commission can be obtained by writing to: Sherburne/Wright Cable Communications Commission at 444 Cedar Street, Suite 950, St. Paul, Minnesota 55101.

**C. Segment Information**

The City maintains six enterprise funds that account for the municipal liquor operations, garbage collections, sewer, storm water, water, and electric utilities. The City considers each of its enterprise funds to be a segment. Since the required segment information is already included in the City's proprietary funds' balance sheet and statement of revenues, expenses, and changes in net position balance, this information has not been repeated in the notes to the basic financial statements.

## REQUIRED SUPPLEMENTARY INFORMATION

**City of Elk River**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios - Municipal Retirees Health Plan**

|                                                            | December 31,<br>2018 | December 31,<br>2019 | December 31,<br>2020 | December 31,<br>2021 |
|------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB Liability                                       |                      |                      |                      |                      |
| Service cost                                               | \$ 58,939            | \$ 44,470            | \$ 53,284            | \$ 62,443            |
| Interest                                                   | 30,051               | 31,024               | 32,766               | 27,703               |
| Differences between expected<br>and actual experience      | -                    | (87,455)             | -                    | (101,343)            |
| Changes of assumptions                                     | -                    | (27,862)             | 48,516               | 13,730               |
| Benefit payments                                           | (47,958)             | (42,048)             | (51,790)             | (49,504)             |
| Net change in total OPEB liability                         | <u>41,032</u>        | <u>(81,871)</u>      | <u>82,776</u>        | <u>(46,971)</u>      |
| Beginning of year                                          | <u>875,478</u>       | <u>916,510</u>       | <u>834,639</u>       | <u>917,415</u>       |
| End of year                                                | <u>\$ 916,510</u>    | <u>\$ 834,639</u>    | <u>\$ 917,415</u>    | <u>\$ 870,444</u>    |
| Covered payroll                                            | \$ 8,658,239         | \$ 9,076,855         | \$ 9,349,161         | \$ 10,007,339        |
| Total OPEB liability as a percentage of<br>covered payroll | 10.59%               | 9.20%                | 9.81%                | 8.70%                |

Note 1: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Note 2: No assets are accumulated in a trust.

| December 31,<br>2022 | December 31,<br>2023 |
|----------------------|----------------------|
| \$ 64,316            | \$ 49,594            |
| 18,192               | 18,488               |
| -                    | 5,939                |
| -                    | (94,638)             |
| (50,618)             | (55,356)             |
| <u>31,890</u>        | <u>(75,973)</u>      |
| <u>870,444</u>       | <u>902,334</u>       |
| <u>\$ 902,334</u>    | <u>\$ 826,361</u>    |
| \$ 10,307,559        | \$ 11,694,646        |
| 8.75%                | 7.07%                |



**City of Elk River**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability - General Employees Retirement Fund**  
**Last Ten Years**

**Primary Government**

| For Fiscal<br>Year Ended<br>June 30, | City's<br>Proportionate<br>Share<br>(Percentage) of<br>the Net Pension<br>Liability (Asset) | City's<br>Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability (Asset) | State's<br>Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability<br>Associated with<br>the City | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability and<br>the State's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated with<br>the City | City's Covered-<br>Employee<br>Payroll | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset)<br>as a Percentage<br>of its Covered-<br>Employee<br>Payroll | Plan Fiduciary<br>Net Position as<br>a Percentage of<br>the Total<br>Pension<br>Liability |
|--------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 2014                                 | 0.1587%                                                                                     | \$ 7,454,930                                                                            | \$ -                                                                                                            | \$ 7,454,930                                                                                                                                                                       | \$ 8,332,262                           | 89.47%                                                                                                                                   | 78.70%                                                                                    |
| 2015                                 | 0.1438%                                                                                     | 7,452,462                                                                               | -                                                                                                               | 7,452,462                                                                                                                                                                          | 8,712,032                              | 85.54%                                                                                                                                   | 78.19%                                                                                    |
| 2016                                 | 0.1435%                                                                                     | 11,651,488                                                                              | 152,173                                                                                                         | 11,803,661                                                                                                                                                                         | 8,902,000                              | 130.89%                                                                                                                                  | 68.91%                                                                                    |
| 2017                                 | 0.1515%                                                                                     | 9,611,075                                                                               | 120,624                                                                                                         | 9,731,699                                                                                                                                                                          | 9,695,118                              | 99.13%                                                                                                                                   | 75.90%                                                                                    |
| 2018                                 | 0.1444%                                                                                     | 8,060,648                                                                               | 261,004                                                                                                         | 8,321,652                                                                                                                                                                          | 9,702,980                              | 83.07%                                                                                                                                   | 79.53%                                                                                    |
| 2019                                 | 0.1443%                                                                                     | 7,977,792                                                                               | 247,930                                                                                                         | 8,225,722                                                                                                                                                                          | 10,216,960                             | 78.08%                                                                                                                                   | 80.23%                                                                                    |
| 2020                                 | 0.1503%                                                                                     | 9,013,814                                                                               | 277,843                                                                                                         | 9,291,657                                                                                                                                                                          | 10,715,865                             | 84.12%                                                                                                                                   | 79.06%                                                                                    |
| 2021                                 | 0.1548%                                                                                     | 6,610,551                                                                               | 201,689                                                                                                         | 6,812,240                                                                                                                                                                          | 11,138,929                             | 59.35%                                                                                                                                   | 87.00%                                                                                    |
| 2022                                 | 0.1606%                                                                                     | 12,716,785                                                                              | 372,972                                                                                                         | 13,089,757                                                                                                                                                                         | 12,032,776                             | 105.68%                                                                                                                                  | 76.67%                                                                                    |
| 2023                                 | 0.1599%                                                                                     | 9,033,562                                                                               | 249,055                                                                                                         | 9,282,616                                                                                                                                                                          | 12,846,330                             | 70.32%                                                                                                                                   | 83.10%                                                                                    |

**Component Unit - Housing and Redevelopment Authority**

| For Fiscal<br>Year Ended<br>June 30, | HRA's<br>Proportionate<br>Share<br>(Percentage) of<br>the Net Pension<br>Liability (Asset) | HRA's<br>Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability (Asset) | State's<br>Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability<br>Associated with<br>the HRA | HRA's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability and<br>the State's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated with<br>the HRA | HRA's Covered-<br>Employee<br>Payroll | HRA's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset)<br>as a Percentage<br>of its Covered-<br>Employee<br>Payroll | Plan Fiduciary<br>Net Position as<br>a Percentage of<br>the Total<br>Pension<br>Liability |
|--------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 2014                                 | 0.0010%                                                                                    | \$ 46,966                                                                              | \$ -                                                                                                           | \$ 46,966                                                                                                                                                                        | \$ 52,493                             | 89.47%                                                                                                                                  | 78.70%                                                                                    |
| 2015                                 | 0.0009%                                                                                    | 46,951                                                                                 | -                                                                                                              | 46,951                                                                                                                                                                           | 54,886                                | 85.54%                                                                                                                                  | 78.19%                                                                                    |
| 2016                                 | 0.0009%                                                                                    | 73,404                                                                                 | 959                                                                                                            | 74,363                                                                                                                                                                           | 59,083                                | 124.24%                                                                                                                                 | 68.91%                                                                                    |
| 2017                                 | 0.0010%                                                                                    | 60,586                                                                                 | 1,170                                                                                                          | 61,756                                                                                                                                                                           | 61,433                                | 98.62%                                                                                                                                  | 75.90%                                                                                    |
| 2018                                 | 0.0009%                                                                                    | 51,835                                                                                 | 1,698                                                                                                          | 53,533                                                                                                                                                                           | 62,892                                | 82.42%                                                                                                                                  | 79.53%                                                                                    |
| 2019                                 | 0.0010%                                                                                    | 55,520                                                                                 | 1,725                                                                                                          | 57,245                                                                                                                                                                           | 66,193                                | 83.88%                                                                                                                                  | 80.23%                                                                                    |
| 2020                                 | 0.0009%                                                                                    | 51,316                                                                                 | 1,582                                                                                                          | 52,898                                                                                                                                                                           | 61,042                                | 84.07%                                                                                                                                  | 79.06%                                                                                    |
| 2021                                 | 0.0006%                                                                                    | 25,725                                                                                 | 785                                                                                                            | 26,510                                                                                                                                                                           | 43,351                                | 59.34%                                                                                                                                  | 87.00%                                                                                    |
| 2022                                 | 0.0008%                                                                                    | 66,148                                                                                 | 1,940                                                                                                          | 68,088                                                                                                                                                                           | 62,584                                | 105.70%                                                                                                                                 | 76.67%                                                                                    |
| 2023                                 | 0.0010%                                                                                    | 53,256                                                                                 | 1,468                                                                                                          | 54,725                                                                                                                                                                           | 75,724                                | 70.33%                                                                                                                                  | 83.10%                                                                                    |

City of Elk River  
Schedule of City's Proportionate Share  
of Net Pension Liability - Public Employees Police and Fire Retirement Fund  
Last Ten Years

| For Fiscal<br>Year Ended<br>June 30, | City's<br>Proportion of<br>the Net Pension<br>Liability (Asset) | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | State's<br>Proportionate<br>Share (Amount)<br>of the Net<br>Pension<br>Liability<br>Associated with<br>the City | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability and<br>the State's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability<br>Associated with<br>the City | City's Covered-<br>Employee<br>Payroll | City's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset)<br>as a Percentage<br>of its Covered-<br>Employee<br>Payroll | Plan Fiduciary<br>Net Position as<br>a Percentage of<br>the Total<br>Pension<br>Liability |
|--------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 2014                                 | 0.2990%                                                         | \$ 3,229,323                                                                | \$ -                                                                                                            | \$ 3,229,323                                                                                                                                                                       | \$ 2,440,932                           | 132.30%                                                                                                                                  | 86.61%                                                                                    |
| 2015                                 | 0.3040%                                                         | 3,454,151                                                                   | -                                                                                                               | 3,454,151                                                                                                                                                                          | 2,788,952                              | 123.85%                                                                                                                                  | 86.61%                                                                                    |
| 2016                                 | 0.3060%                                                         | 12,280,312                                                                  | 53,870                                                                                                          | 12,334,182                                                                                                                                                                         | 2,952,673                              | 415.90%                                                                                                                                  | 63.88%                                                                                    |
| 2017                                 | 0.3140%                                                         | 4,239,374                                                                   | 43,337                                                                                                          | 4,282,711                                                                                                                                                                          | 3,211,726                              | 132.00%                                                                                                                                  | 85.43%                                                                                    |
| 2018                                 | 0.3045%                                                         | 3,245,656                                                                   | -                                                                                                               | 3,245,656                                                                                                                                                                          | 3,220,233                              | 100.79%                                                                                                                                  | 88.84%                                                                                    |
| 2019                                 | 0.3175%                                                         | 3,380,110                                                                   | -                                                                                                               | 3,380,110                                                                                                                                                                          | 3,352,444                              | 100.83%                                                                                                                                  | 89.26%                                                                                    |
| 2020                                 | 0.2998%                                                         | 3,951,685                                                                   | 93,106                                                                                                          | 4,044,791                                                                                                                                                                          | 3,390,212                              | 116.56%                                                                                                                                  | 87.19%                                                                                    |
| 2021                                 | 0.3115%                                                         | 2,404,450                                                                   | 108,129                                                                                                         | 2,512,579                                                                                                                                                                          | 3,682,040                              | 65.30%                                                                                                                                   | 93.66%                                                                                    |
| 2022                                 | 0.3277%                                                         | 14,260,210                                                                  | 622,936                                                                                                         | 14,883,146                                                                                                                                                                         | 3,981,040                              | 358.20%                                                                                                                                  | 70.53%                                                                                    |
| 2023                                 | 0.3180%                                                         | 5,491,447                                                                   | 221,260                                                                                                         | 5,712,707                                                                                                                                                                          | 4,176,503                              | 131.48%                                                                                                                                  | 86.47%                                                                                    |

**City of Elk River**  
**Schedule of City Contributions -**  
**General Employees Retirement Fund**  
**Last Ten Years**

**Primary Government**

| <u>Fiscal Year<br/>Ending<br/>December 31,</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>in Relation to<br/>the Statutorily<br/>Required<br/>Contributions</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>City's Covered-<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a<br/>Percentage of<br/>Covered-<br/>Employee<br/>Payroll</u> |
|------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------|
| 2014                                           | \$ 615,331                                       | \$ 615,331                                                                                 | \$ -                                            | \$ 8,487,324                                    | 7.25%                                                                                 |
| 2015                                           | 668,633                                          | 668,633                                                                                    | -                                               | 8,915,107                                       | 7.50%                                                                                 |
| 2016                                           | 690,811                                          | 690,811                                                                                    | -                                               | 9,210,813                                       | 7.50%                                                                                 |
| 2017                                           | 706,711                                          | 706,711                                                                                    | -                                               | 9,422,813                                       | 7.50%                                                                                 |
| 2018                                           | 736,804                                          | 736,804                                                                                    | -                                               | 9,824,053                                       | 7.50%                                                                                 |
| 2019                                           | 753,933                                          | 753,933                                                                                    | -                                               | 10,052,440                                      | 7.50%                                                                                 |
| 2020                                           | 810,637                                          | 810,637                                                                                    | -                                               | 10,808,493                                      | 7.50%                                                                                 |
| 2021                                           | 886,693                                          | 886,693                                                                                    | -                                               | 11,822,573                                      | 7.50%                                                                                 |
| 2022                                           | 923,995                                          | 923,995                                                                                    | -                                               | 12,319,933                                      | 7.50%                                                                                 |
| 2023                                           | 972,578                                          | 972,578                                                                                    | -                                               | 12,967,707                                      | 7.50%                                                                                 |

**Component Unit - Housing and Redevelopment Authority**

| <u>Fiscal Year<br/>Ending<br/>December 31,</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>in Relation to<br/>the Statutorily<br/>Required<br/>Contributions</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>City's Covered-<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a<br/>Percentage of<br/>Covered-<br/>Employee<br/>Payroll</u> |
|------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------|
| 2014                                           | \$ 3,877                                         | \$ 3,877                                                                                   | \$ -                                            | \$ 53,476                                       | 7.25%                                                                                 |
| 2015                                           | 4,212                                            | 4,212                                                                                      | -                                               | 56,160                                          | 7.50%                                                                                 |
| 2016                                           | 4,352                                            | 4,352                                                                                      | -                                               | 58,027                                          | 7.50%                                                                                 |
| 2017                                           | 4,494                                            | 4,494                                                                                      | -                                               | 59,920                                          | 7.50%                                                                                 |
| 2018                                           | 4,810                                            | 4,810                                                                                      | -                                               | 64,133                                          | 7.50%                                                                                 |
| 2019                                           | 5,040                                            | 5,040                                                                                      | -                                               | 67,200                                          | 7.50%                                                                                 |
| 2020                                           | 4,629                                            | 4,629                                                                                      | -                                               | 61,720                                          | 7.50%                                                                                 |
| 2021                                           | 3,678                                            | 3,678                                                                                      | -                                               | 49,040                                          | 7.50%                                                                                 |
| 2022                                           | 4,665                                            | 4,665                                                                                      | -                                               | 62,200                                          | 7.50%                                                                                 |
| 2023                                           | 5,799                                            | 5,799                                                                                      | -                                               | 77,320                                          | 7.50%                                                                                 |

**City of Elk River**  
**Schedule of City Contributions -**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

| <u>Fiscal Year<br/>Ending<br/>December 31,</u> | <u>Statutorily<br/>Required<br/>Contribution</u> | <u>Contributions<br/>in Relation to<br/>the Statutorily<br/>Required<br/>Contributions</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>City's Covered-<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a<br/>Percentage of<br/>Covered-<br/>Employee<br/>Payroll</u> |
|------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------------------------------|
| 2014                                           | \$ 418,280                                       | \$ 418,280                                                                                 | \$ -                                            | \$ 2,581,975                                    | 16.20%                                                                                |
| 2015                                           | 478,192                                          | 478,192                                                                                    | -                                               | 2,951,802                                       | 16.20%                                                                                |
| 2016                                           | 495,478                                          | 495,478                                                                                    | -                                               | 3,058,506                                       | 16.20%                                                                                |
| 2017                                           | 508,774                                          | 508,774                                                                                    | -                                               | 3,140,580                                       | 16.20%                                                                                |
| 2018                                           | 533,296                                          | 533,296                                                                                    | -                                               | 3,291,951                                       | 16.20%                                                                                |
| 2019                                           | 631,494                                          | 631,494                                                                                    | -                                               | 3,725,628                                       | 16.95%                                                                                |
| 2020                                           | 610,950                                          | 610,950                                                                                    | -                                               | 3,451,695                                       | 17.70%                                                                                |
| 2021                                           | 690,006                                          | 690,006                                                                                    | -                                               | 3,898,339                                       | 17.70%                                                                                |
| 2022                                           | 724,413                                          | 724,413                                                                                    | -                                               | 4,092,729                                       | 17.70%                                                                                |
| 2023                                           | 779,420                                          | 779,420                                                                                    | -                                               | 4,403,503                                       | 17.70%                                                                                |

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

**City of Elk River**  
**Schedule of Changes in Net Pension Liability and Related Ratios -**  
**Elk River Fire Relief Association**  
**Last Ten Years\***

|                                                                            | 2015         | 2016         | 2017         | 2018           |
|----------------------------------------------------------------------------|--------------|--------------|--------------|----------------|
| Total pension liability (TPL)                                              |              |              |              |                |
| Service cost                                                               | \$ 93,312    | \$ 99,459    | \$ 107,095   | \$ 101,600     |
| Interest on the pension liability                                          | 126,522      | 127,413      | 142,222      | 146,894        |
| Differences between expected and actual experience                         | -            | -            | (147,992)    | -              |
| Changes of assumptions                                                     | -            | 297,706      | -            | 11,196         |
| Changes of benefit terms                                                   | 62,318       | -            | 55,532       | -              |
| Benefit payments                                                           | -            | (423,760)    | (147,015)    | -              |
| Net change in TPL                                                          | 282,152      | 100,818      | 9,842        | 259,690        |
| TPL - beginning                                                            | 1,953,814    | 2,235,966    | 2,336,784    | 2,346,626      |
| TPL - ending                                                               | \$ 2,235,966 | \$ 2,336,784 | \$ 2,346,626 | \$ 2,606,316   |
| Plan fiduciary net position (PFNP)                                         |              |              |              |                |
| Contributions - State                                                      | \$ 164,825   | \$ 177,826   | \$ 179,192   | \$ 182,297     |
| Contributions - City                                                       | 30,000       | 30,000       | 30,000       | 30,000         |
| Net investment income                                                      | 124,109      | (143,580)    | 229,424      | 457,331        |
| Other additions                                                            | -            | -            | -            | -              |
| Benefit payments                                                           | -            | (423,760)    | (147,015)    | -              |
| Administrative expense                                                     | (8,634)      | (13,663)     | (12,884)     | (12,907)       |
| Net change in PFNP                                                         | 310,300      | (373,177)    | 278,717      | 656,721        |
| PFNP - beginning                                                           | 2,880,579    | 3,190,879    | 2,817,702    | 3,096,419      |
| PFNP - ending                                                              | \$ 3,190,879 | \$ 2,817,702 | \$ 3,096,419 | \$ 3,753,140   |
| Net pension liability/(asset) - ending                                     | \$ (954,913) | \$ (480,918) | \$ (749,793) | \$ (1,146,824) |
| Plan fiduciary net position as a percentage of the total pension liability | 142.71%      | 120.58%      | 131.95%      | 144.00%        |

**Schedule of City Contributions -**  
**Elk River Fire Relief Association**  
**Last Ten Years\***

|                                        | 2015       | 2016       | 2017       | 2018       |
|----------------------------------------|------------|------------|------------|------------|
| Statutorily required contribution (a)  | \$ 174,826 | \$ 179,192 | \$ 182,297 | \$ 189,502 |
| Actual contributions paid (b)          | 204,826    | 209,192    | 212,297    | 219,502    |
| Contribution deficiency (excess) (a-b) | (30,000)   | (30,000)   | (30,000)   | (30,000)   |

\* This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

| 2019         | 2020         | 2021         | 2022         | 2023         |
|--------------|--------------|--------------|--------------|--------------|
| \$ 107,610   | \$ 138,202   | \$ 154,084   | \$ 141,264   | \$ 196,328   |
| 146,432      | 164,617      | 158,331      | 153,908      | 179,830      |
| (14,808)     | -            | (141,716)    | 19,130       | (162,665)    |
| 39,541       | 25,224       | 16,270       | -            | (11,236)     |
| 645,281      | -            | -            | 725,544      | -            |
| (334,581)    | (396,875)    | (228,840)    | (296,383)    | (856,550)    |
| 589,475      | (68,832)     | (41,871)     | 743,463      | (654,293)    |
| 2,606,316    | 3,195,791    | 3,126,959    | 3,085,088    | 3,828,551    |
| \$ 3,195,791 | \$ 3,126,959 | \$ 3,085,088 | \$ 3,828,551 | \$ 3,174,258 |
| \$ 189,502   | \$ 199,451   | \$ 206,496   | \$ 220,909   | \$ 255,658   |
| 30,000       | 30,000       | 30,000       | 30,000       | 30,000       |
| (224,880)    | 540,907      | 326,613      | 377,358      | (525,860)    |
| -            | -            | -            | -            | -            |
| (334,581)    | (396,875)    | (228,840)    | (296,383)    | (856,550)    |
| (11,963)     | (16,374)     | (13,085)     | (17,309)     | (15,416)     |
| (351,922)    | 357,109      | 321,184      | 314,575      | (1,112,168)  |
| 3,753,140    | 3,401,218    | 3,758,327    | 4,079,511    | 4,394,086    |
| \$ 3,401,218 | \$ 3,758,327 | \$ 4,079,511 | \$ 4,394,086 | \$ 3,281,918 |
| \$ (205,427) | \$ (631,368) | \$ (994,423) | \$ (565,535) | \$ (107,660) |
| 106.43%      | 120.19%      | 132.23%      | 114.77%      | 103.39%      |

| 2019       | 2020       | 2021       | 2022       | 2023       |
|------------|------------|------------|------------|------------|
| \$ 199,424 | \$ 206,496 | \$ 220,909 | \$ 252,658 | \$ 275,775 |
| 229,424    | 236,496    | 250,909    | 282,658    | 305,775    |
| (30,000)   | (30,000)   | (30,000)   | (30,000)   | (30,000)   |



**City of Elk River**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2023 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return assumption and single discount rate were changed from 6.5% to 7.0%.

Changes in Plan Provisions

- ◆ An additional one-time direct state aid contribution of \$170.1 million was contributed to the Plan on October 1, 2023.
- ◆ The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- ◆ The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- ◆ A one-time, non-compounding benefit increase of 2.5% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

**2022 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- ◆ The price inflation assumption was decreased from 2.5% to 2.25%.
- ◆ The payroll growth assumption was decreased from 3.25% to 3.0%.
- ◆ 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.



**City of Elk River**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- ◆ The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**Changes in Plan Provisions**

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

**2019 Changes**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**2018 Changes**

**Changes in Actuarial Assumptions**

- ◆ The mortality projection scale was changed from MP-2015 to MP-2017.
- ◆ The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

**Changes in Plan Provisions**

- ◆ The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- ◆ Contribution stabilizer provisions were repealed.
- ◆ Annual increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, 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 Changes**

**Changes in Actuarial Assumptions**

- ◆ The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.

**City of Elk River**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**City of Elk River**  
**Notes to Required Supplementary Information**

**Police and Fire Fund**

**2023 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return assumption was changed from 6.5% to 7.0%.
- ◆ The single discount rate changed from 5.4% to 7.0%.

Changes in Plan Provisions

- ◆ Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- ◆ Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after 10 years.
- ◆ A one-time, non-compounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- ◆ Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- ◆ The total and permanent duty disability benefit was increased, effective July 1, 2023.

**2022 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- ◆ The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

- ◆ The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- ◆ The inflation assumption was changed from 2.5% to 2.25%.
- ◆ The payroll growth assumption was changed from 3.25% to 3.0%.
- ◆ 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 resulted 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 resulted in more assumed terminations.
- ◆ Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- ◆ Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

**City of Elk River**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2021 Changes (Continued)**

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- ◆ There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- ◆ The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions

- ◆ Annual increases were changed to 1.00% 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% funding, or July 1, 2048, if earlier.
- ◆ Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019, and 11.80% of pay, effective January 1, 2020.
- ◆ Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019, and 17.70% of pay, effective January 1, 2020.
- ◆ Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- ◆ Deferred augmentation was changed to 0.00%, 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 Changes**

Changes in Actuarial Assumptions

- ◆ Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- ◆ Assumed rates of retirement were changed, resulting in fewer retirements.
- ◆ The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% 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.

**City of Elk River**  
**Notes to Required Supplementary Information**

**Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

**Changes in Actuarial Assumptions (Continued)**

- ◆ Assumed termination rates were decreased to 3% 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% to 60%.
- ◆ 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 annual benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- ◆ The single discount rate was changed from 5.6% per annum to 7.5% per annum.

**Changes in Plan Provisions**

- ◆ There have been no changes since the prior valuation.

**2016 Changes**

**Changes in Actuarial Assumptions**

- ◆ The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- ◆ The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- ◆ The single discount rate changed from 7.90% to 5.60%.
- ◆ The assumed future salary increases, payroll growth, and inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Changes in Plan Provisions**

- ◆ There have been no changes since the prior valuation.

**2015 Changes**

**Changes in Actuarial Assumptions**

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

**Changes in Plan Provisions**

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

**City of Elk River**  
**Notes to Required Supplementary Information**

**Post Employment Benefits Plan**

No assets are accumulated in a trust to pay related benefits.

**2023 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 2.00% to 4.00% based on updated 20-year municipal bond rates.
- ◆ The inflation rate changed from 2.00% to 2.50%.
- ◆ The health care trend rates were changed to better anticipate short term and long term medical increases.
- ◆ The mortality tables were updated from the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2021 Generational Improvement Scale.
- ◆ The retirement, withdrawal, and salary increase rates for public safety employees were updated to reflect the latest experience study.

**2022 Changes**

Changes in Actuarial Assumptions

- ◆ None noted

**2021 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 2.90% to 2.00% based on updated 20-year municipal bond rates.
- ◆ The inflation rate changed from 2.50% to 2.00%.
- ◆ The health care trend rates were changed to better anticipate short term and long term medical increases.
- ◆ The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- ◆ The retirement and withdrawal rates for non-public safety employees were updated.
- ◆ The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.

**2020 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.80% to 2.90% based on updated 20-year municipal bond rates.

**2019 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.30% to 3.80% based on updated 20-year municipal bond rates.
- ◆ The health care trend rates were changed to better anticipate short-term and long-term medical increases.

**City of Elk River**  
**Notes to Required Supplementary Information**

**Post Employment Benefits Plan (Continued)**

**2019 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- ◆ The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

**2018 Changes**

Changes in Actuarial Assumptions

- ◆ The discount rate was changed from 3.50% to 3.30% based on updated 20-year municipal bond rates.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**





**City of Elk River  
Nonmajor Governmental Funds**

**Special Revenue Funds**

Special revenue funds are established to account for specific revenue or other sources that are designated for financing particular functions or activities as required by deferral regulations, *Minnesota Statute*, local ordinances, or specific grant agreements. Most of the special revenue funds are related to specific federal and state housing programs or grants for specific activities.

**Capital Projects Funds**

Capital project funds are established to account for the resources used for the acquisition of capital facilities and infrastructure for the City with the exception of those financed by the enterprise funds.

**Debt Service Funds**

The Debt Service funds are established to account for the collection of ad valorem taxes, special assessments, and tax increment revenue transfers as well as the payment of principal and interest of general long-term debt.

City of Elk River  
Nonmajor Governmental Funds  
Combining Balance Sheet  
December 31, 2023

|                                                                        | Special<br>Revenue  | Capital<br>Projects  | Debt Service        | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------------------------------------------|---------------------|----------------------|---------------------|--------------------------------------------|
| <b>Assets</b>                                                          |                     |                      |                     |                                            |
| Cash and investments                                                   | \$ 6,816,923        | \$ 16,503,210        | \$ 8,619,073        | \$ 31,939,206                              |
| Taxes receivable                                                       | 15,801              | 53                   | 689,426             | 705,280                                    |
| Accounts receivable                                                    | 192,463             | 357,976              | -                   | 550,439                                    |
| Interest receivable                                                    | 20,493              | 74,571               | 41,608              | 136,672                                    |
| Notes and loans receivable                                             | 942,608             | 287,398              | -                   | 1,230,006                                  |
| Leases receivable                                                      | 13,235              | 137,659              | -                   | 150,894                                    |
| Special assessment receivable                                          |                     |                      |                     |                                            |
| Delinquent                                                             | -                   | 17,382               | 380                 | 17,762                                     |
| Deferred                                                               | -                   | 1,116,787            | -                   | 1,116,787                                  |
| Due from other funds                                                   | 890,180             | 98,038               | -                   | 988,218                                    |
| Due from other governments                                             | -                   | 26,380               | -                   | 26,380                                     |
| Advances to other funds                                                | -                   | 200,000              | -                   | 200,000                                    |
| Land held for resale                                                   | 175,000             | -                    | -                   | 175,000                                    |
| Prepaid items                                                          | 131,468             | 270                  | -                   | 131,738                                    |
|                                                                        |                     |                      |                     |                                            |
| Total assets                                                           | <u>\$ 9,198,171</u> | <u>\$ 18,819,724</u> | <u>\$ 9,350,487</u> | <u>\$ 37,368,382</u>                       |
| <b>Liabilities</b>                                                     |                     |                      |                     |                                            |
| Accounts payable                                                       | \$ 106,753          | \$ 1,612,487         | \$ 1,524            | \$ 1,720,764                               |
| Salaries and benefits payable                                          | 41,751              | 1,701                | -                   | 43,452                                     |
| Contracts and deposits payable                                         | 38,253              | 64,588               | -                   | 102,841                                    |
| Due to other funds                                                     | 262,078             | 1,237,139            | 381                 | 1,499,598                                  |
| Due to other governments                                               | 14,917              | -                    | -                   | 14,917                                     |
| Due to component unit                                                  | -                   | 161,823              | -                   | 161,823                                    |
| Advances from other funds                                              | 200,000             | -                    | -                   | 200,000                                    |
| Unearned revenue                                                       | 1,371,172           | 767,689              | -                   | 2,138,861                                  |
| Total liabilities                                                      | <u>2,034,924</u>    | <u>3,845,427</u>     | <u>1,905</u>        | <u>5,882,256</u>                           |
| <b>Deferred Inflows of Resources</b>                                   |                     |                      |                     |                                            |
| Unavailable revenue - property taxes                                   | 4,608               | 53                   | 10,425              | 15,086                                     |
| Unavailable revenue - special assessments                              | -                   | 1,131,266            | 380                 | 1,131,646                                  |
| Deferred inflow related to leases receivable                           | 13,235              | 137,659              | -                   | 150,894                                    |
| Total deferred inflows of resources                                    | <u>17,843</u>       | <u>1,268,978</u>     | <u>10,805</u>       | <u>1,297,626</u>                           |
| <b>Fund Balances</b>                                                   |                     |                      |                     |                                            |
| Nonspendable                                                           | 131,468             | 270                  | -                   | 131,738                                    |
| Restricted                                                             | 2,758,304           | 3,822,504            | 9,337,777           | 15,918,585                                 |
| Committed                                                              | 3,918,728           | 99,206               | -                   | 4,017,934                                  |
| Assigned                                                               | 728,192             | 11,035,967           | -                   | 11,764,159                                 |
| Unassigned                                                             | (391,288)           | (1,252,628)          | -                   | (1,643,916)                                |
| Total fund balances                                                    | <u>7,145,404</u>    | <u>13,705,319</u>    | <u>9,337,777</u>    | <u>30,188,500</u>                          |
|                                                                        |                     |                      |                     |                                            |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 9,198,171</u> | <u>\$ 18,819,724</u> | <u>\$ 9,350,487</u> | <u>\$ 37,368,382</u>                       |

City of Elk River  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

|                                       | Special<br>Revenue  | Capital<br>Projects  | Debt Service        | Total<br>Nonmajor<br>Governmental<br>Funds |
|---------------------------------------|---------------------|----------------------|---------------------|--------------------------------------------|
| <b>Revenues</b>                       |                     |                      |                     |                                            |
| Property taxes                        | \$ 597,131          | \$ 395,079           | \$ 1,501,612        | \$ 2,493,822                               |
| Sales taxes                           | -                   | -                    | 3,810,301           | 3,810,301                                  |
| Special assessments                   | -                   | 178,747              | 45,679              | 224,426                                    |
| Intergovernmental                     | 834,087             | 1,691,449            | -                   | 2,525,536                                  |
| Charges for services                  | 1,509,496           | 311,299              | -                   | 1,820,795                                  |
| Other revenue                         |                     |                      |                     |                                            |
| Investment income                     | 275,801             | 902,797              | 196,999             | 1,375,597                                  |
| Contributions and donations           | -                   | 31,589               | 244,096             | 275,685                                    |
| Refunds and reimbursements            | 97,488              | 102,600              | -                   | 200,088                                    |
| Landfill expansion fee                | -                   | 2,193,833            | -                   | 2,193,833                                  |
| Miscellaneous revenue                 | 19,787              | 108,265              | -                   | 128,052                                    |
| Total revenues                        | <u>3,333,790</u>    | <u>5,915,658</u>     | <u>5,798,687</u>    | <u>15,048,135</u>                          |
| <b>Expenditures</b>                   |                     |                      |                     |                                            |
| Current                               |                     |                      |                     |                                            |
| General government                    | 150,841             | 96,095               | -                   | 246,936                                    |
| Public safety                         | 36,769              | 56,504               | -                   | 93,273                                     |
| Public works                          | 33,006              | 38,114               | -                   | 71,120                                     |
| Culture and recreation                | 1,924,013           | 354,701              | -                   | 2,278,714                                  |
| Economic development                  | 365,316             | 215,106              | -                   | 580,422                                    |
| Capital outlay                        |                     |                      |                     |                                            |
| General government                    | 283,595             | 1,166,958            | -                   | 1,450,553                                  |
| Public safety                         | -                   | 1,212,445            | -                   | 1,212,445                                  |
| Public works                          | -                   | 1,769,775            | -                   | 1,769,775                                  |
| Culture and recreation                | 209,055             | 765,384              | -                   | 974,439                                    |
| Economic development                  | 85,709              | -                    | -                   | 85,709                                     |
| Debt service                          |                     |                      |                     |                                            |
| Principal                             | 7,213               | -                    | 2,965,000           | 2,972,213                                  |
| Interest and other charges            | 838                 | 95,948               | 1,694,369           | 1,791,155                                  |
| Total expenditures                    | <u>3,096,355</u>    | <u>5,771,030</u>     | <u>4,659,369</u>    | <u>13,526,754</u>                          |
| Excess of revenues over expenditures  | 237,435             | 144,628              | 1,139,318           | 1,521,381                                  |
| <b>Other Financing Sources (Uses)</b> |                     |                      |                     |                                            |
| Proceeds from sale of capital asset   | 699,130             | 106,080              | -                   | 805,210                                    |
| Transfers in                          | 28,000              | 1,042,878            | 758,289             | 1,829,167                                  |
| Transfers out                         | (489,000)           | (836,789)            | -                   | (1,325,789)                                |
| Total other financing sources (uses)  | <u>238,130</u>      | <u>312,169</u>       | <u>758,289</u>      | <u>1,308,588</u>                           |
| Net change in fund balances           | 475,565             | 456,797              | 1,897,607           | 2,829,969                                  |
| <b>Fund Balances</b>                  |                     |                      |                     |                                            |
| Beginning of year                     | <u>6,669,839</u>    | <u>13,248,522</u>    | <u>7,440,170</u>    | <u>27,358,531</u>                          |
| End of year                           | <u>\$ 7,145,404</u> | <u>\$ 13,705,319</u> | <u>\$ 9,337,777</u> | <u>\$ 30,188,500</u>                       |

City of Elk River  
Nonmajor Special Revenue Funds  
Combining Balance Sheet  
December 31, 2023

|                                                                                | Library           | Multipurpose<br>Facility | Landfill          | Revolving Loan      |
|--------------------------------------------------------------------------------|-------------------|--------------------------|-------------------|---------------------|
| <b>Assets</b>                                                                  |                   |                          |                   |                     |
| Cash and investments                                                           | \$ 235,776        | \$ -                     | \$ 931,252        | \$ 913,749          |
| Taxes receivable                                                               | 2,030             | -                        | -                 | -                   |
| Accounts receivable                                                            | -                 | 190,406                  | 490               | -                   |
| Interest receivable                                                            | 1,242             | -                        | 5,384             | 5,283               |
| Notes and loans receivable                                                     | -                 | -                        | -                 | 212,868             |
| Leases receivable                                                              | -                 | 13,235                   | -                 | -                   |
| Due from other funds                                                           | -                 | -                        | -                 | -                   |
| Land held for resale                                                           | -                 | -                        | -                 | -                   |
| Prepaid items                                                                  | -                 | -                        | -                 | -                   |
| <b>Total assets</b>                                                            | <b>\$ 239,048</b> | <b>\$ 203,641</b>        | <b>\$ 937,126</b> | <b>\$ 1,131,900</b> |
| <b>Liabilities</b>                                                             |                   |                          |                   |                     |
| Accounts payable                                                               | \$ 12,226         | \$ 85,886                | \$ 1,177          | \$ 1,125            |
| Salaries and benefits payable                                                  | -                 | 36,538                   | -                 | -                   |
| Contracts and deposits payable                                                 | -                 | -                        | -                 | -                   |
| Due to other funds                                                             | -                 | 60,720                   | -                 | -                   |
| Due to other governments                                                       | -                 | 14,917                   | -                 | -                   |
| Advances from other funds                                                      | -                 | 200,000                  | -                 | -                   |
| Unearned revenue                                                               | -                 | -                        | -                 | -                   |
| <b>Total liabilities</b>                                                       | <b>12,226</b>     | <b>398,061</b>           | <b>1,177</b>      | <b>1,125</b>        |
| <b>Deferred Inflows of Resources</b>                                           |                   |                          |                   |                     |
| Unavailable revenue - property taxes                                           | 636               | -                        | -                 | -                   |
| Deferred inflow related to leases receivable                                   | -                 | 13,235                   | -                 | -                   |
| <b>Total deferred inflows of resources</b>                                     | <b>636</b>        | <b>13,235</b>            | <b>-</b>          | <b>-</b>            |
| <b>Fund Balances</b>                                                           |                   |                          |                   |                     |
| Nonspendable                                                                   | -                 | -                        | -                 | -                   |
| Restricted                                                                     | -                 | -                        | 935,949           | -                   |
| Committed                                                                      | 226,186           | -                        | -                 | 1,130,775           |
| Assigned                                                                       | -                 | -                        | -                 | -                   |
| Unassigned                                                                     | -                 | (207,655)                | -                 | -                   |
| <b>Total fund balances</b>                                                     | <b>226,186</b>    | <b>(207,655)</b>         | <b>935,949</b>    | <b>1,130,775</b>    |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 239,048</b> | <b>\$ 203,641</b>        | <b>\$ 937,126</b> | <b>\$ 1,131,900</b> |

| State DEED        | Development Fund    | Insurance Reserve | Drug Forfeiture | CRF Grant           | EDA                 | Total Nonmajor Special Revenue Funds |
|-------------------|---------------------|-------------------|-----------------|---------------------|---------------------|--------------------------------------|
| \$ 400,993        | \$ 1,104,919        | \$ -              | \$ 6,500        | \$ 1,517,330        | \$ 1,706,404        | \$ 6,816,923                         |
| -                 | 3,418               | -                 | -               | -                   | 10,353              | 15,801                               |
| -                 | -                   | -                 | -               | 1,567               | -                   | 192,463                              |
| 2,319             | 6,231               | -                 | 34              | -                   | -                   | 20,493                               |
| 125,535           | 604,205             | -                 | -               | -                   | -                   | 942,608                              |
| -                 | -                   | -                 | -               | -                   | -                   | 13,235                               |
| -                 | 884,132             | 6,048             | -               | -                   | -                   | 890,180                              |
| -                 | -                   | -                 | -               | -                   | 175,000             | 175,000                              |
| -                 | -                   | 131,468           | -               | -                   | -                   | 131,468                              |
| <u>\$ 528,847</u> | <u>\$ 2,602,905</u> | <u>\$ 137,516</u> | <u>\$ 6,534</u> | <u>\$ 1,518,897</u> | <u>\$ 1,891,757</u> | <u>\$ 9,198,171</u>                  |
| \$ -              | \$ 1,909            | \$ 2,136          | \$ 75           | \$ -                | \$ 2,219            | \$ 106,753                           |
| -                 | -                   | -                 | -               | -                   | 5,213               | 41,751                               |
| -                 | 38,253              | -                 | -               | -                   | -                   | 38,253                               |
| -                 | -                   | 187,545           | -               | -                   | 13,813              | 262,078                              |
| -                 | -                   | -                 | -               | -                   | -                   | 14,917                               |
| -                 | -                   | -                 | -               | -                   | -                   | 200,000                              |
| -                 | -                   | -                 | -               | 1,371,172           | -                   | 1,371,172                            |
| <u>-</u>          | <u>40,162</u>       | <u>189,681</u>    | <u>75</u>       | <u>1,371,172</u>    | <u>21,245</u>       | <u>2,034,924</u>                     |
| -                 | 976                 | -                 | -               | -                   | 2,996               | 4,608                                |
| -                 | -                   | -                 | -               | -                   | -                   | 13,235                               |
| <u>-</u>          | <u>976</u>          | <u>-</u>          | <u>-</u>        | <u>-</u>            | <u>2,996</u>        | <u>17,843</u>                        |
| -                 | -                   | 131,468           | -               | -                   | -                   | 131,468                              |
| 528,847           | -                   | -                 | 6,459           | 147,725             | 1,139,324           | 2,758,304                            |
| -                 | 2,561,767           | -                 | -               | -                   | -                   | 3,918,728                            |
| -                 | -                   | -                 | -               | -                   | 728,192             | 728,192                              |
| -                 | -                   | (183,633)         | -               | -                   | -                   | (391,288)                            |
| <u>528,847</u>    | <u>2,561,767</u>    | <u>(52,165)</u>   | <u>6,459</u>    | <u>147,725</u>      | <u>1,867,516</u>    | <u>7,145,404</u>                     |
| <u>\$ 528,847</u> | <u>\$ 2,602,905</u> | <u>\$ 137,516</u> | <u>\$ 6,534</u> | <u>\$ 1,518,897</u> | <u>\$ 1,891,757</u> | <u>\$ 9,198,171</u>                  |

City of Elk River  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

|                                                 | Library           | Multipurpose<br>Facility | Landfill          | Revolving Loan      |
|-------------------------------------------------|-------------------|--------------------------|-------------------|---------------------|
| <b>Revenues</b>                                 |                   |                          |                   |                     |
| Property taxes                                  | \$ 74,297         | \$ -                     | \$ -              | \$ -                |
| Intergovernmental                               | -                 | -                        | 10,631            | -                   |
| Charges for services                            | -                 | 1,480,863                | 14,633            | -                   |
| Other revenue                                   |                   |                          |                   |                     |
| Investment income                               | 5,565             | 1,945                    | 61,822            | 57,927              |
| Refunds and reimbursements                      | -                 | 51,756                   | -                 | -                   |
| Miscellaneous revenue                           | -                 | 12,052                   | -                 | 3,628               |
| Total revenues                                  | <u>79,862</u>     | <u>1,546,616</u>         | <u>87,086</u>     | <u>61,555</u>       |
| <b>Expenditures</b>                             |                   |                          |                   |                     |
| Current                                         |                   |                          |                   |                     |
| General government                              | -                 | -                        | -                 | -                   |
| Public safety                                   | -                 | -                        | -                 | -                   |
| Public works                                    | -                 | -                        | 33,006            | -                   |
| Culture and recreation                          | 113,668           | 1,810,345                | -                 | -                   |
| Economic development                            | -                 | -                        | -                 | 1,466               |
| Capital outlay                                  |                   |                          |                   |                     |
| General government                              | -                 | -                        | -                 | -                   |
| Culture and recreation                          | 9,211             | 199,844                  | -                 | -                   |
| Economic development                            | -                 | -                        | -                 | -                   |
| Debt service                                    |                   |                          |                   |                     |
| Principal                                       | -                 | 7,213                    | -                 | -                   |
| Interest and other charges                      | -                 | 838                      | -                 | -                   |
| Total expenditures                              | <u>122,879</u>    | <u>2,018,240</u>         | <u>33,006</u>     | <u>1,466</u>        |
| Excess of revenues over<br>(under) expenditures | (43,017)          | (471,624)                | 54,080            | 60,089              |
| <b>Other Financing Sources (Uses)</b>           |                   |                          |                   |                     |
| Proceeds from sale of capital asset             | -                 | 30,000                   | -                 | -                   |
| Transfers in                                    | 28,000            | -                        | -                 | -                   |
| Transfers out                                   | -                 | -                        | -                 | -                   |
| Total other financing sources (uses)            | <u>28,000</u>     | <u>30,000</u>            | <u>-</u>          | <u>-</u>            |
| Net change in fund balances                     | (15,017)          | (441,624)                | 54,080            | 60,089              |
| <b>Fund Balances</b>                            |                   |                          |                   |                     |
| Beginning of year                               | <u>241,203</u>    | <u>233,969</u>           | <u>881,869</u>    | <u>1,070,686</u>    |
| End of year                                     | <u>\$ 226,186</u> | <u>\$ (207,655)</u>      | <u>\$ 935,949</u> | <u>\$ 1,130,775</u> |

| State DEED | Development Fund | Insurance Reserve | Drug Forfeiture | CRF Grant  | EDA          | Total Nonmajor Special Revenue Funds |
|------------|------------------|-------------------|-----------------|------------|--------------|--------------------------------------|
| \$ -       | \$ 130,387       | \$ -              | \$ -            | \$ -       | \$ 392,447   | \$ 597,131                           |
| -          | 94,063           | -                 | -               | 729,161    | 232          | 834,087                              |
| -          | 10,000           | -                 | -               | -          | 4,000        | 1,509,496                            |
| 21,441     | (33,188)         | 337               | 275             | 108,490    | 51,187       | 275,801                              |
| -          | -                | 45,732            | -               | -          | -            | 97,488                               |
| 4,107      | -                | -                 | -               | -          | -            | 19,787                               |
| 25,548     | 201,262          | 46,069            | 275             | 837,651    | 447,866      | 3,333,790                            |
| -          | -                | 150,841           | -               | -          | -            | 150,841                              |
| -          | -                | -                 | 36,769          | -          | -            | 36,769                               |
| -          | -                | -                 | -               | -          | -            | 33,006                               |
| -          | -                | -                 | -               | -          | -            | 1,924,013                            |
| -          | 120,373          | -                 | -               | -          | 243,477      | 365,316                              |
| -          | -                | -                 | -               | 283,595    | -            | 283,595                              |
| -          | -                | -                 | -               | -          | -            | 209,055                              |
| -          | 85,709           | -                 | -               | -          | -            | 85,709                               |
| -          | -                | -                 | -               | -          | -            | 7,213                                |
| -          | -                | -                 | -               | -          | -            | 838                                  |
| -          | 206,082          | 150,841           | 36,769          | 283,595    | 243,477      | 3,096,355                            |
| 25,548     | (4,820)          | (104,772)         | (36,494)        | 554,056    | 204,389      | 237,435                              |
| -          | 669,130          | -                 | -               | -          | -            | 699,130                              |
| -          | -                | -                 | -               | -          | -            | 28,000                               |
| -          | -                | -                 | -               | (444,000)  | (45,000)     | (489,000)                            |
| -          | 669,130          | -                 | -               | (444,000)  | (45,000)     | 238,130                              |
| 25,548     | 664,310          | (104,772)         | (36,494)        | 110,056    | 159,389      | 475,565                              |
| 503,299    | 1,897,457        | 52,607            | 42,953          | 37,669     | 1,708,127    | 6,669,839                            |
| \$ 528,847 | \$ 2,561,767     | \$ (52,165)       | \$ 6,459        | \$ 147,725 | \$ 1,867,516 | \$ 7,145,404                         |



**Budget and Actual**  
**Library Special Revenue Fund**  
**Year Ended December 31, 2023**

|                                          | Budgeted Amounts   |                    | Actual<br>Amounts | Variance with<br>Final Budget -<br>Over (Under) |
|------------------------------------------|--------------------|--------------------|-------------------|-------------------------------------------------|
|                                          | Original           | Final              |                   |                                                 |
| <b>Revenues</b>                          |                    |                    |                   |                                                 |
| Property taxes                           | \$ 75,000          | \$ 75,000          | \$ 74,297         | \$ (703)                                        |
| Other revenue                            |                    |                    |                   |                                                 |
| Investment income                        | 5,000              | 5,000              | 5,565             | 565                                             |
| Total revenues                           | <u>80,000</u>      | <u>80,000</u>      | <u>79,862</u>     | <u>(138)</u>                                    |
| <b>Expenditures</b>                      |                    |                    |                   |                                                 |
| Current                                  |                    |                    |                   |                                                 |
| Culture and recreation                   | 108,000            | 108,000            | 113,668           | 5,668                                           |
| Capital outlay                           |                    |                    |                   |                                                 |
| Culture and recreation                   | 10,000             | 10,000             | 9,211             | (789)                                           |
| Total expenditures                       | <u>118,000</u>     | <u>118,000</u>     | <u>122,879</u>    | <u>4,879</u>                                    |
| Excess of revenues<br>under expenditures | (38,000)           | (38,000)           | (43,017)          | (5,017)                                         |
| <b>Other Financing Sources (Uses)</b>    |                    |                    |                   |                                                 |
| Transfers in                             | <u>28,000</u>      | <u>28,000</u>      | <u>28,000</u>     | <u>-</u>                                        |
| Net change in fund balances              | <u>\$ (10,000)</u> | <u>\$ (10,000)</u> | <u>(15,017)</u>   | <u>\$ (5,017)</u>                               |
| <b>Fund Balances</b>                     |                    |                    |                   |                                                 |
| Beginning of year                        |                    |                    | <u>241,203</u>    |                                                 |
| End of year                              |                    |                    | <u>\$ 226,186</u> |                                                 |

**City of Elk River**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances -**  
**Budget and Actual**  
**Multipurpose Facility Special Revenue Fund**  
**Year Ended December 31, 2023**

|                                          | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Over (Under) |
|------------------------------------------|---------------------|---------------------|---------------------|-------------------------------------------------|
|                                          | Original            | Final               |                     |                                                 |
| <b>Revenues</b>                          |                     |                     |                     |                                                 |
| Charges for services                     | \$ 1,551,100        | \$ 1,551,100        | \$ 1,480,863        | \$ (70,237)                                     |
| Other revenue                            |                     |                     |                     |                                                 |
| Investment income                        | 4,000               | 4,000               | 1,945               | (2,055)                                         |
| Refunds and reimbursements               | -                   | -                   | 51,756              | 51,756                                          |
| Miscellaneous revenue                    | 24,900              | 24,900              | 12,052              | (12,848)                                        |
| Total revenues                           | <u>1,580,000</u>    | <u>1,580,000</u>    | <u>1,546,616</u>    | <u>(33,384)</u>                                 |
| <b>Expenditures</b>                      |                     |                     |                     |                                                 |
| Current                                  |                     |                     |                     |                                                 |
| Culture and recreation                   | 1,478,350           | 1,478,350           | 1,810,345           | 331,995                                         |
| Capital outlay                           |                     |                     |                     |                                                 |
| Culture and recreation                   | 202,000             | 202,000             | 199,844             | (2,156)                                         |
| Debt service                             |                     |                     |                     |                                                 |
| Principal                                | -                   | -                   | 7,213               | 7,213                                           |
| Interest and other charges               | -                   | -                   | 838                 | 838                                             |
| Total expenditures                       | <u>1,680,350</u>    | <u>1,680,350</u>    | <u>2,018,240</u>    | <u>337,890</u>                                  |
| Excess of revenues<br>under expenditures | (100,350)           | (100,350)           | (471,624)           | (371,274)                                       |
| <b>Other Financing Sources (Uses)</b>    |                     |                     |                     |                                                 |
| Proceeds from sale of capital asset      | -                   | -                   | 30,000              | 30,000                                          |
| Net change in fund balances              | <u>\$ (100,350)</u> | <u>\$ (100,350)</u> | <u>(441,624)</u>    | <u>\$ (341,274)</u>                             |
| <b>Fund Balances</b>                     |                     |                     |                     |                                                 |
| Beginning of year                        |                     |                     | <u>233,969</u>      |                                                 |
| End of year                              |                     |                     | <u>\$ (207,655)</u> |                                                 |



City of Elk River  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances -  
Budget and Actual  
Economic Development Authority Special Revenue Fund  
Year Ended December 31, 2023

|                                         | Budgeted Amounts |                 | Actual<br>Amounts   | Variance with<br>Final Budget -<br>Over (Under) |
|-----------------------------------------|------------------|-----------------|---------------------|-------------------------------------------------|
|                                         | Original         | Final           |                     |                                                 |
| <b>Revenues</b>                         |                  |                 |                     |                                                 |
| Property taxes                          | \$ 396,000       | \$ 396,000      | \$ 392,447          | \$ (3,553)                                      |
| Intergovernmental                       | -                | -               | 232                 | 232                                             |
| Charges for services                    | 4,000            | 4,000           | 4,000               | -                                               |
| Other revenue                           |                  |                 |                     |                                                 |
| Investment income                       | 5,000            | 5,000           | 51,187              | 46,187                                          |
| Total revenues                          | <u>405,000</u>   | <u>405,000</u>  | <u>447,866</u>      | <u>42,866</u>                                   |
| <b>Expenditures</b>                     |                  |                 |                     |                                                 |
| Current                                 |                  |                 |                     |                                                 |
| Economic development                    | <u>360,000</u>   | <u>360,000</u>  | <u>243,477</u>      | <u>(116,523)</u>                                |
| Excess of revenues over<br>expenditures | 45,000           | 45,000          | 204,389             | 159,389                                         |
| <b>Other Financing Sources (Uses)</b>   |                  |                 |                     |                                                 |
| Transfers out                           | <u>(45,000)</u>  | <u>(45,000)</u> | <u>(45,000)</u>     | <u>-</u>                                        |
| Net change in fund balances             | <u>\$ -</u>      | <u>\$ -</u>     | <u>159,389</u>      | <u>\$ 159,389</u>                               |
| <b>Fund Balances</b>                    |                  |                 |                     |                                                 |
| Beginning of year                       |                  |                 | <u>1,708,127</u>    |                                                 |
| End of year                             |                  |                 | <u>\$ 1,867,516</u> |                                                 |

**City of Elk River**  
**Nonmajor Capital Projects Funds**  
**Combining Balance Sheet**  
**December 31, 2023**

|                                                                        | Park<br>Dedication  | Capital Outlay<br>Reserve | Government<br>Buildings | GRE Reserve       |
|------------------------------------------------------------------------|---------------------|---------------------------|-------------------------|-------------------|
| <b>Assets</b>                                                          |                     |                           |                         |                   |
| Cash and investments                                                   | \$ 1,375,439        | \$ 2,334,028              | \$ 3,928,242            | \$ 757,901        |
| Taxes receivable                                                       | -                   | -                         | 9                       | -                 |
| Accounts receivable                                                    | -                   | -                         | 320,637                 | -                 |
| Interest receivable                                                    | 7,952               | 15,807                    | 22,712                  | 4,382             |
| Notes and loans receivable                                             | 287,398             | -                         | -                       | -                 |
| Leases receivable                                                      | -                   | -                         | 137,659                 | -                 |
| Special assessment receivable                                          |                     |                           |                         |                   |
| Delinquent                                                             | -                   | 8                         | -                       | -                 |
| Deferred                                                               | -                   | 4,796                     | -                       | -                 |
| Due from other funds                                                   | -                   | -                         | -                       | -                 |
| Due from other governments                                             | -                   | 26,380                    | -                       | -                 |
| Advances to other funds                                                | -                   | 200,000                   | -                       | -                 |
| Prepaid items                                                          | -                   | -                         | -                       | -                 |
|                                                                        |                     |                           |                         |                   |
| Total assets                                                           | <u>\$ 1,670,789</u> | <u>\$ 2,581,019</u>       | <u>\$ 4,409,259</u>     | <u>\$ 762,283</u> |
| <b>Liabilities</b>                                                     |                     |                           |                         |                   |
| Accounts payable                                                       | \$ 36,283           | \$ 6,826                  | \$ -                    | \$ -              |
| Salaries and benefits payable                                          | -                   | 1,701                     | -                       | -                 |
| Contracts and deposits payable                                         | -                   | -                         | -                       | -                 |
| Due to other funds                                                     | -                   | -                         | -                       | -                 |
| Due to component unit                                                  | -                   | -                         | -                       | -                 |
| Unearned revenue                                                       | 767,689             | -                         | -                       | -                 |
| Total liabilities                                                      | <u>803,972</u>      | <u>8,527</u>              | <u>-</u>                | <u>-</u>          |
| <b>Deferred Inflows of Resources</b>                                   |                     |                           |                         |                   |
| Unavailable revenue - property taxes                                   | -                   | -                         | 9                       | -                 |
| Unavailable revenue - special assessments                              | -                   | 4,796                     | -                       | -                 |
| Deferred inflow related to leases receivable                           | -                   | -                         | 137,659                 | -                 |
| Total deferred inflows of resources                                    | <u>-</u>            | <u>4,796</u>              | <u>137,668</u>          | <u>-</u>          |
| <b>Fund Balances</b>                                                   |                     |                           |                         |                   |
| Nonspendable                                                           | -                   | -                         | -                       | -                 |
| Restricted                                                             | 866,817             | 1,145,601                 | -                       | -                 |
| Committed                                                              | -                   | -                         | -                       | -                 |
| Assigned                                                               | -                   | 1,422,095                 | 4,271,591               | 762,283           |
| Unassigned                                                             | -                   | -                         | -                       | -                 |
| Total fund balances                                                    | <u>866,817</u>      | <u>2,567,696</u>          | <u>4,271,591</u>        | <u>762,283</u>    |
|                                                                        |                     |                           |                         |                   |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 1,670,789</u> | <u>\$ 2,581,019</u>       | <u>\$ 4,409,259</u>     | <u>\$ 762,283</u> |

| Street<br>Improvements | Improvement<br>Projects | Equipment<br>Replacement | Active ER<br>Projects | Public Safety<br>Building / Fire<br>Station #3 | Park<br>Improvements | Developer<br>Deposits |
|------------------------|-------------------------|--------------------------|-----------------------|------------------------------------------------|----------------------|-----------------------|
| \$ 493,870             | \$ 1,754,284            | \$ 1,811,278             | \$ 1,492,469          | \$ 902,987                                     | \$ 328,671           | \$ 1,255,652          |
| -                      | -                       | -                        | 44                    | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | 1,188                | -                     |
| 2,855                  | 8,461                   | 10,472                   | -                     | -                                              | 1,731                | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| 3,855                  | 13,519                  | -                        | -                     | -                                              | -                    | -                     |
| 9,953                  | 1,102,038               | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | 98,038                   | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | 270                   |
| <u>\$ 510,533</u>      | <u>\$ 2,878,302</u>     | <u>\$ 1,919,788</u>      | <u>\$ 1,492,513</u>   | <u>\$ 902,987</u>                              | <u>\$ 331,590</u>    | <u>\$ 1,255,922</u>   |
| \$ -                   | \$ 166,262              | \$ 96,098                | \$ -                  | \$ -                                           | \$ 23,453            | \$ 1,255,922          |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| -                      | 64,588                  | -                        | -                     | -                                              | -                    | -                     |
| -                      | 88,373                  | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| -                      | 319,223                 | 96,098                   | -                     | -                                              | 23,453               | 1,255,922             |
| -                      | -                       | -                        | 44                    | -                                              | -                    | -                     |
| 13,536                 | 1,112,934               | -                        | -                     | -                                              | -                    | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | -                     |
| <u>13,536</u>          | <u>1,112,934</u>        | <u>-</u>                 | <u>44</u>             | <u>-</u>                                       | <u>-</u>             | <u>-</u>              |
| -                      | -                       | -                        | -                     | -                                              | -                    | 270                   |
| -                      | -                       | -                        | 907,099               | 902,987                                        | -                    | -                     |
| -                      | -                       | -                        | 99,206                | -                                              | -                    | -                     |
| 496,997                | 1,446,145               | 1,823,690                | 486,164               | -                                              | 308,137              | -                     |
| -                      | -                       | -                        | -                     | -                                              | -                    | (270)                 |
| <u>496,997</u>         | <u>1,446,145</u>        | <u>1,823,690</u>         | <u>1,492,469</u>      | <u>902,987</u>                                 | <u>308,137</u>       | <u>-</u>              |
| <u>\$ 510,533</u>      | <u>\$ 2,878,302</u>     | <u>\$ 1,919,788</u>      | <u>\$ 1,492,513</u>   | <u>\$ 902,987</u>                              | <u>\$ 331,590</u>    | <u>\$ 1,255,922</u>   |



City of Elk River  
Nonmajor Capital Projects Funds  
Combining Balance Sheet  
December 31, 2023

|                                                                        | TIF Districts      | Technology<br>Replacement | Total<br>Nonmajor<br>Capital<br>Projects Funds |
|------------------------------------------------------------------------|--------------------|---------------------------|------------------------------------------------|
| <b>Assets</b>                                                          |                    |                           |                                                |
| Cash and investments                                                   | \$ 33,965          | \$ 34,424                 | \$ 16,503,210                                  |
| Taxes receivable                                                       | -                  | -                         | 53                                             |
| Accounts receivable                                                    | 36,151             | -                         | 357,976                                        |
| Interest receivable                                                    | -                  | 199                       | 74,571                                         |
| Notes and loans receivable                                             | -                  | -                         | 287,398                                        |
| Leases receivable                                                      | -                  | -                         | 137,659                                        |
| Special assessment receivable                                          |                    |                           |                                                |
| Delinquent                                                             | -                  | -                         | 17,382                                         |
| Deferred                                                               | -                  | -                         | 1,116,787                                      |
| Due from other funds                                                   | -                  | -                         | 98,038                                         |
| Due from other governments                                             | -                  | -                         | 26,380                                         |
| Advances to other funds                                                | -                  | -                         | 200,000                                        |
| Prepaid items                                                          | -                  | -                         | 270                                            |
|                                                                        | <u>\$ 70,116</u>   | <u>\$ 34,623</u>          | <u>\$ 18,819,724</u>                           |
| <b>Liabilities</b>                                                     |                    |                           |                                                |
| Accounts payable                                                       | \$ 11,885          | \$ 15,758                 | \$ 1,612,487                                   |
| Salaries and benefits payable                                          | -                  | -                         | 1,701                                          |
| Contracts and deposits payable                                         | -                  | -                         | 64,588                                         |
| Due to other funds                                                     | 1,148,766          | -                         | 1,237,139                                      |
| Due to component unit                                                  | 161,823            | -                         | 161,823                                        |
| Unearned revenue                                                       | -                  | -                         | 767,689                                        |
| Total liabilities                                                      | <u>1,322,474</u>   | <u>15,758</u>             | <u>3,845,427</u>                               |
| <b>Deferred Inflows of Resources</b>                                   |                    |                           |                                                |
| Unavailable revenue - property taxes                                   | -                  | -                         | 53                                             |
| Unavailable revenue - special assessments                              | -                  | -                         | 1,131,266                                      |
| Deferred inflow related to leases receivable                           | -                  | -                         | 137,659                                        |
| Total deferred inflows of resources                                    | <u>-</u>           | <u>-</u>                  | <u>1,268,978</u>                               |
| <b>Fund Balances</b>                                                   |                    |                           |                                                |
| Nonspendable                                                           | -                  | -                         | 270                                            |
| Restricted                                                             | -                  | -                         | 3,822,504                                      |
| Committed                                                              | -                  | -                         | 99,206                                         |
| Assigned                                                               | -                  | 18,865                    | 11,035,967                                     |
| Unassigned                                                             | (1,252,358)        | -                         | (1,252,628)                                    |
| Total fund balances                                                    | <u>(1,252,358)</u> | <u>18,865</u>             | <u>13,705,319</u>                              |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 70,116</u>   | <u>\$ 34,623</u>          | <u>\$ 18,819,724</u>                           |



City of Elk River  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

|                                                 | Park<br>Dedication | Capital Outlay<br>Reserve | Government<br>Buildings | GRE Reserve       |
|-------------------------------------------------|--------------------|---------------------------|-------------------------|-------------------|
| <b>Revenues</b>                                 |                    |                           |                         |                   |
| Property taxes                                  | \$ -               | \$ -                      | \$ -                    | \$ -              |
| Special assessments                             | -                  | 1,788                     | -                       | -                 |
| Intergovernmental                               | -                  | 1,175,883                 | -                       | -                 |
| Charges for services                            | 259,486            | -                         | -                       | -                 |
| Other revenue                                   |                    |                           |                         |                   |
| Investment income                               | 116,124            | 15,410                    | 257,764                 | 49,251            |
| Contributions and donations                     | -                  | 24,571                    | -                       | -                 |
| Refunds and reimbursements                      | -                  | -                         | -                       | -                 |
| Landfill expansion fee                          | -                  | -                         | 2,193,833               | -                 |
| Miscellaneous revenue                           | -                  | -                         | 45,473                  | -                 |
| Total revenues                                  | <u>375,610</u>     | <u>1,217,652</u>          | <u>2,497,070</u>        | <u>49,251</u>     |
| <b>Expenditures</b>                             |                    |                           |                         |                   |
| Current                                         |                    |                           |                         |                   |
| General government                              | -                  | 12,492                    | 12,575                  | -                 |
| Public safety                                   | -                  | 32,383                    | 8,716                   | -                 |
| Public works                                    | -                  | 38,114                    | -                       | -                 |
| Culture and recreation                          | 147,905            | -                         | 29,692                  | -                 |
| Economic development                            | -                  | -                         | -                       | -                 |
| Capital outlay                                  |                    |                           |                         |                   |
| General government                              | -                  | 96,562                    | 862,581                 | -                 |
| Public safety                                   | -                  | -                         | 588,525                 | -                 |
| Public works                                    | -                  | -                         | -                       | -                 |
| Culture and recreation                          | 270,349            | -                         | -                       | -                 |
| Debt service                                    |                    |                           |                         |                   |
| Interest and other charges                      | 51,257             | -                         | -                       | -                 |
| Total expenditures                              | <u>469,511</u>     | <u>179,551</u>            | <u>1,502,089</u>        | <u>-</u>          |
| Excess of revenues over<br>(under) expenditures | (93,901)           | 1,038,101                 | 994,981                 | 49,251            |
| <b>Other Financing Sources (Uses)</b>           |                    |                           |                         |                   |
| Proceeds from sale of capital asset             | -                  | -                         | -                       | -                 |
| Transfers in                                    | -                  | -                         | -                       | -                 |
| Transfers out                                   | -                  | (78,500)                  | (758,289)               | -                 |
| Total other financing sources (uses)            | <u>-</u>           | <u>(78,500)</u>           | <u>(758,289)</u>        | <u>-</u>          |
| Net change in fund balances                     | (93,901)           | 959,601                   | 236,692                 | 49,251            |
| <b>Fund balances</b>                            |                    |                           |                         |                   |
| Beginning of year                               | <u>960,718</u>     | <u>1,608,095</u>          | <u>4,034,899</u>        | <u>713,032</u>    |
| End of year                                     | <u>\$ 866,817</u>  | <u>\$ 2,567,696</u>       | <u>\$ 4,271,591</u>     | <u>\$ 762,283</u> |

| Street<br>Improvements | Improvement<br>Projects | Equipment<br>Replacement | Active ER<br>Projects | Public Safety<br>Building / Fire<br>Station #3 | Park<br>Improvements |
|------------------------|-------------------------|--------------------------|-----------------------|------------------------------------------------|----------------------|
| \$ -                   | \$ -                    | \$ -                     | \$ -                  | \$ -                                           | \$ -                 |
| 15,658                 | 161,301                 | -                        | -                     | -                                              | -                    |
| 23,980                 | -                       | 466,586                  | 25,000                | -                                              | -                    |
| -                      | -                       | -                        | -                     | -                                              | 51,813               |
| 34,715                 | 254,675                 | 87,732                   | 31,050                | 51,755                                         | 7,028                |
| -                      | -                       | -                        | -                     | -                                              | 7,018                |
| -                      | -                       | -                        | 10,000                | -                                              | -                    |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| <u>74,353</u>          | <u>415,976</u>          | <u>554,318</u>           | <u>66,050</u>         | <u>51,755</u>                                  | <u>65,859</u>        |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| -                      | -                       | -                        | -                     | 15,405                                         | -                    |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| -                      | -                       | -                        | -                     | -                                              | 177,104              |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| -                      | -                       | 207,815                  | -                     | -                                              | -                    |
| -                      | -                       | 292,591                  | -                     | 331,329                                        | -                    |
| 55,567                 | 1,322,192               | 392,016                  | -                     | -                                              | -                    |
| -                      | -                       | 389,965                  | 86,910                | -                                              | 18,160               |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| <u>55,567</u>          | <u>1,322,192</u>        | <u>1,282,387</u>         | <u>86,910</u>         | <u>346,734</u>                                 | <u>195,264</u>       |
| 18,786                 | (906,216)               | (728,069)                | (20,860)              | (294,979)                                      | (129,405)            |
| -                      | -                       | 106,080                  | -                     | -                                              | -                    |
| -                      | -                       | 792,878                  | -                     | -                                              | 250,000              |
| -                      | -                       | -                        | -                     | -                                              | -                    |
| <u>-</u>               | <u>-</u>                | <u>898,958</u>           | <u>-</u>              | <u>-</u>                                       | <u>250,000</u>       |
| 18,786                 | (906,216)               | 170,889                  | (20,860)              | (294,979)                                      | 120,595              |
| 478,211                | 2,352,361               | 1,652,801                | 1,513,329             | 1,197,966                                      | 187,542              |
| <u>\$ 496,997</u>      | <u>\$ 1,446,145</u>     | <u>\$ 1,823,690</u>      | <u>\$ 1,492,469</u>   | <u>\$ 902,987</u>                              | <u>\$ 308,137</u>    |



City of Elk River  
Nonmajor Capital Projects Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

|                                       | TIF Districts         | Technology Replacement | Total Nonmajor Capital Projects Funds |
|---------------------------------------|-----------------------|------------------------|---------------------------------------|
| <b>Revenues</b>                       |                       |                        |                                       |
| Property taxes                        | \$ 395,079            | \$ -                   | \$ 395,079                            |
| Special assessments                   | -                     | -                      | 178,747                               |
| Intergovernmental                     | -                     | -                      | 1,691,449                             |
| Charges for services                  | -                     | -                      | 311,299                               |
| Other revenue                         |                       |                        |                                       |
| Investment income                     | -                     | (2,707)                | 902,797                               |
| Contributions and donations           | -                     | -                      | 31,589                                |
| Refunds and reimbursements            | -                     | 92,600                 | 102,600                               |
| Landfill expansion fee                | -                     | -                      | 2,193,833                             |
| Miscellaneous revenue                 | 62,792                | -                      | 108,265                               |
| Total revenues                        | <u>457,871</u>        | <u>89,893</u>          | <u>5,915,658</u>                      |
| <b>Expenditures</b>                   |                       |                        |                                       |
| Current                               |                       |                        |                                       |
| General government                    | -                     | 71,028                 | 96,095                                |
| Public safety                         | -                     | -                      | 56,504                                |
| Public works                          | -                     | -                      | 38,114                                |
| Culture and recreation                | -                     | -                      | 354,701                               |
| Economic development                  | 215,106               | -                      | 215,106                               |
| Capital outlay                        |                       |                        |                                       |
| General government                    | -                     | -                      | 1,166,958                             |
| Public safety                         | -                     | -                      | 1,212,445                             |
| Public works                          | -                     | -                      | 1,769,775                             |
| Culture and recreation                | -                     | -                      | 765,384                               |
| Debt service                          |                       |                        |                                       |
| Interest and other charges            | 44,691                | -                      | 95,948                                |
| Total expenditures                    | <u>259,797</u>        | <u>71,028</u>          | <u>5,771,030</u>                      |
| Excess of revenues over expenditures  | 198,074               | 18,865                 | 144,628                               |
| <b>Other Financing Sources (Uses)</b> |                       |                        |                                       |
| Proceeds from sale of capital asset   | -                     | -                      | 106,080                               |
| Transfers in                          | -                     | -                      | 1,042,878                             |
| Transfers out                         | -                     | -                      | (836,789)                             |
| Total other financing sources (uses)  | <u>-</u>              | <u>-</u>               | <u>312,169</u>                        |
| Net change in fund balances           | 198,074               | 18,865                 | 456,797                               |
| <b>Fund balances</b>                  |                       |                        |                                       |
| Beginning of year                     | <u>(1,450,432)</u>    | <u>-</u>               | <u>13,248,522</u>                     |
| End of year                           | <u>\$ (1,252,358)</u> | <u>\$ 18,865</u>       | <u>\$ 13,705,319</u>                  |

City of Elk River  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
December 31, 2023

|                                                          | Government<br>Building Bonds | Sales Tax<br>Bonds  | YMCA Bonds        | 2020A Capital<br>Improvement<br>Bonds |
|----------------------------------------------------------|------------------------------|---------------------|-------------------|---------------------------------------|
| <b>Assets</b>                                            |                              |                     |                   |                                       |
| Cash and investments                                     | \$ 157,372                   | \$ 6,936,543        | \$ 718,035        | \$ 487,451                            |
| Taxes receivable                                         | 1,732                        | 652,032             | 12,293            | 14,236                                |
| Interest receivable                                      | 829                          | 36,528              | -                 | 2,567                                 |
| Special assessment receivable                            |                              |                     |                   |                                       |
| Delinquent                                               | -                            | 380                 | -                 | -                                     |
| Total assets                                             | <u>\$ 159,933</u>            | <u>\$ 7,625,483</u> | <u>\$ 730,328</u> | <u>\$ 504,254</u>                     |
| <b>Liabilities</b>                                       |                              |                     |                   |                                       |
| Accounts payable                                         | \$ 381                       | \$ 381              | \$ -              | \$ 381                                |
| Due to other funds                                       | -                            | -                   | 381               | -                                     |
| Total liabilities                                        | <u>381</u>                   | <u>381</u>          | <u>381</u>        | <u>381</u>                            |
| <b>Deferred Inflows of Resources</b>                     |                              |                     |                   |                                       |
| Unavailable revenue - property taxes                     | 1,615                        | -                   | 3,764             | 3,073                                 |
| Unavailable revenue - special assessments                | -                            | 380                 | -                 | -                                     |
| Total deferred inflows of resources                      | <u>1,615</u>                 | <u>380</u>          | <u>3,764</u>      | <u>3,073</u>                          |
| <b>Fund Balances</b>                                     |                              |                     |                   |                                       |
| Restricted                                               | <u>157,937</u>               | <u>7,624,722</u>    | <u>726,183</u>    | <u>500,800</u>                        |
| Total deferred inflows of resources<br>and fund balances | <u>\$ 159,933</u>            | <u>\$ 7,625,483</u> | <u>\$ 730,328</u> | <u>\$ 504,254</u>                     |

| 2021A Capital<br>Improvement<br>Bonds | Total<br>Nonmajor Debt<br>Service Funds |
|---------------------------------------|-----------------------------------------|
| \$ 319,672                            | \$ 8,619,073                            |
| 9,133                                 | 689,426                                 |
| 1,684                                 | 41,608                                  |
| -                                     | 380                                     |
| <u>\$ 330,489</u>                     | <u>\$ 9,350,487</u>                     |
| <br>                                  |                                         |
| \$ 381                                | 1,524                                   |
| -                                     | 381                                     |
| <u>381</u>                            | <u>1,905</u>                            |
| <br>                                  |                                         |
| 1,973                                 | 10,425                                  |
| -                                     | 380                                     |
| <u>1,973</u>                          | <u>10,805</u>                           |
| <br>                                  |                                         |
| <u>328,135</u>                        | <u>9,337,777</u>                        |
| <br>                                  |                                         |
| <u>\$ 330,489</u>                     | <u>\$ 9,350,487</u>                     |

City of Elk River  
Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2023

|                                                 | Government<br>Building Bonds | Sales Tax<br>Bonds  | YMCA Bonds        | 2020A Capital<br>Improvement<br>Bonds |
|-------------------------------------------------|------------------------------|---------------------|-------------------|---------------------------------------|
| <b>Revenues</b>                                 |                              |                     |                   |                                       |
| Property taxes                                  | \$ -                         | \$ -                | \$ 513,233        | \$ 602,161                            |
| Sales taxes                                     | -                            | 3,810,301           | -                 | -                                     |
| Special assessments                             | -                            | 45,679              | -                 | -                                     |
| Other revenue                                   |                              |                     |                   |                                       |
| Investment income                               | 992                          | 164,511             | 20,148            | 6,850                                 |
| Contributions and donations                     | -                            | -                   | 244,096           | -                                     |
| Total revenues                                  | <u>992</u>                   | <u>4,020,491</u>    | <u>777,477</u>    | <u>609,011</u>                        |
| <b>Expenditures</b>                             |                              |                     |                   |                                       |
| Debt service                                    |                              |                     |                   |                                       |
| Principal                                       | 940,000                      | 890,000             | 565,000           | 335,000                               |
| Interest and other charges                      | 129,241                      | 1,030,269           | 170,769           | 231,729                               |
| Total expenditures                              | <u>1,069,241</u>             | <u>1,920,269</u>    | <u>735,769</u>    | <u>566,729</u>                        |
| Excess of revenues over<br>(under) expenditures | (1,068,249)                  | 2,100,222           | 41,708            | 42,282                                |
| <b>Other Financing Sources (Uses)</b>           |                              |                     |                   |                                       |
| Transfers in                                    | -                            | -                   | -                 | 454,611                               |
| Net change in fund balances                     | (1,068,249)                  | 2,100,222           | 41,708            | 496,893                               |
| <b>Fund Balances</b>                            |                              |                     |                   |                                       |
| Beginning of year                               | <u>1,226,186</u>             | <u>5,524,500</u>    | <u>684,475</u>    | <u>3,907</u>                          |
| End of year                                     | <u>\$ 157,937</u>            | <u>\$ 7,624,722</u> | <u>\$ 726,183</u> | <u>\$ 500,800</u>                     |

| 2021A Capital<br>Improvement<br>Bonds | Total<br>Nonmajor Debt<br>Service Funds |
|---------------------------------------|-----------------------------------------|
| \$ 386,218                            | \$ 1,501,612                            |
| -                                     | 3,810,301                               |
| -                                     | 45,679                                  |
| 4,498                                 | 196,999                                 |
| -                                     | 244,096                                 |
| <u>390,716</u>                        | <u>5,798,687</u>                        |
| 235,000                               | 2,965,000                               |
| 132,361                               | 1,694,369                               |
| <u>367,361</u>                        | <u>4,659,369</u>                        |
| 23,355                                | 1,139,318                               |
| 303,678                               | 758,289                                 |
| 327,033                               | 1,897,607                               |
| 1,102                                 | 7,440,170                               |
| <u>\$ 328,135</u>                     | <u>\$ 9,337,777</u>                     |



**City of Elk River  
Component Unit Financial Statements**

The Housing and Redevelopment Authority of Elk River is a component unit of the City. Its operations are presented as a separate column on the combined financial statements.

**Housing and Redevelopment Authority Fund**

This governmental fund is used to account for housing and redevelopment activities. Revenues are derived from the HRA property tax levy.

City of Elk River  
Housing and Redevelopment Authority Component Unit  
Balance Sheet - Governmental Fund  
December 31, 2023

|                                                                                                                                                                | Housing and<br>Redevelopment<br>Authority |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| <b>Assets</b>                                                                                                                                                  |                                           |
| Cash and investments                                                                                                                                           | \$ 821,348                                |
| Taxes receivable                                                                                                                                               | 10,424                                    |
| Accounts receivable                                                                                                                                            | 1,917                                     |
| Notes receivable                                                                                                                                               | 562,108                                   |
| Due from primary government                                                                                                                                    | 161,823                                   |
| Land held for resale                                                                                                                                           | 382,000                                   |
|                                                                                                                                                                | <hr/>                                     |
| Total assets                                                                                                                                                   | \$ 1,939,620                              |
|                                                                                                                                                                | <hr/>                                     |
| <b>Liabilities</b>                                                                                                                                             |                                           |
| Accounts payable                                                                                                                                               | \$ 27                                     |
| Salaries and benefits payable                                                                                                                                  | 3,476                                     |
| Due to primary government                                                                                                                                      | 8,469                                     |
| Total liabilities                                                                                                                                              | 11,972                                    |
|                                                                                                                                                                | <hr/>                                     |
| <b>Deferred Inflows of Resources</b>                                                                                                                           |                                           |
| Unavailable revenue - property taxes                                                                                                                           | 2,955                                     |
|                                                                                                                                                                | <hr/>                                     |
| <b>Fund Balances</b>                                                                                                                                           |                                           |
| Nonspendable                                                                                                                                                   | 562,108                                   |
| Restricted for housing and redevelopment                                                                                                                       | 1,362,585                                 |
| Total fund balances                                                                                                                                            | 1,924,693                                 |
|                                                                                                                                                                | <hr/>                                     |
| Total liabilities, deferred inflows<br>of resources, and fund balances                                                                                         | \$ 1,939,620                              |
|                                                                                                                                                                | <hr/>                                     |
| Total fund balances reported above                                                                                                                             | \$ 1,924,693                              |
|                                                                                                                                                                | <hr/>                                     |
| Amounts reported for the Housing and Redevelopment Authority in the<br>Statement of Net Position are different because:                                        |                                           |
| Capital assets used in governmental activities are not financial resources, and therefore,<br>are not reported in the funds                                    |                                           |
| Land                                                                                                                                                           | 315,900                                   |
| Other improvements                                                                                                                                             | 174,290                                   |
| Less accumulated depreciation                                                                                                                                  | (128,781)                                 |
|                                                                                                                                                                | <hr/>                                     |
| Some receivables are not available soon enough to pay for the current period's expenditures,<br>and therefore are reported as unavailable revenue in the funds |                                           |
| Delinquent taxes receivable                                                                                                                                    | 2,955                                     |
|                                                                                                                                                                | <hr/>                                     |
| The net pension liability and related deferred inflows and deferred outflows are recorded<br>only on the Statement of Net Position. Balances at year-end are:  |                                           |
| Net pension liability                                                                                                                                          | (53,256)                                  |
| Deferred inflows of resources related to pensions                                                                                                              | (16,314)                                  |
| Deferred outflows of resources related to pensions                                                                                                             | 14,392                                    |
|                                                                                                                                                                | <hr/>                                     |
| Total net position - Housing and Redevelopment Authority                                                                                                       | \$ 2,233,879                              |
|                                                                                                                                                                | <hr/>                                     |

City of Elk River  
Housing and Redevelopment Authority Component Unit  
Statement of Revenues, Expenditures, and Change in Fund Balances  
Year Ended December 31, 2023

|                                                                                                                                                                                                                                                                                        | Housing and<br>Redevelopment<br>Authority |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| <b>Revenues</b>                                                                                                                                                                                                                                                                        |                                           |
| Property taxes                                                                                                                                                                                                                                                                         | \$ 398,899                                |
| Intergovernmental                                                                                                                                                                                                                                                                      | 236                                       |
| Other revenue                                                                                                                                                                                                                                                                          |                                           |
| Investment income                                                                                                                                                                                                                                                                      | 7,652                                     |
| Total revenues                                                                                                                                                                                                                                                                         | <u>406,787</u>                            |
| <b>Expenditures</b>                                                                                                                                                                                                                                                                    |                                           |
| Current                                                                                                                                                                                                                                                                                |                                           |
| Economic development                                                                                                                                                                                                                                                                   | <u>264,696</u>                            |
| Net change in fund balances                                                                                                                                                                                                                                                            | 142,091                                   |
| <b>Fund Balances</b>                                                                                                                                                                                                                                                                   |                                           |
| Beginning of year                                                                                                                                                                                                                                                                      | <u>1,782,602</u>                          |
| End of year                                                                                                                                                                                                                                                                            | <u>\$ 1,924,693</u>                       |
| Amounts reported for the Housing and Redevelopment Authority in the<br>Statement of Activities are different because:                                                                                                                                                                  |                                           |
| Net changes in fund balances - Housing and Redevelopment Authority                                                                                                                                                                                                                     | \$ 142,091                                |
| Capital outlays are reported in governmental funds as expenditures. However, in the<br>Statement of Activities the cost of those assets is allocated over their estimated useful<br>lives as depreciation expense.                                                                     |                                           |
| Depreciation expense                                                                                                                                                                                                                                                                   | (11,619)                                  |
| Certain revenues are recognized as soon as they are earned. Under the modified accrual<br>basis of accounting, certain revenues cannot be recognized until they are available to<br>liquidate liabilities of the current period.                                                       |                                           |
| Property taxes                                                                                                                                                                                                                                                                         | (4,384)                                   |
| Pension expenditures in the governmental funds are measured by current year employee<br>contributions. Pension expenses on the Statement of Activities are measured by the<br>change in net position liability and the related deferred inflows and deferred outflows<br>of resources. | <u>(10,561)</u>                           |
| Change in net position - Housing and Redevelopment Authority                                                                                                                                                                                                                           | <u>\$ 115,527</u>                         |

**STATISTICAL SECTION (UNAUDITED)**

CITY OF ELK RIVER  
ELK RIVER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2023



**City of Elk River  
Statistical Section (Unaudited)**

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

**Financial Trends** **152**

*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** **162**

*These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.*

**Debt Capacity** **168**

*These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.*

**Demographic and Economic Information** **177**

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

**Operating Information** **178**

*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 comprehensive financial reports for the relevant year.

City of Elk River  
Statistical Section (Unaudited)  
Net Position by Component  
Last Ten Fiscal Years

|                                             | Fiscal Year           |                       |                       |                       |
|---------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                             | 2014                  | 2015                  | 2016                  | 2017                  |
| <b>Governmental Activities</b>              |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 84,921,650         | \$ 75,030,579         | \$ 78,119,790         | \$ 78,958,608         |
| Restricted                                  | 4,192,856             | 3,675,588             | 11,990,647            | 2,925,562             |
| Unrestricted                                | 24,902,387            | 20,170,751            | 6,584,209             | 15,779,965            |
|                                             |                       |                       |                       |                       |
| Total governmental activities net position  | <u>\$ 114,016,893</u> | <u>\$ 98,876,918</u>  | <u>\$ 96,694,646</u>  | <u>\$ 97,664,135</u>  |
| <b>Business-Type Activities</b>             |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 62,392,972         | \$ 76,747,269         | \$ 82,230,963         | \$ 83,919,324         |
| Restricted                                  | 490,500               | 490,500               | 997,660               | 997,660               |
| Unrestricted                                | 24,718,391            | 24,504,299            | 21,466,617            | 21,912,125            |
|                                             |                       |                       |                       |                       |
| Total business-type activities net position | <u>\$ 87,601,863</u>  | <u>\$ 101,742,068</u> | <u>\$ 104,695,240</u> | <u>\$ 106,829,109</u> |
| <b>Total Primary Government</b>             |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 151,777,848        | \$ 160,350,753        | \$ 162,877,932        | \$ 162,196,792        |
| Restricted                                  | 4,166,088             | 12,988,307            | 3,923,222             | 5,497,407             |
| Unrestricted                                | 44,675,050            | 28,050,826            | 37,692,090            | 41,994,114            |
|                                             |                       |                       |                       |                       |
| Total primary government                    | <u>\$ 200,618,986</u> | <u>\$ 201,389,886</u> | <u>\$ 204,493,244</u> | <u>\$ 209,688,313</u> |

Table 1

| Fiscal Year           |                       |                       |                       |                       |                       |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2018                  | 2019                  | 2020                  | 2021                  | 2022                  | 2023                  |
| \$ 77,092,055         | \$ 78,288,782         | \$ 78,477,651         | \$ 75,360,937         | \$ 83,281,488         | \$ 86,306,541         |
| 4,236,048             | 3,741,368             | 17,138,100            | 12,112,762            | 9,676,717             | 15,689,829            |
| 17,685,456            | 19,823,663            | 14,546,321            | 26,690,158            | 24,423,193            | 18,081,750            |
| <u>\$ 99,013,559</u>  | <u>\$ 101,853,813</u> | <u>\$ 110,162,072</u> | <u>\$ 114,163,857</u> | <u>\$ 117,381,398</u> | <u>\$ 120,078,120</u> |
| \$ 85,104,737         | \$ 84,327,032         | \$ 86,155,217         | \$ 87,943,523         | \$ 93,539,999         | \$ 97,325,836         |
| 1,261,359             | 1,261,359             | 1,261,359             | 1,779,016             | 1,779,016             | 1,779,016             |
| 24,308,658            | 27,656,995            | 31,499,220            | 33,405,459            | 32,615,346            | 34,557,899            |
| <u>\$ 110,674,754</u> | <u>\$ 113,245,386</u> | <u>\$ 118,915,796</u> | <u>\$ 123,127,998</u> | <u>\$ 127,934,361</u> | <u>\$ 133,662,751</u> |
| \$ 162,615,814        | \$ 164,632,868        | \$ 163,304,460        | \$ 176,821,487        | \$ 176,821,487        | \$ 183,632,377        |
| 5,002,727             | 18,399,459            | 13,891,778            | 11,455,733            | 11,455,733            | 17,468,845            |
| 47,480,658            | 46,045,541            | 60,095,617            | 57,038,539            | 57,038,539            | 52,639,649            |
| <u>\$ 215,099,199</u> | <u>\$ 229,077,868</u> | <u>\$ 237,291,855</u> | <u>\$ 245,315,759</u> | <u>\$ 245,315,759</u> | <u>\$ 253,740,871</u> |



**City of Elk River**  
**Statistical Section (Unaudited)**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

|                                               | Fiscal Year          |                      |                      |                      |
|-----------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                               | 2014                 | 2015                 | 2016                 | 2017                 |
| <b>Expenses</b>                               |                      |                      |                      |                      |
| Governmental activities                       |                      |                      |                      |                      |
| General government                            | \$ 3,554,136         | \$ 3,619,293         | \$ 3,996,316         | \$ 3,932,100         |
| Public safety                                 | 6,615,593            | 6,720,283            | 9,231,492            | 7,670,839            |
| Public works                                  | 6,860,673            | 5,351,630            | 5,539,045            | 6,803,504            |
| Culture and recreation                        | 4,088,992            | 3,970,704            | 4,014,737            | 4,157,960            |
| Economic development                          | 1,091,125            | 959,414              | 954,723              | 1,221,761            |
| Interest and fiscal charges                   | 1,075,408            | 1,084,902            | 996,933              | 549,303              |
| Total governmental activities expenses        | <u>23,285,927</u>    | <u>21,706,226</u>    | <u>24,733,246</u>    | <u>24,335,467</u>    |
| Business-type activities                      |                      |                      |                      |                      |
| Municipal liquor                              | 5,776,873            | 5,945,126            | 6,063,922            | 6,030,973            |
| Sewer                                         | 2,156,329            | 2,318,709            | 2,473,139            | 3,377,828            |
| Garbage                                       | 1,303,943            | 1,382,890            | 1,475,027            | 1,521,803            |
| Storm water                                   | -                    | 736,411              | 645,596              | 774,805              |
| Water                                         | 2,459,319            | 2,478,904            | 2,532,653            | 2,856,343            |
| Electric                                      | 29,597,247           | 30,012,830           | 32,190,114           | 33,688,690           |
| Total business-type activities expenses       | <u>41,293,711</u>    | <u>42,874,870</u>    | <u>45,380,451</u>    | <u>48,250,442</u>    |
| Total expenses                                | <u>\$ 64,579,638</u> | <u>\$ 64,581,096</u> | <u>\$ 70,113,697</u> | <u>\$ 72,585,909</u> |
| <b>Program Revenues</b>                       |                      |                      |                      |                      |
| Governmental activities                       |                      |                      |                      |                      |
| Charges for services                          |                      |                      |                      |                      |
| General government                            | \$ 385,238           | \$ 439,826           | \$ 678,679           | \$ 756,586           |
| Public safety                                 | 1,063,725            | 1,194,458            | 1,041,141            | 1,471,063            |
| Public works                                  | 233,593              | 174,452              | 199,034              | 177,802              |
| Culture and recreation                        | 906,291              | 925,591              | 931,674              | 1,051,312            |
| Economic development                          | 77,430               | 92,716               | 32,961               | 87,842               |
| Operating grants and contributions            | 1,049,744            | 1,033,338            | 1,692,517            | 1,319,377            |
| Capital grants and contributions              | 4,020,851            | 3,574,036            | 1,333,057            | 3,187,830            |
| Total governmental activities program revenue | <u>7,736,872</u>     | <u>7,434,417</u>     | <u>5,909,063</u>     | <u>8,051,812</u>     |
| Business-type activities                      |                      |                      |                      |                      |
| Charges for services                          |                      |                      |                      |                      |
| Municipal liquor                              | 6,825,342            | 6,974,336            | 7,009,574            | 6,951,988            |
| Sewer                                         | 1,734,141            | 1,818,476            | 1,921,190            | 2,116,900            |
| Garbage                                       | 1,304,750            | 1,321,301            | 1,342,900            | 1,352,728            |
| Storm water                                   | -                    | 355,454              | 477,377              | 509,365              |
| Water                                         | 2,290,824            | 2,379,835            | 2,370,221            | 2,553,651            |
| Electric                                      | 31,596,217           | 32,831,209           | 34,746,098           | 36,465,382           |
| Operating grants and contributions            | -                    | -                    | -                    | -                    |
| Capital grants and contributions              | 935,909              | 2,708,564            | 1,758,131            | 2,196,626            |
| Total governmental activities program revenue | <u>44,687,183</u>    | <u>48,389,175</u>    | <u>49,625,491</u>    | <u>52,146,640</u>    |
| Total program revenues                        | <u>52,424,055</u>    | <u>55,823,592</u>    | <u>55,534,554</u>    | <u>60,198,452</u>    |

Table 2

| Fiscal Year   |               |               |               |               |               |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2018          | 2019          | 2020          | 2021          | 2022          | 2023          |
| \$ 3,981,134  | \$ 3,786,257  | \$ 4,526,987  | \$ 4,655,075  | \$ 5,180,758  | \$5,993,465   |
| 7,398,041     | 9,188,562     | 8,372,884     | 8,082,449     | 11,558,469    | 12,082,411    |
| 5,619,836     | 5,920,022     | 4,468,711     | 5,340,633     | 7,638,554     | 6,469,657     |
| 4,474,619     | 4,094,690     | 6,080,466     | 11,070,966    | 6,139,661     | 7,261,458     |
| 969,443       | 540,497       | 691,956       | 433,530       | 527,673       | 685,115       |
| 486,630       | 979,755       | 1,490,127     | 1,796,294     | 1,615,250     | 1,506,222     |
| 22,929,703    | 24,509,783    | 25,631,131    | 31,378,947    | 32,660,365    | 33,998,328    |
| 6,233,700     | 6,772,414     | 7,119,662     | 7,683,695     | 7,785,027     | 7,342,192     |
| 3,504,489     | 3,550,622     | 3,672,176     | 3,743,503     | 3,759,165     | 3,970,547     |
| 1,588,956     | 1,456,482     | 1,565,482     | 1,623,785     | 1,670,454     | 1,702,811     |
| 634,073       | 1,024,928     | 571,170       | 612,527       | 663,420       | 980,969       |
| 2,666,149     | 35,200,295    | 34,565,317    | 38,462,316    | 43,262,804    | 42,868,962    |
| 35,680,220    | 2,703,390     | 2,697,201     | 3,210,394     | 3,208,929     | 3,232,421     |
| 50,307,587    | 50,708,131    | 50,191,008    | 55,336,220    | 60,349,799    | 60,097,902    |
| \$ 73,237,290 | \$ 75,217,914 | \$ 75,822,139 | \$ 86,715,167 | \$ 93,010,164 | \$ 94,096,230 |
| \$ 648,183    | \$ 765,646    | \$ 647,010    | \$ 853,100    | \$ 800,973    | \$926,657     |
| 1,219,783     | 1,267,920     | 1,176,435     | 1,211,025     | 1,184,261     | 1,267,373     |
| 111,740       | 94,832        | 51,986        | 65,332        | 380,000       | 88,288        |
| 1,071,902     | 810,476       | 448,022       | 1,148,991     | 1,338,079     | 1,745,735     |
| 91,503        | 57,075        | 83,785        | 246,301       | 102,066       | 121,027       |
| 1,381,151     | 1,396,313     | 3,354,583     | 1,328,148     | 1,905,073     | 2,553,557     |
| 1,721,638     | 1,509,650     | 3,254,122     | 5,916,070     | 8,005,633     | 3,843,438     |
| 6,245,900     | 5,901,912     | 9,015,943     | 10,768,967    | 13,716,085    | 10,546,075    |
| 7,203,155     | 7,617,790     | 7,927,706     | 8,620,643     | 8,531,414     | 7,978,894     |
| 2,301,428     | 2,383,196     | 2,481,522     | 2,517,025     | 2,633,732     | 2,774,077     |
| 1,553,498     | 1,645,115     | 1,686,664     | 1,773,620     | 1,889,247     | 1,920,516     |
| 485,484       | 510,889       | 564,699       | 586,049       | 609,101       | 905,891       |
| 2,757,237     | 2,552,630     | 2,936,855     | 3,412,990     | 44,729,379    | 45,379,292    |
| 39,151,208    | 38,663,268    | 38,469,516    | 41,396,708    | 3,413,829     | 3,802,450     |
| -             | 1,200         | -             | -             | -             | -             |
| 2,295,004     | 1,277,596     | 3,331,984     | 4,308,960     | 7,289,979     | 1,583,273     |
| 55,747,014    | 54,651,684    | 57,398,946    | 62,615,995    | 69,096,681    | 64,344,393    |
| 61,992,914    | 60,553,596    | 66,414,889    | 73,384,962    | 82,812,766    | 74,890,468    |

City of Elk River  
Statistical Section (Unaudited)  
Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

|                                         | Fiscal Year            |                       |                        |                        |
|-----------------------------------------|------------------------|-----------------------|------------------------|------------------------|
|                                         | 2014                   | 2015                  | 2016                   | 2017                   |
| <b>Net (Expenses) Revenues</b>          |                        |                       |                        |                        |
| Governmental activities                 | \$ (15,549,055)        | \$ (14,271,809)       | \$ (18,824,183)        | \$ (16,283,655)        |
| Business-type activities                | 3,393,472              | 5,514,305             | 4,245,040              | 3,896,198              |
| <br>Total primary government            | <u>\$ (12,155,583)</u> | <u>\$ (8,757,504)</u> | <u>\$ (14,579,143)</u> | <u>\$ (12,387,457)</u> |
| <br><b>General Revenues and Other</b>   |                        |                       |                        |                        |
| <b>Changes in Net Position</b>          |                        |                       |                        |                        |
| Governmental activities                 |                        |                       |                        |                        |
| Taxes                                   |                        |                       |                        |                        |
| Property taxes                          | \$ 10,509,231          | \$ 10,931,945         | \$ 11,136,310          | \$ 11,645,328          |
| Sales taxes                             | -                      | -                     | -                      | -                      |
| Other taxes                             | 1,441,259              | 1,513,621             | 1,552,499              | 1,543,086              |
| Unrestricted grants and contributions   | 1,749,886              | 1,642,098             | 1,820,248              | 1,720,932              |
| Unrestricted investment earnings        | 1,137,024              | 512,193               | 311,469                | 498,235                |
| Miscellaneous                           | 29,593                 | 2,796,041             | 29,695                 | 116,012                |
| Capital contributions                   | (313,287)              | (11,188,695)          | -                      | -                      |
| Gain on sale of capital assets          | -                      | -                     | -                      | -                      |
| Transfers                               | 1,332,023              | 297,362               | 1,791,690              | 1,971,250              |
| Total governmental activities expenses  | <u>15,885,729</u>      | <u>6,504,565</u>      | <u>16,641,911</u>      | <u>17,494,843</u>      |
| Business-type activities                |                        |                       |                        |                        |
| Unrestricted investment earnings        | 557,659                | 259,494               | 167,849                | 231,599                |
| Miscellaneous                           | 29,525                 | 8,899                 | 331,973                | 17,500                 |
| Capital contributions                   | 313,287                | 11,188,695            | -                      | -                      |
| Gain on sale of capital assets          | -                      | -                     | -                      | -                      |
| Transfers                               | (1,332,023)            | (297,362)             | (1,791,690)            | (1,971,250)            |
| Total business-type activities expenses | <u>(431,552)</u>       | <u>11,159,726</u>     | <u>(1,291,868)</u>     | <u>(1,722,151)</u>     |
| <br>Total primary government            | <u>\$ 15,454,177</u>   | <u>\$ 17,664,291</u>  | <u>\$ 15,350,043</u>   | <u>\$ 15,772,692</u>   |
| <br><b>Change in Net Position</b>       |                        |                       |                        |                        |
| Governmental activities                 | \$ 336,674             | \$ (7,767,244)        | \$ (2,182,272)         | \$ 1,211,188           |
| Business-type activities                | 2,961,920              | 16,674,031            | 2,953,172              | 2,174,047              |
| <br>Total primary government            | <u>\$ 3,298,594</u>    | <u>\$ 8,906,787</u>   | <u>\$ 770,900</u>      | <u>\$ 3,385,235</u>    |

Table 2 Continued

| Fiscal Year            |                        |                       |                        |                        |                        |
|------------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|
| 2018                   | 2019                   | 2020                  | 2021                   | 2022                   | 2023                   |
| \$ (16,683,803)        | \$ (18,607,871)        | \$ (16,615,188)       | \$ (20,609,980)        | \$ (18,944,280)        | \$ (23,452,253)        |
| 5,439,427              | 3,943,553              | 7,207,938             | 7,279,775              | 8,746,882              | 4,246,491              |
| <u>\$ (11,244,376)</u> | <u>\$ (14,664,318)</u> | <u>\$ (9,407,250)</u> | <u>\$ (13,330,205)</u> | <u>\$ (10,197,398)</u> | <u>\$ (19,205,762)</u> |
|                        |                        |                       |                        |                        |                        |
| \$ 12,192,911          | \$ 13,022,991          | \$ 13,972,068         | \$ 14,290,673          | \$ 15,250,309          | \$ 16,077,123          |
| -                      | 652,665                | 3,030,938             | 3,469,146              | 3,862,154              | 3,810,301              |
| 1,591,663              | 1,636,333              | 1,698,040             | 1,754,189              | 1,722,678              | 1,712,109              |
| 1,754,373              | 2,588,461              | 2,644,469             | 747,226                | 734,932                | 1,217,658              |
| 430,642                | 1,420,677              | 1,240,595             | (56,944)               | (2,079,797)            | 2,233,568              |
| -                      | -                      | 56,457                | 522,275                | 537,061                | 539,436                |
| -                      | -                      | -                     | -                      | -                      | -                      |
| -                      | 41,698                 | -                     | 1,053,072              | 108,455                | 805,210                |
| 2,063,638              | 2,085,300              | 2,280,880             | 2,832,128              | 2,026,029              | (246,430)              |
| <u>18,033,227</u>      | <u>21,448,125</u>      | <u>24,923,447</u>     | <u>24,611,765</u>      | <u>22,161,821</u>      | <u>26,148,975</u>      |
|                        |                        |                       |                        |                        |                        |
| 467,294                | 704,099                | 716,582               | (75,566)               | (1,947,278)            | 1,177,123              |
| 2,462                  | -                      | -                     | -                      | -                      | -                      |
| -                      | -                      | -                     | -                      | -                      | -                      |
| -                      | 8,280                  | 26,770                | (159,879)              | 32,788                 | 58,346                 |
| <u>(2,063,638)</u>     | <u>(2,085,300)</u>     | <u>(2,280,880)</u>    | <u>(2,832,128)</u>     | <u>(2,026,029)</u>     | <u>246,430</u>         |
| <u>(1,593,882)</u>     | <u>(1,372,921)</u>     | <u>(1,537,528)</u>    | <u>(3,067,573)</u>     | <u>(3,940,519)</u>     | <u>1,481,899</u>       |
| <u>\$ 16,439,345</u>   | <u>\$ 20,075,204</u>   | <u>\$ 23,385,919</u>  | <u>\$ 21,544,192</u>   | <u>\$ 18,221,302</u>   | <u>\$ 27,630,874</u>   |
|                        |                        |                       |                        |                        |                        |
| \$ 1,349,424           | \$ 2,840,254           | \$ 8,308,259          | \$ 4,001,785           | \$ 3,217,541           | \$ 2,696,722           |
| 3,845,545              | 2,570,632              | 5,670,410             | 4,212,202              | 4,806,363              | 5,728,390              |
| <u>\$ 5,194,969</u>    | <u>\$ 5,410,886</u>    | <u>\$ 13,978,669</u>  | <u>\$ 8,213,987</u>    | <u>\$ 8,023,904</u>    | <u>\$ 8,425,112</u>    |

City of Elk River  
Statistical Section (Unaudited)  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

|                                     | Fiscal Year          |                      |                      |                      |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                     | 2014                 | 2015                 | 2016                 | 2017                 |
| <b>General Fund</b>                 |                      |                      |                      |                      |
| Nonspendable                        | \$ 22,725            | \$ 23,676            | \$ 20,964            | \$ 88,038            |
| Restricted                          | -                    | 7,000                | -                    | -                    |
| Committed                           | 317,929              | 376,943              | -                    | -                    |
| Assigned                            | -                    | -                    | 266,832              | 356,174              |
| Unassigned                          | 5,822,948            | 6,157,179            | 6,470,281            | 6,853,298            |
|                                     | <u>5,822,948</u>     | <u>6,157,179</u>     | <u>6,470,281</u>     | <u>6,853,298</u>     |
| Total general fund                  | <u>\$ 6,163,602</u>  | <u>\$ 6,564,798</u>  | <u>\$ 6,758,077</u>  | <u>\$ 7,297,510</u>  |
| <b>All other governmental funds</b> |                      |                      |                      |                      |
| Nonspendable                        | \$ 101,910           | \$ 103,295           | \$ 108,176           | \$ -                 |
| Restricted                          | 13,925,683           | 13,202,500           | 12,245,679           | 3,104,196            |
| Committed                           | 5,829,001            | 8,099,951            | 9,250,014            | 10,354,648           |
| Assigned                            | 15,883,279           | 15,579,524           | 12,632,948           | 10,984,072           |
| Unassigned                          | (2,527,613)          | (2,438,049)          | (2,660,264)          | (2,627,513)          |
|                                     | <u>(2,527,613)</u>   | <u>(2,438,049)</u>   | <u>(2,660,264)</u>   | <u>(2,627,513)</u>   |
| Total all other governmental funds  | <u>\$ 33,212,260</u> | <u>\$ 34,547,221</u> | <u>\$ 31,576,553</u> | <u>\$ 21,815,403</u> |

Table 3

| Fiscal Year          |                      |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2018                 | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
| \$ 124,064           | \$ 187,305           | \$ 282,860           | \$ 160,019           | \$ -                 | \$ 82,513            |
| -                    | -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | -                    | -                    | -                    | -                    |
| 237,813              | -                    | -                    | -                    | -                    | -                    |
| 7,299,540            | 7,684,153            | 7,967,868            | 8,590,610            | 8,888,888            | 9,240,805            |
| <u>\$ 7,661,417</u>  | <u>\$ 7,871,458</u>  | <u>\$ 8,250,728</u>  | <u>\$ 8,750,629</u>  | <u>\$ 8,888,888</u>  | <u>\$ 9,323,318</u>  |
| \$ 114,976           | \$ 62,017            | \$ 16                | \$ 432               | \$ 114,967           | \$ 131,738           |
| 3,150,743            | 28,548,680           | 26,250,482           | 12,443,162           | 12,149,090           | 15,918,585           |
| 12,068,614           | 10,182,700           | 11,705,506           | 11,880,096           | 9,583,438            | 7,291,361            |
| 10,716,044           | 13,177,577           | 14,950,419           | 13,784,749           | 13,064,623           | 11,764,159           |
| (2,934,515)          | (2,824,246)          | (2,652,806)          | (1,691,896)          | 7,610,065            | (1,643,916)          |
| <u>\$ 23,115,862</u> | <u>\$ 49,146,728</u> | <u>\$ 50,253,617</u> | <u>\$ 36,416,543</u> | <u>\$ 42,522,183</u> | <u>\$ 33,461,927</u> |

City of Elk River  
Statistical Section (Unaudited)  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

|                                                          | Fiscal Year       |                     |                       |                       |
|----------------------------------------------------------|-------------------|---------------------|-----------------------|-----------------------|
|                                                          | 2014              | 2015                | 2016                  | 2017                  |
| <b>Revenues</b>                                          |                   |                     |                       |                       |
| Property taxes                                           | \$ 10,640,251     | \$ 10,953,633       | \$ 11,171,496         | \$ 11,642,778         |
| Sales taxes                                              | -                 | -                   | -                     | -                     |
| Other taxes                                              | 1,441,259         | 1,513,621           | 1,552,499             | 1,543,086             |
| Licenses and permits                                     | 559,286           | 639,791             | 655,607               | 1,007,543             |
| Intergovernmental                                        | 838,573           | 3,913,721           | 1,681,666             | 3,928,374             |
| Charges for services                                     | 2,091,107         | 1,761,958           | 1,851,408             | 2,226,936             |
| Fines and forfeitures                                    | 160,298           | 169,459             | 167,526               | 205,456               |
| Special assessments                                      | 881,271           | 315,259             | 456,666               | 241,304               |
| Investment earnings                                      | 1,146,462         | 512,193             | 311,469               | 498,235               |
| Miscellaneous                                            | 2,358,709         | 2,169,789           | 1,455,555             | 2,313,388             |
| Total revenues                                           | <u>20,117,216</u> | <u>21,949,424</u>   | <u>19,303,892</u>     | <u>23,607,100</u>     |
| <b>Expenditures</b>                                      |                   |                     |                       |                       |
| General government                                       | 3,181,547         | 3,365,570           | 3,601,468             | 3,524,634             |
| Public safety                                            | 5,909,653         | 6,203,211           | 6,859,139             | 6,791,738             |
| Public works                                             | 2,974,219         | 2,318,123           | 1,861,251             | 1,974,095             |
| Culture and recreation                                   | 2,881,985         | 2,816,411           | 2,872,281             | 2,937,333             |
| Economic development                                     | 1,095,535         | 954,673             | 949,205               | 1,122,261             |
| Capital outlay                                           | 2,277,477         | 5,251,352           | 2,682,358             | 7,165,286             |
| Debt service                                             |                   |                     |                       |                       |
| Principal                                                | 1,535,000         | 1,505,000           | 5,100,000             | 10,675,000            |
| Interest and fiscal charges                              | 1,105,114         | 1,113,963           | 1,148,535             | 725,732               |
| Total expenditures                                       | <u>20,960,530</u> | <u>23,528,303</u>   | <u>25,074,237</u>     | <u>34,916,079</u>     |
| Deficiency of revenues under expenditures                | <u>(843,314)</u>  | <u>(1,578,879)</u>  | <u>(5,770,345)</u>    | <u>(11,308,979)</u>   |
| <b>Other financing sources (uses)</b>                    |                   |                     |                       |                       |
| Bonds issued                                             | -                 | -                   | -                     | -                     |
| Premium on bonds issued                                  | -                 | -                   | -                     | -                     |
| Sale of capital assets                                   | 44,827            | 3,017,674           | 80,587                | 116,012               |
| Payment to refunding escrow agent                        | -                 | -                   | -                     | -                     |
| Lease issuance                                           | -                 | -                   | -                     | -                     |
| Transfers in                                             | 4,837,016         | 4,703,787           | 6,524,537             | 4,275,797             |
| Transfers out                                            | (3,504,993)       | (4,406,425)         | (4,832,400)           | (2,304,547)           |
| Total other financing sources (uses)                     | <u>1,376,850</u>  | <u>3,315,036</u>    | <u>1,772,724</u>      | <u>2,087,262</u>      |
| Net change in fund balances                              | <u>\$ 533,536</u> | <u>\$ 1,736,157</u> | <u>\$ (3,997,621)</u> | <u>\$ (9,221,717)</u> |
| Debt service as a percentage of non capital expenditures | 14.1%             | 14.3%               | 27.4%                 | 38.4%                 |

Table 4

| Fiscal Year   |               |               |                 |                |               |
|---------------|---------------|---------------|-----------------|----------------|---------------|
| 2018          | 2019          | 2020          | 2021            | 2022           | 2023          |
| \$ 12,214,702 | \$ 13,011,977 | \$ 13,975,014 | \$ 14,286,904   | \$ 15,016,982  | \$ 16,279,104 |
| -             | 652,665       | 3,030,938     | 3,469,146       | 3,862,154      | 3,810,301     |
| 1,591,663     | 1,636,333     | 1,698,040     | 1,754,189       | 1,722,678      | 1,712,109     |
| 790,831       | 822,899       | 665,519       | 1,015,529       | 939,133        | 976,260       |
| 1,405,931     | 1,396,706     | 3,865,069     | 8,114,298       | 2,573,156      | 4,000,818     |
| 2,182,917     | 1,723,091     | 1,473,581     | 2,575,843       | 3,083,542      | 3,068,103     |
| 157,492       | 166,787       | 107,018       | 161,183         | 147,484        | 169,910       |
| 379,054       | 58,416        | 122,000       | 339,278         | 230,872        | 224,426       |
| 430,642       | 1,420,677     | 1,240,595     | (56,944)        | (2,079,797)    | 2,233,568     |
| 2,212,818     | 3,202,501     | 2,899,380     | 3,278,522       | 3,218,201      | 3,058,965     |
| 21,366,050    | 24,092,052    | 29,077,154    | 34,937,948      | 28,714,405     | 35,533,564    |
| 3,733,746     | 4,004,917     | 4,333,018     | 4,439,105       | 4,638,041      | 5,155,639     |
| 7,325,724     | 7,620,997     | 7,764,843     | 8,335,808       | 9,100,633      | 9,789,473     |
| 1,875,645     | 2,217,650     | 2,274,616     | 2,421,631       | 2,528,964      | 2,701,433     |
| 3,438,103     | 2,968,847     | 3,056,757     | 3,891,907       | 4,326,742      | 4,711,517     |
| 964,926       | 540,763       | 693,157       | 454,657         | 517,691        | 580,422       |
| 2,431,103     | 16,631,953    | 24,556,635    | 28,183,763      | 9,210,937      | 11,495,481    |
| 1,575,000     | 1,315,000     | 1,900,000     | 2,195,000       | 2,375,772      | 3,077,697     |
| 507,661       | 713,023       | 1,865,033     | 1,847,335       | 1,917,993      | 1,795,928     |
| 21,851,908    | 36,013,150    | 46,444,059    | 51,769,206      | 34,616,773     | 39,307,590    |
| (485,858)     | (11,921,098)  | (17,366,905)  | (16,831,258)    | (5,902,368)    | (3,774,026)   |
| -             | 32,715,000    | 14,775,000    | 4,805,000       | -              | -             |
| -             | 3,234,515     | 1,364,913     | 428,885         | -              | -             |
| 86,586        | 127,190       | 432,271       | 1,053,072       | 108,455        | 805,210       |
| -             | -             | -             | (5,625,000)     | -              | -             |
| -             | -             | -             | -               | 263,291        | -             |
| 3,354,035     | 3,288,938     | 4,533,426     | 4,128,325       | 4,085,115      | 4,994,167     |
| (1,290,397)   | (1,203,638)   | (2,252,546)   | (1,296,197)     | (1,199,482)    | (1,762,289)   |
| 2,150,224     | 38,162,005    | 18,853,064    | 3,494,085       | 3,257,379      | 4,037,088     |
| \$ 1,664,366  | \$ 26,240,907 | \$ 1,486,159  | \$ (13,337,173) | \$ (2,644,989) | \$ 263,062    |
| 10.4%         | 10.4%         | 18.1%         | 15.1%           | 16.1%          | 16.2%         |



**Electric Sales  
Last Ten Fiscal Years**

**Table 5**

| <u>Fiscal<br/>Year</u> | <u>Number of<br/>Customers</u> | <u>KWh's Sold</u> | <u>Total<br/>Billings</u> |
|------------------------|--------------------------------|-------------------|---------------------------|
| 2014                   | 9,449                          | 274,546,059       | \$ 31,517,888             |
| 2015                   | 10,499                         | 282,265,268       | 32,704,279                |
| 2016                   | 10,816                         | 305,337,641       | 34,569,098                |
| 2017                   | 11,448                         | 313,952,561       | 36,458,061                |
| 2018                   | 11,983                         | 331,124,011       | 39,039,573                |
| 2019                   | 12,244                         | 325,981,176       | 37,640,985                |
| 2020                   | 12,365                         | 324,469,638       | 37,714,965                |
| 2021                   | 12,789                         | 341,047,710       | 39,719,268                |
| 2022                   | 12,955                         | 333,644,951       | 42,395,048                |
| 2023                   | 13,232                         | 329,773,349       | 43,986,269                |

*Source: Elk River Municipal Utilities*

City of Elk River  
Principal Electric Customers  
Current Year and Nine Years Ago

Table 6

| Customer    | 2023           |                |                              | 2014           |                |                              |
|-------------|----------------|----------------|------------------------------|----------------|----------------|------------------------------|
|             | Total kWh Sold | Total Billings | Percentage of Total Billings | Total kWh Sold | Total Billings | Percentage of Total Billings |
| Customer 1  | 53,179,200     | \$ 4,367,314   | 9.93%                        | -              | \$ -           | 0.00%                        |
| Customer 2  | 23,289,600     | 2,004,845      | 4.56%                        | -              | -              | 0.00%                        |
| Customer 3  | 5,130,400      | 454,836        | 1.03%                        | 4,728,000      | 294,913        | 2.07%                        |
| Customer 4  | 5,175,000      | 447,280        | 1.02%                        | 3,778,185      | 229,776        | 1.62%                        |
| Customer 5  | 4,587,600      | 440,566        | 1.00%                        | 5,900,000      | 368,017        | 2.59%                        |
| Customer 6  | 4,714,680      | 400,272        | 0.91%                        | 4,984,200      | 260,384        | 1.83%                        |
| Customer 7  | 3,340,950      | 307,784        | 0.70%                        | 2,957,490      | 205,306        | 1.44%                        |
| Customer 8  | 3,387,500      | 302,564        | 0.69%                        | -              | -              | -                            |
| Customer 9  | 2,809,400      | 242,663        | 0.55%                        | 3,306,400      | 209,682        | 1.47%                        |
| Customer 10 | 2,241,000      | 226,381        | 0.51%                        | 2,727,760      | 200,647        | 1.41%                        |
| Customer 11 |                |                |                              | 2,417,301      | 157,186        | 1.11%                        |
| Customer 12 |                |                |                              | 1,682,784      | 131,001        | 0.92%                        |
| Total       | 107,855,330    | \$ 9,194,505   | 20.90%                       | 32,482,120     | \$ 2,056,912   | 14.46%                       |

*Minnesota Statute* 13.685 considers data on customers of municipal electric utilities as private data and will no longer be disclosing customer names.

Source: Elk River Municipal Utilities

**City of Elk River**  
**Tax Capacity, Market Value and Estimated Actual Value of**  
**Taxable Property**  
**Last Ten Fiscal Years**

|                                                                              | Fiscal Year          |                      |                      |                      |                      |
|------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                              | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
| Tax capacity                                                                 |                      |                      |                      |                      |                      |
| Real property                                                                | \$ 20,047,632        | \$ 21,060,822        | \$ 21,850,219        | \$ 22,672,085        | \$ 23,858,008        |
| Personal property                                                            | 367,641              | 366,113              | 385,056              | 381,355              | 384,540              |
| Total tax capacity                                                           | 20,415,273           | 21,426,935           | 22,235,275           | 23,053,440           | 24,242,548           |
| Tax increment                                                                | (116,513)            | (198,997)            | (204,017)            | (184,717)            | (196,166)            |
| <br>Taxable net tax capacity                                                 | <br>\$ 20,298,760    | <br>\$ 21,227,938    | <br>\$ 22,031,258    | <br>\$ 22,868,723    | <br>\$ 24,046,382    |
| <br>Total tax capacity rate                                                  | <br>48.544%          | <br>47.190%          | <br>46.170%          | <br>46.193%          | <br>46.011%          |
| <br>Taxable market value                                                     |                      |                      |                      |                      |                      |
| Real property                                                                | \$ 1,622,624,100     | \$ 1,735,898,300     | \$ 1,826,858,800     | \$ 1,909,814,070     | \$ 2,026,119,675     |
| Personal property                                                            | 18,736,600           | 18,585,200           | 19,469,900           | 19,234,400           | 19,393,900           |
| Taxable market value                                                         | \$ 1,641,360,700     | \$ 1,754,483,500     | \$ 1,846,328,700     | \$ 1,929,048,470     | \$ 2,045,513,575     |
| <br>Estimated actual market value<br>of taxable property                     | <br>\$ 1,796,401,800 | <br>\$ 1,900,894,800 | <br>\$ 1,978,763,900 | <br>\$ 2,060,082,600 | <br>\$ 2,178,621,000 |
| <br>Taxable market value as a percentage<br>of estimated actual market value | <br>91.37%           | <br>92.30%           | <br>93.31%           | <br>93.64%           | <br>93.89%           |

Note: Property in the county is reassessed annually. The county assessor's market value of property is approximately 95 percent of actual value for all types of real and personal property.

Source: Sherburne County Assessor

Table 7

| Fiscal Year             |                         |                         |                         |                         |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2019                    | 2020                    | 2021                    | 2022                    | 2023                    |
| \$ 25,796,978           | \$ 27,658,820           | \$ 29,276,840           | \$ 31,408,437           | \$ 37,852,795           |
| 408,699                 | 375,332                 | 396,605                 | 467,376                 | 540,816                 |
| 26,205,677              | 28,034,152              | 29,673,445              | 31,875,813              | 38,393,611              |
| (199,061)               | (211,066)               | (263,732)               | (294,137)               | (371,512)               |
| <u>\$ 26,006,616</u>    | <u>\$ 27,823,086</u>    | <u>\$ 29,409,713</u>    | <u>\$ 31,581,676</u>    | <u>\$ 38,022,099</u>    |
| <u>45.907%</u>          | <u>46.241%</u>          | <u>44.556%</u>          | <u>43.967%</u>          | <u>39.700%</u>          |
| <br>                    |                         |                         |                         |                         |
| \$ 2,219,031,172        | \$ 2,394,547,946        | \$ 2,558,852,731        | \$ 2,766,271,639        | \$3,387,630,626         |
| 20,605,300              | 18,945,900              | 20,009,600              | 23,548,900              | 27,213,700              |
| <u>\$ 2,239,636,472</u> | <u>\$ 2,413,493,846</u> | <u>\$ 2,578,862,331</u> | <u>\$ 2,789,820,539</u> | <u>\$ 3,414,844,326</u> |
| <br>                    |                         |                         |                         |                         |
| <u>\$ 2,374,405,900</u> | <u>\$ 2,547,475,200</u> | <u>\$ 2,707,389,000</u> | <u>\$ 2,912,167,000</u> | <u>\$3,517,039,400</u>  |
| <br>                    |                         |                         |                         |                         |
| 94.32%                  | 94.74%                  | 95.25%                  | 95.80%                  | 97.09%                  |



**City of Elk River  
Property Tax Rates  
Direct and Overlapping<sup>1</sup> Governments  
Last Ten Fiscal Years**

**Table 8**

| Fiscal<br>Year | City of Elk River |                 |        | Overlapping Rates |                 |                          |                      | Total                              |
|----------------|-------------------|-----------------|--------|-------------------|-----------------|--------------------------|----------------------|------------------------------------|
|                | Operating         | Debt<br>Service | Total  | County            | School District |                          | Special<br>Districts | Direct and<br>Overlapping<br>Rates |
|                |                   |                 |        |                   | Operating       | Referendum<br>Mkt. Value |                      |                                    |
| 2014           | 46.740            | 1.804           | 48.544 | 54.861            | 51.286          | 0.156                    | 4.987                | 159.834                            |
| 2015           | 45.433            | 1.757           | 47.190 | 51.979            | 42.483          | 0.209                    | 4.779                | 146.640                            |
| 2016           | 44.507            | 1.663           | 46.170 | 50.478            | 39.268          | 0.215                    | 4.778                | 140.909                            |
| 2017           | 44.584            | 1.609           | 46.193 | 50.460            | 36.659          | 0.219                    | 4.509                | 138.040                            |
| 2018           | 44.474            | 1.537           | 46.011 | 49.356            | 36.137          | 0.218                    | 4.269                | 135.991                            |
| 2019           | 44.099            | 1.808           | 45.907 | 47.928            | 32.865          | 0.216                    | 2.496                | 129.412                            |
| 2020           | 44.013            | 2.228           | 46.241 | 47.426            | 34.371          | 0.320                    | 2.533                | 130.891                            |
| 2021           | 42.452            | 2.104           | 44.556 | 45.835            | 31.717          | 0.306                    | 2.328                | 124.742                            |
| 2022           | 42.059            | 1.908           | 43.967 | 44.080            | 30.889          | 0.305                    | 2.200                | 121.441                            |
| 2023           | 37.082            | 2.618           | 39.700 | 38.630            | 26.605          | 0.289                    | 2.099                | 107.323                            |

<sup>1</sup> Overlapping rates are those of local and county governments that apply to property owners within the City of Elk River. Not all overlapping rates apply to all City of Elk River property owners (e.g., the rates for special districts apply only to the proportion of the city's property owners whose property is located within the geographic boundaries of the special district.

Source: Sherburne County Auditor/Treasurer

City of Elk River  
Principal Taxpayers  
Current Year and Nine Years Ago

Table 9

| Taxpayer                        | 2023                |      |                                      | 2014                |      |                                      |
|---------------------------------|---------------------|------|--------------------------------------|---------------------|------|--------------------------------------|
|                                 | Net Tax Capacity    | Rank | Percentage of Total Net Tax Capacity | Net Tax Capacity    | Rank | Percentage of Total Net Tax Capacity |
| Great River Energy              | \$ 838,532          | 1    | 2.21%                                | \$ 1,159,164        | 1    | 5.71%                                |
| Cristobal Ventures LLC          | 631,612             | 2    | 1.66                                 | -                   | -    | -                                    |
| Minnegasco                      | 514,768             | 3    | 1.35                                 | 137,404             | 9    | 0.68                                 |
| Target Corporation              | 430,174             | 4    | 1.13                                 | 270,230             | 5    | 1.33                                 |
| Freeport Elk River LLC          | 363,692             | 5    | 0.96                                 | -                   | -    | -                                    |
| Walmart Stores                  | 305,064             | 6    | 0.80                                 | 274,298             | 4    | 1.35                                 |
| St Elk River MN LLC             | 284,740             | 7    | 0.75                                 | -                   | -    | -                                    |
| Menard, Inc                     | 218,482             | 8    | 0.57                                 | 181,316             | 6    | 0.89                                 |
| Elk River Senior Properties LLC | 209,974             | 9    | 0.55                                 | -                   | -    | -                                    |
| BIGO-Evans Meadows LLC          | 193,024             | 10   | 0.51                                 | -                   | -    | -                                    |
| JPM Capital Corporation         | -                   | -    | -                                    | 383,250             | 2    | 1.89                                 |
| BRE Retail Residual Owner, LLC  | -                   | -    | -                                    | 277,088             | 3    | 1.37                                 |
| Envision Company LLC            | -                   | -    | -                                    | 151,068             | 7    | 0.74                                 |
| Home Depot                      | -                   | -    | -                                    | 138,084             | 8    | 0.68                                 |
| ARHC ERELKMN01 LLC              | -                   | -    | -                                    | 112,478             | 10   | 0.55                                 |
| Total                           | <u>\$ 3,990,062</u> |      | <u>13.37%</u>                        | <u>\$ 3,084,380</u> |      | <u>16.00%</u>                        |

Source: Sherburne County Assessor

**City of Elk River  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

**Table 10**

| Fiscal<br>Year | Total<br>Tax Levy | Collected within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       |
|----------------|-------------------|-------------------------------------------------|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                |                   | Year's<br>Amount                                | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 2014           | \$ 10,315,213     | \$ 10,300,688                                   | 99.86                 | \$ 12,924                             | \$ 10,313,612             | 99.98                 |
| 2015           | 10,541,718        | 10,511,527                                      | 99.71                 | 27,864                                | 10,539,391                | 99.98                 |
| 2016           | 10,852,545        | 10,843,359                                      | 99.92                 | 7,950                                 | 10,851,309                | 99.99                 |
| 2017           | 11,397,665        | 11,362,631                                      | 99.69                 | 34,310                                | 11,396,941                | 99.99                 |
| 2018           | 11,910,489        | 11,899,143                                      | 99.90                 | 11,009                                | 11,910,152                | 100.00                |
| 2019           | 12,749,645        | 12,706,730                                      | 99.66                 | 42,124                                | 12,748,854                | 99.99                 |
| 2020           | 13,632,710        | 13,647,883                                      | 100.11                | (19,070)                              | 13,628,813                | 99.97                 |
| 2021           | 13,922,492        | 13,911,413                                      | 99.92                 | 982                                   | 13,912,395                | 99.93                 |
| 2022           | 14,725,913        | 14,679,784                                      | 99.69                 | 23,707                                | 14,703,491                | 99.85                 |
| 2023           | 15,973,005        | 15,892,157                                      | 99.49                 | -                                     | 15,892,157                | 99.49                 |



**City of Elk River**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

| Fiscal Year | Governmental Activities |                            |                    |                 |              | Business-Type Activities   |               |               |                 | Total Primary Government | Percentage of Personal Income <sup>1</sup> | Per Capita <sup>1</sup> |
|-------------|-------------------------|----------------------------|--------------------|-----------------|--------------|----------------------------|---------------|---------------|-----------------|--------------------------|--------------------------------------------|-------------------------|
|             | General Obligation      | General Obligation Revenue | Special Assessment | Lease Liability | Other        | General Obligation Revenue | Revenue Bonds | Notes Payable | Lease Liability |                          |                                            |                         |
| 2014        | \$ 34,023,916           | \$ -                       | \$ 1,246,612       | \$ -            | \$ 1,410,000 | \$ 12,868,388              | \$ 3,634,845  | \$ 1,599,876  | \$ -            | \$ 54,783,637            | 7.14%                                      | \$ 2,316                |
| 2015        | 32,789,690              | -                          | 924,765            | -               | 1,410,000    | 12,564,299                 | 3,020,935     | 1,408,368     | -               | 52,118,057               | 6.69%                                      | 2,183                   |
| 2016        | 29,365,466              | -                          | 607,918            | -               | -            | 11,858,552                 | 12,462,779    | 1,214,076     | -               | 55,508,791               | 6.81%                                      | 2,294                   |
| 2017        | 18,951,241              | -                          | 296,071            | -               | -            | 11,132,723                 | 11,781,983    | 1,018,860     | -               | 43,180,878               | 5.19%                                      | 1,758                   |
| 2018        | 17,632,016              | -                          | -                  | -               | -            | 10,381,894                 | 21,528,442    | 820,608       | -               | 50,362,960               | 5.89%                                      | 2,023                   |
| 2019        | 16,277,791              | 35,913,322                 | -                  | -               | -            | 9,233,625                  | 21,004,411    | 619,692       | -               | 83,048,841               | 9.49%                                      | 3,290                   |
| 2020        | 31,028,479              | 35,235,066                 | -                  | -               | -            | 16,053,687                 | 19,741,758    | 415,740       | -               | 102,474,730              | 11.44%                                     | 4,004                   |
| 2021        | 29,062,498              | 34,301,810                 | -                  | -               | -            | 16,737,477                 | 31,305,891    | 209,124       | -               | 111,616,800              | 12.50%                                     | 4,320                   |
| 2022        | 27,518,821              | 33,328,554                 | -                  | 407,831         | -            | 8,918,365                  | 30,190,124    | -             | 41,895          | 100,405,590              | 10.02%                                     | 3,785                   |
| 2023        | 25,320,144              | 32,310,298                 | -                  | 295,134         | -            | 8,329,253                  | 29,215,262    | -             | 32,679          | 95,502,770               | 8.25%                                      | 3,525                   |

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

<sup>1</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

**City of Elk River**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 12**

| Fiscal Year | General Bonded Debt <sup>1</sup> | Less Amounts Restricted for Debt Service | Less Cash with Fiscal Agent | Net Bonded Debt | Percentage of Net Bonded Debt to Tax Capacity <sup>2</sup> | Net Bonded Debt per Capita <sup>3</sup> |
|-------------|----------------------------------|------------------------------------------|-----------------------------|-----------------|------------------------------------------------------------|-----------------------------------------|
| 2014        | \$ 31,001,667                    | \$ 1,599,852                             | \$ 9,580,144                | \$ 19,821,671   | 99.50%                                                     | \$ 838                                  |
| 2015        | 28,986,667                       | 1,154,728                                | 9,423,440                   | 18,408,499      | 97.65%                                                     | 771                                     |
| 2016        | 25,728,333                       | 1,556,232                                | 9,284,303                   | 14,887,798      | 86.72%                                                     | 611                                     |
| 2017        | 15,331,667                       | 1,608,880                                | 0                           | 13,722,787      | 60.01%                                                     | 559                                     |
| 2018        | 14,220,000                       | 1,473,230                                | -                           | 12,746,770      | 53.01%                                                     | 512                                     |
| 2019        | 13,076,667                       | 1,553,879                                | -                           | 11,522,788      | 44.31%                                                     | 456                                     |
| 2020        | 26,676,667                       | 7,510,704                                | -                           | 19,165,963      | 68.89%                                                     | 749                                     |
| 2021        | 24,646,667                       | 2,019,928                                | -                           | 22,626,739      | 76.94%                                                     | 876                                     |
| 2022        | 23,410,000                       | 1,915,672                                | -                           | 21,494,328      | 68.06%                                                     | 814                                     |
| 2023        | 21,523,333                       | 1,713,055                                | -                           | 19,810,278      | 52.10%                                                     | 734                                     |

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

<sup>1</sup> Only includes debt supported by tax levy; does not include sales tax revenue bonds.

<sup>2</sup> See the Schedule of Tax Capacity, Market Value and Estimated Actual Value of Taxable Property for property value data.

<sup>3</sup> Population data can be found in the Schedule of Demographic and Economic Statistics.



**City of Elk River**  
**Direct and Overlapping Governmental Activities Debt**  
**December 31, 2023**

**Table 13**

|                                                           | Outstanding<br>Debt | Percent<br>of Debt<br>Applicable<br>to City <sup>1</sup> | City's<br>Share<br>of Debt |
|-----------------------------------------------------------|---------------------|----------------------------------------------------------|----------------------------|
| Direct Debt:                                              |                     |                                                          |                            |
| City of Elk River <sup>2</sup>                            | \$ 57,925,576       | 100.00%                                                  | \$ 57,925,576              |
| Overlapping Debt:                                         |                     |                                                          |                            |
| Sherburne County                                          | 37,726,121          | 26.11%                                                   | 9,848,456                  |
| School District #728                                      | 285,730,000         | 28.94%                                                   | 82,678,073                 |
| Total overlapping debt                                    | 323,456,121         |                                                          | 92,526,529                 |
| Total direct and overlapping debt                         | \$ 381,381,697      |                                                          | \$ 150,452,105             |
| Debt Ratios:                                              |                     |                                                          |                            |
| Ratio of debt per capita (27,001 population)              |                     |                                                          | \$5,561                    |
| Ratios of debt to taxable market value of \$3,414,844,326 |                     |                                                          | 4.40%                      |

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable market property values. Applicable percentages were estimated by determining the portion of the county's and school district's taxable market value that is within the city's boundaries and dividing it by the county's and school district's total taxable market value.

<sup>2</sup> Excludes debt payable from enterprise revenue.

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 business of the City of Elk River. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Sherburne County and School District #728

**City of Elk River  
Legal Debt Margin Information  
Last Ten Fiscal Years**

|                                                                         | Fiscal Year          |                      |                      |                      |                      |
|-------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                         | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 |
| Debt limit                                                              | \$ 53,892,054        | \$ 57,026,844        | \$ 59,362,917        | \$ 61,802,478        | \$ 65,358,630        |
| Bonds                                                                   | 30,071,667           | 28,986,667           | 25,706,667           | 15,331,667           | 14,220,000           |
| Reserves                                                                | 10,743,409           | 10,673,852           | 10,560,614           | 1,377,746            | 1,457,117            |
| Total net debt applicable to limit                                      | <u>19,328,258</u>    | <u>18,312,815</u>    | <u>15,146,053</u>    | <u>13,953,921</u>    | <u>12,762,883</u>    |
| Legal debt margin                                                       | <u>\$ 34,563,796</u> | <u>\$ 38,714,029</u> | <u>\$ 44,216,864</u> | <u>\$ 47,848,557</u> | <u>\$ 52,595,747</u> |
| Total net debt applicable to the<br>limit as a percentage of debt limit | 35.86%               | 32.11%               | 25.51%               | 22.58%               | 19.53%               |

Note: Under state law, the City of Elk River's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

<sup>1</sup> Only 2/3 of the \$7,050,000 GO EDA Refunding Bonds, Series 2013A are subject to the debt limit. The remaining 1/3 will be paid by the YMCA.

Table 14

| Fiscal Year          |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
| \$ 71,232,177        | \$ 76,424,256        | \$ 77,365,870        | \$ 83,694,616        | \$ 102,445,330       |
| 13,076,667           | 26,676,667           | 24,646,667           | 23,410,000           | 21,523,333           |
| 1,528,399            | 7,511,416            | 1,780,459            | 1,785,970            | 1,682,530            |
| 11,548,268           | 19,165,251           | 22,866,208           | 21,624,030           | 19,840,803           |
| <u>\$ 59,683,909</u> | <u>\$ 57,259,005</u> | <u>\$ 54,499,662</u> | <u>\$ 62,070,586</u> | <u>\$ 82,604,527</u> |
| 16.21%               | 25.08%               | 29.56%               | 25.84%               | 19.37%               |

#### Legal Debt Margin Calculation for Fiscal Year 2023

|                                                             |                        |
|-------------------------------------------------------------|------------------------|
| Estimated taxable market value                              | <u>\$3,414,844,326</u> |
| Debt limit (3% of market value)                             | <u>\$102,445,330</u>   |
| Debt applicable to limit:                                   |                        |
| G.O. capital improvement bonds                              | 17,200,000             |
| G.O. EDA bonds <sup>1</sup>                                 | 4,323,333              |
| Less: Cash and investments in related<br>debt service funds | <u>(1,682,530)</u>     |
| Total net debt applicable to limit                          | <u>19,840,803</u>      |
| Legal debt margin                                           | <u>\$ 82,604,527</u>   |

**City of Elk River  
Pledged-Revenue Coverage  
Last Ten Fiscal Years**

**Table 15**

| Fiscal<br>Year | Revenue Bonds <sup>1</sup>    |                                    |                             |              |            |          | Special Assessment Bonds             |              |           |          |
|----------------|-------------------------------|------------------------------------|-----------------------------|--------------|------------|----------|--------------------------------------|--------------|-----------|----------|
|                | Gross<br>Revenue <sup>2</sup> | Operating<br>Expenses <sup>3</sup> | Net<br>Revenue<br>Available | Debt Service |            | Coverage | Special<br>Assessment<br>Collections | Debt Service |           | Coverage |
|                |                               |                                    |                             | Principal    | Interest   |          |                                      | Principal    | Interest  |          |
|                |                               |                                    |                             |              |            |          |                                      |              |           |          |
| 2014           | \$ 35,249,153                 | \$ 29,806,010                      | \$ 5,443,143                | \$ 3,940,000 | \$ 282,209 | 1.29     | \$ 182,191                           | \$ 375,000   | \$ 29,000 | 0.45     |
| 2015           | 36,586,235                    | 30,281,264                         | 6,304,971                   | 900,000      | 464,938    | 4.62     | 162,519                              | 310,000      | 21,550    | 0.49     |
| 2016           | 38,559,107                    | 32,376,907                         | 6,286,971                   | 2,860,000    | 183,634    | 2.07     | 135,447                              | 305,000      | 15,400    | 0.42     |
| 2017           | 40,563,969                    | 34,509,407                         | 6,182,200                   | 1,355,000    | 673,662    | 3.05     | 106,349                              | 300,000      | 8,900     | 0.34     |
| 2018           | 43,542,520                    | 35,946,427                         | 7,596,093                   | 1,390,000    | 627,528    | 3.77     | -                                    | 295,000      | 2,950     | 0.00     |
| 2019           | 42,781,499                    | 34,883,488                         | 7,898,011                   | 1,620,000    | 924,505    | 3.10     | -                                    | -            | -         | 0.00     |
| 2020           | 43,078,573                    | 34,310,476                         | 8,768,097                   | 1,625,000    | 1,023,466  | 3.31     | -                                    | -            | -         | 0.00     |
| 2021           | 46,398,629                    | 38,450,863                         | 7,947,766                   | 1,915,000    | 927,535    | 2.80     | -                                    | -            | -         | 0.00     |
| 2022           | 49,445,623                    | 43,409,827                         | 6,035,796                   | 8,865,000    | 1,262,155  | 0.60     | -                                    | -            | -         | 0.00     |
| 2023           | 50,608,815                    | 43,077,556                         | 7,531,259                   | 1,435,000    | 973,191    | 3.13     | -                                    | -            | -         | 0.00     |

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

<sup>1</sup> Includes Liquor, Sewer, Water and Electric revenue bonds

<sup>2</sup> Gross revenue excludes interest income, connection fees and miscellaneous revenues

<sup>3</sup> Expenses exclude depreciation, interest on bonds and miscellaneous expenses

**City of Elk River  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

**Table 16**

| Fiscal Year | Population <sup>1</sup> | Personal Income<br>(in thousands) | Per Capita Income <sup>2</sup> | Median Age <sup>3</sup> | School Enrollment <sup>4</sup> | Unemployment Rate <sup>5</sup> |
|-------------|-------------------------|-----------------------------------|--------------------------------|-------------------------|--------------------------------|--------------------------------|
| 2014        | 23,730                  | \$ 767,666                        | \$ 32,350                      | 36                      | 13,627                         | 4.1%                           |
| 2015        | 23,987                  | 782,528                           | 32,623                         | 35                      | 13,751                         | 4.0%                           |
| 2016        | 24,368                  | 815,597                           | 33,470                         | 36                      | 14,077                         | 3.4%                           |
| 2017        | 24,567                  | 832,784                           | 33,899                         | 36                      | 14,294                         | 4.0%                           |
| 2018        | 24,891                  | 854,433                           | 34,327                         | 36                      | 14,448                         | 3.8%                           |
| 2019        | 25,243                  | 875,452                           | 34,681                         | 36                      | 14,623                         | 3.9%                           |
| 2020        | 25,590                  | 895,676                           | 35,001                         | 36                      | 14,280                         | 4.9%                           |
| 2021        | 25,835                  | 893,090                           | 34,569                         | 37                      | 14,169                         | 3.7%                           |
| 2022        | 26,406                  | 997,143                           | 37,762                         | 37                      | 14,956                         | 2.9%                           |
| 2023        | 27,001                  | 1,154,158                         | 42,745                         | 36                      | 15,041                         | 3.0%                           |

Data Sources

<sup>1</sup> State Demographer

<sup>2</sup> Bureau of Economic Analysis

<sup>3</sup> US Census Bureau

<sup>4</sup> School District

<sup>5</sup> Minnesota Department of Employment and Economic Development

n/a - not available



City of Elk River  
Principal Employers  
Current Year and Nine Years Ago

Table 17

| <u>Employer</u>                              | 2023          |      |                                           | 2014          |      |                                           |
|----------------------------------------------|---------------|------|-------------------------------------------|---------------|------|-------------------------------------------|
|                                              | Employees     | Rank | Percentage<br>of Total City<br>Employment | Employees     | Rank | Percentage<br>of Total City<br>Employment |
| Independent School District 728 <sup>1</sup> | 2,100         | 1    | 16.86%                                    | 1,421         | 1    | 11.28%                                    |
| Sherburne County                             | 697           | 2    | 5.60%                                     | 616           | 2    | 4.89%                                     |
| Guardian Angels of Elk River                 | 374           | 3    | 3.00%                                     | 374           | 3    | 2.97%                                     |
| Walmart                                      | 354           | 4    | 2.84%                                     | 354           | 4    | 2.81%                                     |
| City of Elk River                            | 243           | 5    | 1.95%                                     | 214           | 5    | 1.70%                                     |
| Great River Energy                           | 210           | 6    | 1.69%                                     | 210           | 6    | 1.67%                                     |
| Sportech, Inc.                               | 185           | 7    | 1.49%                                     | 185           | 7    | 1.47%                                     |
| Menards                                      | 173           | 8    | 1.39%                                     | 173           | 8    | 1.37%                                     |
| Tescom Corporation                           | 170           | 9    | 1.37%                                     | 170           | 9    | 1.35%                                     |
| First National Financial Services            | 142           | 10   | 1.14%                                     | -             | -    | -                                         |
| Cornerstone Auto Resource                    | -             | -    | -                                         | 138           | 10   | 1.10%                                     |
| Total                                        | <u>4,648</u>  |      | <u>37.33%</u>                             | <u>3,855</u>  |      | <u>30.61%</u>                             |
| Total Employment <sup>2</sup>                | <u>12,453</u> |      |                                           | <u>12,599</u> |      |                                           |

<sup>1</sup> Total District

<sup>2</sup> Minnesota Department of Employment and Economic Development

**City of Elk River**  
**Full-Time Equivalent Employees by Function**  
**Last Ten Fiscal Years**

**Table 18**

| Function                | Fiscal Year  |              |              |              |              |              |              |              |              |              |
|-------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
| General government      | 28.3         | 29.3         | 29.3         | 29.3         | 30.3         | 29.3         | 29.8         | 29.9         | 31.3         | 31.5         |
| Public safety:          |              |              |              |              |              |              |              |              |              |              |
| Police                  |              |              |              |              |              |              |              |              |              |              |
| Officers                | 31.0         | 32.0         | 32.0         | 32.0         | 34.0         | 34.0         | 34.0         | 34.0         | 34.0         | 34.0         |
| Civilians               | 9.0          | 9.0          | 9.0          | 9.0          | 9.0          | 9.0          | 10.0         | 10.0         | 10.0         | 11.0         |
| Fire                    |              |              |              |              |              |              |              |              |              |              |
| Fire administration     | 2.7          | 3.0          | 3.0          | 3.0          | 3.0          | 5.0          | 5.0          | 5.0          | 5.0          | 5.0          |
| Paid on-call volunteers | 40.0         | 44.0         | 44.0         | 44.0         | 45.0         | 45.0         | 45.0         | 45.0         | 45.0         | 45.0         |
| Other public safety     | 9.0          | 9.0          | 9.0          | 9.0          | 9.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| Public works            | 15.0         | 15.0         | 15.0         | 15.0         | 15.0         | 16.0         | 15.5         | 15.6         | 15.6         | 16.6         |
| Culture and recreation  | 18.5         | 17.5         | 17.5         | 17.8         | 18.3         | 18.6         | 19.7         | 23.6         | 24.6         | 24.9         |
| Economic development    | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Municipal liquor        | 13.0         | 13.0         | 13.0         | 13.0         | 13.0         | 13.5         | 13.5         | 13.5         | 13.5         | 13.5         |
| Sewer                   | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 6.0          | 7.0          | 7.0          | 7.0          |
| Storm Water             | -            | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 0.0          | 0.0          | 0.0          |
| Water                   | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.5          | 8.5          | 8.5          |
| Electric                | 31.0         | 34.0         | 34.0         | 34.0         | 34.0         | 36.0         | 36.0         | 37.0         | 36.4         | 37.2         |
| <b>Total</b>            | <u>213.5</u> | <u>222.8</u> | <u>222.8</u> | <u>223.1</u> | <u>227.6</u> | <u>230.4</u> | <u>232.5</u> | <u>238.1</u> | <u>239.9</u> | <u>243.2</u> |

Source: City of Elk River Finance Department

City of Elk River  
Operating Indicators by Function  
Last Ten Fiscal Years

Table 19

| Function                                               | Fiscal Year |           |           |            |           |           |           |            |            |            |
|--------------------------------------------------------|-------------|-----------|-----------|------------|-----------|-----------|-----------|------------|------------|------------|
|                                                        | 2014        | 2015      | 2016      | 2017       | 2018      | 2019      | 2020      | 2021       | 2022       | 2023       |
| Planning                                               |             |           |           |            |           |           |           |            |            |            |
| Land use applications                                  | 85          | 118       | 138       | 122        | 103       | 102       | 126       | 89         | 112        | 115        |
| Police                                                 |             |           |           |            |           |           |           |            |            |            |
| Police calls                                           | 21,585      | 21,930    | 24,728    | 26,329     | 27,061    | 26,209    | 24,083    | 25,449     | 23,982     | 24,314     |
| Traffic citations                                      | 1,930       | 2,778     | 2,818     | 3,294      | 2,309     | 2,575     | 1,570     | 2,339      | 1,751      | 2,533      |
| Fire                                                   |             |           |           |            |           |           |           |            |            |            |
| Fire calls                                             | 411         | 436       | 442       | 473        | 483       | 497       | 497       | 577        | 547        | 613        |
| Building/environmental                                 |             |           |           |            |           |           |           |            |            |            |
| Permits issued                                         | 1,956       | 1,722     | 1,804     | 2,245      | 2,316     | 2,466     | 2,701     | 2,747      | 2,456      | 2,734      |
| Valuation of permits<br>(thousands of dollars)         | \$ 47,037   | \$ 57,965 | \$ 51,368 | \$ 106,983 | \$ 66,048 | \$ 70,313 | \$ 81,056 | \$ 137,788 | \$ 109,930 | \$ 105,926 |
| Public works                                           |             |           |           |            |           |           |           |            |            |            |
| Street sweeping (hours)                                | 1,888       | 1,824     | 1,520     | 1,314      | 991       | 1,000     | 1,100     | 950        | 825        | 800        |
| Snowplowing (hours)                                    | 5,872       | 3,018     | 3,368     | 3,812      | 5,122     | 4,200     | 3,900     | 4,160      | 5,500      | 4,800      |
| Equipment repair (hours)                               | 5,210       | 3,575     | 3,688     | 4,196      | 5,140     | 5,100     | 5,200     | 5,440      | 4,950      | 4,947      |
| Culture and recreation                                 |             |           |           |            |           |           |           |            |            |            |
| Recreation participants                                | 27,330      | 27,348    | 27,452    | 27,787     | 27,637    | 33,522    | 12,285    | 36,752     | 41,061     | 26,789     |
| Ice arena usage (hours)                                | 4,568       | 5,469     | 4,583     | 4,518      | 4,459     | 4,234     | 2,108     | 1,870      | 5,035      | 6,796      |
| Sewer                                                  |             |           |           |            |           |           |           |            |            |            |
| Average daily treatment flow<br>(thousands of gallons) | 1,200       | 1,200     | 1,300     | 1,300      | 1,300     | 1,300     | 1,350     | 1,350      | 1,350      | 1,350      |
| Water                                                  |             |           |           |            |           |           |           |            |            |            |
| Number of customers                                    | 4,676       | 4,672     | 4,903     | 5,011      | 5,140     | 5,256     | 5,320     | 5,430      | 5,551      | 5,611      |
| Average daily consumption<br>(thousands of gallons)    | 2,143       | 2,192     | 2,196     | 2,159      | 2,254     | 2,133     | 2,391     | 2,677      | 2,429      | 2,751      |
| Electric                                               |             |           |           |            |           |           |           |            |            |            |
| Number of customers                                    | 9,449       | 10,499    | 10,816    | 11,448     | 11,983    | 12,244    | 12,365    | 12,789     | 12,955     | 13,232     |
| Average daily consumption<br>(thousands of KWh's)      | 790         | 773       | 837       | 878        | 931       | 922       | 923       | 953        | 943        | 936        |

Sources: Various city departments

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

**Table 20**

| Function                                                   | Fiscal Year |        |        |        |        |                 |        |        |        |        |
|------------------------------------------------------------|-------------|--------|--------|--------|--------|-----------------|--------|--------|--------|--------|
|                                                            | 2014        | 2015   | 2016   | 2017   | 2018   | 2019            | 2020   | 2021   | 2022   | 2023   |
| Public safety                                              |             |        |        |        |        |                 |        |        |        |        |
| Police:                                                    |             |        |        |        |        |                 |        |        |        |        |
| Stations                                                   | 1           | 1      | 1      | 1      | 1      | 1               | 1      | 1      | 1      | 1      |
| Patrol units                                               | 12          | 13     | 13     | 13     | 14     | 14              | 14     | 14     | 16     | 17     |
| Fire Stations                                              | 2           | 2      | 2      | 2      | 2      | 2               | 2      | 2      | 3      | 3      |
| Public works                                               |             |        |        |        |        |                 |        |        |        |        |
| Streets (miles)                                            | 151         | 151    | 155    | 155    | 155    | 155             | 157    | 160    | 164    | 164    |
| Culture and recreation                                     |             |        |        |        |        |                 |        |        |        |        |
| Parks                                                      | 46          | 46     | 46     | 46     | 46     | 40 <sup>1</sup> | 40     | 40     | 40     | 40     |
| Parks acreage                                              | 1,392       | 1,392  | 1,392  | 1,392  | 1,392  | 1,392           | 1,392  | 1,392  | 1,392  | 1,392  |
| Sewer                                                      |             |        |        |        |        |                 |        |        |        |        |
| Sanitary sewers (miles)                                    | 80          | 80     | 80     | 80     | 80     | 80              | 82     | 87     | 136    | 87     |
| Lift stations                                              | 21          | 21     | 21     | 21     | 21     | 21              | 22     | 23     | 23     | 23     |
| Maximum daily treatment capacity<br>(thousands of gallons) | 2,200       | 2,200  | 4,500  | 4,500  | 4,500  | 4,500           | 4,500  | 4,500  | 4,500  | 4,500  |
| Water                                                      |             |        |        |        |        |                 |        |        |        |        |
| Maximum daily capacity<br>(thousands of gallons)           | 10,000      | 10,000 | 10,000 | 10,000 | 10,000 | 10,000          | 10,000 | 10,000 | 10,000 | 10,000 |
| Electric                                                   |             |        |        |        |        |                 |        |        |        |        |
| Generating facilities                                      | 6           | 6      | 6      | 6      | 6      | 6               | 6      | 6      | 6      | 6      |

Note: No capital asset indicators are available for the general government function.

<sup>1</sup> Several smaller parks were consolidated into Woodland Trails Regional Park

Sources: Various city departments



**City of Elk River  
Sherburne County, Minnesota**

**Communications Letter**

**December 31, 2023**

**City of Elk River  
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**Report on Matters Identified as a Result of  
the Audit of the Basic Financial Statements**

Honorable Mayor, Members of the  
City Council, and Management  
City of Elk River  
Elk River, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Elk River, Minnesota, as of and for the year ended December 31, 2023, 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, 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 over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- ◆ *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- ◆ *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated May 13, 2024, on such statements.

The purpose of this communication, which is an integral part of our audit, is to describe for the Members of the City Council and management and others within the City and state oversight agencies the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

*Bergan KDV, Ltd.*

Minneapolis, Minnesota  
May 13, 2024



## **City of Elk River Required Communication**

We have audited the basic financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2023. Professional standards require that we advise you of the following matters related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our responsibility with respect to the other information in documents containing the audited basic financial statements and auditor's report does not extend beyond the basic financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information was not audited, and we do not express an opinion or provide any assurance on it.

## **City of Elk River Required Communication**

### **Our Responsibility in Relation to *Government Auditing Standards***

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- ◆ Management Override of Controls - Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- ◆ Misappropriation of Assets - If duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made by the City. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- ◆ Improper Revenue Recognition - Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the government's operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.
- ◆ Pension Valuation - Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions are generally material to the financial statements and involve significant estimates.

### **Qualitative Aspects of the City's Significant Accounting Practices**

#### ***Significant Accounting Policies***

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to the basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### ***Significant Accounting Estimates***

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

**City of Elk River  
Required Communication**

**Qualitative Aspects of Significant Accounting Practices (Continued)**

*Significant Accounting Estimates (Continued)*

The most sensitive estimate affecting the basic financial statements relate to:

Net Pension Liability, Deferred Outflows of Resources Related to Pensions and Deferred Inflows of Resources Related to Pensions - These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

*Financial Statement Disclosures*

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

## **City of Elk River Required Communication**

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

We were not engaged to report on the other information accompanying the basic financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

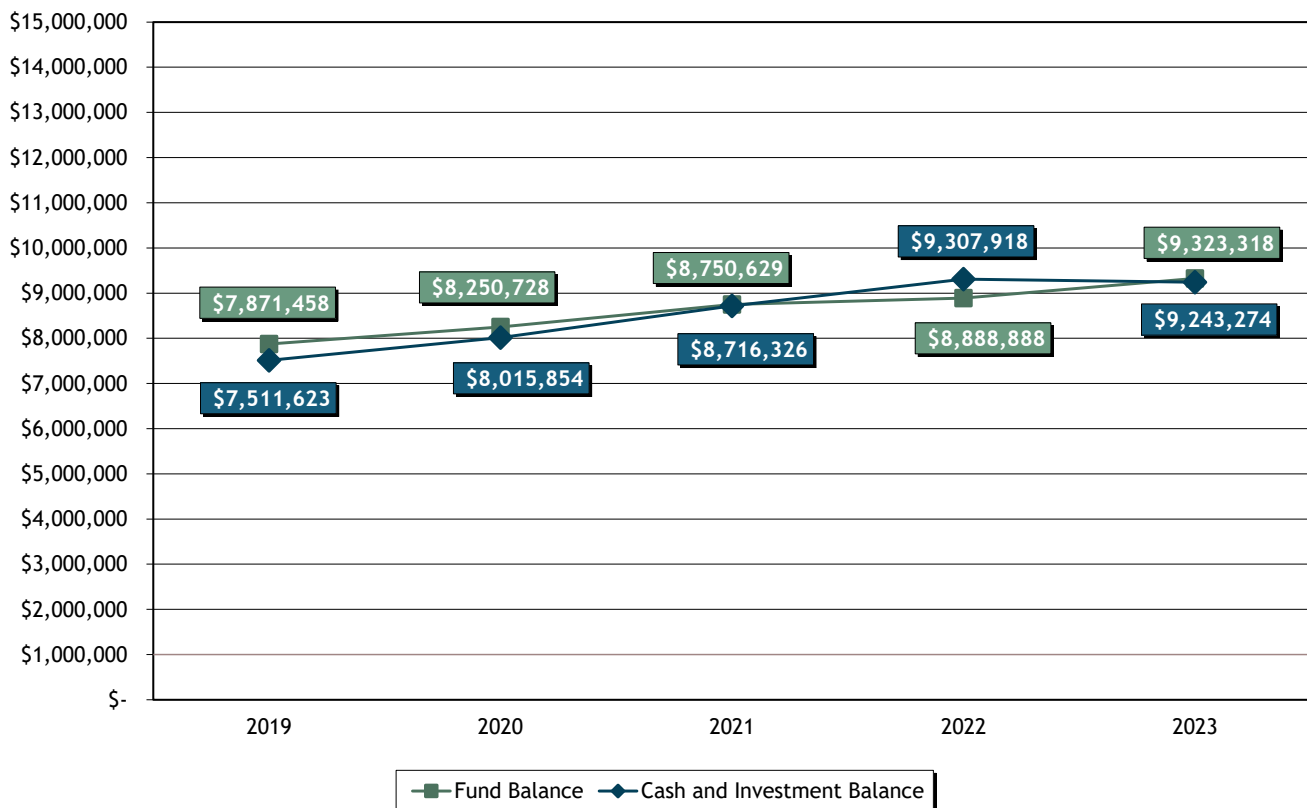
## City of Elk River Financial Analysis

The following pages provide graphic representations of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

### General Fund - Fund Balance

The following graph illustrates the relationship between cash and investments and fund balance over the past five years. At December 31, 2023, the General Fund balance consisted of an unrestricted fund balance of \$9,323,318. The total unrestricted fund balance represented just over five and a half months of expenditures at current levels. The Office of the State Auditor has issued a statement of position recommending cities maintain an unrestricted fund balance of approximately 35% to 50% of fund operating revenues, or no less than five months of operating expenditures. The City's fund balance policy for the General Fund identifies a minimum unassigned fund balance of 40-45% of budgeted operating expenditures. Based on the 2024 budgeted expenditures of \$21,570,600, the City's unassigned General Fund balance was at 43% at December 31, 2023.

#### Cash and Investments and Fund Balance

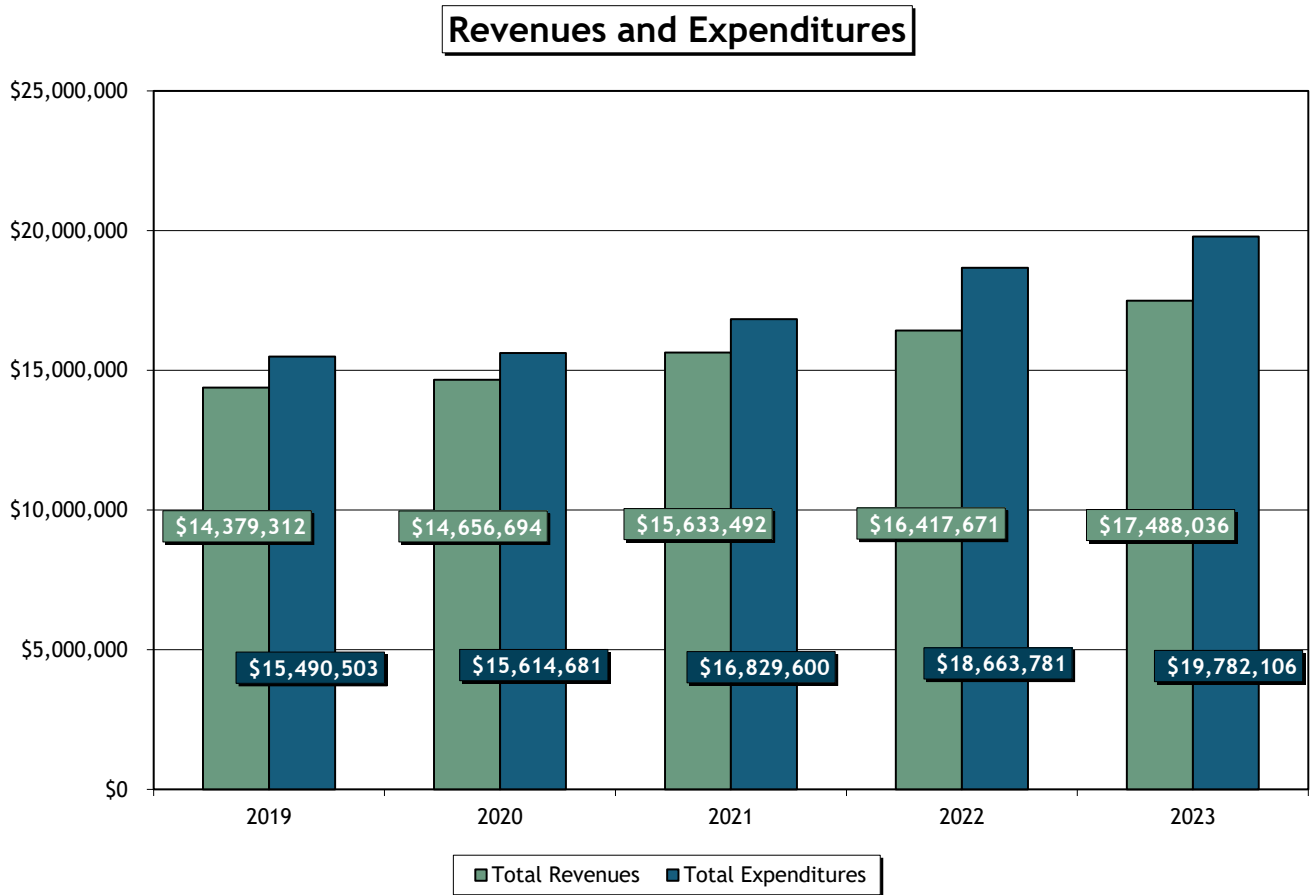


On the following pages, we will discuss the revenues and expenditures of the General Fund and the variations in the fund balance.

## City of Elk River Financial Analysis

### General Fund - Revenues and Expenditures

The following table and graph show the overall operations of the General Fund. Revenues have increased over each of the five years shown from a low of \$14,379,312 in 2019 to a high in 2023 of \$17,488,036. Overall, from 2019 to 2023, revenues have increased \$3,108,724, or 21.6%. Revenues increased by \$1,070,365 when comparing 2023 to 2022. Similarly, expenditures have increased over each of the five years presented. In 2023, expenditures were \$19,782,106, an increase from the prior year of \$1,118,325. Since 2019, expenditures have increased \$4,291,603, or 27.7%.



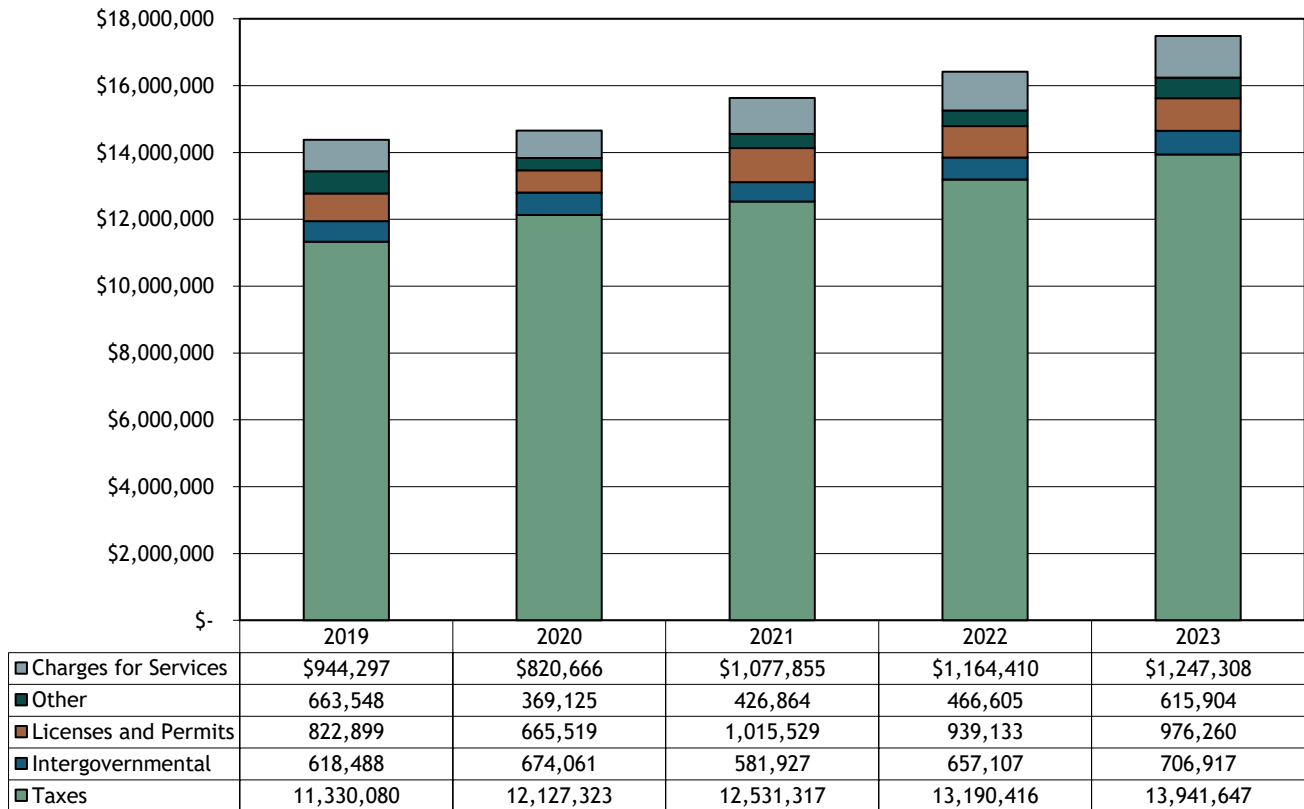
## City of Elk River Financial Analysis

### General Fund - Revenues

The following graph presents comparisons of revenues by type, illustrating the majority of revenue for the City is from taxes, representing 79.7% of total General Fund revenues. Other revenues include items such as fines and forfeitures, investment earnings, and other miscellaneous items.

Revenues of the General Fund increased from 2022 to 2023 by \$1,070,365, or 6.5%. Tax revenue had the largest increase of \$751,231 based on the increase in taxes levied for the fund. The other revenue category increased \$149,299 related to increases in investment income, fines and forfeitures, and other miscellaneous revenues. Other category sources of revenue had relatively minor fluctuations when compared to the prior year.

**General Fund Revenues**



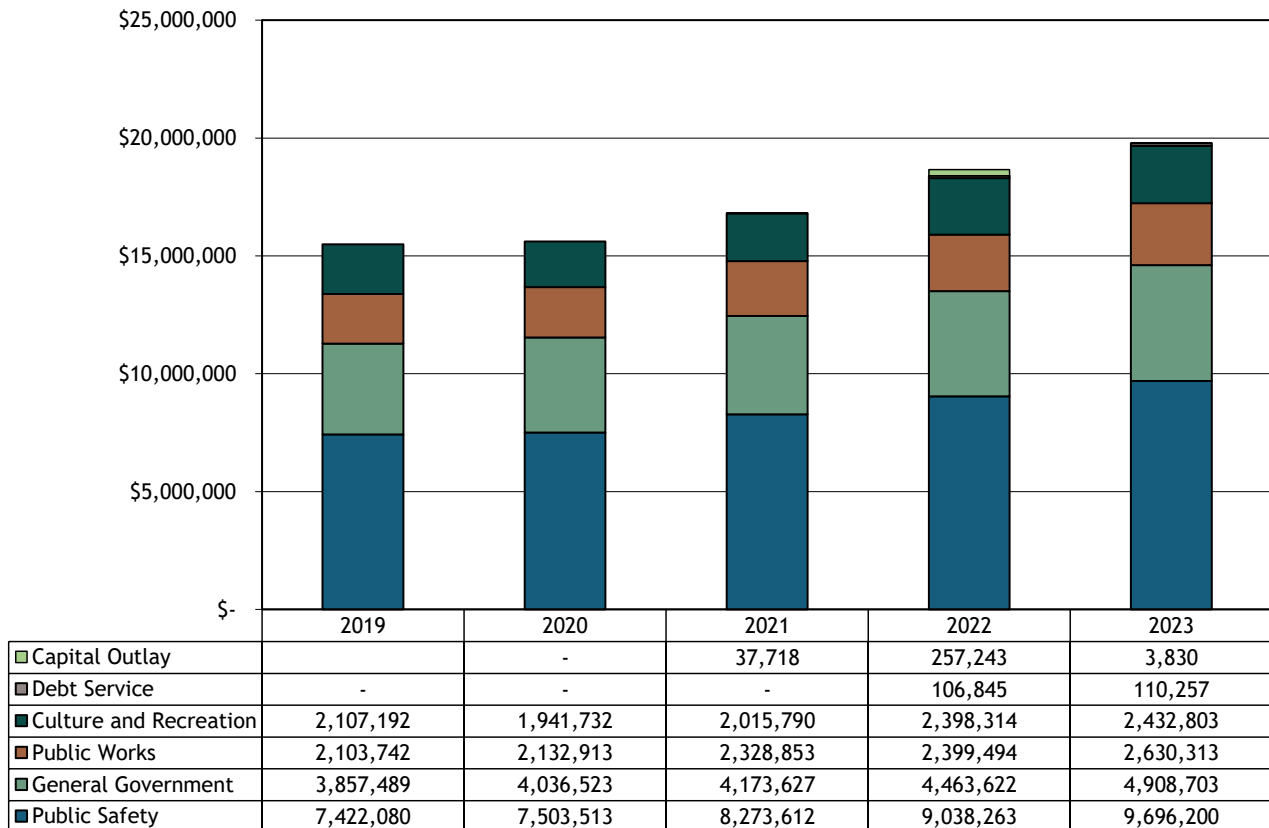
## City of Elk River Financial Analysis

### General Fund - Expenditures

The graph below represents the breakdown of expenditures by department. Public safety continues to comprise the largest portion of General Fund expenditures, representing 49.0%. Overall, General Fund expenditures increased \$1,118,325, or 6.0%, from 2022.

Public safety expenditures increased \$657,937 with higher salaries and benefits along with additional costs for equipment and supply needs. General government expenditures increased \$445,081 with increased wages for employees and greater professional service expenditures. Public works expenditures increased \$150,322 with higher salaries and benefits along with additional costs for supplies and equipment repair and maintenance.

**General Fund Expenditures**





# City of Elk River Financial Analysis

## General Fund - Budgetary Comparison

|                                                  | Original and<br>Final Budget | Actual<br>Amounts | Variance With<br>Final Budget -<br>Over (Under) |
|--------------------------------------------------|------------------------------|-------------------|-------------------------------------------------|
| <b>Revenues</b>                                  |                              |                   |                                                 |
| Property taxes                                   | \$13,893,000                 | \$13,785,282      | \$ (107,718)                                    |
| Other taxes                                      | 225,000                      | 156,365           | (68,635)                                        |
| Licenses and permits                             | 1,004,300                    | 976,260           | (28,040)                                        |
| Intergovernmental                                | 634,000                      | 706,917           | 72,917                                          |
| Charges for services                             | 1,163,700                    | 1,247,308         | 83,608                                          |
| Fines and forfeitures                            | 130,000                      | 169,910           | 39,910                                          |
| Miscellaneous revenues                           | 275,000                      | 445,994           | 170,994                                         |
| Total revenues                                   | 17,325,000                   | 17,488,036        | 163,036                                         |
| <b>Expenditures</b>                              |                              |                   |                                                 |
| General government                               | 4,907,100                    | 4,908,703         | 1,603                                           |
| Public safety                                    | 9,857,300                    | 9,696,200         | (161,100)                                       |
| Public works                                     | 2,622,500                    | 2,549,816         | (72,684)                                        |
| Culture and recreation                           | 2,666,600                    | 2,432,803         | (233,797)                                       |
| Economic development                             | -                            | 80,497            | 80,497                                          |
| Debt service                                     | -                            | 110,257           | 110,257                                         |
| Capital outlay                                   | -                            | 3,830             | 3,830                                           |
| Total expenditures                               | 20,053,500                   | 19,782,106        | (271,394)                                       |
| Excess of revenues over<br>(under) disbursements | (2,728,500)                  | (2,294,070)       | 434,430                                         |
| <b>Other Financing Sources (Uses)</b>            |                              |                   |                                                 |
| Net transfers                                    | 2,728,500                    | 2,728,500         | -                                               |
| Net change in fund balances                      | \$ -                         | \$ 434,430        | \$ 434,430                                      |

The City had a balanced budget in 2023 with anticipated revenues and net transfers equaling budgeted expenditures of \$20,053,500. Overall, actual revenue was \$163,036, or 0.9%, over budget. The miscellaneous revenues category was \$170,994 over budget due in large part to investment income coming in higher than budgeted. All other revenue categories were relatively consistent with the budget.

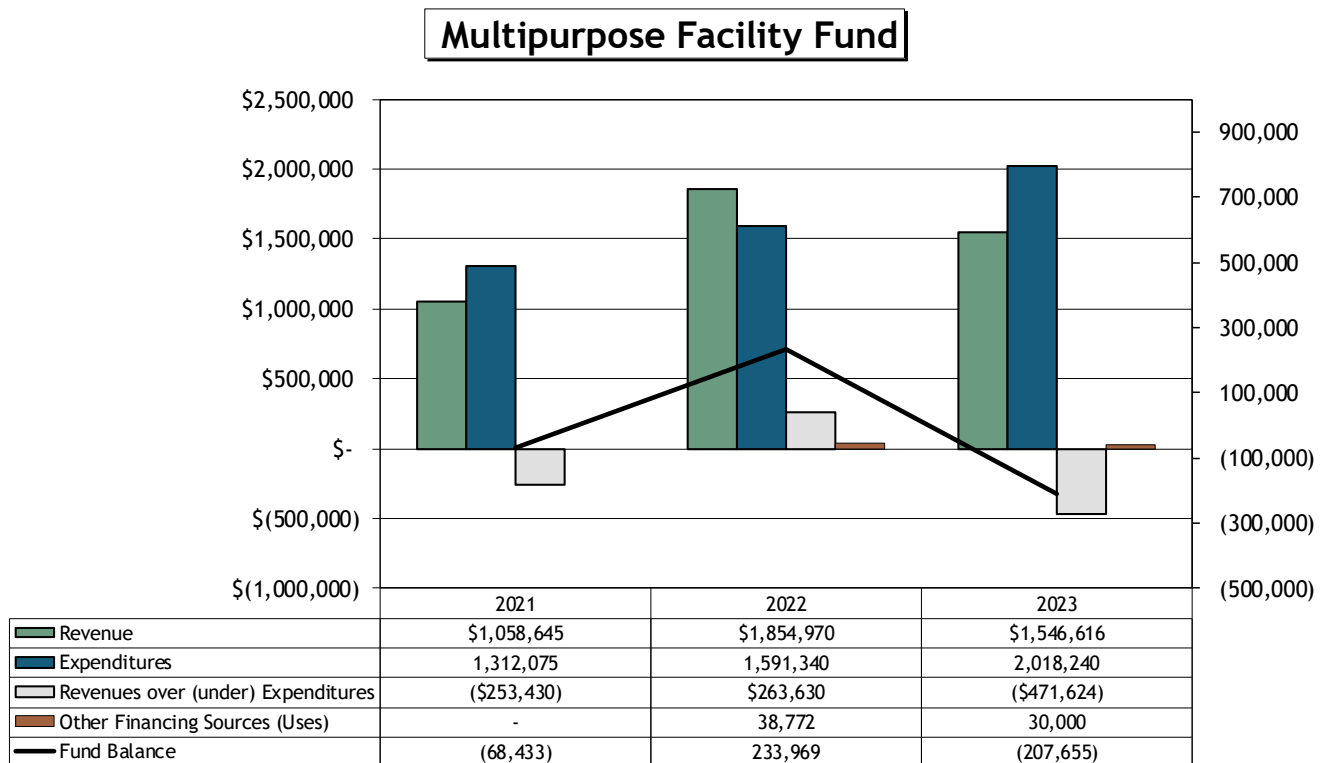
Overall, actual expenditures were less than budgeted amounts by \$271,394, or 1.4%. The primary driver of the expenditures being under budget related to the culture and recreation expenditures, which were \$233,797 under budget based on lesser wages and repair and maintenance costs than anticipated. Public safety was \$161,100 under budget based on personnel costs and less repair and maintenance expenditures than anticipated. The debt service category had actual expenditure amounts in 2023 as the result of the required implementation of GASB Statement No. 87, which changed the accounting for leases, which were not included separately as part of the budget.

## City of Elk River Financial Analysis

### Multipurpose Facility Operations

The following graph illustrates the current operations of the Multipurpose Facility Fund for the past three years.

In 2023, the Fund showed revenues of \$1,546,616, which was a decrease of \$308,354 compared to 2022 as less federal funding from the American Rescue Plan Act was received in the Fund. The decrease in federal funding was partially offset by increases in revenues from ice rental and recreation fees along with greater revenue from concessions. Expenditures increased by \$426,900 during 2023 with increased equipment purchases along with higher wages, supply costs, contractual services, and merchandise costs. The Fund entered into an interfund loan with the Capital Outlay Reserve Fund in 2023 for \$200,000 relating to the purchase of a Zamboni. The effect of decreased revenues and increased expenditures in 2023, along with \$30,000 in other financing sources, resulted in a decrease in fund balance of \$441,624. The fund balance at the end of 2023 was (\$207,655).



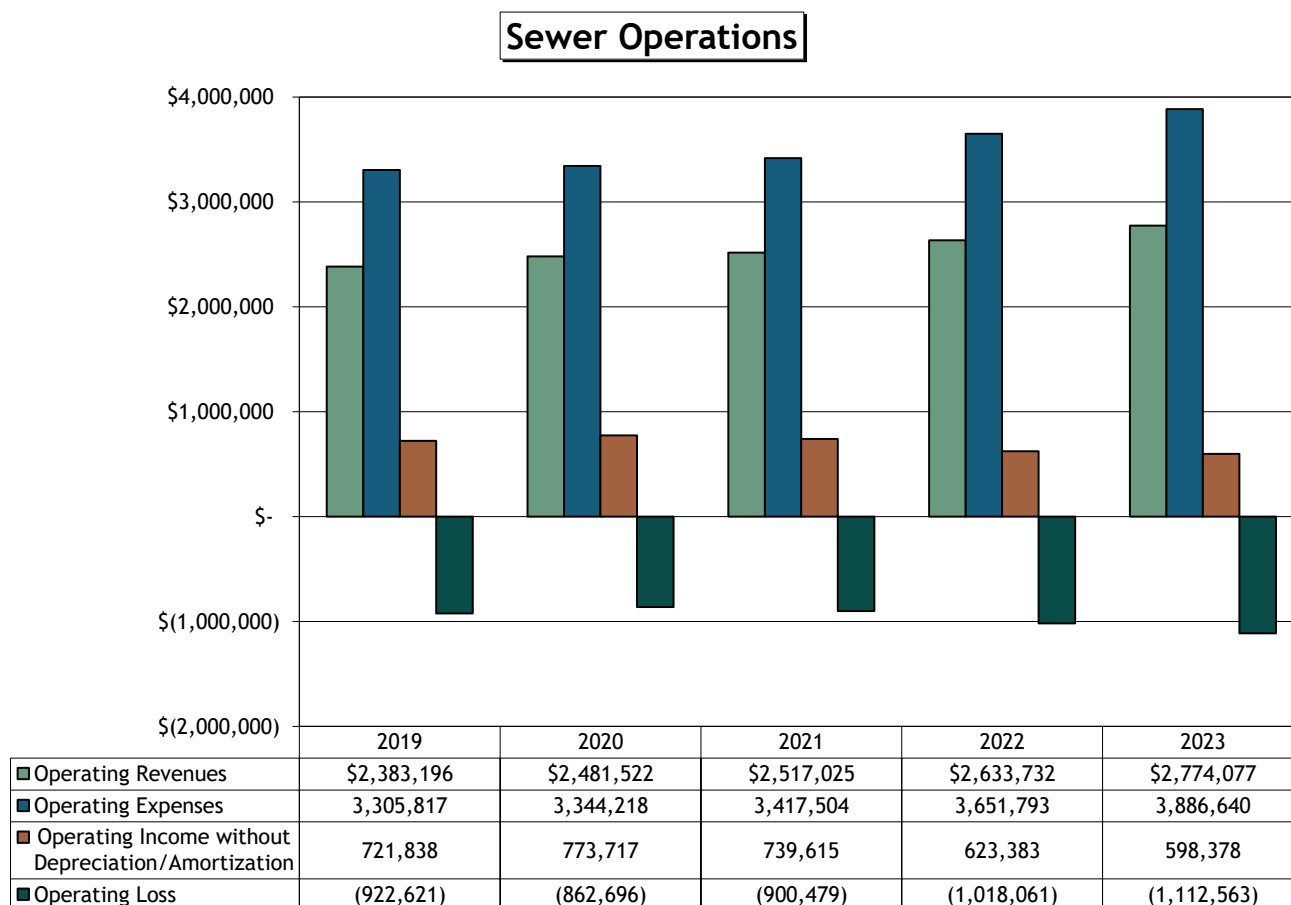
## City of Elk River Financial Analysis

Enterprise funds may be used to account for any activity in which a fee is charged. It is not required to have the fee support the entire activity; however, the basic premise in establishing an enterprise fund is that the activity will be operated similar to a business. Therefore, it is expected the enterprise fund would at least be able to meet its obligations currently and into the future.

### Sewer Operations

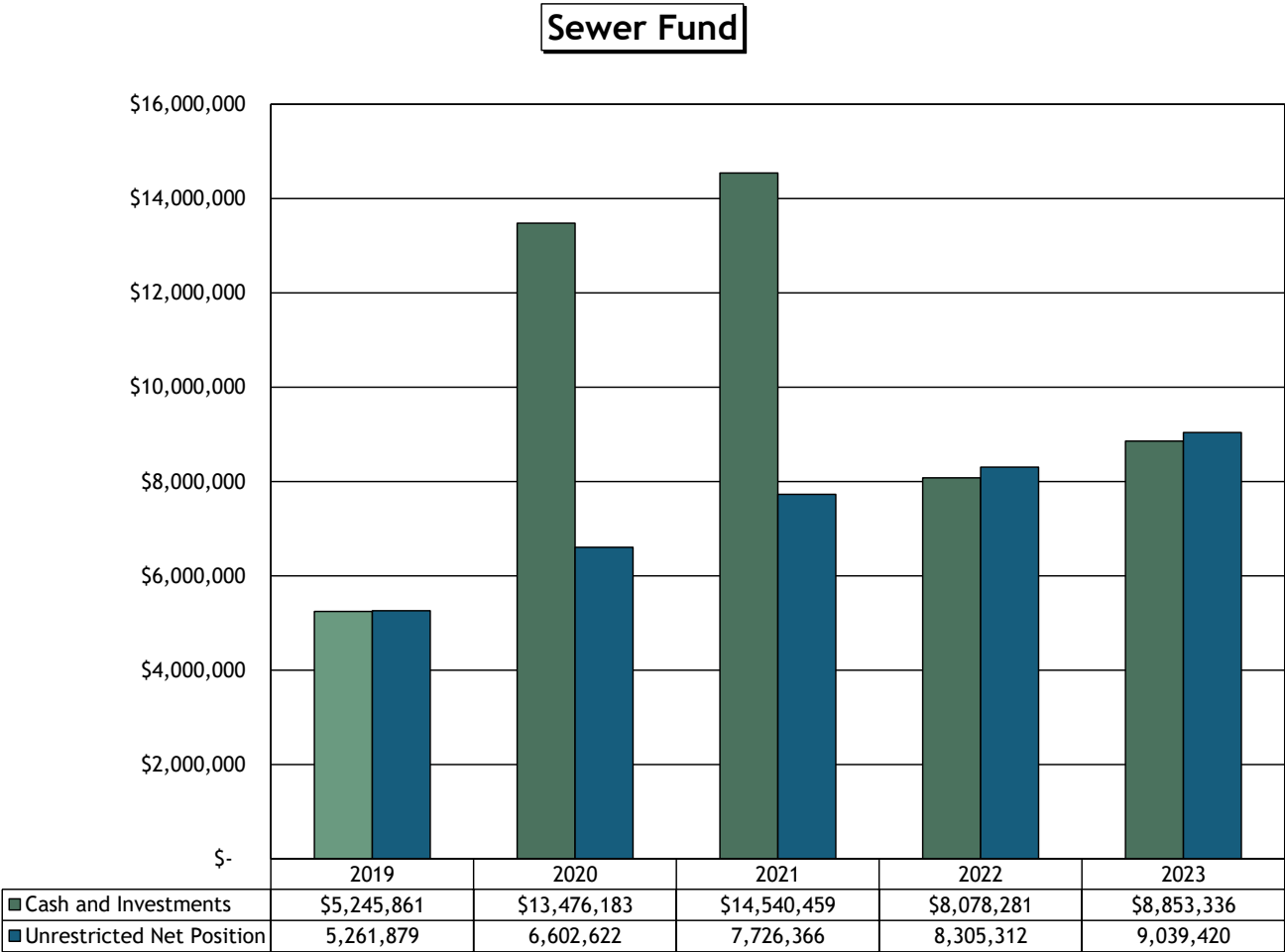
The following graph illustrates the current operations of the Sewer Fund for the past five years. Operating income is shown with and without depreciation below.

Operating revenue increased \$140,345, or 5.3%, from 2022 with increased rates and increased usage. Operating expenses increased by \$234,847, or 6.4%, due in large part to supply and equipment needs along with greater depreciation expense. The net effect of the increased revenues and expenses is an operating loss of \$1,112,563 for the year. When not including depreciation and amortization of capital assets in the calculation, the Sewer Fund had an operating income of \$598,378.



City of Elk River  
Financial Analysis

Sewer Fund



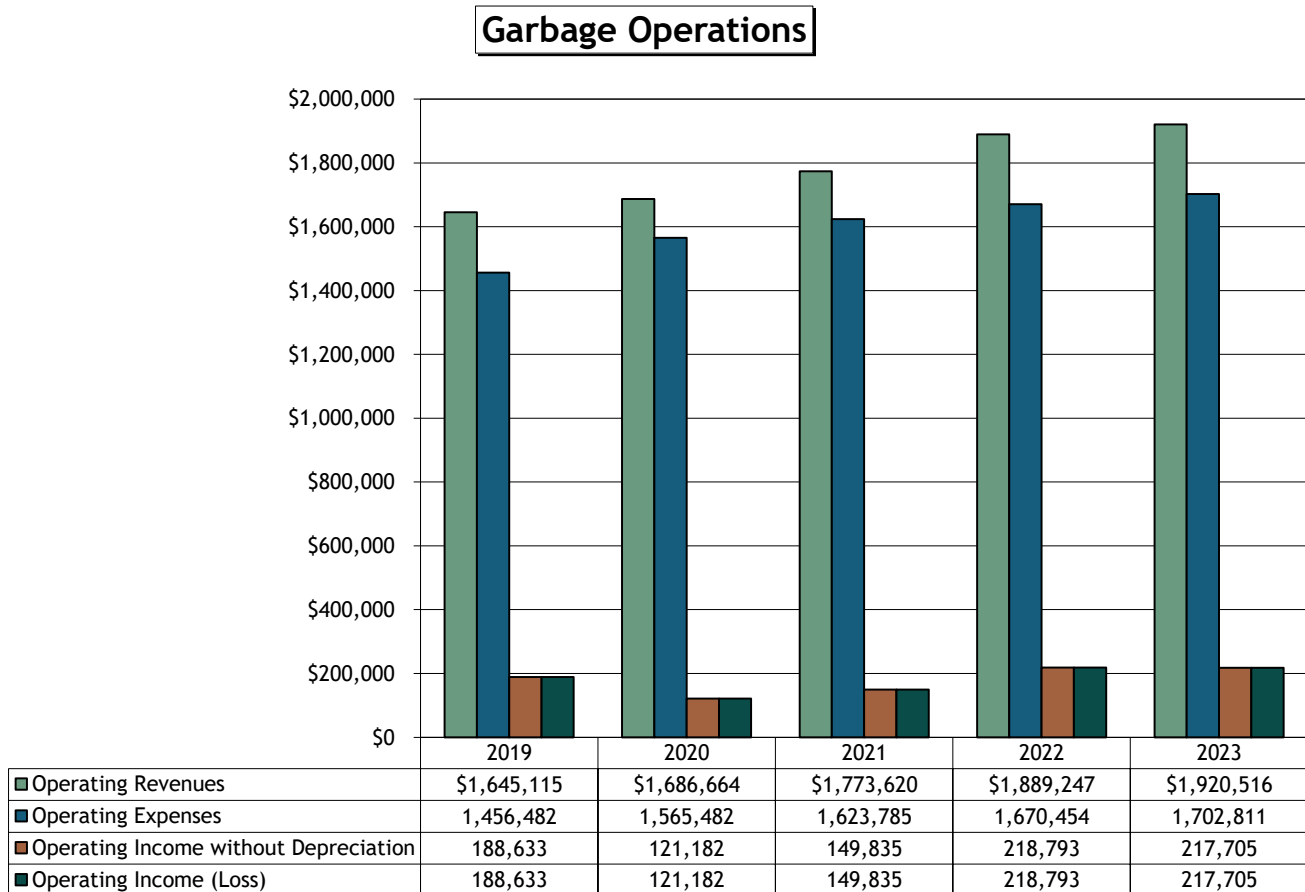
The above graph shows the cash and investment and unrestricted net position balances as of December 31 for the last five years. The Sewer Fund cash and investment balance has increased \$3,607,475 since 2019. The cash and investment balance increased \$775,055 during 2023 while the unrestricted net position for the Sewer Fund increased \$734,108 during the same time period.

## City of Elk River Financial Analysis

### Garbage Operations

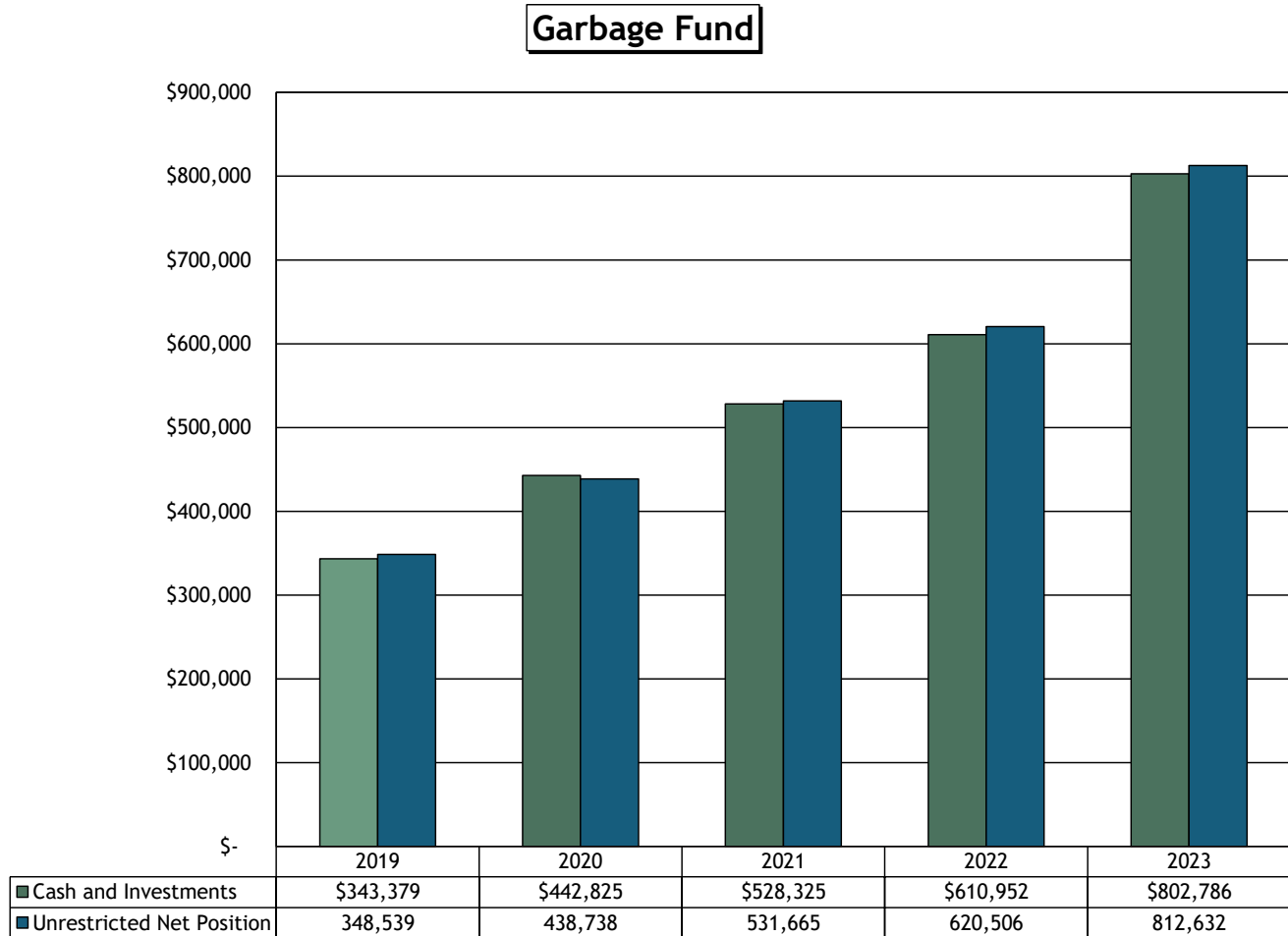
The following graph illustrates the current operations of the Garbage Fund for the past five years.

The Garbage Fund has shown an operating income in each of the last five years presented. In 2023, the Fund showed an operating income of \$217,705. This is a slight decrease in operating income of \$1,088 from 2022. The Fund experienced an increase in operating revenue of \$31,269 based on rates and usage for the year, while garbage operating expenses increased \$32,357 due to increased contractual service expenses based on garbage customer charges.



# City of Elk River Financial Analysis

## Garbage Fund



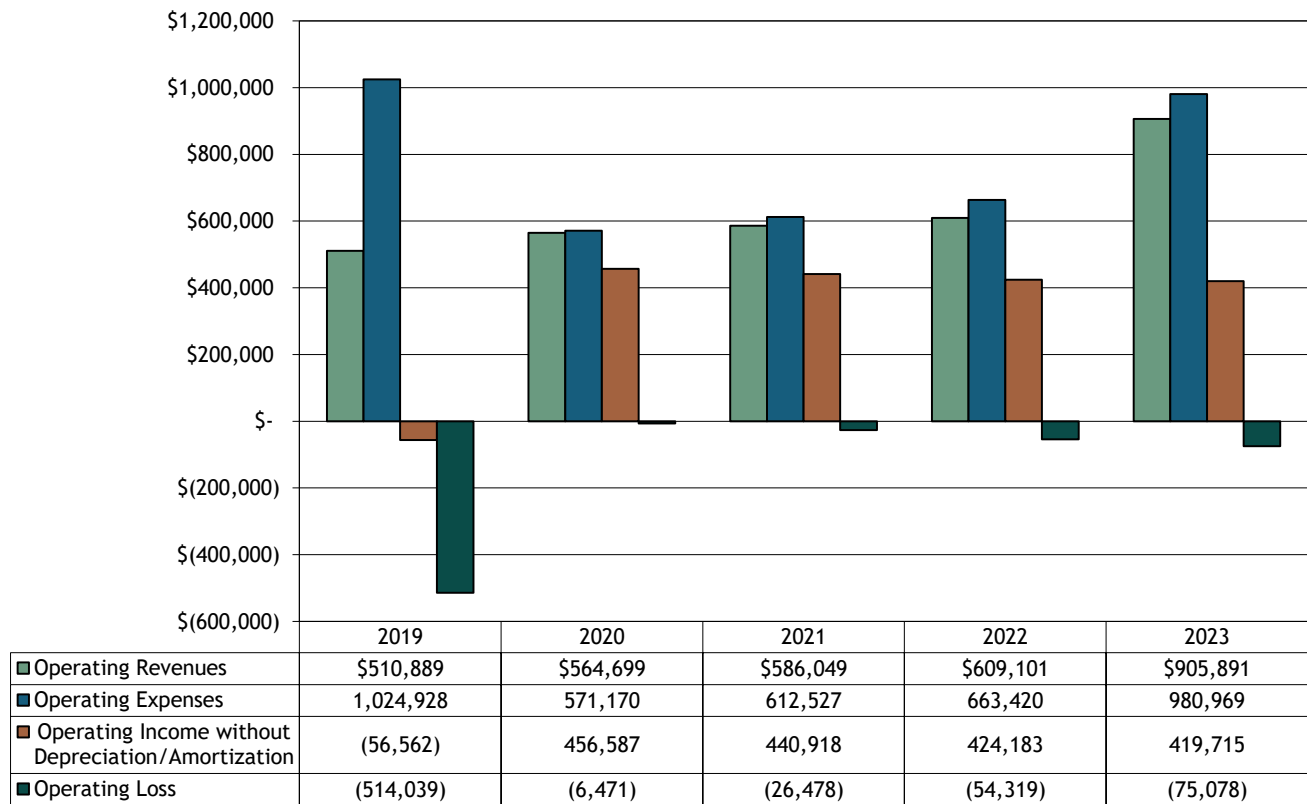
The graph above shows the cash and investment and unrestricted net position balances as of December 31 for the last five years. The Garbage Fund cash and investment balance has increased \$459,407 since 2019. In 2023, the Garbage Fund cash and investment balance increased \$191,834 while the unrestricted net position increased \$192,126 based on positive operations during the year. Both balances for cash and investments and unrestricted net position were the highest in 2023 of the five years presented.

## City of Elk River Financial Analysis

### Storm Water Operations

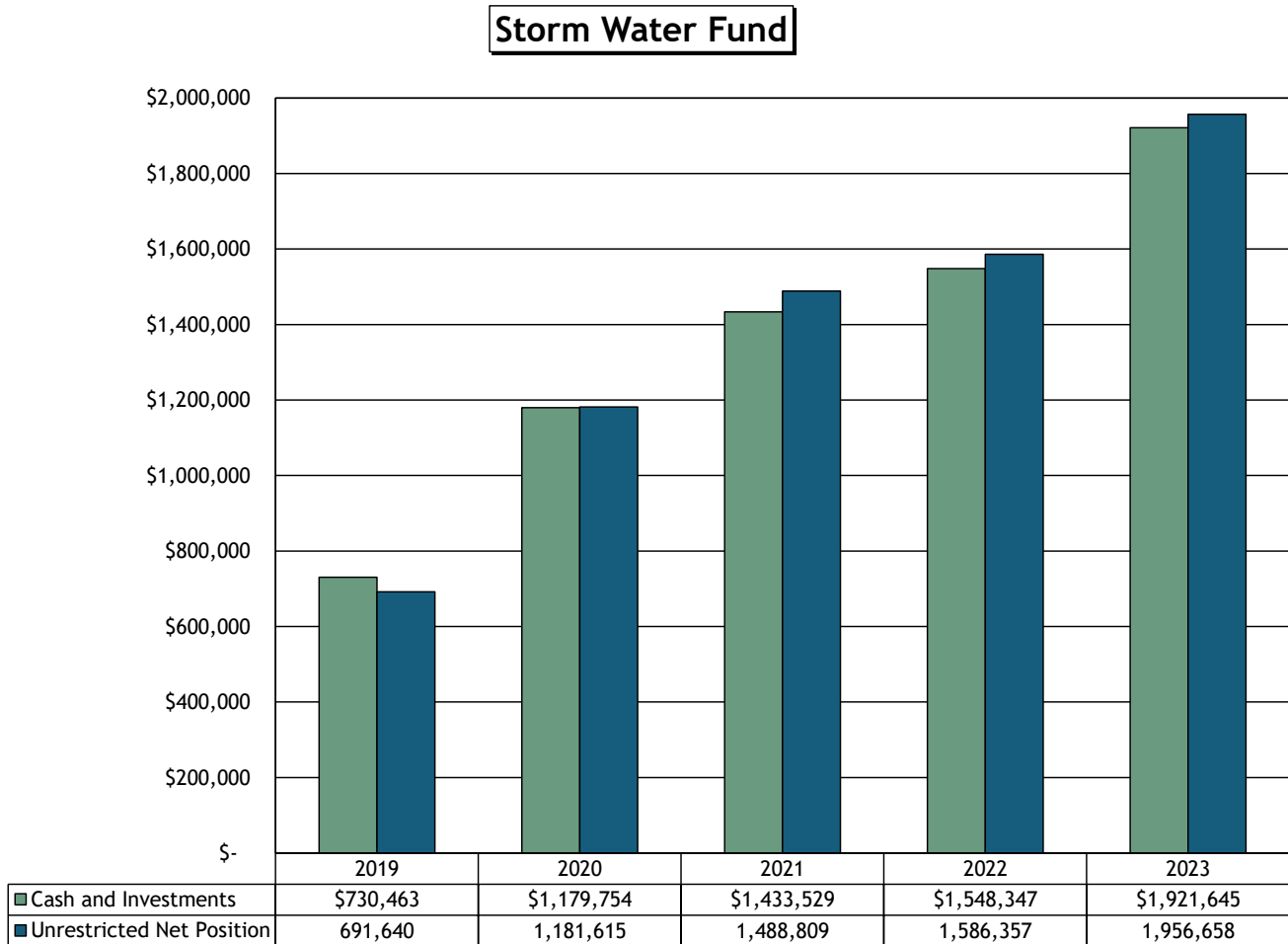
The following graph illustrates the current operations of the Storm Water Fund for the past five years. Operating revenue increased \$296,790 in 2023 while expenses increased \$317,549 due in large part to grant funding received and related expenses related to an erosion prevention project. The net effect of the changes in revenues and expenses is an operating loss of \$75,078. The Fund had operating income of \$419,715 when excluding depreciation.

#### Storm Water Operations



# City of Elk River Financial Analysis

## Storm Water Fund



As of December 31, 2023, the Storm Water Fund had an ending net cash and investment balance of \$1,921,645. This is an increase of \$373,298 compared to 2022. Unrestricted net position at year-end was \$1,956,658 and also increased \$370,301 compared to the prior year, the highest mark of the five-year period.

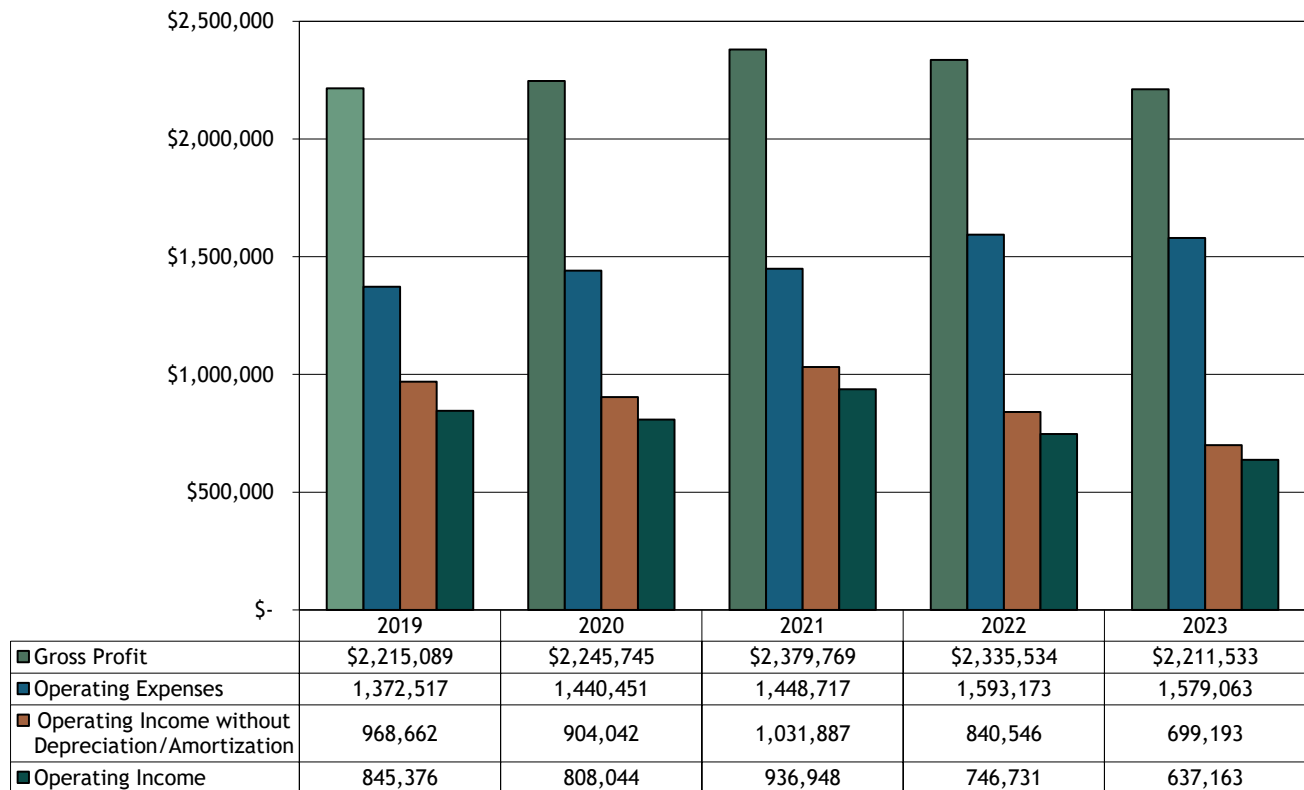


## City of Elk River Financial Analysis

### Municipal Liquor Operations

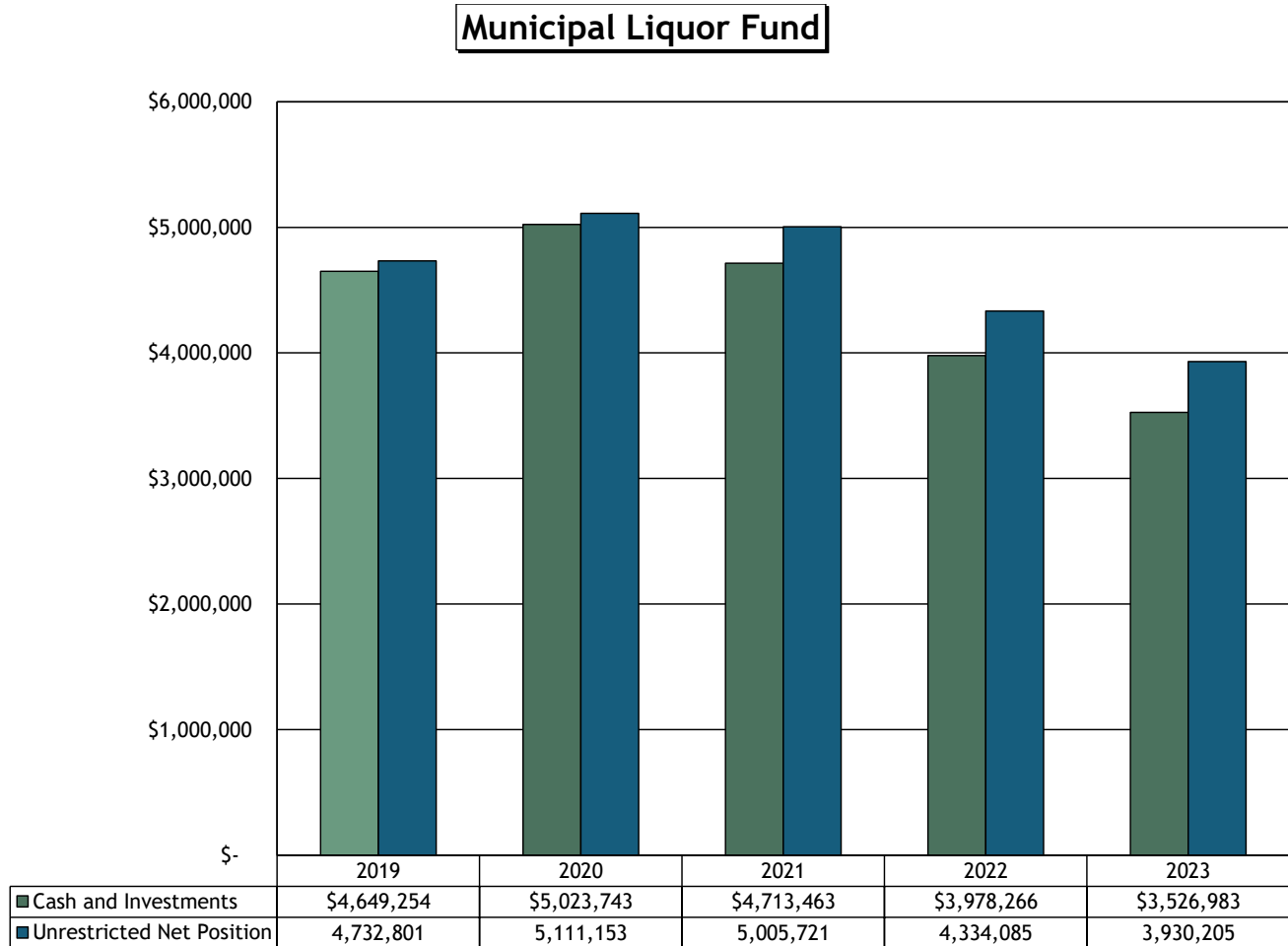
The following graph illustrates the current operations of the Municipal Liquor Fund for the past five years. Sales decreased \$552,843 in 2023 while cost of sales also decreased \$428,842, ending with a decrease in gross profit of 5.3%. The net effect of the decreases in revenues and expenses is operating income of \$637,163, a decrease of \$109,568 compared to 2022.

### Municipal Liquor Operations



**City of Elk River  
Financial Analysis**

**Municipal Liquor Fund**



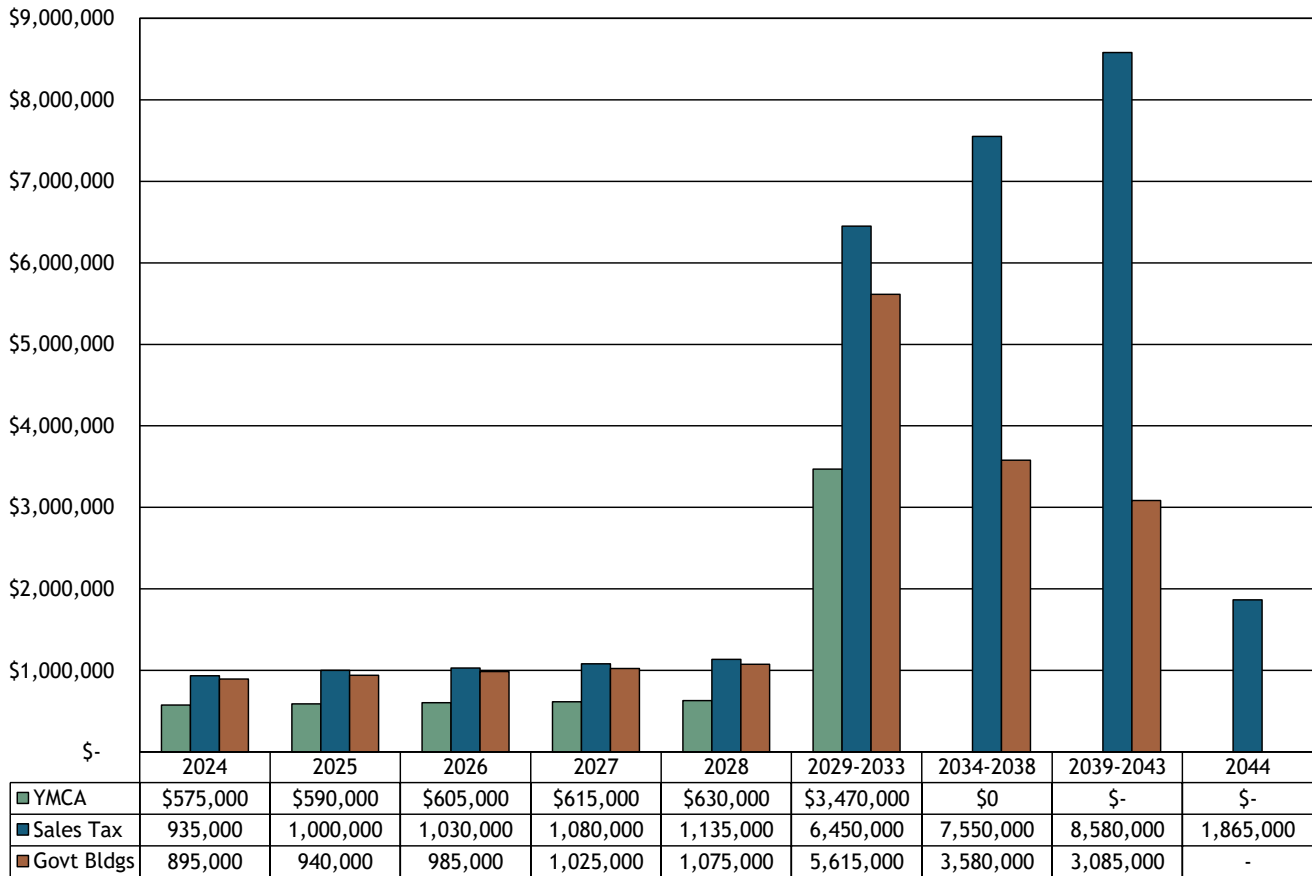
As of December 31, 2023, the Municipal Liquor Fund had an ending net cash and investment balance of \$3,526,983. This is a decrease of \$451,283 compared to 2022. Unrestricted net position at year-end was \$3,930,205, a decrease of \$403,880 compared to the prior year. Both balances decreased as transfers out of \$1.25 million were made out of the Municipal Liquor Fund for 2023. Unrestricted net position has decreased by \$802,596, or 17.0%, over the last five years when comparing 2023 to 2019.

## City of Elk River Financial Analysis

### Governmental Activities

The chart below presents the minimum annual principal payments required to retire long-term liabilities.

**Debt Service Funds - Maturities**



## City of Elk River Emerging Issues

### Executive Summary

The following is an executive summary of financial related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- ◆ **Implementation Guide No. 2021-1 - Amending Capitalization Requirements**  
GASB has issued Implementation Guide No. 2021-1, amending previously issued guidance regarding capitalization requirements for capital assets that are significant in the aggregate but below the government's capitalization threshold individually.
- ◆ **Accounting Standard Update - GASB Statement No. 100 - Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- ◆ **Accounting Standard Update - GASB Statement No. 101 - Compensated Absences**  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

### Implementation Guide No. 2021-1 - Amending Capitalization Requirements

Implementation Guide No. 2021-1, amended previously issued guidance contained in Implementation Guide No. 2015-1 regarding capitalization requirements for capital assets that are significant in the aggregate.

Original guidance stated that it *may be* appropriate for a government to establish a capitalization policy that would require capitalization for certain types of assets with individual acquisition costs that are less than the threshold for an individual asset.

Amended guidance states that a government *should* capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers and classroom furniture are common examples of asset types that could be significant collectively. The amended guidance clarifies that if 100 computers costing \$1,500 each totaling a \$150,000 aggregate amount is significant, the government *should* capitalize the computers.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

## City of Elk River Emerging Issues

### **Accounting Standard Update - GASB Statement No. 100 - *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting - understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

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

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in Required Supplementary Information (RSI) and Supplementary Information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

## City of Elk River Emerging Issues

### **Accounting Standard Update - GASB Statement No. 101 - *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**City of Elk River  
Sherburne County, Minnesota**

**Reports on Compliance with  
*Government Auditing Standards,*  
Uniform Guidance, and Legal Compliance**

**December 31, 2023**



**City of Elk River  
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City of Elk River  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2023

| Federal Agency/Pass Through Agency/Program Title                     | Federal<br>Assistance<br>Listing<br>Number | Federal<br>Expenditures |
|----------------------------------------------------------------------|--------------------------------------------|-------------------------|
| <b>U.S. Department of the Interior</b>                               |                                            |                         |
| Passed through the State of Minnesota                                |                                            |                         |
| Historic Preservation Fund Grants                                    | 15.904                                     | \$ 460                  |
| Outdoor Recreation Acquisition, Development and Planning             | 15.916                                     | 25,000                  |
| Total U.S. Department of the Interior                                |                                            | <u>25,460</u>           |
| <b>U.S. Department of Transportation</b>                             |                                            |                         |
| Passed through Minnesota Department of Transportation                |                                            |                         |
| State and Community Highway Safety                                   | 20.600                                     | 14,929                  |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608                                     | 24,894                  |
| National Priority Safety Programs                                    | 20.616                                     | 2,921                   |
| Total U.S. Department of Transportation                              |                                            | <u>42,744</u>           |
| <b>U.S. Department of Treasury</b>                                   |                                            |                         |
| Passed through the State of Minnesota                                |                                            |                         |
| Coronavirus Relief Fund - America Rescue Plan                        | 21.027                                     | 729,161                 |
| Total Federal Expenditures                                           |                                            | <u>\$ 797,365</u>       |

**City of Elk River**  
**Notes to Schedule of Expenditures of Federal Awards**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City under programs of the federal government for the year-ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - PASS-THROUGH GRANT NUMBERS**

All pass-through entities listed above use the same Assistance Listing numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

**NOTE 4 - INDIRECT COST RATE**

The City did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.



**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***

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Elk River  
Elk River, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elk River, Minnesota as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2024.

**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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
May 13, 2024



**Report on Compliance for each Major Federal Program  
and Report on Internal Control over Compliance in Accordance with  
the Uniform Guidance**

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Elk River  
Elk River, Minnesota

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- ◆ Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

**Report on Internal Control over Compliance (Continued)**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elk River, Minnesota, as of and for the year ended December 31, 2023, and the related notes to financial statements which collectively comprise the City's basic financial statements. We issued our report thereon dated May 13, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
May 13, 2024

**City of Elk River**  
**Schedule of Findings and Questioned Costs**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:

- ◆ Material weakness(es) identified?
- ◆ Significant deficiency(ies) identified?

No  
None reported

Noncompliance material to financial statements noted?

No

**Federal Awards**

Type of auditor's report issued on compliance for major programs:

Unmodified

Internal control over major programs:

- ◆ Material weakness(es) identified?
- ◆ Significant deficiency(ies) identified?

No  
None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

**Identification of Major Programs**

Assistance Listing No.:

21.027

Name of Federal Program or Cluster:

Coronavirus Relief Fund - America Rescue Plan

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low risk auditee?

No



**City of Elk River  
Schedule of Findings and Questioned Costs**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no Federal award findings.

There were no questioned costs.

**SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None



## Minnesota Legal Compliance

### Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Elk River  
Elk River, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Elk River, Minnesota as of and for the year ended December 31, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2024.

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 - bid laws, depositories of public funds and public 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 *Minnesota Statute § 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.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
May 13, 2024



# Request for Action

**To**  
City Council

**Item Number**  
7.1

**Meeting Date**  
June 3, 2024

**Prepared By**  
Brent O'Neil, Economic Development Director

**Item Description**  
Resolution 24-30: Tax Increment Financing District  
and Plan for Heritage Millwork, Inc. (TIF No. 29)

**Reviewed by:**  
Brent O'Neil  
Cal Portner  
Tina Allard

## Action Requested

Following the public hearing, adopt by motion, Resolution 24-30 creating TIF District No. 29 and adopting the TIF plan.

## Background/Discussion

At its May 20, 2024, meeting, the EDA reviewed a TIF application to support the construction of a new facility for Heritage Millwork, Inc (HMI) and recommended the application be forwarded to the City Council for adoption. HMI is a provider of pre-hung doors and other millwork products for the building industry. Heritage presently operates out of two facilities in Ramsey and a small facility in Elk River. The company has been looking to consolidate operations in a single facility that allows for operational efficiencies and the ability to expand. The selected site is a 14.06-acre portion of city-owned property in the Nature's Edge Business Park. The city has negotiated a proposed sale of the property to PLM Properties, an associated entity of Heritage.

The project will be a great addition to Elk River and meets many of the goals of the city and EDA. In addition to retaining eight Elk River positions, the company will locate 70 positions in Elk River at project completion, with seven more expected within two years. Further, with adequate land for future expansion, the company anticipates more job growth in five to 10 years. The project will entail an investment of over \$20,000,000 including a building of 113,000 square feet and new machinery.

In addition to the EDA review and support, financial advisor Baker Tilly has been actively involved in analyzing the terms and drafting the TIF plan. The included memo from Baker Tilly provides further information on the project and an analysis of the TIF request. In short, the project proposes to utilize TIF to write down the price of the land for the project. This analysis supports the purchase price of the city land of approximately \$1,375,000 through proceeds of TIF.

There are multiple steps to supporting this project, including approving a business subsidy agreement and selling the subject property. The creation of this TIF district is the initial approval in this process.

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**Financial Impact**

This action is a necessary step, allowing up to \$2,000,000 in principle and interest costs to be allocated to the project via TIF. However, a subsequent agreement is necessary to formally commit funds to the project.

**Mission/Policy/Goal**

Support commercial and industrial development.

**Attachments**

1. RES 24- Heritage Millwork Approving TIF District
2. HMI TIF District Review Letter Sherburne County
3. TIF No. 29 Plan
4. May 20, 2024, EDA Packet and Materials (Baker Tilly Memo and Joint Finance Review)



## City of Elk River City Council

### Resolution 24-\_\_\_\_\_

#### **A Resolution of the City Council of the City of Elk River Approving a Modification of the Development Program for Municipal Development District No. 1, the Establishment of Tax Increment Financing District 29, and a Tax Increment Financing Plan Therefor**

**BE IT RESOLVED** by the City Council (the “City Council”) of the City of Elk River, Minnesota (the “City”) as follows:

Section 1. Background.

1.01. The City has previously established Development District No. 1 (the “Development District”) within the City and has approved a Development Program therefor (the “Development Program”) in accordance with Minnesota Statutes, Sections 469.124 through 469.133, as amended (the “City Development District Act”).

1.02. The City has proposed to establish Tax Increment Financing District No. 29 (the “TIF District”), an economic development district within the Development District, and adopt a Tax Increment Financing Plan therefor (the “TIF Plan”), all pursuant to the City Development District Act and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”). To that end, the City has caused to be prepared a Modification to the Development Program (the “Development Program Modification”) and the TIF Plan. Copies of the Development Program Modification and the TIF Plan are on file with the City.

1.03. The City and its consultants have performed all actions required by law to be performed prior to the adoption and approval of the Development Program Modification and the TIF Plan, including without limitation notification of the commissioner of Sherburne County, Minnesota (the “County”) representing the area included in the TIF District, notification of the County Auditor of the County and Clerk of the Board of Education of Independent School District No. 728 (the “School District”). In addition, on the date hereof, the City Council conducted a public hearing, following notice thereof published in the City’s official newspaper at least 10 but not more than 30 days prior to the date hereof.

1.04. The TIF Plan and certain information and material (collectively, the “Materials”) relating to the TIF Plan and to the activities contemplated therein have heretofore been prepared and submitted to the Council and/or made a part of the City’s files and proceedings on the TIF Plan. The Materials include the tax increment application,



project financial information, project sources and uses and other information supplied by PLM Properties LLC, a Minnesota limited liability company, Heritage Millwork Inc., Minnesota corporation, or an entity affiliated therewith or related thereto (collectively, the “Developer”), as to the activities contemplated therein, and information constituting or relating to (1) why the assistance satisfies the so-called “but for” test and (2) the bases for the other findings and determinations made in this resolution. The Council hereby confirms, ratifies and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.05. The TIF District is being established to facilitate the development by the Developer of certain property in the TIF District currently owned by the City (the “Property”) including the construction and equipping thereon of an approximately 110,000 square foot industrial warehouse facility (the “Project”). At least 85% of the Project will be used for manufacturing, warehousing, distribution, or research, with less than 15% of the Project available for office or other space not related to such functions.

## Section 2. Findings; Development District.

2.01. The boundaries of the Development District are not being expanded and the Development Program is not being modified other than to incorporate the establishment of the TIF District therein; therefore, the City Council reaffirms the findings and determinations originally made in connection with the establishment of the Development District and the adoption of the Development Program therefor. The purposes and development activities set forth in the proposed Development District Modification are hereby expanded to include all development and redevelopment activities occurring within the TIF District.

2.02. It is further specifically found and determined that (i) the land within the Development District would not be made available for redevelopment or development without the public intervention and financial assistance described in the Development Program Modification; (ii) the Development Program Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development and redevelopment of the Development Program by private enterprise; and (iii) the Development Program Modification conforms to the general plan for the development of the City as a whole and otherwise promotes certain public purposes and accomplish certain objectives as specified in the Development Program Modification and the TIF Plan.

## Section 3. Findings; TIF District.

3.01. The City Council hereby finds that the Project within the TIF District is in the public interest and the TIF District is an economic development district, as defined in Section 469.174, subdivision 12 of the TIF Act, because the Project will (i) discourage the Developer from moving their operations out of the State, effectively discouraging commerce and industry from relocating out of the State; (ii) result in increased employment in the City and the State, including construction jobs; and (iii) result in capital investment in the City, which will preserve and enhance the City and the State’s tax base.



3.02. The City Council hereby makes the following additional findings:

(a) The City Council further finds that the proposed Project, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

The Developer has represented that it could not proceed with the Project without tax increment assistance to offset the high cost of the land acquisition and site improvements necessary for the Project. The Developer has further represented that the Project is necessary for the Developer to retain its current operations in the State, as well as to expand its business and increase jobs and the tax base in the State. The Developer has provided supplemental financial information demonstrating that the development of this site would not occur without the assistance provided in the TIF Plan. No private entity has undertaken efforts for similar land development in this area of the City with an emphasis on job creation. The cost of construction of the project and availability of revenues to support repayment of debt has created a financial gap that requires a level of public assistance.

(b) The City Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan conforms with the general development plan of the City and will generally complement and serve to implement policies adopted in the City's comprehensive plan. The construction of the Project contemplated on the Property is in accordance with the existing zoning or approved zoning variances for the property.

(c) The City Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Development District by private enterprise. The specific basis for such finding being:

The proposed Project will be used by the Developer as an industrial warehouse facility and will afford maximum opportunity for the development of the Property to serve the needs of the City. The new facility is expected to create and retain up to 70 new jobs in the City and State plus create new tax base for the City and the State. The development meets the City's community development goals in terms of land use, tax base growth and diversification and employment opportunities. The Project will maximize the potential of an underutilized site and will increase the taxable market valuation of the City and the State, will retain and increase jobs in the City and State, and add a high-quality development to the City.



(d) For purposes of compliance with Section 469.175, subdivision 3(b)(2) of the TIF Act, the City Council hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is likely \$0, which is less than the increase in market value estimated to result from the Project (approximately \$13,770,718), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (approximately \$1,613,824), which is approximately \$12,156,894. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

3.03. The City elects to retain all of the captured tax capacity to finance the costs of the TIF District and the Development District.

3.04. The provisions of Sections 3.02 and 3.03 hereof are hereby incorporated by reference into and made a part of the TIF Plan. The findings of the TIF Plan are incorporated herein by reference and made a part hereof.

3.05. The City Council further finds that TIF Plan is intended and in the judgment of the City Council its effect will be to promote the public purposes and accomplish the objectives specified therein. The TIF Plan will increase employment, facilitate the development of a new industrial warehouse facility and improve the tax base in the City and State. The City Council expressly finds that any private benefit to be received by a private developer is incidental, as the tax increment assistance is provided solely to make the Project financially feasible and thus produce the public benefits described. Therefore, the City Council finds that the public benefits of the TIF Plan exceed any private benefits.

#### Section 4. Creation of the TIF District and Approval and Adoption of the TIF Plan.

4.01. The TIF District is hereby established and the TIF Plan, as presented to the City Council on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted and shall be placed on file in the office of the in the office of the Community Development Director. Approval of the TIF Plan does not constitute approval of any project or a development agreement with any developer. City staff and consultants are authorized and directed to proceed with implementation of the TIF Plan and to transmit the request for certification of the TIF District to the County Auditor in such form and content as the County Auditor may specify and to file a copy of TIF Plan with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act. The County Auditor is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act.

4.02. City staff, advisors, and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan and to negotiate, draft, prepare, and present to the





City Council for its consideration all further plans, resolutions, documents, and contracts necessary for this purpose.

Passed and adopted this 3<sup>rd</sup> day of June 2024.

---

John J. Dietz, Mayor

ATTEST:

---

Tina Allard, City Clerk





Board of Commissioners

Andrew Hulse, District 1  
Raeanne Danielowski, District 2  
Gregg Felber, District 3  
Gary Gray, District 4  
Lisa A. Fobbe, District 5

May 21, 2024

Ms. Mikaela Huot  
Baker Tilly Municipal Advisers  
380 Jackson Street  
Suite 300  
St. Paul, MN 55101-2887

Re: City of Elk River TIF District #29

Dear Ms. Huot:

Thank you for the opportunity to provide comments concerning the establishment of tax increment financing (TIF) district #29.

Sherburne County adopted an economic development strategic plan in 2023. That plan identifies the county's intent to support the economic development efforts of our cities and other partners that help enhance the quality of life for all residents, create and sustain living wage jobs, expand the county's property tax base, and allow the county to be a partner with other public agencies and private sector stakeholders.

Pursuant to Minnesota Statute 479.175, subdivision 2, and consistent with the county's economic development strategic plan, Sherburne County submits the following comments:

1. The County Board supports the city's effort to encourage and facilitate the development of the 113,000-sf manufacturing & warehousing facility. The development, when complete, is projected to add an estimated \$12.2M in taxable value and 70.5 jobs with the potential to add an additional 6.5 within two years.

Additionally, the Tax Increment Financing Plan for the proposed TIF District references a "Development Program for the Development District". The Development Program is specifically mentioned in Sections I, II A, II B, II C, and II D. County staff requested a copy of the Development Program, but the Bakertilly was unable to provide us with a copy.

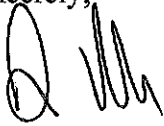
2. The TIF district proposal has been reviewed by our Taxation Division staff and on page 6 the 2<sup>nd</sup> paragraph from the bottom there is a reference of the estimated market value for this parcel #75-00929-0020 of \$110,095 that is incorrect. The 2023 assessment year, pay 2024

tax year the Total Estimated Value is \$165,300 for this parcel. This parcel currently sits on 21.02 Acres and is owned by the City of Elk River. Prior to certification of the TIF, the property would need to be re-platted. The plat must be recorded, and the County Assessor will be required to value the platted parcels prior to the County Auditor certifying any TIF District with the new acreage and legal description.

3. The TIF district proposal has been reviewed by our Public Works Department and have no concerns about the proposed improvements. The proposed site does not abut a County Road. The access does not adversely affect operations on any adjacent connecting County Roads.

We appreciate the opportunity to provide comments on the proposed district. We request that these comments be incorporated into the record at the public hearing on June 3, 2024.

Sincerely,



Dan Weber  
Assistant County Administrator

Cc: Sherburne County Board of Commissioners  
Brent O'Neil, Economic Development Director

May 3, 2024

Baker Tilly Municipal Advisors, LLC  
30 East Seventh Street  
Suite 3025  
St. Paul, MN 55101  
United States of America

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bakertilly.com

Ms. Diane Arnold, County Auditor/Treasurer  
Sherburne County Government Center  
13880 Business Center Drive NW, Suite 100  
Elk River, MN 55330  
Email: [Diane.Arnold@co.sherburne.mn.us](mailto:Diane.Arnold@co.sherburne.mn.us)

Re: City of Elk River, Minnesota  
Public Hearing on Proposed Establishment of Tax Increment Financing (Economic Development)  
District No. 29 for Heritage Millwork Project  
Estimated Fiscal and Economic Impact

Dear Ms. Arnold:

The City of Elk River is commencing the process for consideration of the establishment of a new economic development tax increment financing district. Pursuant to Minnesota Statutes section 469.175, subdivision 2, please find enclosed a draft copy of the Tax Increment Financing Plan for the proposed TIF District and the “fiscal and economic implications of the plan” as listed below:

1. The total amount of tax increment that will be generated over the life of the TIF district is estimated to be \$2,016,791.
2. To the extent the facility in the proposed TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City does not anticipate issuing tax increment revenue bonds in conjunction with this project but reserves the right to issue bonds as necessary to facilitate development.
3. The amount of tax increment over the life of the TIF District that would be attributable to school district levies, assuming the School District’s share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$480,843.
4. The amount of tax increment over the life of the TIF District that would be attributable to county levies, assuming the County’s share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$735,555.

The City Council is scheduled to hold a public hearing on this proposal on Monday, June 3, 2024, at approximately 6:30 pm at the Elk River City Hall, 13065 Orono Parkway NW, Elk River, MN 55330. Your attendance at this meeting and comments concerning the proposed TIF district are welcomed. If you have any questions or if you would like to meet with a representative(s) of the City prior to the public hearing, please contact me at 651-223-3036 or [Mikaela.Huot@bakertilly.com](mailto:Mikaela.Huot@bakertilly.com).

BAKER TILLY MUNICIPAL ADVISORS, LLC

A handwritten signature in black ink that reads "Mikaela R Huot". The signature is written in a cursive, flowing style.

Mikaela Huot, Director

Enclosure

CC: Brent O'Neil, City of Elk River

**Tax Increment Financing Plan**  
**for**  
**Tax Increment Financing (Economic**  
**Development) District No. 29**  
**within**  
**Development District No. 1**  
**(Heritage Millwork Project)**

**City of Elk River, Minnesota**

Prepared by

Baker Tilly Municipal Advisors, LLC

Draft Dated: May 3, 2024

Public Hearing Scheduled: June 3, 2024  
Anticipated Approval by City Council: June 3, 2024

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**SECTION I – MODIFICATION TO THE DEVELOPMENT PROGRAM  
FOR DEVELOPMENT DISTRICT NO. 1**

**Foreword**

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. The changes generally include the Establishment of Tax Increment Financing (Economic Development) District No. 29.

For further information, a review of the Development Program for Development District No. 1 is recommended. It is available from the City Administrator in the City of Elk River. Other relevant information is contained in the Tax Increment Financing Plans for the Tax Increment Financing Districts located within Development District No. 1.

**SECTION II –TAX INCREMENT FINANCING PLAN**

**FOR TAX INCREMENT FINANCING (ECONOMIC DEVELOPMENT) DISTRICT NO. 29**

**Introduction**

The following text represents the Tax Increment Financing Plan for Tax Increment Financing District No. 29.

**Section A      Definitions**

The terms defined in this section have the meanings given herein, unless the context in which they are used indicates a different meaning:

"City" means the City of Elk River, Minnesota; also referred to as a "Municipality".

"City Council" means the City Council of the City.

"County" means Sherburne County, Minnesota.

"Development District" means Development District No. 1 in the City, which is described in the corresponding Development Program.

"Development Program" means the Development Program for the Development District.

"Project Area" means the geographic area of the Development District.

"School District" means Independent School District No. 728, Minnesota.

"State" means the State of Minnesota.

"TIF Act" means Minnesota Statutes, Sections 469.174 through 469.1794, both inclusive.

"TIF District" means Tax Increment Financing (Economic Development) District No. 29.

"TIF Plan" means the tax increment financing plan for the TIF District (this document).

**Section B      Statutory Authorization**

See the Development Program for the Development District.



**Section C      Statement of Need and Public Purpose**

See the Development Program for the Development District.

**Section D      Statement of Objectives**

See the Development Program for the Development District.

**Section E      Designation of Tax Increment Financing District as an  
Economic Development District**

Economic development districts are a type of tax increment financing district which consist of any project, or portions of a project, which the City finds to be in the public interest because:

- (1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality;
- (2) it will result in increased employment in the state; or
- (3) it will result in preservation and enhancement of the tax base of the state; or
- (4) it satisfies the requirements of a workforce housing project as defined below.

The TIF District qualifies as an economic development district in that the proposed development described in this TIF Plan (see Section I) meets the criteria listed above in (1) through (3).

Tax increments from an economic development district must be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or other assistance in which at least 85% of the square footage of the facilities to be constructed are used for any of the following purposes:

- (1) manufacturing, production, or processing of tangible personal property;
- (2) warehousing, storage and distribution of tangible personal property, excluding retail sales;
- (3) research and development related to the activities listed in (1) or (2) above;
- (4) telemarketing if that activity is the exclusive use of the property;
- (5) tourism facilities (see M.S. Section 469.174, Subd. 22);
- (6) space necessary for and related to the activities listed in (1) through (5) above;
- (7) a workforce housing project that satisfies the requirements under Minnesota Statutes, Section 469.176, subdivision 4c, paragraph (d).

Tax increments from the TIF District will be used to provide financial assistance to the proposed development (see Section I) as related to the construction of an approximate 113,000 square foot manufacturing/warehouse/distribution building with the potential for a 40,000 square foot expansion, which meets the definition as required.

## **Section F      Duration of the TIF District**

Economic development districts may remain in existence 8 years from the date of receipt by the City of the first tax increment. The City anticipates that the TIF District will remain in existence for the maximum duration allowed by law (projected to be through the year 2034, due to anticipated receipt of first increment in 2026). Modifications of this plan (see Section AA) shall not extend these limitations.

## **Section G      Property to be Included in the TIF District**

The TIF District is an area of land comprising of the parcels listed below that is located within the Project Area. A map showing the boundaries of the TIF District is shown in Exhibit I.

Parcel ID Number \*      Legal Description \*

|               |                              |
|---------------|------------------------------|
| 75-00929-0020 | Sec.11 T32N R26W<br>OUTLOT B |
|---------------|------------------------------|

*\* portion of property identified by existing identification and legal description will be new project*

The area encompassed by the TIF District shall also include all street or utility right-of-ways located upon or adjacent to the property described above.

## **Section H      Property to be Acquired in the TIF District**

The City may acquire and sell any or all of the property located within the TIF District. It will not be acquiring any property at this time and will be selling the property to facilitate development.

## **Section I      Specific Development Expected to Occur Within the TIF District**

The proposed project is anticipated to include the construction of an approximate 113,000 square foot industrial facility (Phase 1) with a possibility of an additional 40,000 square foot expansion (Phase 2). Tax increment is a financing tool the City is planning to use for financing of a portion of the eligible costs associated with construction of the project. The square footage of the completed building will comply with the requirements of an economic development district in which the project will be with a qualifying purpose.

It is anticipated that the City will use the tax increment to finance all or a portion of the land acquisition costs, plus potential for related site development and other related costs that are necessary for this project to proceed. In addition, the city may use tax increment for related administrative expenses, and any other eligible expenditures associated with development of the site that may include additional necessary public improvements.

Construction of Phase 1 of the project is expected to commence in 2024 and be 50% assessed and on the tax rolls as of January 2, 2025, for taxes payable in 2026. 100% of construction is to be completed in 2025, assessed 2026 for taxes payable in 2027. Phase 2 that would include the 40,000 square foot expansion, if it proceeds would be constructed 2-3 years later and could be completed in 2026, assessed 2027 for taxes payable in 2028.

## **Section J Findings and Need for Tax Increment Financing**

In establishing the TIF District, the City makes the following findings:

- (1) The TIF District qualifies as an economic development district;

See Section E of this document for the reasons and facts supporting this finding.

- (2) The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the TIF Plan.

### **Factual basis:**

#### *Proposed development not expected to occur:*

The proposed development consists of the construction of an approximately 113,000 square foot industrial facility with a possibility of an additional 40,000 square foot expansion. The Developer has requested financial assistance to finance the land acquisition costs and portion of the site development costs associated with development of the site and construction of the project. The Developer has provided supplemental financial information demonstrating that the development of this site would not occur without the assistance provided in this TIF Plan.

Therefore, the City has determined that the proposed development would not occur but for the financial assistance provided in this TIF Plan because of the increased costs related to development within the TIF District and construction of the project. The cost of construction of the project and availability of revenues to support repayment of debt has created a financial gap that requires a level of public assistance.

#### *No higher market value expected:*

The project to be constructed within TIF District No. 29 requires significant investment. To commence construction of the new industrial facility, assistance with financing a portion of those costs will be necessary. The financial assistance provided under this TIF Plan will help offset the upfront land acquisition costs. Given the nature of this project, there is no reasonable expectation of any development occurring that would generate as much market value increase as is estimated to be generated by the proposed development by the new business. Therefore, the City has concluded that substantial development at this particular site--and hence any significant increase in market value--is not reasonably expected to occur unless the City provides tax increment assistance as described in this Tax Increment Plan.

To summarize the basis for the City's findings regarding alternative market value, in accordance with Minnesota Statutes, Section 469.175, Subd. 3(d), the City makes the following determinations:

- a. The City's estimate of the amount by which the market value of the site will increase without the use of tax increment financing is \$0 (for the reasons described above), except some unknown amount of appreciation.

b. If the proposed development to be assisted with tax increment occurs in the District, the total increase in market value would be approximately \$13,770,718, including the value of the building (See Exhibit II).

c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$1,613,824 (See Exhibit V).

d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$12,156,894 (the amount in clause b less the amount in clause c) without tax increment assistance.

- (3) The TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for development of the Project Area by private enterprise.

**Factual basis:** The proposed development is the construction of a new industrial facility in the Project Area that is expected to create and retain up to 70 new jobs in the City and State, plus create new tax base for the City and the state. The development meets the City's community development goals in terms of land use, tax base growth and diversification and employment opportunities.

- (4) The TIF Plan conforms to general plans for development of the City as a whole.

**Factual basis:** The City Council has determined that the development proposed in the TIF Plan conforms to the City comprehensive plan.

## Section K Estimated Public Costs

The estimated public costs of the TIF District are listed below. Such costs are eligible for reimbursement from tax increments of the TIF District.

| Estimated Public Costs              | Estimated Amount |
|-------------------------------------|------------------|
| Land/Building acquisition           | \$1,372,140      |
| Site Improvements/Preparation costs | \$264,520        |
| Utilities                           | \$0              |
| Other public improvements           | \$0              |
| Construction of affordable housing  | \$0              |
| Administrative expenses             | \$100,477        |
| Total Estimated Public Costs        | \$1,737,137      |
| Interest expenses                   | \$272,395        |
| Total Costs                         | \$2,009,532      |

The City reserves the right to administratively adjust the amount of any of the items listed above or to incorporate additional eligible items, so long as the total estimated public costs (\$2,009,532) do not increase. The City also reserves the right to fund any of the identified costs with any other legally available revenues, such as grants and/or loans, but anticipates that such costs will be primarily financed with tax increments.

**Section L Estimated Sources of Revenue**

| Estimated Sources of Revenue | Estimated Amount |
|------------------------------|------------------|
| Tax Increment revenue        | \$2,009,532      |
| Interest on invested funds   |                  |
| Total                        | \$2,009,532      |

The City anticipates providing financial assistance to the proposed development through upfront financing for land acquisition costs and potential pay-as-you-go financing for site improvement costs. As revenues are generated and collected from the TIF District in future years, they will be retained by the City for repayment of the upfront land costs plus any administrative or other expenses. Any remaining available funds may be provided as reimbursement to the Developer for certain identified costs as necessary within the TIF District to assist with financing the public costs incurred (see Section K).

The City reserves the right to finance any or all public costs of the TIF District using pay-as-you-go assistance, internal funding, general obligation or revenue debt, or any other financing mechanism authorized by law. The City also reserves the right to use other sources of revenue legally applicable to the Project Area to pay for such costs including, but not limited to, special assessments, utility revenues, federal or state funds, and investment income. The projected tax increment report is included as Exhibit III.

**Section M Estimated Amount of Bonded Indebtedness**

The maximum principal amount of bonds (as defined in the TIF Act) secured in whole or part with tax increment from the TIF District is \$2,009,532. The City currently plans to finance the public costs through upfront financing. The City reserves the right to issue an interfund loan or issue bonds in any form, including without limitation any interfund loan with interest not to exceed the maximum permitted under Section 469.178, subd. 7 of the TIF Act.

**Section N Original Net Tax Capacity**

The County Auditor shall certify the original net tax capacity of the TIF District. This value will be equal to the total net tax capacity of all property in the TIF District as certified by the State Commissioner of Revenue. For districts certified between January 1 and June 30, inclusive, this value is based on the previous assessment year. For districts certified between July 1 and December 31, inclusive, this value is based on the current assessment year.

The Estimated Market Value of all property within the TIF District as of January 2, 2023, for taxes payable in 2024, is \$110,095. Upon establishment of the TIF District, it is estimated that the original net tax capacity of the TIF District will be \$1,651, upon classification as commercial/industrial.

Each year the County Auditor shall certify the amount that the original net tax capacity has increased or decreased as a result of:

- (1) changes in the tax-exempt status of property;
- (2) reductions or enlargements of the geographic area of the TIF District;

- (3) changes due to stipulation agreements or abatements; or
- (4) changes in property classification rates.

#### **Section O      Original Tax Capacity Rate**

The County Auditor shall also certify the original tax capacity rate of the TIF District. This rate shall be the sum of all local tax rates that apply to property in the TIF District. This rate shall be for the same taxes payable year as the original net tax capacity.

In future years, the amount of tax increment generated by the TIF District will be calculated using the lesser of (a) the sum of the current local tax rates at that time or (b) the original tax capacity rate of the TIF District.

It is anticipated the request for certification of the District will occur before June 30, 2024, and the local tax rates for taxes levied in 2023 and payable in 2024 will apply. For purposes of estimating the tax increment generated by the TIF District, the sum of the local tax rates for taxes levied in 2023 and payable in 2024 of 100.344% have been used and are shown below:

| <u>Taxing Jurisdiction</u> | <u>2023/2024<br/>Local Tax Rate</u> |
|----------------------------|-------------------------------------|
| City of Elk River          | 37.817%                             |
| Sherburne County           | 36.597%                             |
| ISD 728                    | 23.924%                             |
| Other                      | <u>2.006%</u>                       |
| Total                      | 100.344%                            |

#### **Section P      Projected Retained Captured Net Tax Capacity and Projected Tax Increment**

The City anticipates that the facility construction will be completed 50% completed by December 31, 2024, creating a total tax capacity for TIF District No. 29 of \$81,750 as of January 2, 2025. The captured tax capacity as of that date is estimated to be \$80,099 and the first full year of tax increment is estimated to be \$80,374 payable in 2026. 100% of the facility will be completed by December 31, 2025, creating a total tax capacity will be \$166,725 as of January 2, 2026. The captured tax capacity as of that date is estimated to be \$165,074 and the second full year of tax increment is estimated to be \$165,641 in 2027. If the expansion occurs it will be completed by December 31, 2026, creating a total tax capacity will be \$231,749 as of January 2, 2027. The captured tax capacity as of that date is estimated to be \$230,098 and the third full year of tax increment is estimated to be \$230,889 in 2028. A complete schedule of estimated tax increment from the TIF District is shown in Exhibit III.

The estimates shown in this TIF Plan assume that commercial/industrial class rates remain at 1.5% up to \$150,000 and 2% above \$150,000 and assume 3% annual increase in market values.

Each year the County Auditor shall determine the current net tax capacity of all property in the TIF District. To the extent that this total exceeds the original net tax capacity, the difference shall be known as the captured net tax capacity of the TIF District.

The County Auditor shall certify to the City the amount of captured net tax capacity each year. The City may choose to retain any or all of this amount. It is the City's intention to retain 100% of the captured net

tax capacity of the TIF District. Such amount shall be known as the retained captured net tax capacity of the TIF District.

Exhibit II gives a listing of the various information and assumptions used in preparing a number of the exhibits contained in this TIF Plan, including Exhibit III which shows the projected tax increment generated over the anticipated life of the TIF District.

#### **Section Q      Use of Tax Increment**

Each year the County Treasurer shall deduct 0.36% of the annual tax increment generated by the TIF District and pay such amount to the State's General Fund. Such amounts will be appropriated to the State Auditor for the cost of financial reporting and auditing of tax increment financing information throughout the state. Exhibit III shows the projected deduction for this purpose over the anticipated life of the TIF District.

The City has determined that it will use 100% of the remaining tax increment generated by the TIF District for any of the following purposes:

- (1) pay for the estimated public costs of the TIF District (see Section K) and County administrative costs associated with the TIF District (see Section T);
- (2) pay principal and interest on tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (3) accumulate a reserve securing the payment of tax increment bonds or other bonds issued to finance the estimated public costs of the TIF District;
- (4) pay all or a portion of the county road costs as may be required by the County Board under M.S. Section 469.175, Subdivision 1a; or
- (5) return excess tax increments to the County Auditor for redistribution to the City, County and School District.

Tax increments from property located in one county must be expended for the direct and primary benefit of a project located within that county, unless both county boards involved waive this requirement. Tax increments shall not be used to circumvent levy limitations applicable to the City.

Tax increment shall not be used to finance the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the State or federal government, or for a commons area used as a public park, or a facility used for social, recreational, or conference purposes. This prohibition does not apply to the construction or renovation of a parking structure or of a privately-owned facility for conference purposes.

If there exists any type of agreement or arrangement providing for the developer, or other beneficiary of assistance, to repay all or a portion of the assistance that was paid or financed with tax increments, such payments shall be subject to all of the restrictions imposed on the use of tax increments. Assistance includes sale of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that would otherwise be paid for by the developer or beneficiary.



**Section R      Excess Tax Increment**

In any year in which the tax increments from the TIF District exceed the amount necessary to pay the estimated public costs authorized by the TIF Plan, the City shall use the excess tax increments to:

- (1)      prepay any outstanding tax increment bonds;
- (2)      discharge the pledge of tax increments thereof;
- (3)      pay amounts into an escrow account dedicated to the payment of the tax increment bonds; or
- (4)      return excess tax increments to the County Auditor for redistribution to the City, County and School District. The County Auditor must report to the Commissioner of Education the amount of any excess tax increment redistributed to the School District within 30 days of such redistribution.

**Section S      Tax Increment Pooling and the Five-Year Rule**

At least 80% of the tax increments from the TIF District must be expended on activities within the district or to pay for bonds used to finance the estimated public costs of the TIF District (see Section E for additional restrictions). No more than 20% of the tax increments may be spent on costs outside of the TIF District but within the boundaries of the Project Area, except to pay debt service on credit enhanced bonds. All administrative expenses are considered to have been spent outside of the TIF District. Tax increments are considered to have been spent within the TIF District if such amounts are:

- (1)      actually paid to a third party for activities performed within the TIF District within five years after certification of the district;
- (2)      used to pay bonds that were issued and sold to a third party, the proceeds of which are reasonably expected on the date of issuance to be spent within the later of the five-year period or a reasonable temporary period or are deposited in a reasonably required reserve or replacement fund.
- (3)      used to make payments or reimbursements to a third party under binding contracts for activities performed within the TIF District, which were entered into within five years after certification of the district; or
- (4)      used to reimburse a party for payment of eligible costs (including interest) incurred within five years from certification of the district.

Beginning with the sixth year following certification of the TIF District, at least 80% of the tax increments must be used to pay outstanding bonds or make contractual payments obligated within the first five years. When outstanding bonds have been defeased and sufficient money has been set aside to pay for such contractual obligations, the TIF District must be decertified.

The City does not anticipate that any portion of tax increments will be spent outside of the TIF District (except allowable administrative expenses); but the City reserves the right to allow for tax increment pooling from the TIF District in the future.

**Section T      Limitation on Administrative Expenses**

Administrative expenses are defined as all costs of the City other than:



- (1) amounts paid for the purchase of land;
- (2) amounts paid for materials and services, including architectural and engineering services directly connected with the physical development of the real property in the project;
- (3) relocation benefits paid to, or services provided for, persons residing or businesses located in the project;
- (4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or
- (5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clause (1) to (3).

Administrative expenses include amounts paid for services provided by bond counsel, fiscal consultants, planning or economic development consultants, and actual costs incurred by the County in administering the TIF District. Tax increments may be used to pay administrative expenses of the TIF District up to the lesser of (a) 10% of the total tax increment expenditures authorized by the TIF Plan or (b) 10% of the total tax increments received by the TIF District.

#### **Section U      Limitation on Property Not Subject to Improvements - Four Year Rule**

If after four years from certification of the TIF District no demolition, rehabilitation, renovation of property or other site preparation, including qualified improvement of an adjacent street, has commenced on a parcel located within the TIF District, then that parcel shall be excluded from the TIF District, and the original net tax capacity shall be adjusted accordingly. Qualified improvements of a street are limited to construction or opening of a new street, relocation of a street, or substantial reconstruction or rebuilding of an existing street. The City must submit to the County Auditor, by February 1 of the fifth year, evidence that the required activity has taken place for each parcel in the TIF District.

If a parcel is excluded from the TIF District and the City or owner of the parcel subsequently commences any of the above activities, the City shall certify to the County Auditor that such activity has commenced, and the parcel shall once again be included in the TIF District. The County Auditor shall certify the net tax capacity of the parcel, as most recently certified by the Commissioner of Revenue, and add such amount to the original net tax capacity of the TIF District.

#### **Section V      Estimated Impact on Other Taxing Jurisdictions**

Exhibit IV shows the estimated impact on other taxing jurisdictions if the maximum projected retained captured net tax capacity of the TIF District was hypothetically available to the other taxing jurisdictions. The City believes that there will be no adverse impact on other taxing jurisdictions during the life of the TIF District, since the proposed development would not have occurred without the establishment of the TIF District and the provision of public assistance. A positive impact on other taxing jurisdictions will occur when the TIF District is decertified, and the development therein becomes part of the general tax base.

The fiscal and economic implications of the proposed tax increment financing district, as pursuant to Minnesota Statutes, Section 469.175, Subdivision 2, are listed below.

1. The total amount of tax increment that will be generated over the life of the district is estimated to be \$2,016,791.

2. To the extent the facility in the proposed TIF District generates any public cost impacts on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, such costs will be levied upon the taxable net tax capacity of the City, excluding that portion captured by the District. The City does not anticipate issuing tax increment revenue bonds in conjunction with this project but reserves the right to issue bonds as necessary to facilitate development.
3. The amount of tax increments over the life of the district that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is estimated to be \$480,843.
4. The amount of tax increments over the life of the district that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same is estimated to be \$735,555.
5. No additional information has been requested by the county or school district that would enable it to determine additional costs that will accrue to it due to the development proposed for the district.

#### **Section W      Prior Planned Improvements**

The City shall accompany its request for certification to the County Auditor (or notice of district enlargement), with a listing of all properties within the TIF District for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan. The County Auditor shall increase the original net tax capacity of the TIF District by the net tax capacity of each improvement for which a building permit was issued.

There have been no building permits issued in the last 18 months in conjunction with any of the properties within the TIF District.

#### **Section X      Development Agreements**

If within a project containing an economic development district, more than 10% of the acreage of the property to be acquired by the City is purchased with tax increment bonds proceeds (to which tax increment from the property is pledged), then prior to such acquisition, the City must enter into an agreement for the development of the property. Such agreement must provide recourse for the City should the development not be completed.

The City anticipates entering into an agreement with the Developer relating to the project but does not anticipate acquiring any property located within the TIF District.

#### **Section Y      Assessment Agreements**

The City may, upon entering into a development agreement, also enter into an assessment agreement with the developer, which establishes a minimum market value of the land and improvements for each year during the life of the TIF District.

The assessment agreement shall be presented to the County or City Assessor who shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land, and so long as the minimum market value contained in the assessment agreement appears to be an accurate estimate, shall certify the assessment agreement as reasonable. The assessment agreement shall be filed for record in the office of the County Recorder of each county where the property

is located. Any modification or premature termination of this agreement must first be approved by the City, County and School District.

The City does not anticipate entering into an assessment agreement.

## **Section Z      Modifications of the Tax Increment Financing Plan**

Any reduction or enlargement in the geographic area of the Project Area or the TIF District; increase in the amount of bonded indebtedness to be incurred; determination to capitalize interest on the debt if it was not part of original plan; increase in that portion of the captured net tax capacity to be retained by the City; increase in the total estimated public costs; or designation of additional property to be acquired by the City shall be approved only after satisfying all the necessary requirements for approval of the original TIF Plan. This paragraph does not apply if:

- (1) the only modification is elimination of parcels from the TIF District; and
- (2) the current net tax capacity of the parcel eliminated equals or exceeds the net tax capacity of those parcels in the TIF District's original net tax capacity, or the City agrees that the TIF District's original net tax capacity will be reduced by no more than the current net tax capacity of the parcels eliminated.

The City must notify the County Auditor of any modification that reduces or enlarges the geographic area of the TIF District. The geographic area of the TIF District may be reduced but not enlarged after five years following the date of certification.

## **Section AA      Administration of the Tax Increment Financing Plan**

Upon adoption of the TIF Plan, the City shall submit a copy of such plan to the Minnesota Department of Revenue. The City shall also request that the County Auditor certify the original net tax capacity and net tax capacity rate of the TIF District. To assist the County Auditor in this process, the City shall submit copies of the TIF Plan, the resolution establishing the TIF District and adopting the TIF Plan, and a listing of any prior planned improvements. The City shall also send the County Assessor any assessment agreement establishing the minimum market value of land and improvements in the TIF District and shall request that the County Assessor review and certify this assessment agreement as reasonable.

The County shall distribute to the City the amount of tax increment as it becomes available. The amount of tax increment in any year represents the applicable property taxes generated by the retained captured net tax capacity of the TIF District. The amount of tax increment may change due to development anticipated by the TIF Plan, other development, inflation of property values, or changes in property classification rates or formulas. In administering and implementing the TIF Plan, the following actions should occur on an annual basis:

- (1) prior to July 1, the City shall notify the County Assessor of any new development that has occurred in the TIF District during the past year to ensure that the new value will be recorded in a timely manner.
- (2) if the County Auditor receives the request for certification of a new TIF District, or for modification of an existing TIF District, before July 1, the request shall be recognized in determining local tax rates for the current and subsequent levy years. Requests received on or after July 1 shall be used to determine local tax rates in subsequent years.
- (3) each year the County Auditor shall certify the amount of the original net tax capacity of the TIF District. The amount certified shall reflect any changes that occur as a result of the following:

- (a) the value of property that changes from tax-exempt to taxable shall be added to the original net tax capacity of the TIF District. The reverse shall also apply;
- (b) the original net tax capacity may be modified by any approved enlargement or reduction of the TIF District;
- (c) if laws governing the classification of real property cause changes to the percentage of estimated market value to be applied for property tax purposes, then the resulting increase or decrease in net tax capacity shall be applied proportionately to the original net tax capacity and the retained captured net tax capacity of the TIF District.

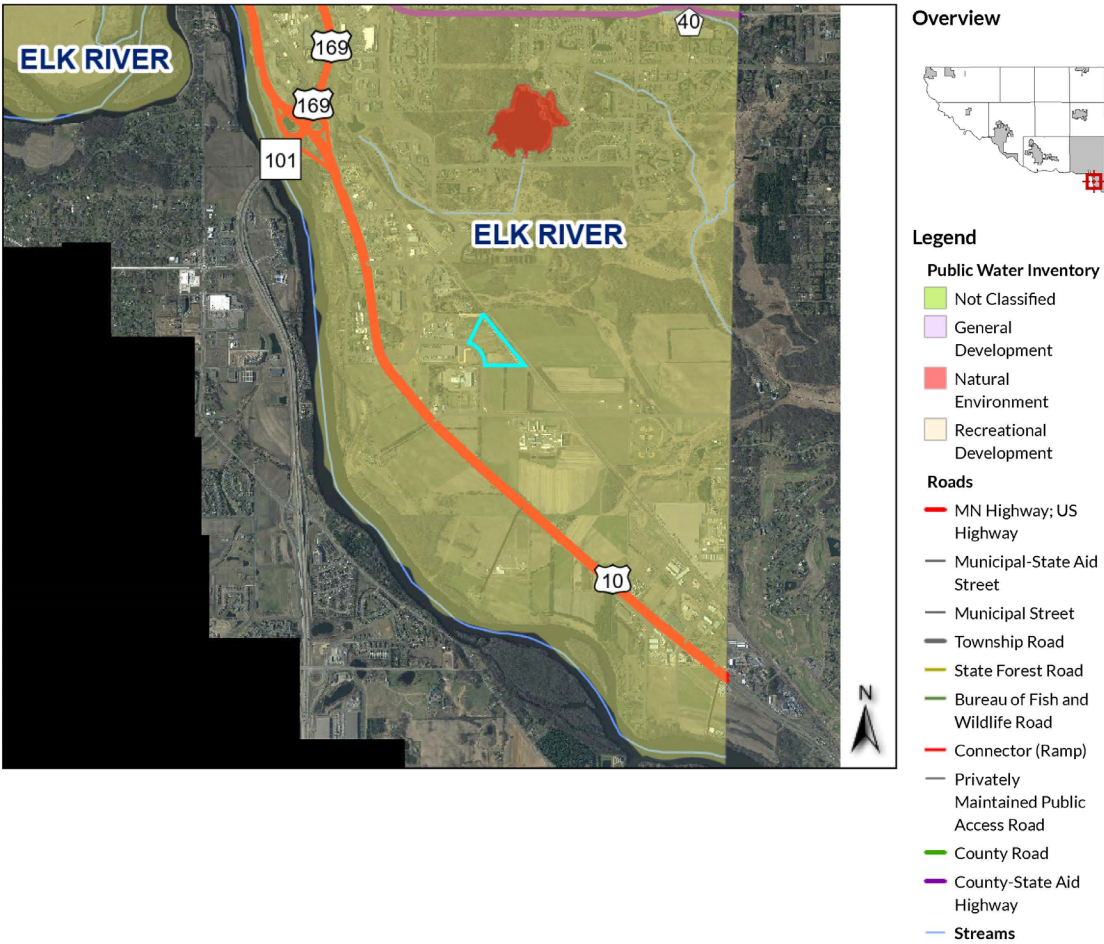
The County Auditor shall notify the City of all changes made to the original net tax capacity of the TIF District.

**Section AB Filing TIF Plan, Financial Reporting and Disclosure Requirements**

The City will file the TIF Plan, and any subsequent amendments thereto, with the Commissioner of Revenue and the Office of the State Auditor pursuant to Minnesota Statutes, Section 469.175, subdivision 4A. The City will comply with all reporting requirements for the TIF District under Minnesota Statutes, Section 469.175, subdivisions 5 and 6.

Map of  
Tax Increment Financing (Economic Development) District No. 29

 **Beacon**<sup>TM</sup> Sherburne County, MN



|                       |                                           |              |                           |               |                     |
|-----------------------|-------------------------------------------|--------------|---------------------------|---------------|---------------------|
| Parcel ID             | 75-00929-0020                             | Alternate ID | n/a                       | Owner Address | CITY OF ELK RIVER   |
| Sec/Twp/Rng           | 11-32-26                                  | Class        | 776-Municipal - All Other |               | 13065 ORONO PKWY NW |
| Property Address      |                                           | Acres        | 21.02                     |               | ELK RIVER MN 55330  |
| District              | ELK RIVER CITY                            |              |                           |               |                     |
| Brief Tax Description | n/a                                       |              |                           |               |                     |
|                       | (Note: Not to be used on legal documents) |              |                           |               |                     |

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## Assumptions Report

**City of Elk River, Minnesota**  
**Tax Increment Financing (Economic Development) District No. 29**  
**Heritage Millwork Inc Proposed Industrial Project**  
**Draft TIF Plan Exhibits based on Phase 1 and 2 (150k SF) \$11.2M**

Type of Tax Increment Financing District                      Economic Development  
Maximum Duration of TIF District                                8 years from 1st increment

Projected Certification Request Date                                06/30/24  
Decertification Date                                                        12/31/34    (9 Years of Increment)

2023/2024

Base Estimated Market Value                                                \$110,095

Original Net Tax Capacity                                                        \$1,651

|                                                | Assessment/Collection Year |           |           |            |
|------------------------------------------------|----------------------------|-----------|-----------|------------|
|                                                | 2024/2025                  | 2025/2026 | 2026/2027 | 2027/2028  |
| Base Estimated Market Value                    | \$110,095                  | \$110,095 | \$110,095 | \$110,095  |
| Estimated Increase in Value - New Construction | 0                          | 4,014,905 | 8,263,655 | 11,514,867 |
| Total Estimated Market Value                   | 110,095                    | 4,125,000 | 8,373,750 | 11,624,963 |
| Total Net Tax Capacity                         | \$1,651                    | \$81,750  | \$166,725 | \$231,749  |

|                   |         |
|-------------------|---------|
| City of Elk River | 37.817% |
| Sherburne County  | 36.597% |
| ISD #728          | 23.924% |
| Other (HRA)       | 2.006%  |

Local Tax Capacity Rate                                                        100.344%                      Pay 2024

Fiscal Disparities Contribution From TIF District                      NA  
Administrative Retainage Percent (maximum = 10%)                      5.00%  
Pooling Percent                                                                        0.00%

|                               |                                     |                             |             |
|-------------------------------|-------------------------------------|-----------------------------|-------------|
| <u>Interfund Loan at 3.5%</u> |                                     | <u>Interfund Loan at 5%</u> |             |
| Loan Dated                    | 06/30/24                            | Note Dated                  | 06/30/24    |
| Loan Rate                     | 3.50%                               | Note Rate                   | 5.00%       |
| Loan Amount                   | \$1,372,140                         | Note Amount                 | \$1,372,140 |
| Present Value Date & Rate     | 06/30/24                      3.50% | PV Amount                   | \$1,527,614 |

### Notes

Projections assume no future changes to classification rates and current tax rates remain constant  
Projections are based on pay 2024 tax rates  
Projections assume Phase 1 commences in 2024 and completed in 2025  
Projections assume Phase 2 commences in 2026 and completed in 2026  
Projections assume 3% market value inflation

### Projected Tax Increment Report

City of Elk River, Minnesota  
 Tax Increment Financing (Economic Development) District No. 29  
 Heritage Millwork Inc Proposed Industrial Project  
 Draft TIF Plan Exhibits based on Phase 1 and 2 (150k SF) \$11.2M

| Annual<br>Period<br>Ending<br>(1) | Total<br>Market<br>Value<br>(2) | Total<br>Net Tax<br>Capacity<br>(3) | Less:<br>Original<br>Net Tax<br>Capacity<br>(4) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate<br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>City<br>Retainage<br>5.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>3.50% | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>5.00% |
|-----------------------------------|---------------------------------|-------------------------------------|-------------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------|----------------------------------------------------|----------------------------------------------------|
| 12/31/24                          | 110,095                         | 1,651                               | 1,651                                           | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/25                          | 110,095                         | 1,651                               | 1,651                                           | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/26                          | 4,125,000                       | 81,750                              | 1,651                                           | 80,099                                             | 100.344%                                 | 80,374                                  | 289                                               | 80,085                                  | 4,004                                       | 76,081                           | 71,022                                             | 69,008                                             |
| 12/31/27                          | 8,373,750                       | 166,725                             | 1,651                                           | 165,074                                            | 100.344%                                 | 165,641                                 | 596                                               | 165,045                                 | 8,252                                       | 156,793                          | 141,418                                            | 135,444                                            |
| 12/31/28                          | 11,624,963                      | 231,749                             | 1,651                                           | 230,098                                            | 100.344%                                 | 230,889                                 | 831                                               | 230,058                                 | 11,503                                      | 218,555                          | 190,458                                            | 179,806                                            |
| 12/31/29                          | 11,973,711                      | 238,724                             | 1,651                                           | 237,073                                            | 100.344%                                 | 237,888                                 | 856                                               | 237,032                                 | 11,852                                      | 225,180                          | 189,596                                            | 176,434                                            |
| 12/31/30                          | 12,332,923                      | 245,908                             | 1,651                                           | 244,257                                            | 100.344%                                 | 245,097                                 | 882                                               | 244,215                                 | 12,211                                      | 232,004                          | 188,735                                            | 173,125                                            |
| 12/31/31                          | 12,702,910                      | 253,308                             | 1,651                                           | 251,657                                            | 100.344%                                 | 252,522                                 | 909                                               | 251,613                                 | 12,581                                      | 239,032                          | 187,877                                            | 169,876                                            |
| 12/31/32                          | 13,083,998                      | 260,930                             | 1,651                                           | 259,279                                            | 100.344%                                 | 260,170                                 | 937                                               | 259,233                                 | 12,962                                      | 246,271                          | 187,021                                            | 166,686                                            |
| 12/31/33                          | 13,476,518                      | 268,780                             | 1,651                                           | 267,129                                            | 100.344%                                 | 268,048                                 | 965                                               | 267,083                                 | 13,354                                      | 253,729                          | 186,169                                            | 163,556                                            |
| 12/31/34                          | 13,880,813                      | 276,866                             | 1,651                                           | 275,215                                            | 100.344%                                 | 276,162                                 | 994                                               | 275,168                                 | 13,758                                      | 261,410                          | 185,318                                            | 160,483                                            |
|                                   |                                 |                                     |                                                 |                                                    |                                          | \$2,016,791                             | \$7,259                                           | \$2,009,532                             | \$100,477                                   | \$1,909,055                      | \$1,527,614                                        | \$1,394,418                                        |

<sup>(1)</sup> Total estimated market value based on information provided by City  
 Includes 3% annual market value inflator.

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Land Purchase Price            | \$1,372,140 | \$1,372,140 | \$1,372,140 |
| City developer upfront payment | \$0         | \$0         | \$0         |

<sup>(2)</sup> Total net tax capacity based on commercial-industrial class rate of 1.5% first \$150,000 value and 2% value above \$150,000

<sup>(3)</sup> Original net tax capacity based on existing land value for the property to be included in the development

<sup>(4)</sup> Total local tax capacity rate for taxes payable 2024

## Estimated Impact on Other Taxing Jurisdictions Report

City of Elk River, Minnesota

Tax Increment Financing (Economic Development) District No. 29

Heritage Millwork Inc Proposed Industrial Project

Draft TIF Plan Exhibits based on Phase 1 and 2 (150k SF) \$11.2M

| Taxing<br>Jurisdiction | Without<br>Project or TIF District                       |                                | With Project and TIF District                   |                                                            |                                         |                                                   |                                                      |                                                                        |
|------------------------|----------------------------------------------------------|--------------------------------|-------------------------------------------------|------------------------------------------------------------|-----------------------------------------|---------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------|
|                        | Final<br>2023/2024<br>Taxable<br>Net Tax<br>Capacity (1) | 2023/2024<br>Local<br>Tax Rate | 2023/2024<br>Taxable<br>Net Tax<br>Capacity (1) | Projected<br>Retained<br>Captured<br>Net Tax<br>Capacity + | New<br>Taxable<br>Net Tax<br>Capacity = | Hypothetical<br>Adjusted<br>Local<br>Tax Rate (*) | Hypothetical<br>Decrease In<br>Local<br>Tax Rate (*) | Hypothetical<br>Tax Generated<br>by Retained<br>Captured<br>N.T.C. (*) |
|                        |                                                          |                                |                                                 |                                                            |                                         |                                                   |                                                      |                                                                        |
| City of Elk River      | 42,671,578                                               | 37.817%                        | 42,671,578                                      | \$275,215                                                  | 42,946,793                              | 37.575%                                           | 0.242%                                               | 103,411                                                                |
| Sherburne County       | 164,917,675                                              | 36.597%                        | 164,917,675                                     | 275,215                                                    | 165,192,890                             | 36.536%                                           | 0.061%                                               | 100,553                                                                |
| ISD #728               | 66,175,265                                               | 23.924%                        | 66,175,265                                      | 275,215                                                    | 66,450,480                              | 23.825%                                           | 0.099%                                               | 65,570                                                                 |
| Other (2)              | -                                                        | 2.006%                         | -                                               | -                                                          | -                                       | 2.006%                                            | -                                                    | -                                                                      |
| Totals                 |                                                          | 100.344%                       |                                                 |                                                            |                                         | 99.942%                                           | 0.402%                                               |                                                                        |

**\* Statement 1:** If the projected Retained Captured Net Tax Capacity of the TIF District was hypothetically available to each of the taxing jurisdictions above, the result would be a lower local tax rate (see Hypothetical Adjusted Tax Rate above) which would produce the same amount of taxes for each taxing jurisdiction. In such a case, the total local tax rate would decrease by 0.402% (see Hypothetical Decrease in Local Tax Rate above). The hypothetical tax that the Retained Captured Net Tax Capacity of the TIF District would generate is also shown above.

**Statement 2:** Since the projected Retained Captured Net Tax Capacity of the TIF District is not available to the taxing jurisdictions, then there is no impact on taxes levied or local tax rates.

(1) Taxable net tax capacity = total net tax capacity - captured TIF - fiscal disparity contribution, if applicable.

(2) The impact on these taxing jurisdictions is negligible since they represent only 2.00% of the total tax rate.



## Market Value Analysis Report

City of Elk River, Minnesota

Tax Increment Financing (Economic Development) District No. 29

Heritage Millwork Inc Proposed Industrial Project

Draft TIF Plan Exhibits based on Phase 1 and 2 (150k SF) \$11.2M

| Assumptions                       |      |                                  |                             |
|-----------------------------------|------|----------------------------------|-----------------------------|
| Present Value Date                |      | 06/30/24                         |                             |
| P.V. Rate - Gross T.I.            |      | 3.50%                            |                             |
|                                   |      |                                  |                             |
| Increase in EMV With TIF District |      | \$13,770,718                     |                             |
| Less: P.V of Gross Tax Increment  |      | <u>1,613,824</u>                 |                             |
| Subtotal                          |      | \$12,156,894                     |                             |
| Less: Increase in EMV Without TIF |      | <u>0</u>                         |                             |
| Difference                        |      | \$12,156,894                     |                             |
|                                   |      |                                  |                             |
|                                   | Year | Annual<br>Gross Tax<br>Increment | Present<br>Value @<br>3.50% |
| 1                                 | 2026 | 80,374                           | 75,030                      |
| 2                                 | 2027 | 165,641                          | 149,399                     |
| 3                                 | 2028 | 230,889                          | 201,206                     |
| 4                                 | 2029 | 237,888                          | 200,295                     |
| 5                                 | 2030 | 245,097                          | 199,387                     |
| 6                                 | 2031 | 252,522                          | 198,480                     |
| 7                                 | 2032 | 260,170                          | 197,576                     |
| 8                                 | 2033 | 268,048                          | 196,675                     |
| 9                                 | 2034 | 276,162                          | 195,776                     |
|                                   |      | <u>\$2,016,791</u>               | <u>\$1,613,824</u>          |



# Request for Action

**To**  
Economic Development Authority

**Item Number**  
7.1

**Meeting Date**  
May 20, 2024

**Prepared By**  
Brent O'Neil, Economic Development Director

**Item Description**  
Heritage Millwork Tax Increment Financing

**Reviewed by:**  
Cal Portner

## Action Requested

Adopt, by motion, a recommendation to the City Council for the approval of the Tax Increment Financing (TIF) plan for Heritage Millwork.

## Background/Discussion

Heritage Millwork is a provider of pre-hung doors and other millwork products to the building materials industry. Heritage presently operates out of two facilities in Ramsey and a small facility in Elk River. The company has been looking to consolidate operations in a single facility that allows for operational efficiencies and the ability to expand in the future. The selected site is a 14.06 acre portion of city-owned property in the Nature's Edge Business Park. The city has negotiated a proposed sale of the property to PLM Properties, an associated entity of Heritage, which is planned for Council consideration in June.

The project will be a great addition to Elk River and meets many of the goals of the city and EDA. In addition to retaining eight Elk River positions, the company will locate 70 positions in Elk River in total at project completion with seven more within two years. Further, with adequate land for future expansion, the company anticipates more job growth in five to 10 years. The project will entail an investment of over \$20,000,000 including a building of 113,000 square feet and new machinery.

In order to facilitate the development of the project, Heritage has requested participation of incentive programs, including TIF. The attached memo from Baker Tilly provides further information on the project and an analysis of the TIF request. In short, the project proposes to utilize TIF to write down the price of the land for the project. This analysis supports the purchase price of the city land of approximately \$1,375,000 through proceeds of TIF.

Staff will provide a detailed presentation on the project and the TIF proposal during the meeting. The EDA is asked to submit a recommendation to the City Council for its consideration of the TIF request at its June 3rd meeting. The EDA may recommend approval, denial, or approval with modifications.

## Financial Impact

An affirmative recommendation of the EDA would forward to the City Council a proposal to use approximately \$1,375,000 in future tax increments to support the Heritage Millwork project.

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*

**Mission/Policy/Goal**

Attract new business to Elk River, creating jobs, and increasing tax base.

**Attachments**

1. HMI Draft TIF Plan
2. TIF Summary Financial Analysis Memo
3. 04-30-2024 JFC Staff Report HMI Incentives
4. 04-30-2024 JFC Meeting Minutes
5. Heritage Millwork Concept Site Plan

# Memo – Draft for Review

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To: Brent O'Neil, City of Elk River

From: Mikaela Huot, Director

Date: April 25, 2024

Subject: Preliminary Tax Increment Revenue Projections for Proposed Heritage Millwork Inc Economic Development Project

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## **Executive Summary**

Baker Tilly Municipal Advisors has undertaken a review of the request for TIF assistance by Heritage Millwork Inc. ("HMI" and the "developer") for construction of an approximate 110,000 square foot new industrial building on approximately 14 acres of City-owned property in the Nature's Edge Business Center (Phase 1). The construction plans also include the potential for a 40,000 square foot expansion in a future year (Phase 2). The total development cost of Phase I is estimated to be \$21,169,472 and the request for financial assistance is in the form of land write down for the estimated land purchase price of \$1,372,140. A revised application also includes a request for additional \$264,520 as pay-as-you-go reimbursement for site improvements. Construction of the proposed development is expected to begin in 2024 and be completed in 2025. The developer has also applied for the City's Energy Incentive Program and Economic Development Microloan Program.

Prior to establishing a tax increment financing district, there are findings that need to be made by the City that include: 1) determination that the project qualifies as a TIF district, 2) determination that the project as proposed would not proceed without public assistance (meeting the "but-for" test), and 3) the increased market value of the property to be developed is greater with tax increment than if no public assistance is provided. When reviewing requests for financial assistance it is important to understand how the level of financial assistance would impact the ability of the project to proceed as proposed and maximize new value created on the current project site.

Review of the financial projections and statements provides an understanding of financial feasibility for this project and need for public assistance. The purpose of the analysis is to test the level of assistance that may be needed and if the recommended structure is reasonable while remaining consistent with the City's objectives for providing assistance.

Based on the financial analysis and available financing assumptions, without financial assistance, the project would not be feasible due to the extraordinary development costs mixed with current market conditions. Without assistance, the projected debt coverage ratios and annual/cumulative rates of return to the developer is projected to be below industry standards for this type of project. The debt coverage and rate of return analyses indicates that the provided financing structure would not be financially viable without one or more of the following: 1) reduction in project costs 2) additional annual cash flow (tax increment revenues), and/or 3) additional funding sources (workforce housing grant program). With annual public assistance, the project is projected to be more financially feasible by providing additional cash flow (annual tax increment revenues) to the project. The level of public assistance is projected to have a positive impact on what the projected debt coverage and returns for the project could be as compared to no assistance.

The purpose of the memorandum is to provide a summary of the financial review of the request for tax increment financing assistance as submitted by the developer, including estimated tax increment revenue projections. to assist the City with making a determination 1) if the project as proposed would be unlikely to proceed "but-for" the requested Tax Increment Financing (TIF) assistance, and 2) if assistance is necessary, to determine an appropriate level of public assistance that may be considered.

## **Background**

The City of Elk River has been working with Heritage Millwork Inc. (“HMI” and the “developer”) on the anticipated sale of City-owned property in the Nature’s Edge Business Center for the construction of an approximate 110,000square foot new industrial building. Construction of the new facility would reduce the current business operations from three buildings to one, as well as incorporating relocation of Traditions Finishing Inc (TFI), the wholly owned finishing company, to also be housed within same building to reduce handling and overhead costs and improve lead time. HMI has also indicated there is a possibility of expanding the business and building in the future that would include an additional 40,000 square feet. HMI has stated there will be a financial gap related to acquisition of the property and construction of the new building to house their full business operations. PLM Properties (PLM) is the real estate holding entity who is purchasing the property and will be leasing the land to the business entity. HMI would be the business operating entity and lease the building from PLM. The ownership of both entities is the same and would be on the bank financing documents. To assist with financing of the project, HMI has submitted applications for public assistance to the City.

## **Developer Request for Assistance**

HMI has submitted applications to the City for public assistance through the City’s tax increment financing program, energy incentive program and economic development microloan program. The total development costs of the project are approximately \$21,169,472. Funding sources to support development costs include first mortgage, SBA loan 504, developer equity, City/EDA microloan and land write down (to be repaid through future tax increment revenues). The loans (first mortgage and SBA) are approximately 83% of total funding sources, equity is 10%, microloan is 1% and TIF is 6.5%. The primary debt financing structure will be subject to availability of net income from the building to support debt repayment and the lease rate between PLM and HMI will be limited to no more than 10% of the principal, interest and taxes.

Typical extraordinary development costs that cannot be supported solely by the project alone could justify the need for public financial assistance and allow the project to proceed as proposed. In addition, current market conditions of increased interest rates requiring reduced debt financing and increased equity amounts have resulted in higher funding gaps. Tax increment financing from the City provides an additional funding source to the project that allows the developer to obtain an appropriate level of upfront funding and meet minimum debt coverage and investor return metrics. The microloan is an additional source of funds to close the financing gap with eligible expenses related to construction of the project and in addition to costs that would be supported by TIF. Summary of the sources and uses of funds is illustrated in Table 1 below.

The recommendation for a reasonable level of public assistance is balanced by a combination of extraordinary costs and projected financial cash flow performance of the project, public policy guidelines/considerations and potential financial parameters as further outlined below:

- Return on Investment: *(City benefits)*
- Purchase price and other development costs: *(reasonable ranges and supported by project)*
- Public to private investment: *(public participation 10% or less)*
- Public assistance (TIF) and private equity: *(public does not exceed private equity)*
- Extraordinary costs: *(development)*
- Financial gap: *(limit on private debt and equity)*
- Market conditions *(financing limitations)*
- Term of district collection: *(economic development term of up to 9 years)*
- Other identified public improvements: *(case by case basis to be determined)*

## **Sources and Uses of Funds**

The proposed total development cost of the project is estimated to be \$21,169,472. The developer did not provide a breakout of individual line items as it relates to the building hard cost construction estimate of \$12,000,000. However, this amount equates to approximately \$109 per square foot and generally a reasonable level. The purchase price of property is \$1,372,140 is based on 14 acres and per square foot sales price of \$2.25 and are all generally reasonable and lower range for this type of project.

The developer has identified the sources of funds for the proposed project, including debt, equity, a grant and TIF assistance. The developer is seeking TIF assistance of \$1,372,140 based on the per square foot sales price and potential reimbursement of 9 years of tax increment revenues.

Table 1: Projected Sources and Uses of Funds

| Sources            | Amount       | Uses                          | Amount       |
|--------------------|--------------|-------------------------------|--------------|
| Bank/SBA 504       | \$17,480,385 | Land                          | \$1,372,140  |
| Cash Equity        | \$2,116,947  | Site improvements             | \$177,125    |
| TIF                | \$1,372,140  | Building Construction         | \$12,000,000 |
| City/EDA Microloan | \$200,000    | SAC/WAC fees                  | \$104,727    |
|                    |              | Machinery & Equipment         | \$5,160,500  |
|                    |              | Office Furniture and Fixtures | \$200,000    |
|                    |              | Contingency                   | \$1,300,000  |
|                    |              | Professional Fees             | \$255,000    |
|                    |              | Other (Interest Reserve)      | \$600,000    |
| Total              | \$21,169,472 | Total                         | \$21,169,472 |

### **Tax Increment Revenue Assumptions and Estimates**

Certain assumptions were used to estimate the projected available tax increment revenues outlined below:

- Total new taxable value
  - \$75 per square foot taxable value estimated
  - Phase 1: 110,000 square foot building total of \$8,250,000
  - Phase 2: 40,000 square foot expansion additional \$3,000,000
- Parcel ID: 75-929-0020
  - Existing land (tax exempt) value of \$165,300
  - Total land acreage of 21.02
  - Land required for development of approximately 14.4 acres
  - Base value assumed to be \$110,095 (14/21.02 as allocation)
  - Original net tax capacity of \$1,651
    - Property reclassified as commercial-industrial with relevant class rates
- Maximum term of economic development district (9 total years)
  - Projected maximum term for project is 9 years
  - First year collection payable 2026 and final year payable 2034
- Increment based on difference between existing value
  - Very preliminary and to be evaluated as project proceeds
- Construction commences in 2024 and complete by December 31, 2025
  - 50% complete for assess January 2025, taxes payable 2026
  - 100% complete for assess January 2026 for taxes payable 2027
- Payable 2024 combined tax rate of 100.344%
- 2% annual market value inflator
- 5% retained by City for admin
  - *Maximum 10% for admin*
  - 95% pledged to project financing
- Present value rate: range of 0%, 3.5% and 5% and 6/30/24 present value date

Table 1a: Tax Increment Revenue Projections (Phase 1)

| Tax Increment Revenue Estimates             |             |
|---------------------------------------------|-------------|
| Estimated Building Size                     | 110,000 SF  |
| Existing Land Value                         | \$110,095   |
| Original Net Tax Capacity (Base)            | \$1,651     |
| Estimated Total Completed Value             | \$8,250,000 |
| Total Tax Capacity                          | \$165,900   |
| Captured Tax Capacity (Total less Original) | \$164,249   |



|                                                                                            |                    |
|--------------------------------------------------------------------------------------------|--------------------|
| x 2024 Local Capacity Rate                                                                 | 100.344%           |
| Estimated Total Gross Tax Increment Revenue at Completion<br>(less OSA deduction of 0.36%) | \$164,221          |
| Less: 5% for Administrative Expenses                                                       | \$8,211            |
| Estimated Net Annual Available Revenue                                                     | \$156,010          |
| Total Estimated Gross Tax Increment over Maximum Term of<br>Collection (9 years)           | \$1,490,982        |
| Estimated City Retained (5%)                                                               | \$74,550           |
| <b>Total Estimated Net Tax Increment and Present Value with<br/>0% interest rate</b>       | <b>\$1,416,432</b> |
| <b>Total Estimated Net Tax Increment Present Value with<br/>3.5% interest rate</b>         | <b>\$1,126,637</b> |
| <b>Total Estimated Net Tax Increment Present Value with<br/>5% interest rate</b>           | <b>\$1,025,957</b> |

Table 1b: Tax Increment Revenue Projections (Phase 2 Only)

| Tax Increment Revenue Estimates                                                            |                  |
|--------------------------------------------------------------------------------------------|------------------|
| Estimated Building Size (expansion constructed in 2026)                                    | 40,000 SF        |
| Estimated Total Completed Value                                                            | \$3,000,000      |
| Total Tax Capacity                                                                         | \$59,250         |
| Captured Tax Capacity (Original - \$0 included in Phase 1)                                 | \$59,250         |
| x 2024 Local Capacity Rate                                                                 | 100.344%         |
| Estimated Total Gross Tax Increment Revenue at Completion<br>(less OSA deduction of 0.36%) | \$59,240         |
| Less: 5% for Administrative Expenses                                                       | \$2,962          |
| Estimated Net Annual Available Revenue                                                     | \$56,278         |
| Total Estimated Gross Tax Increment over Remaining Term                                    | \$440,732        |
| Estimated City Retained (5%)                                                               | \$22,036         |
| <b>Total Estimated Net Tax Increment and Present Value with<br/>0% interest rate</b>       | <b>\$418,696</b> |
| <b>Total Estimated Net Tax Increment Present Value with<br/>3.5% interest rate</b>         | <b>\$324,468</b> |
| <b>Total Estimated Net Tax Increment Present Value with<br/>5% interest rate</b>           | <b>\$292,055</b> |

Table 1c: Tax Increment Revenue Projections (Combined Phase 1 and Phase 2)

|                                                                                  |                    |
|----------------------------------------------------------------------------------|--------------------|
| Total Estimated Gross Tax Increment over Remaining Term                          | \$1,951,823        |
| Estimated City Retained (5%)                                                     | \$97,591           |
| <b>Total Estimated Net Tax Increment and Present Value with 0% interest rate</b> | <b>\$1,854,232</b> |
|                                                                                  |                    |
| <b>Total Estimated Net Tax Increment Present Value with 3.5% interest rate</b>   | <b>\$1,466,353</b> |
|                                                                                  |                    |
| <b>Total Estimated Net Tax Increment Present Value with 5% interest rate</b>     | <b>\$1,331,916</b> |

### Project Financing

There are generally two ways in which assistance can be provided for most projects, either upfront or on a pay-as-you-go basis. With upfront financing, the City would finance a portion of the applicant's initial project costs through the issuance of bonds or as an internal loan. Future tax increments would be collected by the City and used to pay debt service on the bonds or repayment of the internal loan. With pay-as-you-go financing, the applicant would finance all project costs upfront and would be reimbursed over time for a portion of those costs as revenues are available.

Pay-as-you-go-financing is generally more acceptable than upfront financing for the City because it shifts the risk for repayment to the applicant. If tax increment revenues are less than originally projected, the applicant receives less and therefore bears the risk of not being reimbursed the full amount of their financing. However, in some cases pay as you go financing may not be financially feasible. With bonds, the City would still need to make debt service payments and would have to use other sources to fill any shortfall of tax increment revenues. With internal financing, the City reimburses the loan with future revenue collections and may risk not repaying itself in full if tax increment revenues are not sufficient. The City has historically financed projects as pay-as-you-go for reimbursement to the developer of eligible costs, but in certain instances financed with internal loans to be repaid with future tax increments. It is important to note the request for financial assistance for this project does not include any City bond issuance or upfront funding requirements. The City would be acting more like a lender of its own funds and collecting future tax increments to pay the developer's land purchase price.

The developer has requested assistance for the project through upfront land write down. The City would not be paid for the land at closing and would collect future tax increment revenues generated by the new project to reimburse itself for the land. The repayment may include interest subject to availability of tax increments to repay the land purchase price in full. The estimated purchase price for the property assuming approximately 14 acres is \$1,372,140 and based on \$2.25 per square foot. The estimated tax increment revenues that may be generated from Phase 1 of the project (110,000 square foot building), potential Phase 2 (40,000 square foot expansion) and combined for Phases 1 and 2 are all summarized in the tables on the previous page. Tax increment revenues from Phase 1 are expected to be sufficient to reimburse the City for the land write of \$1,372,140 but would be less than what would be necessary to include an interest repayment component over the maximum 9-year term of the TIF District. Should Phase 2 be constructed, additional tax increment revenues would be generated and expected to provide sufficient revenues to support interest repayment on the City's land write down.

Because the City owns the land and is taking the role as lender, it may have some flexibility and ability to consider alternate repayment structures of the land write down. The City may consider requiring a portion of the land be paid upfront, subject to the availability of tax increment revenues to repay principal plus interest at a rate to be determined on the interfund loan, or require a shortfall agreement that could be structured on either an annual basis or upon completion of the district. The developer has also included in the application for tax increment assistance an additional request for pay-as-you-go financing for reimbursement of site improvements of \$264,520 and further analysis regarding this request is expected prior to finalizing the repayment structure.



Table 2: Land Repayment Options

| Financial Feasibility of Land Repayment Options                                   |                    |
|-----------------------------------------------------------------------------------|--------------------|
| <b>Total Estimated Net Tax Increment and Present Value with 0% interest rate</b>  | <b>\$1,416,031</b> |
| <b>Portion of Land Purchase Price Required Upfront</b>                            | <b>\$0</b>         |
| <b>Portion of Land Purchase Price as Write Down</b>                               | <b>\$1,372,140</b> |
| <b>Estimated Interest Payments</b>                                                | <b>\$0</b>         |
| <b>Total Estimated Net Tax Increment Present Value with 3.5% interest rate</b>    | <b>\$1,141,921</b> |
| <b>Portion of Land Purchase Price Required Upfront or via Shortfall Agreement</b> | <b>\$272,140</b>   |
| <b>Portion of Land Purchase Price as Write Down</b>                               | <b>\$1,100,000</b> |
| <b>Estimated Interest Payments</b>                                                | <b>\$272,978</b>   |
| <b>Total Estimated Net Tax Increment Present Value with 5% interest rate</b>      | <b>\$1,058,720</b> |
| <b>Portion of Land Purchase Price Required Upfront or via Shortfall Agreement</b> | <b>\$347,140</b>   |
| <b>Portion of Land Purchase Price as Write Down</b>                               | <b>\$1,025,000</b> |
| <b>Estimated Interest Payment</b>                                                 | <b>\$379,662</b>   |

The developer has also indicated the potential for a 40,000 square foot building expansion. Should the building expansion occur during the term of the TIF District and generate additional revenues sufficient to repay the City's interfund loan in full plus interest at 3.5% or 5% (actual interest rate TBD), there may be consideration to increase the interfund loan amount at that time to reimburse the developer for the initial upfront purchase. Additional discussion on potential feasibility anticipated to occur.

An alternate option to adjusting the upfront purchase price based on availability of tax increment revenues would be to incorporate a shortfall payment formula that could be calculated on either an annual basis or at a future determined time (tied to construction of expansion and/or completion of TIF District). As illustrated in the table below, construction of the building expansion is expected to generate additional increment that is expected to be sufficient to support repayment of the full land write down amount of \$1,372,140 plus interest (TBD).

Table 3: Additional Land Repayment Options

|                                                                                  |                    |
|----------------------------------------------------------------------------------|--------------------|
| <b>Land Purchase Price</b>                                                       | <b>\$1,372,140</b> |
| <b>Total Estimated Net Tax Increment and Present Value with 0% interest rate</b> | <b>\$1,854,232</b> |
| <b>Total Estimated Net Tax Increment Present Value with 3.5% interest rate</b>   | <b>\$1,466,353</b> |
| <b>Total Estimated Interest Payments (3.5%)</b>                                  | <b>\$339,593</b>   |
| <b>Total Estimated Net Tax Increment Present Value with 5% interest rate</b>     | <b>\$1,331,916</b> |
| <b>Total Estimated Interest Payments (5%)</b>                                    | <b>\$532,953</b>   |

## **City Policy Considerations**

The City has a tax increment financing policy to ensure that projects receiving assistance are consistent with the city's comprehensive plan, strategic plan, *Mississippi Connections* plan and most recent housing study (as applicable for housing projects). Pursuant to the public purpose considerations of the policy, the City will consider TIF for projects that achieve one or more of the following:

1. Demonstrate long-term benefits to the community.
2. Retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits through:
  - a. Diversification of the local economy
  - b. Significant addition of permanent, high-wage, full-time jobs
  - c. Addition of jobs attractive to those unemployed or underemployed
3. Significantly increases the city's commercial and industrial tax base
4. Demonstrates the ability to encourage unsubsidized private development through "spin off" development.
5. Facilitates the development process and achieves development on sites that would not develop "but for" the use of TIF.
6. Removes blight and/or encourages redevelopment of commercial and industrial areas resulting in high quality redevelopment and private reinvestment.
7. Offsets redevelopment costs (i.e. contaminated site cleanup) over and above the costs normally incurred in development.
8. Aids the implementation of the *Mississippi Connections* Plan

Based on the extent to which the project achieves the policy statements (1-6 above), the city will consider TIF for projects in the following categories:

- Manufacturing
- Major office warehouse/production facilities
- Research and development
- Commercial projects encouraging substantial redevelopment of substandard properties
- Housing needs identified in the most recent city housing study

Assistance for TIF is required to meet the uses identified by statute including, but not limited to the following:

- Public improvements
- Land acquisition and land write down
- Loans
- Site preparation and improvement
- Demolition
- Legal, administration, and engineering

The preferred method of TIF is pay-as-you-go for eligible costs as reimbursement, upfront financing maybe considered on a case-by-case basis.

### *Policy Considerations*

Each project is required to meet the "but-for" test to determine the need for and level of assistance. This test and the amount of tax increment generated determines the district's term. It is difficult to facilitate a redevelopment, housing or soils condition district for less than the maximum term as the extraordinary costs involved are usually significant. Consideration: the developer has stated the assistance is necessary for the project to proceed and has stated that without the upfront land write down assistance, the project would not proceed.

The term of the district could coincide with the amount of tax increment the city has to spend on its priorities within a project area. Consideration: the full term of the district would be necessary to repay land write down.

Of all TIF districts, the Economic Development District is most often the one limited to a lesser term. Economic Development Districts are really “incentive” districts where it is not so much the extraordinary costs as it is an “incentive” to get a business to locate in a community. In the other districts, the costs are easily identifiable and usually significant such as demolition, relocation, environmental remediation, and the cost differential between market rate and income/rent restricted housing. Consideration: The developer has stated the project would not happen ‘but-for’ the assistance. The assistance will also facilitate the creation/retention of a minimum 70 jobs and wage levels consistent with the City’s business subsidy policy. As the City has also received an application for other City forms of assistance, including a business microloan, the City may consider assigning within the business subsidy agreement a portion of the jobs as applicable to the TIF assistance and a portion to the microloan.

Developers receiving TIF assistance shall provide a minimum of ten percent (10%) cash equity investment in the project. TIF will not be used to supplant cash equity. Consideration: the developer will have at least 10% equity investment. Most of the required equity will come from the sale of existing building property. The owner/business will provide initial cash down payment for the project at the closing of the land and construction financing and will be reimbursed when the property sells. The developer will also be using land as equity for securing financing.

TIF will not be used in circumstances where land and/or property price is in excess of fair market value. A third-party appraiser agreed upon by the city and developer will determine the fair market value of the land. Consideration: the City hired a commercial broker to help it determine listing price and fair market value. This sales price would meet expectations of fair market value.

The developer shall demonstrate a market demand for a proposed project. TIF shall not be used to support purely speculative projects. Consideration: existing business operations.

The developer shall adequately demonstrate, to the city’s sole satisfaction, an ability to complete the proposed project based on past development experience, general reputation, and credit history, among other factors, including the size and scope of the proposed project. Consideration: the developer and related business entities have shared financials representing sufficient resources to complete the project.

For the purposes of underwriting the proposal, the developer shall provide any requested market, financial, environmental, or other data requested by the city or its consultants.

The City of Elk River shall only use TIF to encourage economic growth and development within the city limits.

### **Financial Needs Analysis)**

Upon approval of a TIF district and project, the City must make several findings, including the “but for” test: that the proposed development would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future. The developer has stated that without assistance being provided as upfront through land write down, the project would not be able to secure the structure and level of debt financing necessary for the project to be viable due to the following factors: 1) using equity to pay for upfront land costs would impact HMI’s working capital. It would rely on higher cost funding and potential hinder future abilities to remain price competitive and subject it to less reliable source of working capital to support operations, 2) the bank would require higher equity investment from PLM properties if upfront assistance were not provided. This may strain or limit the project scope due to capital constraints, 3) there are limitations on the level of bank financing the project can secure due to the size of the capital investment and project. The developer’s submittals have indicated that the upfront land write would alleviate the financing risks and concerns, provide PLM with the necessary financial stability to secure a more favorable loan structure with a lower debt burden that would allow HMI to maintain sufficient cash flow to meet operational needs, and to ensure business continuity during construction of the project. Additionally, reduced equity requirements from the bank resulting from land write down and availability of more working capital may allow PLM properties to accelerate the possibility of constructing the 40,000 square foot expansion.

Based on the developer’s stated position relative to the need for tax increment financing assistance, the City could make its “but for” finding and provide tax increment assistance. We recommend, however, that the City

review the provided assumptions to consider if the project meets the but-for test and, if so, what an appropriate level and type of TIF assistance may be based on the information submitted by the developer.

Following thorough evaluation of the project as provided allows the City to be prepared to make an informed decision based on the likelihood of the project needing assistance, as well as the appropriate level of assistance. To complete this analysis, we reviewed the developer's provided financial data showing a result if the project received financial assistance as requested and did not receive assistance. Analysis of the project includes a review of the development budget, projected lease rates and operating income and the project's capacity to support annual debt service on the new debt financing. The purpose of evaluating the operating revenues is to understand the potential cash flow performance through initial development of the project and the annual operations of the project to assist with determining if the project is financially feasible and in need of public participation.

Measuring project feasibility is typically accomplished by analyzing a combination of 1) projected rate of return – both annual and cumulative and 2) estimated debt coverage ratio (DCR). Rate of return (IRR) analysis illustrates the projected return to the investor(s) using the available cash flow after payment of operating expenses and debt repayment as a measurement to the initial equity investment. Industry standards for certain development types indicate the level of investment a developer is willing to make based on projected returns from the project. Should the projected annual and cumulative returns fall below those standards, the project would require a reduced level of equity participation and/or increased cash flow to be feasible. Debt Coverage Ratio (DCR) is a calculation detailing the ratio by which operating income exceeds the debt payments for the project. If the DCR is greater than 1.0 it indicates the project has operating income that is greater than the debt-service payment by some margin; conversely if the DCR is less than 1.0, it indicates the project is incapable of meeting its debt-service payment and would need to seek additional revenue sources in order to pay its debt.

For a project to be considered financially feasible and likely to secure private financing, lenders are going to want to see a project with an estimated net operating income that exceeds the debt-service amount by a specific threshold or more. This is a test based on a stabilized year of revenue. Typically, we see lenders identifying a desired threshold for DCR of 1.10-1.20 or greater, meaning an expectation that the stabilized net income of the project will exceed debt service by 1.10 to 1.20. We anticipate additional review as related to the updated request that includes an additional request for pay-as-you-go assistance as related to site improvements in the amount of \$264,520.

### **Conclusion**

The developer has requested financial assistance to facilitate construction of a new 110,000 square foot industrial building on approximately 14 acres of City-owned property. The request is for a reduction in upfront costs through a City land write down. Pursuant to the City's tax increment financing policy, assistance for this type of project would be consistent with policy considerations. The request for a land write down in which the City would use future tax increments to pay for the land costs is also a consideration that is approved on a case-by-case basis. Through submission of the tax increment financing request and supporting financial information, the developer has indicated that the project would not occur as proposed without financial assistance from the City due to the significant capital investment needs and limitation on level of debt financing that may be achieved.

Based on the developer's financing assumptions and considerations of current market environment, without financial assistance, the project would not be financially feasible. The requested assistance would allow for additional working capital needed by the company to complete Phase 1 of the project as proposed, with potential acceleration of Phase 2. With public assistance through tax increment assistance and supplemental city programs, the project is projected to achieve feasibility.

The developer has requested tax increment assistance to close a financial gap in the project. An additional test to assist with understanding 1) if the project would proceed without assistance and 2) if assistance is required, what a reasonable level of assistance would be, is to adjust the upfront project costs and net income for debt payments to test feasibility of the project and potential reduction in tax increment assistance. The viability of these scenarios is subject to additional financial review and is intended to provide an illustration of what adjustments may be needed to reduce and/or eliminate the assistance. The additional analysis has verified the

assistance as requested to include land write down due to debt financing constraints and need for sufficient working capital.

Considered parameters for level of public assistance include the following:

- Return on Investment: *(City benefits)*
- Purchase price and other development costs: *(reasonable ranges and supported by project)*
- Public to private investment: *(public participation 10%)*
- Public assistance (TIF) and private equity: *(public does not exceed private equity)*
- Extraordinary costs: *(development)*
- Financial gap: *(limit on private debt and equity)*
- Market conditions *(financing limitations)*
- Term of district collection: *(up to 9 years for economic development)*
- Other identified public improvements: *(case by case basis to be determined)*

The assistance would also constitute as a business subsidy and would be required to comply with the City's business subsidy policy requirements that includes certain wage and job goals as outlined in the policy.

Thank you for the opportunity to be of assistance to the City of Elk River. We look forward to discussing the project and financing assumptions in greater detail.

## Projected Tax Increment Report

City of Elk River, Minnesota

Tax Increment Financing (Economic Development) District No. 29

Heritage Millwork Inc Proposed Industrial Project

Prelim TIF Revenues based on Phase 1 (110K SF) \$8.2M new taxable value with 2% annual inflator

| Annual<br>Period<br>Ending<br>(1) | Total<br>Market<br>Value<br>(2) | Total<br>Net Tax<br>Capacity<br>(3) | Less:<br>Original<br>Net Tax<br>Capacity<br>(4) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate<br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>City<br>Retainage<br>5.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>3.50% | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>5.00% |
|-----------------------------------|---------------------------------|-------------------------------------|-------------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------|----------------------------------------------------|----------------------------------------------------|
| 12/31/24                          | 110,095                         | 1,651                               | 1,651                                           | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/25                          | 110,095                         | 1,651                               | 1,651                                           | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/26                          | 4,125,000                       | 81,750                              | 1,651                                           | 80,099                                             | 100.344%                                 | 80,374                                  | 289                                               | 80,085                                  | 4,004                                       | 76,081                           | 70,052                                             | 67,674                                             |
| 12/31/27                          | 8,332,500                       | 165,900                             | 1,651                                           | 164,249                                            | 100.344%                                 | 164,814                                 | 593                                               | 164,221                                 | 8,211                                       | 156,010                          | 138,789                                            | 132,163                                            |
| 12/31/28                          | 8,499,150                       | 169,233                             | 1,651                                           | 167,582                                            | 100.344%                                 | 168,158                                 | 605                                               | 167,553                                 | 8,378                                       | 159,175                          | 136,816                                            | 128,423                                            |
| 12/31/29                          | 8,669,133                       | 172,633                             | 1,651                                           | 170,981                                            | 100.344%                                 | 171,569                                 | 618                                               | 170,951                                 | 8,548                                       | 162,403                          | 134,870                                            | 124,788                                            |
| 12/31/30                          | 8,842,516                       | 176,100                             | 1,651                                           | 174,449                                            | 100.344%                                 | 175,049                                 | 630                                               | 174,419                                 | 8,721                                       | 165,698                          | 132,953                                            | 121,257                                            |
| 12/31/31                          | 9,019,366                       | 179,637                             | 1,651                                           | 177,986                                            | 100.344%                                 | 178,598                                 | 643                                               | 177,955                                 | 8,898                                       | 169,057                          | 131,061                                            | 117,824                                            |
| 12/31/32                          | 9,199,753                       | 183,245                             | 1,651                                           | 181,594                                            | 100.344%                                 | 182,218                                 | 656                                               | 181,562                                 | 9,078                                       | 172,484                          | 129,196                                            | 114,488                                            |
| 12/31/33                          | 9,383,748                       | 186,925                             | 1,651                                           | 185,274                                            | 100.344%                                 | 185,911                                 | 669                                               | 185,242                                 | 9,262                                       | 175,980                          | 127,357                                            | 111,246                                            |
| 12/31/34                          | 9,571,423                       | 190,678                             | 1,651                                           | 189,027                                            | 100.344%                                 | 189,677                                 | 683                                               | 188,994                                 | 9,450                                       | 179,544                          | 125,543                                            | 108,094                                            |
|                                   |                                 |                                     |                                                 |                                                    |                                          | \$1,496,368                             | \$5,386                                           | \$1,490,982                             | \$74,550                                    | \$1,416,432                      | \$1,126,637                                        | \$1,025,957                                        |

<sup>(1)</sup> Total estimated market value based on information provided by City  
Includes 2% annual market value inflator.

<sup>(2)</sup> Total net tax capacity based on commercial-industrial class rate of 1.5% first \$150,000 value and 2% value above \$150,000

<sup>(3)</sup> Original net tax capacity based on existing land value for the property to be included in the development

<sup>(4)</sup> Total local tax capacity rate for taxes payable 2024

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Land Purchase Price            | \$1,372,140 | \$1,372,140 | \$1,372,140 |
| City developer upfront payment | \$0         | \$272,140   | \$347,140   |

## Projected Tax Increment Report

City of Elk River, Minnesota

Tax Increment Financing (Economic Development) District No. 29

Heritage Millwork Inc Proposed Industrial Project

Prelim TIF Revenues based on 40K SF expansion only \$3.0M new taxable value with 2% annual inflator

| Annual<br>Period<br>Ending<br>(1) | Total<br>Market<br>Value<br>(2) | Total<br>Net Tax<br>Capacity<br>(3) | Less:<br>Original<br>Net Tax<br>Capacity<br>(4) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate<br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>City<br>Retainage<br>5.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>3.50% | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>5.00% |
|-----------------------------------|---------------------------------|-------------------------------------|-------------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------|----------------------------------------------------|----------------------------------------------------|
| 12/31/24                          | 0                               | 0                                   | 0                                               | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/25                          | 0                               | 0                                   | 0                                               | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/26                          | 0                               | 0                                   | 0                                               | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/27                          | 0                               | 0                                   | 0                                               | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/28                          | 3,000,000                       | 59,250                              | 0                                               | 59,250                                             | 100.344%                                 | 59,454                                  | 214                                               | 59,240                                  | 2,962                                       | 56,278                           | 48,373                                             | 45,405                                             |
| 12/31/29                          | 3,060,000                       | 60,450                              | 0                                               | 60,450                                             | 100.344%                                 | 60,658                                  | 218                                               | 60,440                                  | 3,022                                       | 57,418                           | 47,684                                             | 44,119                                             |
| 12/31/30                          | 3,121,200                       | 61,674                              | 0                                               | 61,674                                             | 100.344%                                 | 61,886                                  | 223                                               | 61,663                                  | 3,083                                       | 58,580                           | 47,004                                             | 42,868                                             |
| 12/31/31                          | 3,183,624                       | 62,922                              | 0                                               | 62,922                                             | 100.344%                                 | 63,139                                  | 227                                               | 62,912                                  | 3,146                                       | 59,766                           | 46,334                                             | 41,654                                             |
| 12/31/32                          | 3,247,296                       | 64,196                              | 0                                               | 64,196                                             | 100.344%                                 | 64,417                                  | 232                                               | 64,185                                  | 3,209                                       | 60,976                           | 45,673                                             | 40,473                                             |
| 12/31/33                          | 3,312,242                       | 65,495                              | 0                                               | 65,495                                             | 100.344%                                 | 65,720                                  | 237                                               | 65,483                                  | 3,274                                       | 62,209                           | 45,021                                             | 39,325                                             |
| 12/31/34                          | 3,378,487                       | 66,820                              | 0                                               | 66,820                                             | 100.344%                                 | 67,050                                  | 241                                               | 66,809                                  | 3,340                                       | 63,469                           | 44,379                                             | 38,211                                             |
|                                   |                                 |                                     |                                                 |                                                    |                                          | \$442,324                               | \$1,592                                           | \$440,732                               | \$22,036                                    | \$418,696                        | \$324,468                                          | \$292,055                                          |

<sup>(1)</sup> Total estimated market value based on information provided by City  
Includes 2% annual market value inflator.

<sup>(2)</sup> Total net tax capacity based on commercial-industrial class rate of 1.5% first \$150,000 value and 2% value above \$150,000

<sup>(3)</sup> Original net tax capacity based on existing land value for the property to be included in the development

<sup>(4)</sup> Total local tax capacity rate for taxes payable 2024

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Land Purchase Price            | \$1,372,140 | \$1,372,140 | \$1,372,140 |
| City developer upfront payment | \$0         | \$0         | \$0         |



## Projected Tax Increment Report

City of Elk River, Minnesota

Tax Increment Financing (Economic Development) District No. 29

Heritage Millwork Inc Proposed Industrial Project

Prelim TIF Revenues based on Phase 1 and 2 (150k SF) \$11.2M new taxable value with 2% annual inflator

| Annual<br>Period<br>Ending<br>(1) | Total<br>Market<br>Value<br>(2) | Total<br>Net Tax<br>Capacity<br>(3) | Less:<br>Original<br>Net Tax<br>Capacity<br>(4) | Retained<br>Captured<br>Net Tax<br>Capacity<br>(5) | Times:<br>Tax<br>Capacity<br>Rate<br>(6) | Annual<br>Gross Tax<br>Increment<br>(7) | Less:<br>State Aud.<br>Deduction<br>0.360%<br>(8) | Subtotal<br>Net Tax<br>Increment<br>(9) | Less:<br>City<br>Retainage<br>5.00%<br>(10) | Annual<br>Net<br>Revenue<br>(11) | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>3.50% | P.V.<br>Annual<br>Net Rev. To<br>06/30/24<br>5.00% |
|-----------------------------------|---------------------------------|-------------------------------------|-------------------------------------------------|----------------------------------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------------|-----------------------------------------|---------------------------------------------|----------------------------------|----------------------------------------------------|----------------------------------------------------|
| 12/31/24                          | 0                               | 0                                   | 0                                               | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/25                          | 0                               | 0                                   | 0                                               | 0                                                  | 100.344%                                 | 0                                       | 0                                                 | 0                                       | 0                                           | 0                                | 0                                                  | 0                                                  |
| 12/31/26                          | 4,125,000                       | 81,750                              | 0                                               | 81,750                                             | 100.344%                                 | 82,031                                  | 295                                               | 81,736                                  | 4,087                                       | 77,649                           | 71,496                                             | 69,069                                             |
| 12/31/27                          | 8,332,500                       | 165,900                             | 0                                               | 165,900                                            | 100.344%                                 | 166,471                                 | 599                                               | 165,872                                 | 8,294                                       | 157,578                          | 140,184                                            | 133,491                                            |
| 12/31/28                          | 11,499,150                      | 229,233                             | 0                                               | 229,233                                            | 100.344%                                 | 230,022                                 | 828                                               | 229,194                                 | 11,460                                      | 217,734                          | 187,150                                            | 175,668                                            |
| 12/31/29                          | 11,729,133                      | 233,833                             | 0                                               | 233,833                                            | 100.344%                                 | 234,637                                 | 845                                               | 233,792                                 | 11,690                                      | 222,102                          | 184,448                                            | 170,659                                            |
| 12/31/30                          | 11,963,716                      | 238,524                             | 0                                               | 238,524                                            | 100.344%                                 | 239,345                                 | 862                                               | 238,483                                 | 11,924                                      | 226,559                          | 181,787                                            | 165,794                                            |
| 12/31/31                          | 12,202,990                      | 243,310                             | 0                                               | 243,310                                            | 100.344%                                 | 244,147                                 | 879                                               | 243,268                                 | 12,163                                      | 231,105                          | 179,164                                            | 161,068                                            |
| 12/31/32                          | 12,447,050                      | 248,191                             | 0                                               | 248,191                                            | 100.344%                                 | 249,045                                 | 897                                               | 248,148                                 | 12,407                                      | 235,741                          | 176,578                                            | 156,475                                            |
| 12/31/33                          | 12,695,991                      | 253,170                             | 0                                               | 253,170                                            | 100.344%                                 | 254,041                                 | 915                                               | 253,126                                 | 12,656                                      | 240,470                          | 174,029                                            | 152,013                                            |
| 12/31/34                          | 12,949,911                      | 258,248                             | 0                                               | 258,248                                            | 100.344%                                 | 259,137                                 | 933                                               | 258,204                                 | 12,910                                      | 245,294                          | 171,517                                            | 147,679                                            |
|                                   |                                 |                                     |                                                 |                                                    |                                          | \$1,958,876                             | \$7,053                                           | \$1,951,823                             | \$97,591                                    | \$1,854,232                      | \$1,466,353                                        | \$1,331,916                                        |

<sup>(1)</sup> Total estimated market value based on information provided by City  
Includes 2% annual market value inflator.

<sup>(2)</sup> Total net tax capacity based on commercial-industrial class rate of 1.5% first \$150,000 value and 2% value above \$150,000

<sup>(3)</sup> Original net tax capacity based on existing land value for the property to be included in the development

<sup>(4)</sup> Total local tax capacity rate for taxes payable 2024

|                                |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Land Purchase Price            | \$1,372,140 | \$1,372,140 | \$1,372,140 |
| City developer upfront payment | \$0         | \$0         | \$0         |





# Request for Action

|                                                                                 |                                       |                                                                      |
|---------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------|
| <b>To</b><br>Joint Finance Committee                                            |                                       | <b>Item Number</b><br>4.2                                            |
| <b>Agenda Section</b><br>General Business                                       | <b>Meeting Date</b><br>April 30, 2024 | <b>Prepared by</b><br>Brent O'Neil, Economic Development Director    |
| <b>Item Description</b><br>Heritage Millwork Project and Incentive Applications |                                       | <b>Reviewed by</b><br>Joshua Mollan, Economic Development Specialist |
|                                                                                 |                                       | <b>Reviewed by</b>                                                   |

## Action Requested

Review and discuss the Tax Increment Financing (TIF), and adopt, by motion, an official recommendation on utilization of TIF for Heritage Millwork.

## Background/Discussion

Heritage Millwork is a wholesale building materials supplier, primarily offering several door products through distribution throughout the Midwest. The company currently operates out of three facilities, two in Ramsey, and one in Elk River, and are looking to gain efficiencies and plan for growth by consolidating in a single facility. A property owned by the City of Elk River has been identified as the preferred site for the new facility and Heritage has been actively working through plans to develop the site.

The site is 14 acres in the Nature's Edge Business Park, owned by the City of Elk River, at an offer of \$2.25 per foot, or about \$1,375,000. The total project costs total in excess of \$21MM of which \$12 MM is estimated for construction of a 113,000 ft. building. The project will result in the location of 70 jobs in an Elk River facility, with near-term growth of head count to 75 to 80. In the mid-term, Heritage is designing the facility and site plan to accommodate an additional 40,000 ft. for growth of its operations.

Heritage has requested participation in three city programs to make this project a reality: 1) TIF, 2) Business Microloan, and 3) Energy Incentive. TIF has been discussed with the company and we received an application in early 2024. While the loan and energy programs were also discussed, those applications were received in April and will need sufficient review prior to requesting action of the committee. They are attached for your review, however.

To assist in the TIF review, the City's financial advisor Baker Tilly has provided an analysis of the TIF application and supporting information. Mikaela Huot is Baker Tilly's chief representative on this project. Her analysis is provided in the attached memo. Staff and Ms. Huot will discuss the project and analysis at the meeting. It is anticipated the project would be presented to the EDA May 20, and to the City Council in June. Staff is requesting the committee adopt a recommendation on utilization of TIF on this project for EDA and Council consideration.

## Financial Impact

TIF has been requested to write-down the price of a land purchase of \$1,375,000.

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity.*



Updated: January 2023

**Mission/Policy/Goal**

Attract new business to Elk River.

**Attachments**

- Site and Floor Plans
- TIF Application
- TIF Memo – Baker Tilly
- Business Microloan Application
- Energy Incentive Application
- IMPLAN Summary



**Special Meeting of the Elk River  
Joint Finance Committee  
Held at Elk River City Hall  
Tuesday, April 30, 2024**

Members Present: Charlie Blesener, Ryan Hardin, Jim Gromberg, Chad Vitzthum, Dan Tveite, Tony Sofio, Rhonda Magnussen (7:34 a.m.), and Nate Ovall (8:12 a.m.)

Members Absent: Lynn Caswell

Staff Present: Economic Development Director Brent O'Neil and Economic Development Specialist Joshua Mollan

Others Present: Pat Menth – Heritage Millwork (HMI), Dave Menth – Heritage Millwork, Annie Deckert – All Day Companies, and Mikaela Huot – Baker Tilly

**1. Call Meeting to Order**

Pursuant to due call and notice thereof, the meeting of the Elk River Joint Finance Committee was called to order at 7:33 a.m. by Chair Tveite.

**2. Consider Agenda**

Moved by Blesener and seconded by Gromberg to approve the agenda. Motion carried 5-0.

**3. Consent Agenda**

Moved by Hardin and seconded by Gromberg to approve the August 29, 2023, meeting minutes. Motion carried 5-0.

(Rhonda Magnussen joined at 7:34 a.m.)

**4.1 Appoint New Member**

Mr. O'Neil presented the staff report.

Sofio introduced himself to the committee.

Moved by Vitzthum and seconded by Hardin to approve the appointment of Tony Sofio to the Joint Finance Committee. Motion carried 6-0.

**4.2 Heritage Millwork Project (HMI) and Incentive Applications**

Mr. O'Neil presented the staff report.

Pat and Dave Menth introduced themselves and the project to the committee.

Ms. Huot presented Baker Tilly's financial analysis on the \$1,375,000 land write down on 14 acres of city owned land. Ms. Huot advised that the developer stated that without assistance being provided upfront through a land write down, the project would not be viable due to the following factors:

- Using equity to pay for upfront land costs would impact HMI's working capital.
- Bank would require higher equity investment from PLM Properties if upfront assistance were not provided.
- Limitations on the level of bank financing the project can secure due to the size of the capital investment and project.

Ms. Huot shared that after Baker Tilly's analysis, upfront assistance with the support of TIF would be necessary for this project to proceed as proposed.

Mr. O'Neil advised that the Council will consider interest rates of the TIF at their upcoming meeting.

Pat Menth advised that they would be interested in starting the phase two expansion in three to five years.

**Moved by Blesener and seconded by Gromberg to approve the recommendation to the EDA and City Council on the utilization of TIF for Heritage Millwork. Motion carried 6-0. Chad Vitzthum abstained.**

Mr. O'Neil advised that Chad Vitzthum has had a past banking relationship with HMI and this project and may be considered a non-interested party in this discussion.

(Nate Ovall joined at 8:12 a.m.)

The committee discussed potential interest rates for the TIF.

#### **4.3 Open Discussion**

Mr. O'Neil asked if the committee would be able to meet outside of the regularly scheduled meeting to discuss HMI's loan request prior to the May 20<sup>th</sup> EDA meeting.

The committee was in favor of meeting again on Tuesday, May 14<sup>th</sup> at 7:30 a.m.

Mr. O'Neil asked the committee for their feedback on the interest rate that is set forth on the policy: 3% or 2% below prime, whichever is higher. Staff's loan discussions with HMI have been built around a 3% interest rate.

The committee was in favor of supporting a 3% interest rate.

#### **5. Motion to Adjourn**

**Moved by Gromberg and seconded by Ovall to adjourn the special of the Joint Finance Committee. Motion carried 8-0.**

The meeting adjourned at 8:27 a.m.

Minutes prepared by Joshua Mollan.

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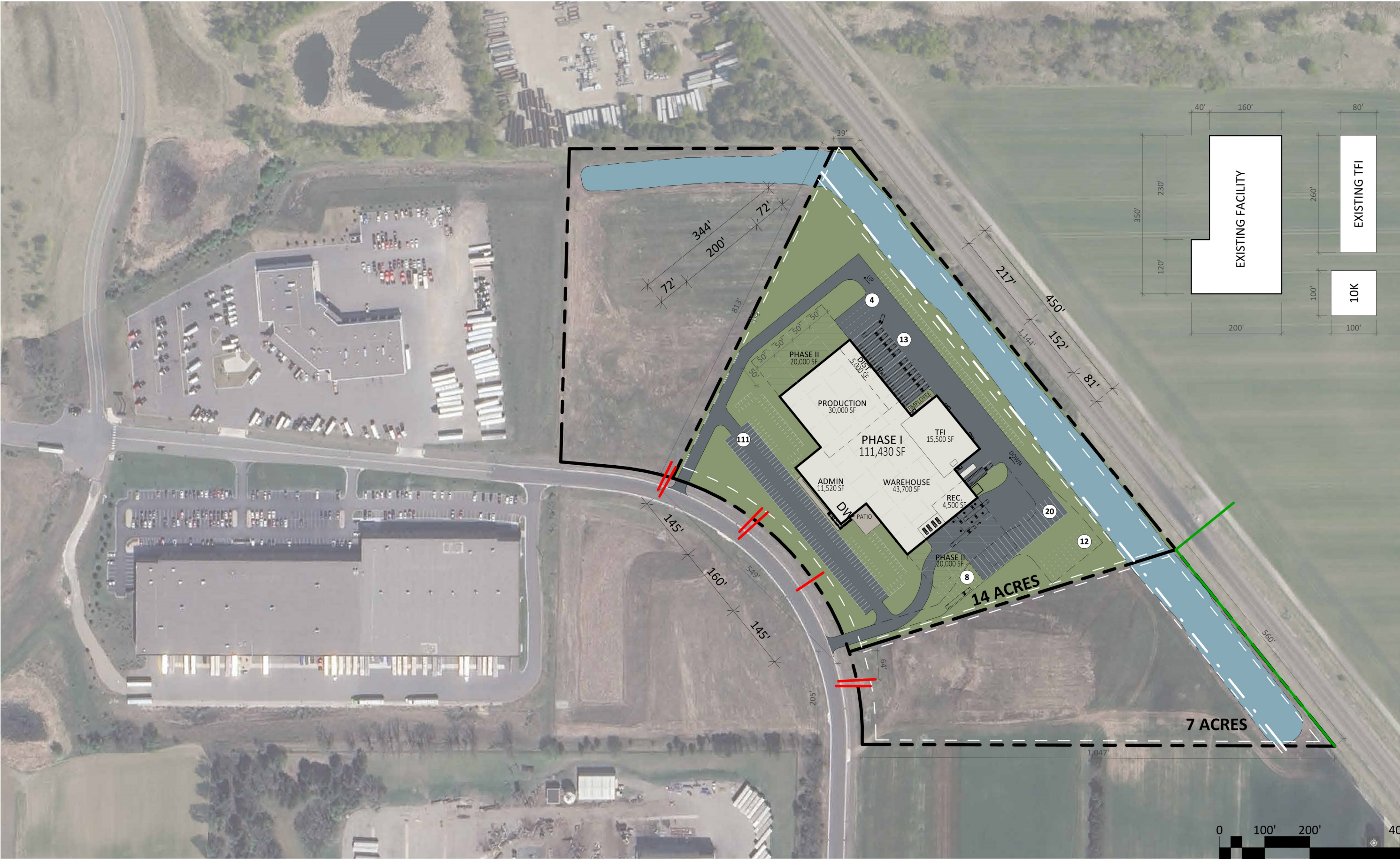
Brent O'Neil  
Economic Development Director

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Tina Allard  
City Clerk

DRAFT









# Request for Action

**To**  
City Council

**Item Number**  
8.1

**Meeting Date**  
June 3, 2024

**Prepared By**  
Tina Allard, City Clerk

**Item Description**  
Ordinance Amendment 24-15: Massage Therapist  
Exemption

**Reviewed by:**  
Cal Portner  
Tina Allard

**Action Requested**  
Adopt, by motion, Ordinance 24-15 regarding exemptions from massage licensure.

**Background/Discussion**  
Staff had an inquiry from a state-licensed mental health professional who works in a wellness center and a yoga studio who would like to practice Somatic Therapy on her patients. Somatic therapists help people release damaging emotions in their bodies by using various mind-body techniques. Per the current massage licensing ordinance, she didn't quite fit into massage therapy or qualify under any of the exemptions.

The recommendation is to update the ordinance to exempt state-licensed mental health professionals and wellness centers from massage therapy licensing as long as the professional fits into one of the state licensing categories listed.

**Financial Impact**  
N/A

**Mission/Policy/Goal**  
City Mission

**Attachments**  
I. Draft Massage Exemption Ordinance

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





## Ordinance 24 - \_\_\_\_\_

### **An Ordinance Amending Chapter, 38, Section 222, Regarding Exceptions to the Licensing and Regulation of Therapeutic Massage of the City of Elk River, Minnesota, City Code**

The City Council of the City of Elk River does hereby ordain as follows:

**SECTION 1.** That City of Elk River City Code §38-222. Exceptions, shall be amended to read, with addition in underline and deletions in ~~striketrough~~ as follows:

This article shall not apply to the following establishments or people:

- (1) A health care facility licensed by the state.
- (2) A health care facility owned in whole or in part by the state or any of its agencies.
- (3)

Individuals licensed by the State of Minnesota to practice medicine, surgery, osteopathy, chiropractic, physical therapy, occupational therapy, podiatry, mental health, nursing, counseling, and people working solely for and under the direction of those individuals.

~~A medical clinic or hospital, so long as the massage is performed by a state-licensed physician, chiropractor, osteopath, podiatrist, nurse, or physical therapist, or by an assistant working under the direction of any of such professionals.~~

- (4) A physical therapy clinic or athletic facility, so long as the massage is performed by a state-licensed physical therapist, athletic director, coach, or trainer.
- (5) A beauty parlor or barbershop, so long as the massage is performed by a state-licensed beautician or barber, and treatment is limited to the scalp, face, and neck.
- (6) Seated chair massage on a fully clothed person.
- (7) Students of an accredited institution who are performing massage services in the course of a clinical component of an accredited program of study, provided that the students are performing the massage services at the location of the accredited institution and provided the students are identified to the public as students of massage therapy. Students of an accredited institution who are performing massage services at clinics or other facilities located outside of the accredited institution must have at least 150 hours of certified therapeutic massage training at the accredited institution prior to performing the therapy outside of the institution and must be identified to the public as a student of massage therapy.

**SECTION 2.** That this ordinance shall take effect upon adoption and be published as provided by law.



Passed and adopted by the City Council of the City of Elk River this 3<sup>rd</sup> day of June, 2024.

\_\_\_\_\_  
John J. Dietz, Mayor

ATTEST:

\_\_\_\_\_  
Tina Allard, City Clerk



# Request for Action

**To**  
City Council

**Item Number**  
8.2

**Meeting Date**  
June 3, 2024

**Prepared By**  
Tina Allard, City Clerk

**Item Description**  
Ordinance Amendment 24-16: Food Trucks

**Reviewed by:**  
Cal Portner  
Tina Allard

## Action Requested

Adopt, by motion, Ordinance 24-16 updating the restrictions on food trucks.

## Background/Discussion

With summer 2024 kicking off, we'll receive questions regarding allowed food truck locations. Administration, police, and parks & recreation staff reviewed the current regulations with the intent that everyone leaving the meeting would understand the regulations, and we could provide consistent messaging.

During the meeting, a few changes to the regulations were requested as follows:

### Parking of Food Trucks

- Changing from a paved surface to an approved surface. This definition would be more consistent with other areas of the code and allow trucks to be parked on asphalt, concrete, and Class 5 surfaces.
- Increasing the number of spaces a truck could occupy from two to three. The staff felt the two spaces were a more comfortable fit and safer for people around a truck.

### Downtown District

Food trucks are not permitted downtown during the River's Edge concerts. City events can change downtown, so the language was changed to be more generic to include any city events unless authorized by the City Council.

### City Approval in Parks

This is a housekeeping item to have language consistency throughout the code because job descriptions can change.

**Financial Impact**  
N/A

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**Mission/Policy/Goal**

Support the growth and development of the community.

**Attachments**

- I. Draft Ordinance for Food Trucks



## Ordinance 24-\_\_

### **An Ordinance Amending Chapter 38, Section 414, Regarding Restrictions for Mobile Food Units (Food Trucks) of the City of Elk River, Minnesota, City Code**

The City Council of the City of Elk River does hereby ordain as follows:

SECTION 1. That City of Elk River City Code §38-414(d)(8)(13)(14). - Restrictions shall be amended to read, with addition in underline and deletions in strikethrough, as follows:

(d) *For mobile food units.*

(8) *Parking.* Mobile food units must be located on an ~~paved~~approved surface. Approved surfaces include: asphalt, concrete, and class 5 or crushed concrete compacted to a dust free surface. A mobile food unit may not operate in a traffic lane, on a sidewalk, or in any location which causes an obstruction of traffic, such as queuing of patrons or advancement of vehicles. A mobile food unit may operate on eligible public streets and occupy no more than ~~two-three~~ parking spaces. No parking or sales shall take place within 60 feet of an intersection of two or more streets or within 30 feet of a driveway that enters a public street.

(13) *Locations.* Mobile food units shall be allowed in public right-of-way only in zoning districts where retail sales are allowed as permitted or special uses under the city's zoning code. Except that mobile food units may be located on privately owned property in the commercial, industrial, and downtown zoning areas of the city with written property owner permission and residential lots as exempted per section 383 (11).

In the downtown district only one mobile food unit shall be permitted on public property located at the designated, signed parking area along King Avenue. Reservations are not permitted on King Avenue when the city hosts ~~concert nights in River's Edge Park~~events unless authorized by city council. City council may further authorize mobile food units in the downtown district for city-sanctioned activities. Applications for the downtown district will only be accepted up to three months in advance and are on a first come first serve basis with fee payment and a completed application.

(14) *City parks.* Mobile food units are not allowed in city parks unless they get written permission of the ~~parks and recreation director~~city administrator or their designee. Except that parks with concession stands also require the written consent of the concession operator for their specific event.

SECTION 2. That this ordinance shall take effect upon adoption and be published as provided by law.

Passed and adopted by the City Council of the City of Elk River this 3<sup>rd</sup> day of June, 2024.

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John J. Dietz, Mayor

ATTEST:

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Tina Allard, City Clerk



# Request for Action

**To**  
City Council

**Item Number**  
8.3

**Meeting Date**  
June 3, 2024

**Prepared By**  
Jolene Richter, Deputy Clerk

**Item Description**  
Liquor License Renewal: The Confluence LLC dba  
Edge Bar & Boutique

**Reviewed by:**  
Cal Portner  
Tina Allard

**Action Requested**

Approve, by motion, the 2024-2025 liquor license renewal of an On-Sale 3.2% License with strong beer permission and a Wine License to The Confluence LLC dba Edge Bar & Boutique valid through June 30, 2025.

**Background/Discussion**

Liquor licenses run July 1 through June 30.

**Financial Impact**

N/A

**Mission/Policy/Goal**

Elk River Mission

**Attachments**

None

**The Elk River Vision**

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





# Request for Action

**To**  
City Council

**Item Number**  
8.4

**Meeting Date**  
June 3, 2024

**Prepared By**  
Brent O'Neil, Economic Development Director

**Item Description**  
Resolution 24-31: Sale of Property in Nature's Edge  
Business Park to PLM Properties, LLC

**Reviewed by:**  
Brent O'Neil  
Cal Portner  
Tina Allard

## Action Requested

Adopt, by motion, Resolution 24-31 authorizing the execution of a purchase agreement for the sale of city-owned land to PLM Properties, LLC, an affiliate of Heritage Millwork.

## Background/Discussion

To support the Heritage Millwork project, this item authorizes the sale of 14.06 acres of city-owned property to PLM Properties, LLC, which would own and construct the facility for lease to Heritage Millwork. The property is a portion of the property the city recently acquired in the Nature's Edge Business Park development. The proposed value has been negotiated at \$1,378,020.60, or \$2.25 per square foot, which is in line with the estimated fair market value and pricing established by the city. The purchase agreement authorizes a due diligence period of 45 days and closing to occur by September 30, 2024. It is anticipated the buyer will close on the property as soon as feasible and commence the project immediately thereafter.

The buyer has requested the property be transacted for \$1 with the city receiving compensation for the full value of the property through receipt of funds through TIF District No. 29. This is contingent on the execution of a Purchase Price Note between PLM Properties, Heritage Millwork, and the city which will be taken to the Council for consideration before the expiration of the due diligence period. This note will contain necessary provisions to ensure the TIF payments are received by the city and guaranteed by the buyer. The sale also includes a reverter clause, which requires the fulfillment of the project or the property reverts to the city.

Upon replat and sale of this property, approximately seven acres will remain available and be marketed for development.

## Financial Impact

This agreement authorizes the sale of property for \$1, with the city to be compensated for the full remaining value of \$1,378,019.60 through TIF District No. 29.

## Mission/Policy/Goal

Support commercial and industrial development.

### The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*



**Attachments**

1. Res 24- Heritage Millwork Approving Heritage Millwork Purchase Agreement
2. PLM Properties Purchase Agreement
3. Site Plan and Plat





## City of Elk River City Council

### Resolution 24-\_\_\_\_\_

#### **A Resolution of the City Council of the City of Elk River Approving a Purchase Agreement for the Transfer of Certain City-Owned Property to PLM Properties, LLC**

**BE IT RESOLVED** by the City Council (the “Council” of the City of Elk River, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City and PLM Properties, LLC, a Minnesota limited liability company, or an entity related thereto or affiliated therewith (the “Seller”), desire to enter into a Purchase Agreement (the “Purchase Agreement”) pursuant to which the City will transfer certain property in the City legally described in Exhibit A attached hereto (the “Property”) to the Seller. The Seller intends to construct and equip on the Property an approximately 110,000 square foot industrial warehouse facility to be operated by Heritage Millwork, Inc., a Minnesota corporation (the “Tenant”), as part of a relocation of and expansion to the Tenant’s existing business (the “Development”).

1.02. Pursuant to the Purchase Agreement, the Seller will purchase the Property from the City for a total purchase price of \$1,378,020.60, in the form of cash in the amount of \$1.00 and with a purchase price note in the amount of \$1,378,019.60 (the “Purchase Price Note”). The terms and conditions of the Purchase Price Note shall be detailed in a Development Assistance Agreement by and among the City, the Seller and the Tenant, to be approved by the Council at a later date.

1.03. Pursuant to Minnesota Statutes, Section 462.356, subd. 2, the Planning Commission of the City met on May 28, 2024, and reviewed the proposed disposal of the Property and found that the disposal is in conformity to the City’s comprehensive plan (the “Comprehensive Plan”) because the Property is designated for “business park” land use within the Comprehensive Plan and the City’s intends to sell the Property to the Seller who plans to construct an industrial warehouse facility thereon in conformity with the land use designation assigned by the Comprehensive Plan.

1.04. The City finds that disposal of the Property conforms to the Comprehensive Plan and further finds that it will facilitate economic development in the City by allowing the City to convey the Property to a private developer.



Section 2. Documents Approved.

1. The Council approves the Purchase Agreement in substantially the form presented to the Council, together with any related documents or certifications necessary in connection therewith, including without limitation the quit claim deed and all documents and certifications referenced in or attached to the Purchase Agreement, and any other documents necessary to transfer the Property to the Seller, all as described in the Purchase Agreement (collectively, the “Documents”) and the Mayor and the City Clerk are hereby authorized and directed to execute the Documents on behalf of the City and to carry out, on behalf of the City, the City’s obligations thereunder when all conditions precedent thereto have been satisfied.

2. City staff and officials are authorized to take all actions necessary to perform the City’s obligations under the Documents as a whole, including without limitation execution of any documents or certifications to which the City is a party referenced in or attached to the Purchase Agreement, and any other documents necessary to transfer the Property from the Seller.

3. The approval hereby given to the Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the City and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the City subject to the following conditions: (a) such modifications do not materially adversely affect the interests of the City; and (b) such modifications do not contravene or violate any policy of the City or applicable provision of law. The execution of any instrument by the appropriate officers of the City herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or disability of the officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Council by any duly designated acting official, or by such other officer or officers of the Council as, in the opinion of the City Attorney, may act in their behalf. This resolution shall not constitute an offer and the purchase agreement shall not be effective until the date of execution thereof.

4. Upon execution and delivery of the Documents, the officers and employees of the City are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the City to implement the Documents.

Passed and adopted this 3<sup>rd</sup> day of June, 2024, by the City Council of the City of Elk River, Minnesota.

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John J. Dietz, Mayor

ATTEST:

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Tina Allard, City Clerk



## **EXHIBIT A**

### **Legal Description of the Property**

That portion of the property located in the City of Elk River, Sherburne County, Minnesota currently legally described as Outlot B Natures Edge Business Center Fourth Addition which will be replatted as:

Lot 1, Block 1 Nature's Edge Business Center Fifth Addition.



## PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (the “Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2024 (the “Effective Date”) by and between the CITY OF ELK RIVER, MINNESOTA, a municipal corporation and political subdivision of the State of Minnesota (the “Seller” or the “City”), and PLM PROPERTIES, LLC, a Minnesota limited liability company (“Buyer” and, together with Seller, the “Parties” or individually each a “Party”).

### Recitals

WHEREAS, the Seller is the fee title owner of that certain real property located in the City legally described in Exhibit B attached hereto, which consists of 21.02 acres (the “Seller Parcel”);

WHEREAS, the Buyer wishes to purchase 14.06 acres of the Seller Parcel from Seller (the “Property”) subject to the terms and conditions of this Agreement to construct and equip thereon an approximately 110,000 square foot industrial warehouse facility to be operated by Heritage Millwork, Inc., a Minnesota corporation (the “Tenant”), as part of a relocation of and expansion to the Tenant’s existing business (the “Development”);

WHEREAS, the Seller believes that the development of the Property is vital and that it is in the best interests of the Seller, and is in accordance with the public purpose and provisions of the applicable state and local laws and requirements under which the Development will be undertaken. Further, the Seller believes the Development will result in the preservation and enhancement of the City’s tax base and provide increased employment opportunities in the City; and

WHEREAS, the Seller is willing to sell the Property to the Buyer under the terms and conditions provided herein.

### Terms of the Agreement

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the Parties agree as follows:

1. Recitals. The recitals as set forth above are hereby incorporated into this Agreement.
2. Purchase Price. The total purchase price for the Property shall be \$1,378,020.60 (the “Purchase Price”). At Closing (as defined below) the Buyer shall pay the Purchase Price to the Seller in cash in the amount of \$1.00 and with a purchase price note in the amount of \$1,378,019.60 (the “Purchase Price Note”) in substantially the form attached as Exhibit A to the Development Assistance Agreement (as hereinafter defined).

3. Closing. Subject to the terms of this Agreement, the closing of the purchase and sale of the Property contemplated by this Agreement (the “Closing”) shall occur at the office of a title company to be selected by the Buyer (the “Title Company”), on September 30, 2024, or sooner as determined by the Parties (the “Closing Date”).

4. Due Diligence Investigation. The Buyer, at its sole cost and expense, shall have a due diligence period commencing on the Effective Date and ending 45 days thereafter (“Due Diligence Period”) to make all such investigations as the Buyer, in its sole and absolute discretion, deems reasonable and necessary in determining the suitability of the Property for the Buyer’s needs including:

- a. To examine and inspect the Property, to review the Due Diligence Documents (as hereinafter defined), to conduct feasibility studies with regard to the ownership and operation of the Property, including, but not limited to, environmental reviews, soil condition testing, surveying, engineering studies, appraisals and any other physical inspections of the Property as determined by the Buyer and at Buyer’s expense, and to investigate all physical aspects of the Property, and to review all other due diligence matters related to the Property. Buyer may enter upon the Property to inspect the same, and may conduct tests and examinations with regard thereto, provided that Buyer’s activities do not unreasonably interfere with the ongoing operation of the Property. Buyer shall promptly restore the Property to substantially the same condition in which it existed immediately prior to any physical tests conducted by or on behalf of Buyer. Seller shall cooperate with Buyer in obtaining reliance letters related to any existing environmental conditions affecting the Property. Buyer agrees to indemnify and defend Seller against any liens, claims, losses, or damage directly attributable by Buyer’s exercise of its right to enter and inspect the Property. Buyer agrees to provide Seller with a copy of any report prepared as a result of such inspection, examination, or testing, upon request by Seller.
- b. To investigate all zoning, code and governmental regulations or requirements in place at the Property, and to obtain all land use and rezoning approvals and permits determined necessary by the Buyer for Buyer’s intended Development and use of the Property.
- c. To secure funding for the purchase and development of the Property on terms acceptable to Buyer, in Buyer’s sole discretion. The Parties contemplate that such funding may include, without limitation, one or more of the following:
  - i. Assistance from the Seller in the form of the Purchase Price Note to forgo receipt of the full fair market value of the Property and energy rebates, if approved by the Seller, in accordance with all applicable laws and other legal or policy requirements, in accordance with the terms of the Development Assistance Agreement defined below (the “City Financial Assistance”);
  - ii. Assistance from the Economic Development Authority of the City of Elk River (the “EDA”) in the form of a loan from the EDA’s Microloan Program (the “Loan”), if approved by the EDA, in accordance with all applicable laws and other legal or policy requirements, for costs related the Development, in accordance with the terms of the Loan Agreement defined below (the “EDA Financial Assistance” and, together with the City Financial Assistance, the “Financial Assistance”); and

iii. Commercial loans and for the purchase and/or development of the Property.

- d. Buyer shall have until the last day of the Due Diligence Period to provide written notice to Seller of Buyer's intention to terminate this Purchase Agreement for any reason. If Buyer terminates this Agreement within the Due Diligence Period, the transactions contemplated herein shall be considered terminated.

5. [Reserved.]

6. Title Review and Objections. Within 10 days following the Effective Date, Buyer shall obtain and provide a copy to Seller of a commitment for an ALTA owner's title insurance policy, which shall be periodically updated in accordance with the Financial Assistance Documents (as defined herein), and any survey desired by Buyer (the "Survey"). Within 20 days after receipt of the title commitment and the Survey, Buyer shall notify Seller in writing of any objections to title and Survey, or the objections shall be deemed waived. If any objections are so made, the Seller may be allowed until the Closing Date to cure such objections and make the title to the Property good and marketable of record in Seller. Notwithstanding the foregoing, Seller shall have no obligation to cure any title objections. If a timely objection has been made by Buyer pursuant to this Section and such objection remains uncured by the Seller on the Closing Date, Buyer, as its sole and exclusive remedy, may either: (A) terminate this Agreement by giving written notice to the Seller; or (B) elect to accept the title in its unmarketable condition and without reduction of the Purchase Price by giving written notice to the Seller.

7. Conveyance Subject to Right of Re-entry. The Seller's conveyance of the Property to the Buyer pursuant to this Agreement shall be made in the form of a quit claim deed (the "Deed"), in substantially the form set forth in Exhibit A. The Deed shall include a right of re-entry for breach of a condition subsequent in favor of the Seller (the "Right of Re-entry"). The condition subsequent is that the Buyer shall have completed construction of the foundation of the Development by \_\_\_\_\_, 2024. If Buyer breaches such condition subsequent, the Buyer shall re-convey the Property back to the Seller, subject to matters then of record. If the Buyer fails to re-convey the Property to the Seller, the Seller may elect to exercise its right of reentry by commencing an action in Sherburne County District Court to establish the breach of the condition subsequent. If the Seller establishes a breach of the condition subsequent, title to and the right to possession of the Property and title to all improvements located thereon reverts to the Seller, and the Buyer is not entitled to any compensation from the Seller for the Property or the value of any improvements the Buyer has made to the Property. The Buyer must record any certificate of completion or certificate of release of the Right of Re-entry in the proper County land records at its expense.

8. Contingencies.

- a. Buyer's Contingencies. The Buyer's obligation to purchase the Property shall be contingent on the following:
- i. By the end of the Due Diligence Period, the Buyer shall have determined, in its sole and absolute discretion, that it is satisfied with the results and matters disclosed by the Buyer's investigation of the Property pursuant to Section 4 of this Agreement.
  - ii. By the Closing Date, the Buyer shall have obtained, or caused to be obtained, in a timely manner, all required permits, licenses and approvals which must be obtained for the Development, including without limitation, subdivision of the Seller Parcel by re-platting, and all other zoning and land use approvals, which

must be obtained for the Development and the Buyer shall have submitted building plans to the City.

- iii. By the Closing Date, the Buyer shall have obtained approval from the Seller and the EDA, following a duly noticed public hearing and the satisfaction of all other conditions required by Minnesota law, of the Financial Assistance.
- iv. By the Closing Date, the Buyer shall have obtained all necessary financing for the Development.
- v. By the Closing Date, the condition of title shall be satisfactory to the Buyer following the Buyer's examination of title as provided herein.

The contingencies set forth above are for the benefit of the Buyer and may be waived by the Buyer in the Buyer's sole discretion. Notwithstanding any other provision in this Agreement, a waiver of a contingency must be in writing to be effective. At the end of the Due Diligence Period, the Buyer will give written notice to the Seller of the contingencies that have been waived, satisfied, or neither waived nor satisfied.

- b. Seller's Contingencies. The Seller's obligation to convey the Property shall be contingent on the following:
  - i. By the Closing Date, the Buyer shall have obtained, or caused to be obtained, in a timely manner, all required permits, licenses and approvals which must be obtained for the Development, including without limitation subdivision of the Seller Parcel by re-platting, and all other zoning and land use approvals, which must be obtained for the Development;
  - ii. The Buyer shall have obtained approval from the Seller of the sale of the Property pursuant to this Agreement, in accordance with and following the satisfaction of all conditions required by Minnesota law;
  - iii. By the Closing Date, the Buyer shall have obtained approval from the Seller and the EDA, following a duly noticed public hearing and the satisfaction of all other conditions required by Minnesota law, of any Financial Assistance;
  - iv. The Buyer and the Seller shall have negotiated and mutually agreed to, the City of Council of the City shall have approved following the satisfaction of all conditions required by Minnesota law, and the Seller and the Buyer shall have executed, effective not later than the Closing Date, a Development Assistance Agreement (the "Development Assistance Agreement"), providing for, among other things, the (i) construction of the Development by the Buyer in accordance with plans, specifications and a timeline approved by the Seller; (ii) requirements of the Business Subsidy Act, Minnesota Statutes, Section 116J.993 through 116J.995 (the "Business Subsidy Act"); (iii) terms of any City Financial Assistance and the Purchase Price Note in accordance with applicable law; (iv) any applicable legal or policy requirements of the Seller related to the Development or the Purchase Price Note; and (v) any documents ancillary thereto (collectively, the "Development Documents");

- v. The Buyer and the EDA shall have negotiated and mutually agreed to, the Board of Commissioners of the EDA shall have approved following the satisfaction of all conditions required by Minnesota law, and the EDA and the Buyer shall have executed, effective not later than the Closing Date, a Loan Agreement (the “Loan Agreement”), providing for, among other things, the (i) construction of the Development by the Buyer in accordance with plans, specifications and a timeline approved by the EDA; (ii) requirements of the Business Subsidy Act, Minnesota Statutes, Section 116J.993 through 116J.995 (the “Business Subsidy Act”); (iii) terms of any EDA Financial Assistance and the Loan in accordance with applicable law; (iv) any applicable legal or policy requirements of the EDA related to the Development or the Loan; and (v) any documents ancillary thereto (collectively, the “Loan Documents” and together with the Development Documents, the “Financial Assistance Documents”);
- vi. Buyer shall have performed all of the obligations required to be performed by the Buyer under this Agreement or the Financial Assistance Documents as of the Closing Date and any further contingencies to Closing set forth in such Financial Assistance Documents shall have been satisfied as provided therein, including without limitation execution and delivery of all Financial Assistance Documents;
- vii. Buyer shall have delivered to the Seller all of the Buyer’s Documents described in Section 14;
- viii. The Buyer shall have submitted the construction plans for the Development to the Seller and the EDA, and the Seller and the EDA shall have approved the construction plans pursuant to the Financial Assistance Documents;
- ix. The Buyer shall have received a building permit for the Development;
- x. The Seller shall have obtained final plat approval or obtain the necessary subdivision approvals required for the construction of the Development;
- xi. By the Closing Date, the Buyer shall have obtained and provided to the Seller evidence of all necessary financing for the Development in a form satisfactory to the Seller in its sole discretion; and
- xii. The Seller shall have determined that the Development to be undertaken by the Buyer on the Property is in conformance with this Agreement and the development objectives set forth in resolutions of the Seller authorizing the Financial Assistance Documents.

The contingencies set forth in Section 8(b) are for the benefit of the Seller and may be waived only by the Seller in its sole and absolute discretion. Notwithstanding any other provision in this Agreement, a waiver of a contingency must be in writing to be effective. At the end of the Due Diligence Period, the Seller will give written notice to the Buyer of the contingencies that have been waived, satisfied, or neither waived nor satisfied.



- c. Seller's and Buyer's Options. In the event that any of the foregoing contingencies fail to be satisfied on or before the Closing Date or the end of the Due Diligence Period, as applicable:
- i. The applicable party may terminate this Agreement, and Buyer and Seller shall execute and deliver to each other documentation effecting the termination of this Agreement; or
  - ii. The applicable party may waive such failure and proceed to Closing; provided that the contingencies in Section 8(a) are solely for the benefit of the Buyer and may be waived only by the Buyer as provided in therein) and the contingencies in Section 8(b) are solely for the benefit of the Seller and may be waived only by the Seller as provided therein; or
  - iii. Buyer and the Seller may mutually agree to extend the Closing Date.

9. Real Estate Taxes and Special Assessments. Any general real estate taxes payable in the year in which Closing occurs shall be prorated between the Buyer and the Seller as of the date of Closing. The Seller will pay all outstanding special assessments with respect to the Property.

10. Representations and Warranties of Seller. The Property shall be sold AS-IS. Buyer acknowledges that it has inspected or will have had the opportunity to inspect the Property and agrees to accept the Property "AS IS" with no right of set off or reduction in the Purchase Price. Such sale shall be without representation of warranties, express or implied, either oral or written, made by Seller or any official, employee or agent of Seller with respect to the physical condition of the Property, including but not limited to, the existence or absence of petroleum, hazardous substances, pollutants or contaminants in, on, or under, or affecting the Property or with respect to the compliance of the Property or its operation with any laws, ordinances, or regulations of any government or other body, except as stated above. Buyer acknowledges and agrees that Seller has not made and does not make any representations, warranties, or covenants of any kind or character whatsoever, whether expressed or implied, with respect to warranty of income potential, operating expenses, uses, habitability, tenant ability, or suitability for any purpose, merchantability, or fitness of the Property for a particular purpose, all of which warranties Seller hereby expressly disclaims, except as stated above. Buyer is relying entirely upon information and knowledge obtained from Buyer's own investigation, experience and knowledge obtained from Buyer's own investigation, experience, or personal inspection of the Property. Buyer expressly assumes, at closing, all environmental and other liabilities with respect to the Property and releases and indemnifies Seller from same, whether such liability is imposed by statute or derived from common law including, but not limited to, liabilities arising under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Hazardous and Solid Waste Amendments Act, the Resource Conservation and Recovery Act ("RCRA"), the federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Act, the Superfund Amendments and Reauthorization Act, the Toxic Substances Control Act, and the Hazardous Materials Transportation Act, all as amended, and all other comparable federal, state or local environmental conservation or protection laws, rules or regulations. The foregoing assumption and release shall survive Closing. All statements of fact or disclosures, if any, made in this Agreement or in connection with this Agreement, do not constitute warranties or representations of any nature. The foregoing provision shall survive Closing and shall not be deemed merged into any instrument of conveyance delivered at Closing. Notwithstanding the foregoing, Seller represents and warrants to Buyer:

- a. Unrecorded Agreements. To Seller's actual knowledge, there are no unrecorded agreements, undertakings or restrictions which affect the Property.

- b. Leases. To the Seller's actual knowledge, there are no leases or possessory rights of others regarding the Property.
- c. Due Diligence Documents. The Due Diligence Documents delivered or to be delivered to Buyer hereunder are to Seller's actual knowledge correct and complete and, to Seller's actual knowledge, do not contain any false information.
- d. FIRPTA. Seller is not a "foreign person," "foreign partnership," "foreign trust," or "foreign estate," as those terms are defined in Internal Revenue Code Section 1445 and the regulations promulgated thereunder.
- e. No Proceedings. No legal or administrative proceeding is pending or, to Seller's actual knowledge, threatened (i) which would adversely affect Seller's right to convey the Property to Buyer as contemplated in this Agreement, or (ii) affecting the Property. There are no condemnation or eminent domain proceedings pending or, to Seller's knowledge, threatened with respect to the Property.
- f. Private Sewage Systems; Wells. To the Seller's actual knowledge there are no wells or private sewage systems located on the Property.
- g. Use of Property. To Seller's actual knowledge, no methamphetamine production has occurred on the Property.
- h. Unpaid Labor and Materials. To Seller's actual knowledge, Seller is not indebted for labor or material that might give rise to the filing of notice of mechanic's lien against any portion of the Property.
- i. Approval of Sale. Prior to Closing, Seller will take all applicable action to seek approval of the sale of the Property to the Buyer pursuant to the terms of this Agreement and following the satisfaction of all other conditions required by Minnesota law.
- j. Current Conditions. Seller shall maintain the Property in its present condition, ordinary wear and tear excepted. To the actual knowledge of the undersigned City Clerk of the Seller, there are no conditions that are protected by federal or state law (such as American Indian burial grounds, other human burial grounds, historical structures or materials, or archeological sites).
- k. Governmental Violations. Seller has not received any written notice from a governmental authority that a person or the Property has violated a law, ordinance or regulation affecting the Property or that the authority may commence eminent domain, condemnation, special taxing district, or rezoning proceedings affecting the Property.
- l. Authority. Seller has full power and authority to enter into this Agreement and to perform all its obligations hereunder, and has taken all action required by law, its governing instruments, or otherwise to authorize the execution, delivery, and performance of this Agreement and all the deeds, agreements, certificates, and other documents contemplated herein. This Agreement has been duly executed by and is a valid and binding agreement of Seller, enforceable in accordance with its terms, except as enforceability may be limited by equitable principles or by the laws of bankruptcy, insolvency, or other laws affecting creditors' rights generally.

- m. Entity. Seller is a municipal corporation and political subdivision of the State of Minnesota.
- n. The obligations of Buyer under this Agreement are contingent upon the representations and warranties of Seller contained in this Agreement being true as of the Effective Date and on the Closing Date as if made on the Closing Date. Each of the foregoing representations and warranties shall be deemed remade as of the Closing Date and, as so remade, shall survive the Closing.

11. Due Diligence Documents. Within 30 days after the Effective Date, Seller shall deliver to Buyer copies of the documents set forth on Exhibit C attached hereto and incorporated herein that are in Seller's possession (the "Due Diligence Documents").

12. Closing Costs.

- a. The Buyer shall pay all costs of the preparation of a title commitment, including the search and examination fees and any abstracting fees, if required by the Title Company. The Seller shall pay all recording fees and charges related to the filing of any instrument required to make title marketable. The Buyer shall also pay the cost of obtaining any title evidence desired by Buyer, including a title commitment, the fees for standard searches with respect to the Seller and the Property, all premiums required for issuance of a title insurance policy and any endorsements, any survey costs, all Closing fees charged by the Title Company, and any escrow fees charged by any escrow agent engaged by the parties in connection with this Agreement.
- b. Buyer shall also pay the following costs: (1) all costs for obtaining government approvals that may be required in order to close on the Property or as required for the Buyer's intended use of the Property; (2) the cost of preparation of any necessary platting or other subdivision documents, (3) the filing fee to record the Deed, (4) any state deed tax, conservation fee or other federal, state or local documentary or revenue stamps or transfer tax with respect to the Deed to be delivered by the Seller; (5) Buyer's attorney's fees; (6) the Seller's reasonable legal, accounting fees and other out of pocket costs incurred in connection with this Agreement and the Financial Assistance Documents as further provided in the Financial Assistance Documents; and (7) all other costs as outlined in the Financial Assistance Documents entered into between the Parties.

13. Seller's Closing Documents. At Closing, Seller shall execute and deliver to Buyer the following documents (collectively, the "Seller's Closing Documents");

- a. A Quit Claim Deed conveying the Property to Buyer.
- b. A closing/settlement statement prepared by the Title Company to be executed by Seller, Buyer, and the Title Company at the Closing that accurately describes the economic terms of the transaction described this Agreement.
- c. A non-foreign affidavit, properly executed, containing such information as is required by Code Section 1445(b)(2) and the regulations promulgated thereunder.

- d. Any executed documents that may be required in the State of Minnesota in order for the deed to be recorded on the Closing Date.
- e. An affidavit of title with respect to the Property in a form satisfactory to the Title Company so as to enable the Title Company to remove standard title insurance exceptions that can be removed with such affidavit.
- f. A Well Disclosure Certificate.
- g. Such other documents as may be required to complete the transaction as set forth in this Agreement.

14. Documents to be Delivered by the Buyer. The Buyer agrees to deliver to the Seller the following documents (the "Buyer's Documents"), duly executed as appropriate, at Closing:

- a. Such affidavits of Buyer, Certificates of Value or other documents as may be reasonably required in order to complete the transaction contemplated by this Agreement.
- b. Any documentary evidence required to satisfy the contingencies set forth herein.
- c. The Development Assistance Agreement, the Assessment Agreement (as defined in the Development Assistance Agreement), the Personal Guaranty (as defined in the Development Assistance Agreement), the Corporate Guaranty (as defined in the Development Assistance Agreement), the Mortgage (as defined in the Development Assistance Agreement), and any other documents required pursuant to the terms of the Financial Assistance Documents.
- d. Such other documents as shall be required to carry out the intent of this Agreement.

15. Casualty or Condemnation. If before the recording of the Deed any of the improvements on the Property are destroyed or substantially damaged by fire or any other casualty or any substantial part of the Property shall be taken by condemnation (including a deed given in lieu thereof), Buyer shall have the option of (i) enforcing this Agreement (and in such event the insurance proceeds or condemnation award shall belong to Buyer) or (ii) canceling the Agreement by written notice given within 30 days after Buyer receives notice of such casualty or condemnation from Seller. If this Agreement is canceled under this Section, this Agreement shall be null and void, and the Parties' obligations hereunder shall be of no further force and effect.

16. Remedies. If either Party defaults under this Agreement, the non-defaulting party shall have the right to terminate this Agreement by giving written notice to the defaulting party. If the defaulting party fails to cure such default within 14 days of the date of such written notice, this Agreement will terminate. The termination of this Agreement shall be the sole and absolute remedy available to the non-defaulting Party for such default.

17. Commissions. Each party represents that it has not engaged any broker in connection with the transactions contemplated by this Agreement and agrees to indemnify and hold the other harmless from anyone claiming a commission/fee through them.

18. Notices. Any notices required herein shall be deemed given when sent in the U.S. Mail, either registered or certified, return receipt requested, or by Federal Express or other overnight delivery service requiring a signature upon receipt, to the parties at the following addresses:

SELLER: City of Elk River, Minnesota  
13065 Orono Parkway  
Elk River, Minnesota 55330  
Attn: City Clerk

BUYER PLM Properties, LLC  
19830 Polk Street  
Elk River, MN 55330  
Attn: Patrick Menth

19. Survival. All representations, warranties, and indemnities set forth herein shall survive the Closing, except as otherwise provided herein.

20. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.

21. Assignment. Buyer shall have the right to assign its interest to this Agreement to an entity in which Buyer has an ownership interest, is a member or is otherwise affiliated with. The consent of the Seller shall be required if Buyer assigns this Agreement to any third party with which Buyer has no connection.

22. Binding Effect. This Agreement is binding upon the Parties and their respective permitted successors and assigns.

23. Construction. This Agreement shall not be construed more strictly against one Party than the other, merely by virtue of the fact that it may have been prepared primarily by counsel for one of the Parties, it being recognized that both Buyer and Seller have contributed substantially and materially to the preparation of this Agreement.

24. Headings. The headings preceding the text of the sections and subsections hereof are inserted solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

25. Severability. The invalidity or unenforceability of any term or terms of this Agreement shall not invalidate, make unenforceable or otherwise affect any other term of this Agreement, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted, and in such event, the remaining terms of this Agreement shall remain in full force and effect.

26. Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included. The last day of the period so computed will be included, unless it is a Saturday, Sunday or federal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or federal holiday.

27. Time of the Essence. All times, wherever specified herein for the performance by Seller or Buyer of their respective obligations hereunder, are of the essence of this Agreement.

28. Complete Agreement. This instrument and any exhibits, schedules or addendums attached hereto contain the entire Agreement of the Parties regarding the subject matter hereof, and supersedes all prior negotiations, agreements or understandings, whether oral or in writing. This Agreement may not be changed orally but only by an Agreement in writing signed by the Parties.

29. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which, taken together, shall constitute but one and the same instrument.

IN WITNESS WHEREOF, said Parties hereby execute this Purchase Agreement effective the date first above written.

SELLER:

CITY OF ELK RIVER, MINNESOTA

By: \_\_\_\_\_  
Its: Mayor

By: \_\_\_\_\_  
Its: City Clerk

BUYER:

PLM PROPERTIES, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT A  
FORM OF QUIT CLAIM DEED

(Top 3 inches reserved for recording data)

QUIT CLAIM DEED

DEED TAX DUE: \$ \_\_\_\_\_  
ECRV: \_\_\_\_\_

DATE: \_\_\_\_\_, 2024

FOR VALUABLE CONSIDERATION, \_\_\_\_\_  
City of Elk River, Minnesota  
(insert name of Grantor)

a \_\_municipal corporation and political subdivision of the State of Minnesota \_\_\_\_\_ under the laws of \_\_\_\_\_ Minnesota \_\_\_\_\_, ("Grantor"), hereby conveys and quitclaims to PLM Properties, LLC a Minnesota limited liability company under the laws of Minnesota, ("Grantee"), real property in \_\_\_\_\_ Sherburne County, Minnesota, legally described as follows:

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

LOT 1, BLOCK 1 NATURE'S EDGE BUSINESS CENTER FIFTH ADDITION.

**Check here if all or part of the described real property is Registered (Torrens) ☐**

together with all hereditaments and appurtenances and subject to the Right of Re-Entry for Breach of Condition Subsequent in favor of Grantor which is described on Exhibit A.



Check applicable box:

- ☐ The Seller certifies that the Seller does not know of any wells on the described property.
- ☐ A well disclosure certificate accompanies this document (If electronically filed, insert WDC number: \_\_\_\_\_).
- ☐ I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

CITY OF ELK RIVER, MINNESOTA

By: \_\_\_\_\_

John J. Dietz

Its: Mayor

By: \_\_\_\_\_

Tina Allard

Its: City Clerk

State of Minnesota, County of SHERBURNE

This instrument was acknowledged before me on \_\_\_\_\_, 2024, by John J. Dietz and Tina Allard, as the Mayor and the City Clerk, respectively, of the City of Elk River, Minnesota, a municipal corporation and political subdivision of the State of Minnesota, on behalf of the municipal corporation.

\_\_\_\_\_  
Notary Public

THIS INSTRUMENT WAS DRAFTED  
BY:  
(insert name and address)

Kennedy & Graven, Chartered (GAF)  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402

TAX STATEMENTS FOR THE REAL  
PROPERTY DESCRIBED IN THIS  
INSTRUMENT SHOULD BE SENT TO:  
(insert name and address of Grantee to whom tax  
statements should be sent)

PLM Properties, LLC  
19830 Polk Street  
Elk River, MN 55330

EXHIBIT A

TO QUIT CLAIM DEED  
EXECUTED BY  
THE CITY OF ELK RIVER, MINNESOTA, GRANTOR,  
IN FAVOR OF PLM PROPERTIES, LLC, GRANTEE.

The CITY OF ELK RIVER, MINNESOTA, Grantor, is conveying the property described in the attached Quit Claim Deed (the “Development Property”) to PLM PROPERTIES, LLC, Grantee, subject to a right of re-entry for breach of conditions subsequent in favor of Grantor. The condition subsequent is that, barring any Unavoidable Delays, the Grantee shall have completed construction of the foundation of an approximately 110,000 square foot industrial warehouse facility, as defined in that certain Development Assistance Agreement between the Grantor and Grantee dated as of \_\_\_\_\_, 2024 (the “Development Assistance Agreement”), by October 31, 2024. If Grantee breaches the condition subsequent, Grantee shall re-convey the Development Property back to Grantor. If Grantee fails to re-convey the Development Property to the Grantor, Grantor may elect to exercise its right of reentry by commencing an action in Sherburne County District Court to establish the breach of the condition subsequent. If Grantor establishes a breach of the condition subsequent, title to and the right to possession of the Development Property, and title to all improvements located thereon reverts to Grantor, and Grantee is not entitled to any compensation from Grantor for the value of any improvements Grantee has made to the Development Property.

The Certificate of Completion issued under the Development Assistance Agreement shall conclusively satisfy and terminate the right of re-entry of the Grantor in this Quit Claim Deed or pursuant to the Development Assistance Agreement.

## EXHIBIT B

### LEGAL DESCRIPTION

The property located in the City of Elk River, Sherburne County, Minnesota legally described as:

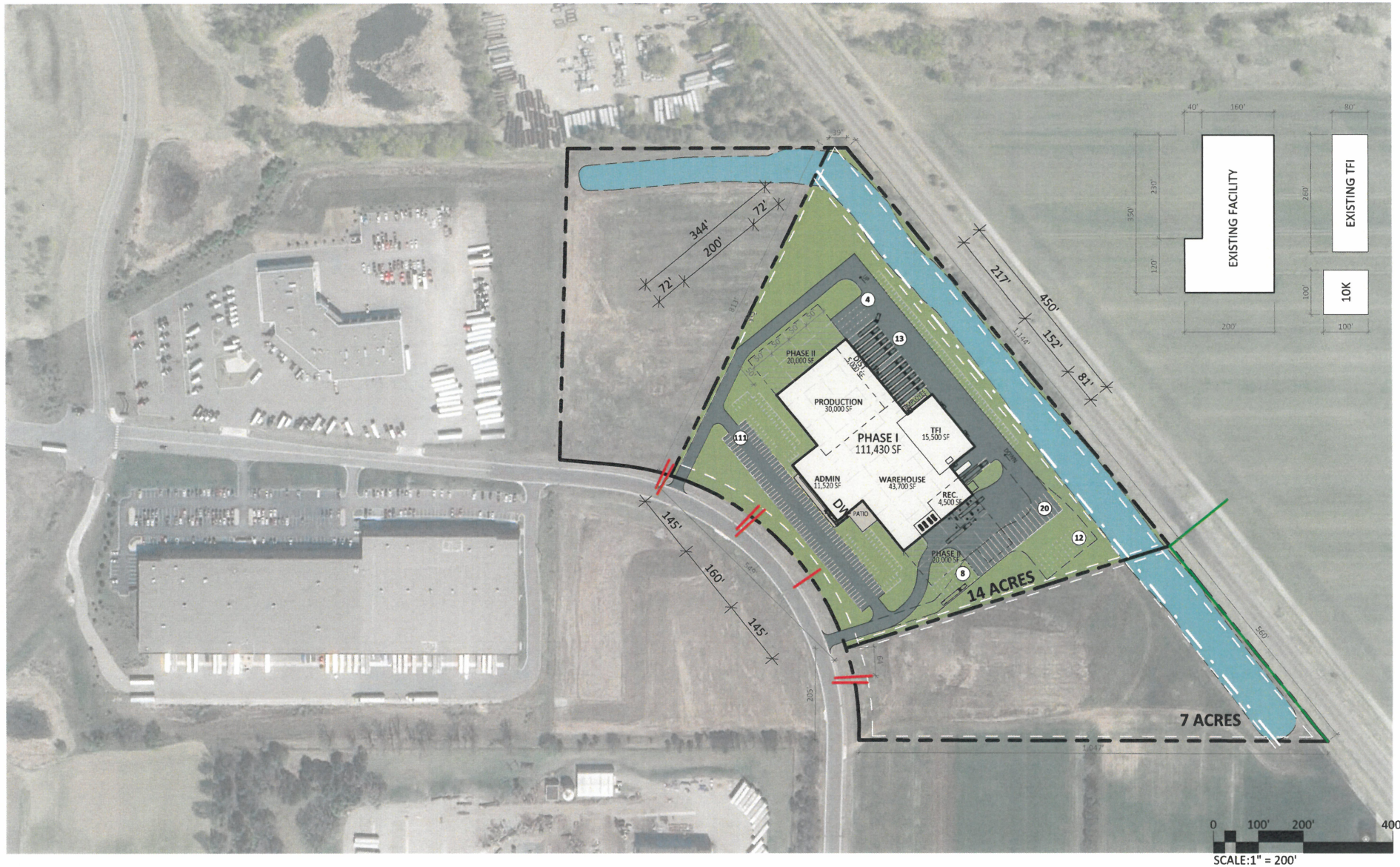
Lot 1, Block 1 Nature's Edge Business Center Fifth Addition.

## **EXHIBIT C**

### **DUE DILIGENCE DOCUMENTS**

Copies of the following in Seller's possession and related to the Property:

1. Copies of all agreements affecting the Property, including any assignable warranties;
2. All studies and reports in the possession of Seller relating to environmental status, soil tests, and any other information regarding the environmental and soil conditions;
3. Copies of all written citations from any governmental entities including those pertaining to any uncured violations of any applicable laws and codes or compliance with the same;
4. All site plans, construction documents, engineer reports, and property assessments performed to date; and
5. Any existing surveys of the Property.



**CONCEPT 9**  
ELK RIVER, MN  
02/26/2024

**HERITAGE MILLWORK**



# NATURES EDGE BUSINESS CENTER FOURTH ADDITION

## KNOW ALL PERSONS BY THESE PRESENTS:

That the City of Elk River, a Minnesota a municipal corporation, owner and proprietor of the of the following described property situated in the City of Elk River, County of Sherburne, State of Minnesota to-wit:

OUTLOT B, NATURES EDGE BUSINESS CENTER THIRD ADDITION, Sherburne County, Minnesota.

Has caused the same to be surveyed and platted as NATURES EDGE BUSINESS CENTER FOURTH ADDITION.

In witness whereof said City of Elk River, a Minnesota municipal corporation, owner and proprietor has caused these presents to be signed by its proper officers this 24<sup>th</sup> day of January, 2023.

John J. Dietz, Mayor

Tina Allard, City Clerk

STATE OF MINNESOTA  
COUNTY OF SHERBURNE

The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of January, 2023, by John J. Dietz, Mayor of the City of Elk River, on behalf of the City of Elk River, a Minnesota municipal corporation.

Jennifer Ola Green (Notary Signature) Jennifer Ola Green (Notary Printed Name)  
Notary Public Sherburne County, Minnesota

My commission expires 1-31-2025

STATE OF MINNESOTA  
COUNTY OF Sherburne

The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of January, 2023, by Tina Allard, City Clerk of the City of Elk River, on behalf of the City of Elk River, a Minnesota municipal corporation.

Jennifer Ola Green (Notary Signature) Jennifer Ola Green (Notary Printed Name)  
Notary Public Sherburne County, Minnesota

My commission expires 1-31-2025

## SURVEYOR'S CERTIFICATION

I Samuel J. DeLeo do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and labels are correctly designated on this plat; that all monuments depicted on this plat have been set; that all water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificate are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this 21<sup>st</sup> day of December, 2022.

S. J. DeLeo

Samuel J. DeLeo, Licensed Land Surveyor  
Minnesota License Number 40341

STATE OF MINNESOTA  
COUNTY OF STEARNS

The foregoing Surveyor's Certification was acknowledged before me this 21<sup>st</sup> day of December, 2022, by Samuel J. DeLeo, Licensed Land Surveyor, Minnesota License Number 40341.

Sidney Theis

Sidney Theis

Notary Public Stearns County, Minnesota  
My commission expires January 31, 2027

## ELK RIVER CITY COUNCIL

Approved and accepted by the City Council of the City of Elk River, Sherburne County, Minnesota, at a meeting held this 19<sup>th</sup> day of December, 2022.

John J. Dietz

Mayor

Tina Allard

Clerk

## SHERBURNE COUNTY

Pursuant to Sherburne County Ordinance Number 006, I hereby certify that this plat has been checked and approved as to compliance with Chapter 505, Minnesota Statutes this 2<sup>nd</sup> day of February, 2023.

Russell J. Smith

Sherburne County Surveyor

I hereby certify taxes payable in the year 2023 on lands herein described are paid in full, and there are no delinquent taxes, and that transfer was entered this 2<sup>nd</sup> day of February 2023.

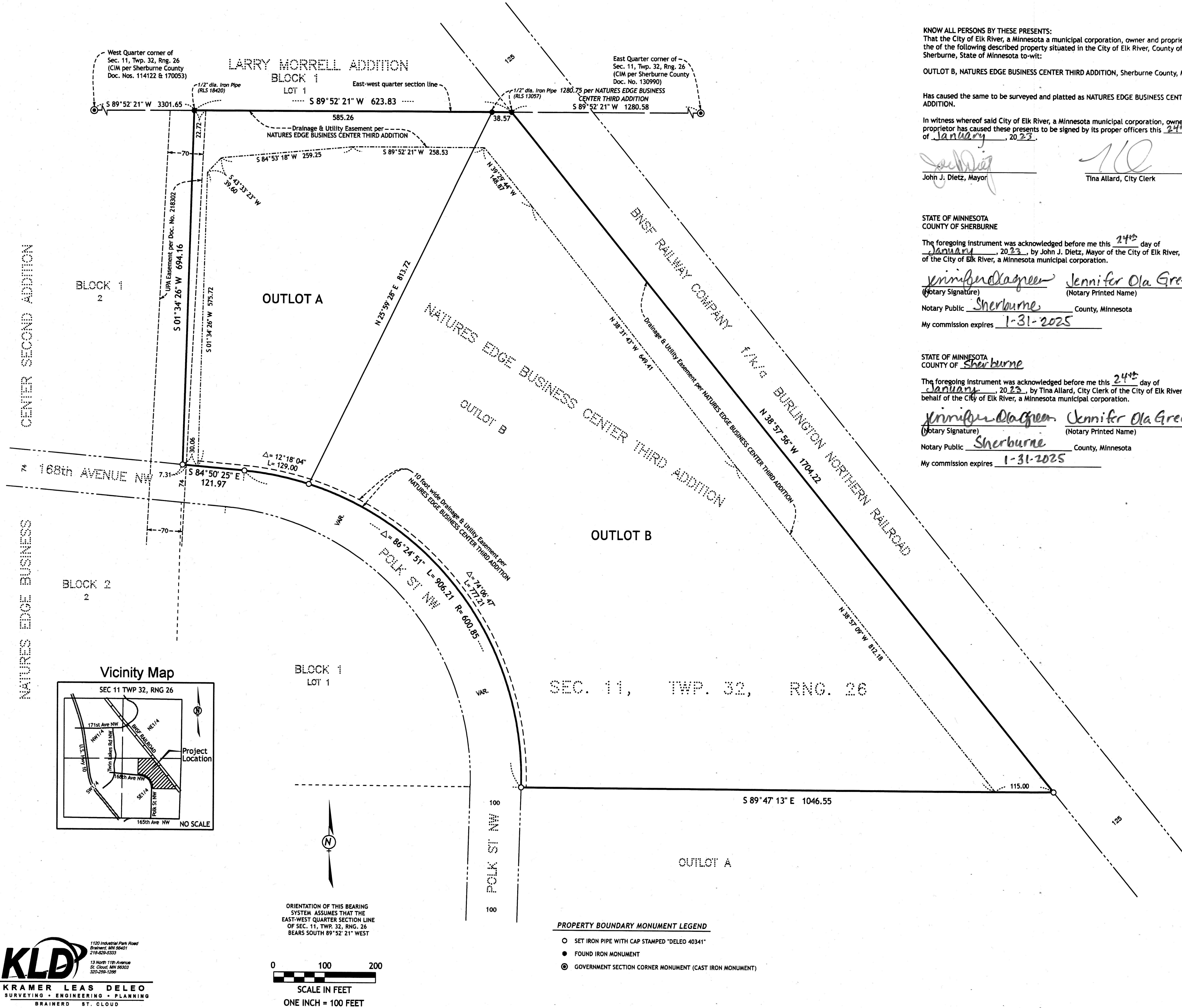
Diane Arnold Buhr

Sherburne County Auditor/Treasurer

I hereby certify that this instrument was filed in the Office of the County Recorder for record on this 2<sup>nd</sup> day of February 2023 at 12:30 clock PM, and was duly recorded as Document No. 55463.

Michelle Ashe

Sherburne County Recorder





# Request for Action

**To**  
City Council

**Item Number**  
8.5

**Meeting Date**  
June 3, 2024

**Prepared By**  
Jolene Richter, Deputy Clerk

**Item Description**  
Discuss Work Session Items

**Reviewed by:**  
Cal Portner  
Tina Allard

## Action Requested

Review work session items listed below and identify future work session topics.

## Background/Discussion

Work sessions will be added to the end of regular meetings on the first and third Mondays as needed. At the first Council meeting of each month, staff will present a list of future work session topics for Council review.

Proposed work session topics are as follows:

- Fire Station I Facility Funding

## Financial Impact

None

## Mission/Policy/Goal

The Council-adopted mission statement includes components to responsibly grow, meet changing needs (agile) and be ethical, efficient, and responsible.

## Attachments

None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





# Request for Action

**To**  
City Council

**Item Number**  
8.6

**Meeting Date**  
June 3, 2024

**Prepared By**  
Chris Leeseberg, Senior Planner

**Item Description**  
Extend Land Use Approvals: Plat, Conditional Use Permit, and Easement Vacation for ERX

**Reviewed by:**  
Zack Carlton  
Cal Portner  
Tina Allard

## Action Requested

Approve, by motion, a 7-month extension of the date to complete the required conditions of approval and record the following land use applications, CU 22-09, PE 22-01, and EV 22-01. The approved completion date is May 16, 2024. If approved, the extended completion date would be December 15, 2024.

## Background/Discussion

In 2022, ERX received approval for several Land Use Applications, Conditional Use Permit (CU 22-09), Plat (PE 22-01), and Easement Vacation (EV 22-01), to allow operation of their expanded off-road racing facility at 21591 Highway 169. The applicant continues to make progress on the project and is requesting an extension until December 15, 2024, to complete the required conditions and record the plat and easement vacation. The attached letter from the applicant explains why they are requesting the extension.

**Financial Impact**  
None

**Mission/Policy/Goal**  
Work with citizens to achieve goals.

**Attachments**  
I. ERX Extension Request

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*





Heidi Goodin

11591 217<sup>th</sup> Ave NW

Elk River, MN 55330

[HGoodin@EnvisionCompany.com](mailto:HGoodin@EnvisionCompany.com)

763.772.4977

May 25, 2024

Chris Leeseberg

Senior City Planner

Planning Department

13065 Orono Parkway NW

Elk River, MN 55330

Dear Chris Leeseberg,

Subject: Request for Extension on Conditional Use Permit (CU 22-09) Plat (PE 22-01) and Easement Vacation (EV 22-01)

I hope this letter finds you well. I am writing to formally request an extension on the Conditional Use Permit (CU 22-09) Plat (PE 22-01) and Easement Vacation (EV 22-01), originally granted in 2022.

We have been unable to complete the necessary work within the originally allotted timeframe due to budgeting and managing labor expectations. Despite these challenges, significant progress has been made, and we are fully committed to completing the project as outline in our initial application.

To manage within our budgetary means, we have been collaborating with partners who are willing to undertake the work at a reduced cost. This approach has been essential in

ensuring the financial viability of the park, but it has also contributed to some of the delays as we coordinate and schedule with these partners.

In light of the above, we respectfully request an extension to December 15, 2024 to complete this project. We believe this additional time will allow us to overcome the current obstacles and ensure the successful completion of the project in compliance with all relevant regulations and conditions stipulated by the permit.

We appreciate the support and understanding that Chris Leeseberg and Mark Pistulka have given to ERX to date, while there have been some challenges, these challenges have been overcome and most of the time if there has been a disagreement it was due to miscommunication. We are more than willing to provide any additional information or documentation that may be required to process this request. Please let us know if a meeting or site visit would be beneficial to discuss our progress and the necessity of the extension in more detail.

Thank you for considering our request. We look forward to your favorable response and are eager to continue working with the city to bring this project to fruition.

Sincerely,



Heidi Goodin

Business Manager

ERX Motor Park



# Request for Action

**To**  
City Council

**Item Number**  
9.1

**Meeting Date**  
June 3, 2024

**Prepared By**  
Jolene Richter, Deputy Clerk

**Item Description**  
Council Liaison Updates

**Reviewed by:**  
Cal Portner  
Tina Allard

**Action Requested**  
Councilmembers to provide liaison updates.

## Background/Discussion

The Mayor and Councilmembers serve as liaisons to multiple committees and commissions. The first meeting of the month provides an opportunity for the Council to provide updates on the work of those committees and commissions.

- **Energy City Commission** – CM Grupa
- **Multipurpose Facility Commission** – CM Wagner
- **Heritage Preservation Commission** – CM Grupa
- **Library Board** – Mayor Dietz
- **Parks and Recreation Commission** – CM Beyer
- **Planning Commission** – CM Westgaard
- **Utilities Commission** – CM Westgaard
- **Region 7W** – Mayor Dietz

Other Committees, Commissions, etc.

**Financial Impact**  
None

**Mission/Policy/Goal**  
The City Mission and Vision Statements

**Attachments**  
None

## The Elk River Vision

*A welcoming community with revolutionary and spirited resourcefulness, exceptional service, and community engagement that encourages and inspires prosperity*

