

CITY OF INVER GROVE HEIGHTS

A G E N D A

CITY COUNCIL WORK SESSION

MAY 7, 2018 6:00 PM

**INVER GROVE HEIGHTS CITY HALL
COUNCIL CHAMBERS**

A. CALL TO ORDER – MAYOR TOURVILLE

- 1. 2017 CAFR**
- 2. NW AREA FINANCIALS**
- 3. 2019 BUDGET**
- 4. 2040 COMPREHENSIVE PLAN**
- 5. RIVER HEIGHTS PARK USE**

B. ADJOURN

CITY OF INVER GROVE HEIGHTS

REQUEST FOR COUNCIL ACTION

Review draft copies of the Comprehensive Annual Financial Report for the Year Ended December 31, 2017 and the Auditor's Management Letter and Other Required Report

Meeting Date: May 7, 2018
 Item Type: Work Session
 Contact: Kristi Smith 651-450-2521
 Prepared by: Kristi Smith, Finance Director
 Reviewed by: N/A

Fiscal/FTE Impact:

☒	None
☐	Amount included in current budget
☐	Budget amendment requested
☐	FTE included in current complement
☐	New FTE requested – N/A
☐	Other

PURPOSE/ACTION REQUESTED

To review draft copies of the Comprehensive Annual Financial Report (CAFR), the Auditor's Management Letter and Other Required Report for the year ended December 31, 2017.

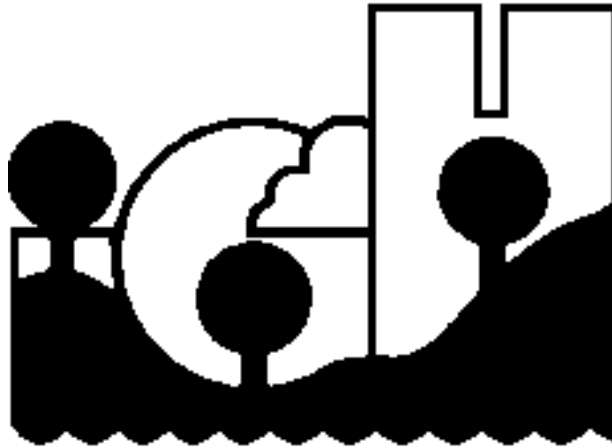
SUMMARY

Each year the City contracts with an independent Certified Public Accounting firm to audit the City's Comprehensive Annual Financial Report. Abdo, Eick & Meyers, LLP performed the audit for the 2017 CAFR. They have issued an unqualified (clean) opinion on the City's financial statements. This is the highest form of assurance a Certified Public Accounting Firm can issue. Draft copies of the CAFR, Management Letter and Other Report are enclosed with this memo.

In reviewing the CAFR, I suggest reading the Letter of Transmittal which begins on page 11 in the Introductory Section of the report, Management's Discussion and Analysis (MD&A which begins on page 27 in the Financial Section of the report, and the Notes to the Financial Statements which begin on page 61 in the Financial Section in the report.

Steve McDonald from Abdo, Eick & Meyers, LLP. will be present at the work session to discuss these reports.

We will be submitting the CAFR to the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting. This will be the 31st year that we have participated in this program. We will also put the CAFR on the City's website.



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2017**

**CITY OF INVER GROVE HEIGHTS,
MINNESOTA**

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

REPORT PREPARED BY:
FINANCE DEPARTMENT

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Comprehensive Annual Financial Report
Table of Contents
For the Year Ended December 31, 2017

	<u>Page No.</u>
Introductory Section	
Letter of Transmittal	10
GFOA Certificate of Achievement	18
Organization Chart	19
Elected and Appointed Officials	20
Financial Section	
Independent Auditor's Report	23
Management's Discussion and Analysis	27
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	39
Statement of Activities	40
Fund Financial Statements	
Governmental Funds	
Balance Sheet	44
Reconciliation of the Balance Sheet to the Statement of Net Position	47
Statement of Revenues, Expenditures and Changes in Fund Balances	48
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	50
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	51
Community Center Special Revenue Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	53
Proprietary Funds	
Statement of Net Position	54
Statement of Revenues, Expenses and Changes in Net Position	57
Statement of Cash Flows	58
Fiduciary Fund	
Statement of Fiduciary Net Position	60
Notes to the Financial Statements	61
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	102
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	102
Notes to the Required Supplementary Information – General Employee Retirement Fund	103
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	104
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	104
Notes to the Required Supplementary Information – Public Employees Police and Fire Fund	105
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	106
Notes to the Required Supplementary Information – Fire Relief Association	107
Schedule of Employer's Fire Relief Association Contributions	107
Schedule of Funding Progress for the Other Postemployment Benefit Plan	107

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Comprehensive Annual Financial Report
Table of Contents (Continued)
For the Year Ended December 31, 2017

	<u>Page No.</u>
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	113
Nonmajor Special Revenue Funds	
Subcombining Balance Sheet	116
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances	117
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Convention and Visitors Bureau Special Revenue Fund	118
Recreation Special Revenue Fund	119
Economic Development Authority Special Revenue Fund	120
Nonmajor Debt Service Funds	
Subcombining Balance Sheet	122
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances	123
Nonmajor Capital Projects Funds	
Subcombining Balance Sheet	126
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances	128
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	130
Internal Service Funds	
Combining Statement of Net Position	136
Combining Statement of Revenues, Expenses and Changes in Net Position	138
Combining Statement of Cash Flows	140
Agency Fund	
Statement of Changes in Assets and Liabilities	142
Statistical Section (Unaudited)	
Financial Trends	
Summary Financial Report - Revenues and Expenditures for General Operations - Governmental Funds	147
Net Position by Component	148
Changes in Net Position	150
Fund Balances of Governmental Funds	154
Changes in Fund Balances of Governmental Funds	156
Revenue Capacity	
General Governmental Tax Revenues by Source	159
Assessed Value and Estimated Actual Value of Taxable Property	160
Property Tax Rates - Direct and Overlapping Governments	162
Principal Property Taxpayers	164
Property Tax Levies and Collections	165
Debt Capacity	
Ratios of Outstanding Debt by Type	166
Ratios of General Bonded Debt Outstanding	167
Computation of Direct and Overlapping Governmental Activities Debt	169
Legal Debt Margin Information	170
Pledged Revenue Coverage	172
Demographic and Economic Information	
Demographic and Economic Statistics	173
Principal Employers	175
Operating Information	
Full-Time Equivalent Employees by Function	176
Operating Indicators by Function	178
Capital Asset Statistics by Function	180

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

INTRODUCTORY SECTION

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

NEED DATE

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

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with audit standards generally accepted in the United States of America by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Inver Grove Heights for the fiscal year ended December 31, 2017.

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

The City of Inver Grove Heights' financial statements have been audited by Abdo, Eick & Meyers, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Inver Grove Heights for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Inver Grove Heights' financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Inver Grove Heights, incorporated in 1965, is a suburban community located about 12 miles south of the City of St. Paul, Minnesota in the eastern part of the state. This area is considered to be a major population and economic growth area in the state, and among one of the highly ranked economic growth areas in the country. The City of Inver Grove Heights currently occupies a land area of approximately 30 square miles and serves a population of 35,236. The City of Inver Grove Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Inver Grove Heights is still developing within its corporate limits and is bordered on all sides by other incorporated communities.

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

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

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

Factors Affecting Financial Condition

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

Local Economy. The City of Inver Grove Heights continues to experience growth in population and development. State Highway 52, which traverses north and south through the City, allows City residents and businesses a rapid and direct access directly north into downtown St. Paul and to Interstate Highway 94 which connects St. Paul with Minneapolis. This roadway has enhanced transportation throughout the metropolitan area for City residents and increased opportunity for further industrial, commercial and residential development. Interstate Highway 494 traverses east and west through the City and connects with Interstate Highway 694 to form a freeway loop around the entire Twin Cities Metropolitan area. The highway system provides Inver Grove Heights ready access to the downtowns of Minneapolis and St. Paul as well as the international airport.

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

Relevant Financial Policies. In 2017 the City implemented GASB #74 *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, GASB #80 *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, GASB #81 *Irrevocable Split-Interest Agreements* and GASB #82 *Pension Issues an Amendment of GASB Statements No. 67, No. 68, and No 73*. Implementation did not have any financial effect on the City.

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

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

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

Major Initiatives.

Community Development

In 2017, the Community Development Department experienced another busy year of construction and development activity. There was also a significant amount of work on planning, zoning, code compliance, housing, environmental, and economic development issues.

Inver Grove Heights had \$79 million of new construction in 2017 compared to \$65.5 million in 2016 and \$45.3 million in 2015. Total residential construction was 111 dwelling units, including 69 single-family units and 42 townhome units. In comparison, 51 single-family homes were built in 2016 and 28 in 2015. Residential additions and remodeling continued as homeowners reinvested in their homes. The City issued more than 2,000 building permits for residential additions and remodeling with a valuation of \$24.6 million dollars. Inver Grove Heights had \$11.1 million dollars of commercial and industrial construction in 2017, compared to \$15.6 million in 2016 and \$5.8 million in 2015.

New commercial construction projects included a 77 unit extended stay hotel. There were also major improvements and additions to the CHS Corporate Headquarter, Hyundai and Chevrolet auto dealerships, Walmart, Aldi grocery stores, and Travel Tags manufacturing facility

The City processed 71 zoning applications in 2017 about the same as the 77 applications in 2016 and 68 applications in 2015. More significantly, final approvals were granted for 86 new single-family lots, including another phase of the Blackstone developments, and 22 townhome lots. These residential developments lay the groundwork for continued residential construction in the next few years. The City continued construction of sanitary sewer, municipal water, and, with the cooperation of other governmental jurisdictions, transportation infrastructure to serve this growth.

Planning staff worked on ordinance amendments including data centers, commercial exterior building and property maintenance, short term parking, short term rentals, and residences as an accessory use in the commercial districts. Inver Grove Heights also adopted a rental license ordinance which requires all rental units to obtain a license and comply with the International Property Maintenance Ordinance.

The City also undertook an update of its long range Comprehensive Plan, a major undertaking. The process commenced in the spring of 2017 with public engagement and meetings with select property owners to discuss land use strategies. Numerous meetings were conducted with the City Council, Planning Commission, Economic Development Authority, and Housing Committee and land use alternatives were explored. Work will continue into 2018 with text revisions, further public input, public hearings, and adoption.

In economic development activities, the Inver Grove Heights Economic Development Authority (EDA) developed its first economic development strategic plan. This plan will be incorporated into the Comprehensive Plan Update. The EDA also approved a contract for another year of the 'Open to Business' program. This service provides technical and financial assistance to small businesses. In the Concord Neighborhood, the EDA acquired three additional residential properties from willing sellers and continued negotiations with six other property owners.

Police Department

The Police Department utilizes a team-based approach to its community-oriented policing activity. The department has redoubled its efforts to become more deeply engaged with the community. After one full year of scheduling patrol personnel on 12-hour shifts, this has proved to be an effective means of deploying department personnel. The change to patrol shift scheduling has resulted in increased patrol coverage and the ability to focus personnel on targeted problem-solving efforts. Officers participate in child safety fairs, children's safety camps, youth police academy, Town Hall meetings, Crime Free Multi-Housing, Neighborhood Watch Groups and many other events culminating in Minnesota Night to Unite in August, Inver Grove Heights Days in September, and a nine-week Citizen's Academy that starts in late September with the graduation in early November.

The Police Department remains active in a variety of programs, including: Alcohol and Tobacco Compliance Checks, Domestic Abuse Response Team (DART), Business Check Program, Bicycle Patrol, Intensive Supervision Program (ISP), Critical Incident Stress Management (CISM) team, and the driving diversion program. In addition, the department has an active Police Reserve Unit and Chaplain Corps that provides hundreds of hours of volunteer service in carrying out departmental objectives.

The Police Department maintains many strong connections with neighboring law enforcement agencies and public safety providers in and around Dakota County, including: the Dakota Communications Center (DCC), the Special Operations Team (SOT), the Incident Management Team (IMT), the regional Drug Task Force, MAAG (SWAT), Dakota County Electronic Crime Unit (ECU), and countywide Traffic Safety Initiative. The Police Department also partners with Independent School District No. 199 to co-fund a School Resource Officer (SRO) position.

In 2017, all police officers completed the nationally recognized 40-hour Crisis Intervention Training (CIT) program. Consistent with what is happening across the nation, the Police Department has seen an increase in the number and severity of mental health related crisis calls. CIT has already paid dividends, which can be measured through the successful use of de-escalation tactics used and effective resolution without the of traditional compliance tactics.

Fire Department

The number of emergency calls went up by 20% to 1,601 in 2017, resulting in a 34% increase in calls since the Duty Crew was started in January 2016. Of those total calls, 61% were for Emergency Medical Services (EMS). The rest involved a combination of many other classifications such as: fires, vehicle crashes, alarms (fire/carbon monoxide), etc. Of those 1,601 calls, 11% were concurrent calls where we had at least two calls at the same time. This was an 80% increase in the number of concurrent calls from 2016.

Recruitment and retention issues of non-career personnel started to affect Inver Grove Heights, as well as other local departments that have not experienced issues in the past. For the previous 9 years, we have averaged losing 5 firefighters per year, but were able to recruit enough people to replace 100% of those who left. However, in 2017, we had 9 firefighters resign or retire and were only able to hire 3 replacements. The Truck Committee completed the design for a new pumper/tender truck. Pierce Manufacturing began building on that design and is expected to complete the build and deliver the truck in March 2018.

Land was purchased in 2017 for a third fire station, an architectural firm was hired, and design of the station has started. The station is anticipated to begin construction in the spring of 2018 with a completion of spring 2019. From this new station, response times to the southern part of the city will be reduced. By reducing response times, the Fire Department will be able to improve its quality of care and safety and could also provide a benefit for both residences and businesses in the south by helping them achieve significant reductions in insurance rates. The fire department, city water supply and county dispatch center were evaluated by the Insurance Services Office (ISO). Again, we saw an improvement in the ratings.

The Fire Explorer program for youth between the ages of 14 and 20 continues to be successful. This program has always served as an excellent feeder program for the Fire Department, providing 12 out of our 65 firefighters. Advisors for the program include previous Explorers and active Firefighters who have children in the program.

The Fire Department continues to be very involved in community activities and public education. Inver Grove Heights Beyond the Yellow Ribbon Program, state-wide Veteran's Day celebration, various career fairs, Fire Prevention Week Open House, teaching at safety camps, staffing Inver Grove Heights Days displays and presentations, and attending Night to Unite and safety fairs are some of the bigger events.

Public Works

Public Works continues to oversee the street reconstruction program, a street mill and overlay program and a street crack seal and seal coating program. These programs will ensure a well-maintained roadway infrastructure. The 2017 urban street reconstruction project rebuilt 0.71 mile of street. The crack seal and seal coat projects covered 9.41 and 13.63 miles of street, respectively. The street system was expanded by 0.76 mile in 2017 with the construction of streets in new residential developments.

In 2017, two trunk water main utility extension projects were completed; one of which was in cooperation with a developer and one that included the construction of an emergency connection to the City of Eagan's water system. The street reconstruction project also included a number of storm water quality improvement features. A new storm water quality treatment basin was constructed in an older portion of the City to provide treatment of storm water prior to discharge to the Mississippi River. As part of the implementation of the ADA Transition Plan, pedestrian ramp improvements were completed at a number of location throughout the City.

Parks & Recreation

The City is actively pursuing acquisition of the four remaining properties along Doffing Ave to be a part of Heritage Village Park using grant funds from the 2014 State Bonding Bill. Plans for 2018 include the construction of a 10-acre dog park for residents and their four-legged friends to enjoy along with preparing the remainder of the properties for future park development. The City is also actively pursuing the purchase of 5-10 acres of land for the first public park in the NW area and hopes to begin development in 2018.

Working cooperatively with the National Guard, the City plans to replace the parking lot at the VMCC in 2018 which is in desperate need of resurfacing.

After a successful East Rink floor replacement project in 2017, the West Rink floor will be replaced in 2018 and the City has partnered with the City of Rosemount who will pay for 90% of the estimated \$1,000,000 project in exchange for the ability to purchase 550 hours of ice time annually for the next ten-year time frame for their growing youth hockey program.

Recreation staff has written a grant application to Dakota County through the Statewide Health Improvement Plan (SHIP) for an Active Living Programming Master Plan. If successful, the grant would assist the City in engaging the community about the programs and services they desire to stay healthy and active and how these programs and services are administered and funded.

Inver Wood will also see their parking lot replaced this construction season and a facelift will be given to the starter building and new roof on the comfort station. In addition, a few of the timber staircases on the course will be replaced for safety purposes.

Administration

In 2017, the Administration Department of the City continued many of the trends set by the initiatives introduced in 2016. For example, to expand on the upgrade in the election equipment system, the City purchased iPads in conjunction with federal funding through Dakota County, for each polling place used in the elections, enhancing the management of the elections process.

Following the initiative in environmental sustainability, the City was able to reach the 2nd step in the GreenSteps City program, achieving additional activities relating to the promotion of sustainable practices. In addition, the City participated in a Solar Garden initiative, and successfully bid for ten opportunities to subscribe to Solar Garden output. The City has installed solar panels on the roofs of the Community Center and City Hall. Last, the City is in the process of establishing its own Sustainability Program by partnering with Republic Services and the Dakota County Environmental Legacy Fund.

The Government Intern position was continued successfully with a new individual, who is focusing on many of the environmental initiatives described above, as well as on the SAC Loan program for new or expanding businesses.

The City continued its very successful Volunteer Program, increasing the number of volunteer work hours overall, by a remarkable 41%, across all departments. The activities in which volunteers participate for the Administration Department includes the ongoing city-wide Scanning Project that just completed its second full year, and surpassed 200,000 records scanned, labeled, and made searchable for ease of access in an electronic format. Those records include all Community Development, Parks & Recreation Commission meetings, Administration Policies, Resolutions, and documents relating to the construction upgrade to the Veterans Memorial Community Center and City Hall/Public Safety Addition.

The Human Resources Manager and Administrative Services Coordinator processed over 700 job applications and nearly 300 background checks, including aiding in the search for and successful conclusion of a new Police Chief being hired. In addition, a Classification and Compensation Study was completed, and all staff underwent Customer Service Training. The City Clerk managed the City website revision process with successful implementation occurring in August.

Technology continues to be central to many, if not all, of these achievements. In addition to the successful upgrade of the telephone system late in 2017, the move to Microsoft Office 365 created a much-needed consistency to systems, allowing for greater ease of access and reliability of service.

For the Future. The City's Comprehensive Plan sets forth goals, policies, and plans for the City's future growth and development over the next 20 years. The City has undertaken an update of the Comprehensive Plan, last revised in 2008. The comprehensive plan update will address land use, transportation, utilities, parks, housing, environmental, and economic development issues. 2018 activities will include text and plan revisions, further public input, a formal public hearing, distribution to adjacent municipalities and adoption.

A major focus of the Comprehensive Plan is the continued expansion of infrastructure and subsequent development of the northwest part of the City, an area of approximately five square miles. Construction of the first segment of sanitary sewer and municipal water occurred in 2009 with further extensions in 2016, 2017, and 2018. The City also selected an alignment of Argenta Trail, a future regional arterial roadway which will extend between two future interchanges at Interstate 494 and State Highway 55. Major transportation improvements include the expansion of the Argenta Trail/ Highway 55 intersection in 2017 and the construction of Highway 3/County Road 26 roundabout and 65th Street in 2018. These public improvements will serve the several residential developments that the City approved in recent years, as well as future residential, commercial and office development.

The City is also concentrating on redevelopment in the Concord Boulevard Neighborhood, an area adjacent to the Mississippi River. The City's goals are to improve the existing residential neighborhood, strengthen and increase commercial activities, increase property values, and provide additional employment opportunities. In the last few years, the City updated its Concord Boulevard Neighborhood Plan and has been acquiring properties and undertaking environmental investigations and remediation. The City has also successfully obtained State and County grants to financially support these redevelopment efforts. In addition to the Concord Neighborhood, the City continues to work on the acquisition and environmental investigation of a property, currently owned by the Minnesota Department of Transportation, for future office development.

The Inver Grove Heights Economic Development Authority continues to work with Progress Plus, a public-private non-profit foundation, the Metropolitan Consortium of Community Developers, a regional economic development organization, and the Dakota County Community Development Authority to undertake various economic development activities. This work includes marketing, business retention, business recruitment, research, and technical and financial assistance to small businesses.

The Police Department's 2018 initiatives include: expansion of the department's social media presence, expansion of outreach efforts in high call volume locations, creation of an online "Transparency Center" on the Police Department's webpage, and implementation of an annual Community Safety Survey to help guide assessment of annual policing priorities.

The Fire Department continues to move forward with the planning stage for a third fire station. The site has been purchased and an architect has been hired for final design.

In 2018, it is anticipated that two trunk utility projects will start construction in the Northwest Area. The proposed Pavement Management Program will involve work on 25.77 miles of streets. The program will include reconstruction, crack seal and seal coat projects. The City will partner with Dakota County on a road intersection improvement projects that will include a roundabout at TH 3 and 70th Street and turn lane and traffic signal revisions at TH 3 and Diffley Road. The City is also preparing a reconstruction project for a portion of TH 3 to prepare for the construction of the connection of 65th Street in 2019.

The Parks and Recreation Advisory Commission is working on updating the Master Plans for North Valley, South Valley, and Seidel's Lake parks in preparation for updating the amenities offered to residents.

Pickleball has continued to grow in popularity in the City. There is a growing group playing at the VMCC gymnasium during the winter months, and in our parks on dual purpose tennis courts in the summer months. It is anticipated that dedicated outdoor courts will be needed in the near future to meet the sport's growing popularity, especially among active older adults.

The Commission is exploring the possibility of adding an archery range to the park system for those who aspire to hit the "bullseye". They are also exploring the possibility of selling excess park land for development so the proceeds can be used on parks capital projects, and so the property can generate tax revenue.

We will be working with Dakota County and CHS Inc. on plans to construct a trail on the east side of Babcock Trail between Upper 55th and 494 in 2019.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Inver Grove Heights for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. This was the thirtieth (30) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,

Kristi Smith
Finance Director

Third Draft



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Inver Grove Heights
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

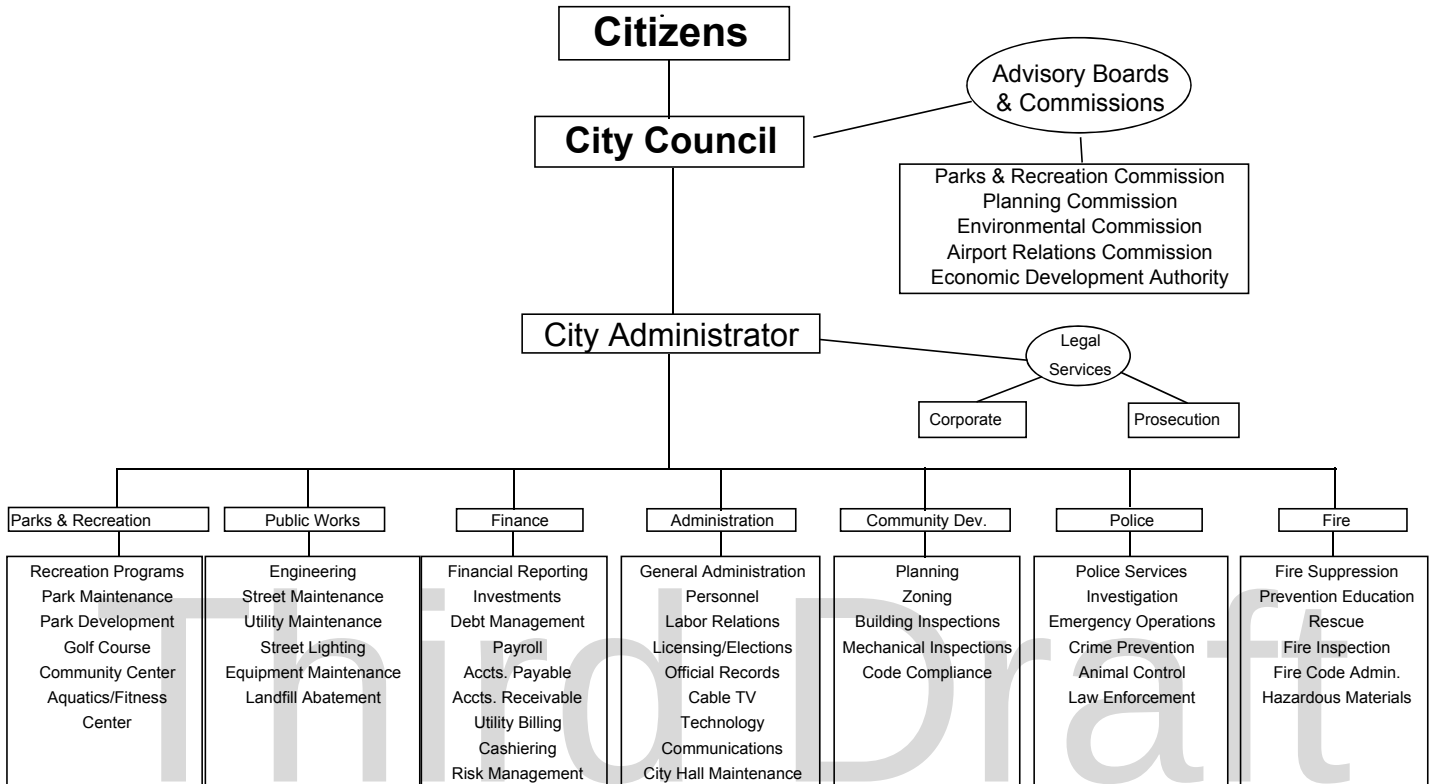
December 31, 2016

Christopher P. Morill

Executive Director/CEO

CITY OF INVER GROVE HEIGHTS, MINNESOTA

ORGANIZATION CHART



City of Inver Grove Heights, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2017

ELECTED

Name	Title	Term Expires
George Tourville	Mayor	12/31/18
Tom Bartholomew	Council Member	12/31/20
Rosemary Piekarski Krech	Council Member	12/31/18
Kara Perry	Council Member	12/31/20
Paul Hark	Council Member	12/31/18

APPOINTED

Name	Title
Joe Lynch	City Administrator
Kristi Smith	Finance Director
Paul Schnell	Police Chief
Judy Smith-Thill	Fire Chief
Scott Thureen	Director of Public Works
Thomas Link	Director of Community Development
Eric Carlson	Director of Parks and Recreation

Third Draft

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

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and Community Center special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis Page 27 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios and the Schedule of Funding Progress for the Other Postemployment Benefit Plan starting on page 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
NEED DATE

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

Management's Discussion and Analysis

As management of the City of Inver Grove Heights, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 - 17 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 \$195,501,411 (net position). Of this amount, \$42,647,164 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position for governmental activities decreased \$53,374 and business-type activities decreased \$1,745,175, resulting in a total decrease of \$1,798,549, mainly as a result of expenses related to Golf Course repair and maintenance for irrigation system and bunker upgrades.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$44,539,848, an increase of \$4,306,380 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$10,038,550, or 44.7 percent of next year's budgeted expenses.
- The City's total debt increased \$5,177,538, (9.8 percent) during the current fiscal year. The increase was due to issuing General Obligation refunding bonds, General Obligation revenue bonds.

Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements start on page 39 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.

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

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

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with its budget.

The basic governmental fund financial statements start on page 44 of this report.

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

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

The basic proprietary fund financial statements start on page 54 of this report.

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

The basic fiduciary fund financial statement can be found on page 60 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 61 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pensions and other postemployment benefits to its employees.

Required supplementary information can be found starting on page 102 of this report.

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

Combining and individual fund financial statements and schedules start on page 112 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$195,501,411 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Inver Grove Heights' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Assets						
Current and other assets	\$ 70,789,760	\$ 68,433,673	\$ 2,356,087	\$ 18,971,134	\$ 15,788,084	\$ 3,183,050
Capital assets, net of depreciation	115,471,586	116,806,661	(1,335,075)	66,341,867	66,770,806	(428,939)
Total Assets	186,261,346	185,240,334	1,021,012	85,313,001	82,558,890	2,754,111
Deferred Outflows of Resources						
Deferred charge on refunding	41,407	61,282	(19,875)	212,549	231,726	(19,177)
Deferred pension resources	8,904,871	12,586,192	(3,681,321)	270,061	476,972	(206,911)
Total Deferred Outflows or Resources	8,946,278	12,647,474	(3,701,196)	482,610	708,698	(226,088)
Liabilities						
Noncurrent liabilities outstanding	47,308,703	56,257,717	(8,949,014)	24,564,336	20,609,292	3,955,044
Other liabilities	2,532,792	3,418,734	(885,942)	1,127,991	891,533	236,458
Total Liabilities	49,841,495	59,676,451	(9,834,956)	25,692,327	21,500,825	4,191,502
Deferred Inflows of Resources						
Deferred pension resources	9,708,847	2,500,701	7,208,146	259,155	177,459	81,696
Net Position						
Net investment in capital assets	93,604,421	96,443,126	(2,838,705)	49,136,855	48,192,046	944,809
Restricted	10,112,971	8,666,803	1,446,168	-	-	-
Unrestricted	31,939,890	30,600,727	1,339,163	10,707,274	13,397,258	(2,689,984)
Total Net Position	\$135,657,282	\$135,710,656	\$ (53,374)	\$ 59,844,129	\$ 61,589,304	\$ (1,745,175)

An additional portion of the City's net position (5.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$42,647,164) may be used to meet the City's ongoing obligations to citizens and creditors.

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

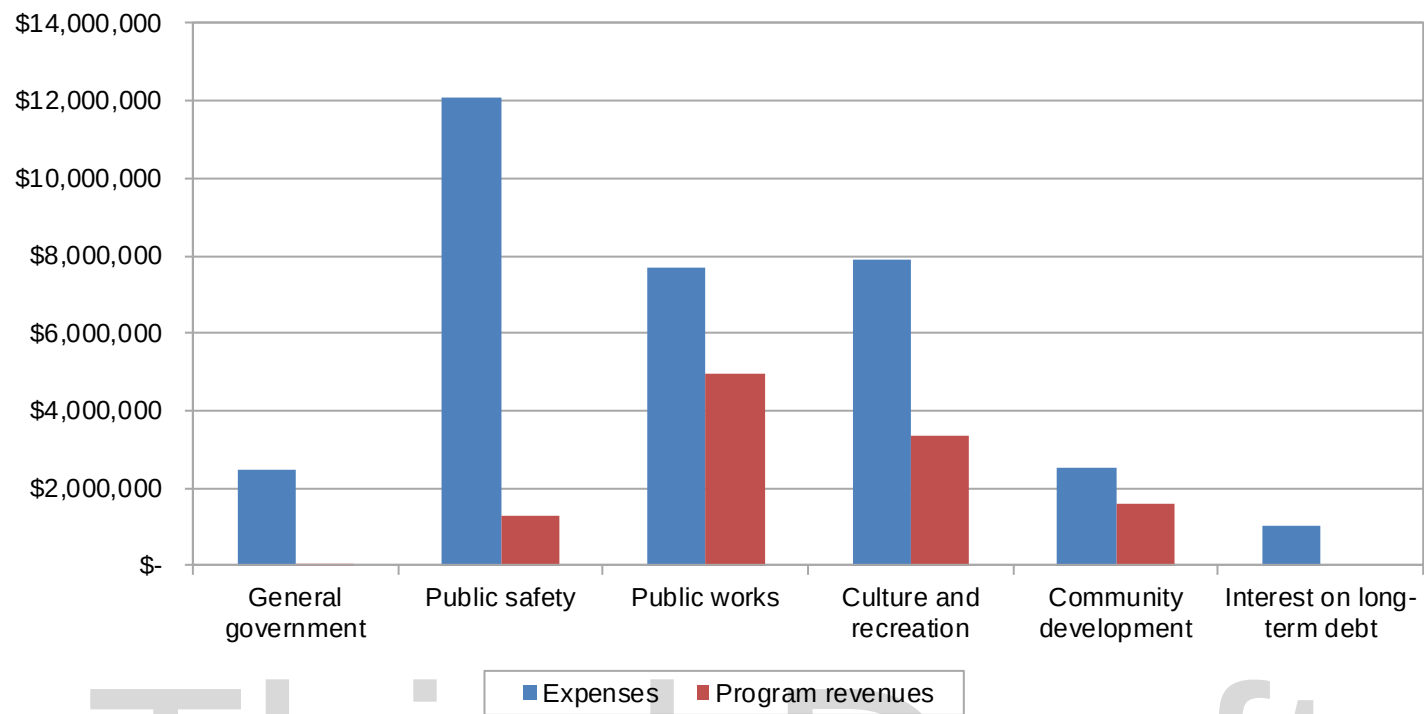
Significant changes from the prior year are noted below:

City of Inver Grove Heights' Changes in Net Position

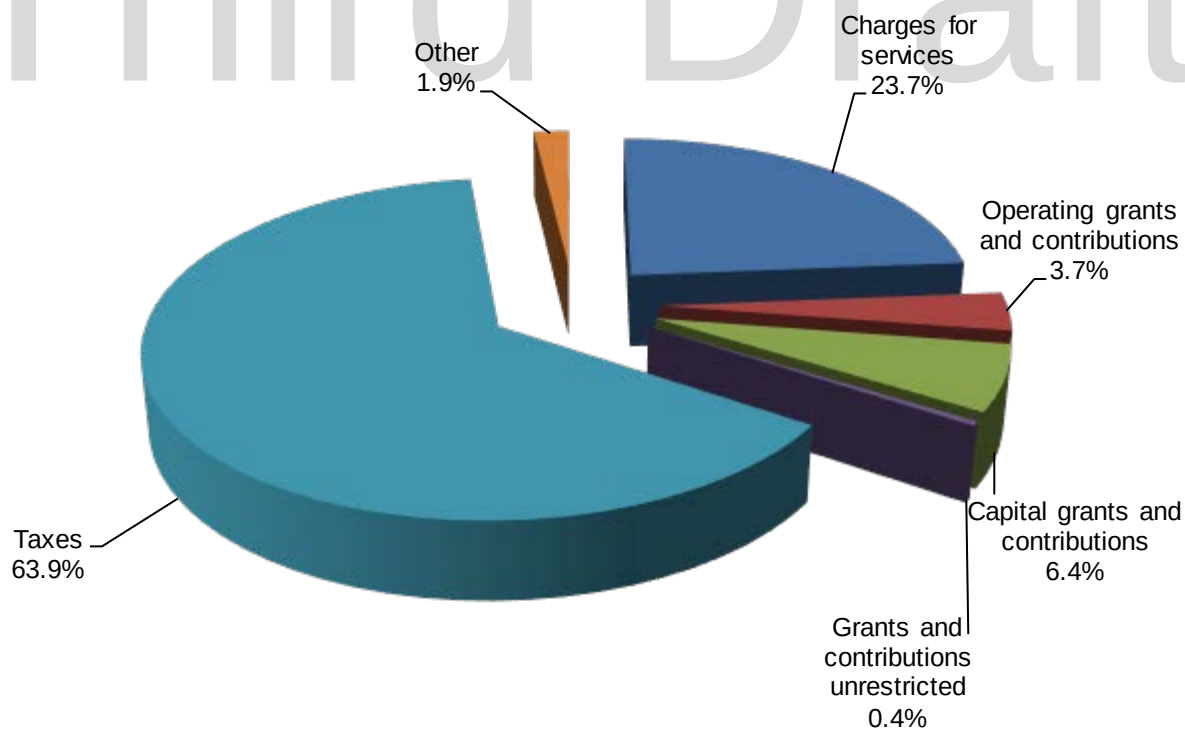
	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 7,873,673	\$ 8,584,439	\$ (710,766)	\$ 7,979,597	\$ 7,465,613	\$ 513,984
Operating grants and contributions	1,219,181	986,082	233,099	8,283	12,345	(4,062)
Capital grants and contributions	2,125,371	5,079,885	(2,954,514)	1,392,096	2,175,951	(783,855)
General Revenues						
Taxes						
Property taxes	19,395,888	18,068,901	1,326,987	-	-	-
Tax increment	1,578,646	1,959,743	(381,097)	-	-	-
Other taxes	241,420	231,773	9,647	-	-	-
Grants and contributions not restricted to specific programs	146,791	280,346	(133,555)	-	-	-
Unrestricted investment earnings	545,279	345,223	200,056	205,234	147,465	57,769
Gain on sale of capital assets	89,116	78,545	10,571	-	-	-
Total Revenues	<u>33,215,365</u>	<u>35,614,937</u>	<u>(2,399,572)</u>	<u>9,585,210</u>	<u>9,801,374</u>	<u>(216,164)</u>
Expenses						
General government	2,481,001	2,996,056	(515,055)	-	-	-
Public safety	12,087,235	10,727,458	1,359,777	-	-	-
Public works	7,690,391	8,887,750	(1,197,359)	-	-	-
Culture and recreation	7,919,434	6,768,580	1,150,854	-	-	-
Community development	2,540,933	1,599,270	941,663	-	-	-
Interest on long-term debt	1,007,774	926,142	81,632	-	-	-
Water	-	-	-	2,705,498	2,562,739	142,759
Sewer	-	-	-	4,265,285	3,571,159	694,126
Golf course	-	-	-	3,901,573	1,486,481	2,415,092
Total Expenses	<u>33,726,768</u>	<u>31,905,256</u>	<u>1,821,512</u>	<u>10,872,356</u>	<u>7,620,379</u>	<u>3,251,977</u>
Change in Net Position before Transfers	(511,403)	3,709,681	(4,221,084)	(1,287,146)	2,180,995	(3,468,141)
Transfers (Net)	<u>458,029</u>	<u>(348,000)</u>	<u>806,029</u>	<u>(458,029)</u>	<u>347,999</u>	<u>(806,028)</u>
Change in Net Position Net Position, January 1	(53,374)	3,361,681	(3,415,055)	(1,745,175)	2,528,994	(4,274,169)
	<u>135,710,656</u>	<u>132,348,975</u>	<u>3,361,681</u>	<u>61,589,304</u>	<u>59,060,310</u>	<u>2,528,994</u>
Net Position, December 31	<u>\$135,657,282</u>	<u>\$135,710,656</u>	<u>\$ (53,374)</u>	<u>\$ 59,844,129</u>	<u>\$ 61,589,304</u>	<u>\$ (1,745,175)</u>

Governmental Activities. Governmental activities decreased the City's net position by \$53,374. This decrease was primarily the result of increased expenditures due to capital improvement projects in the current year. The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



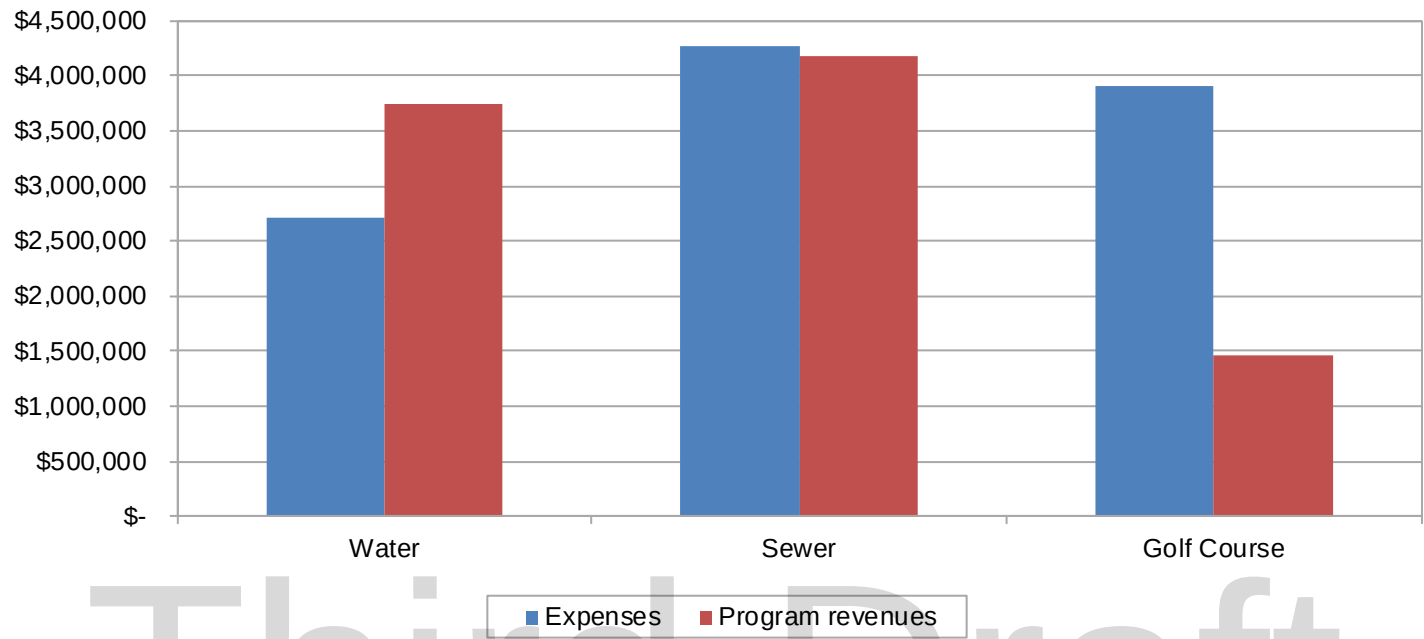
Revenues by Source - Governmental Activities



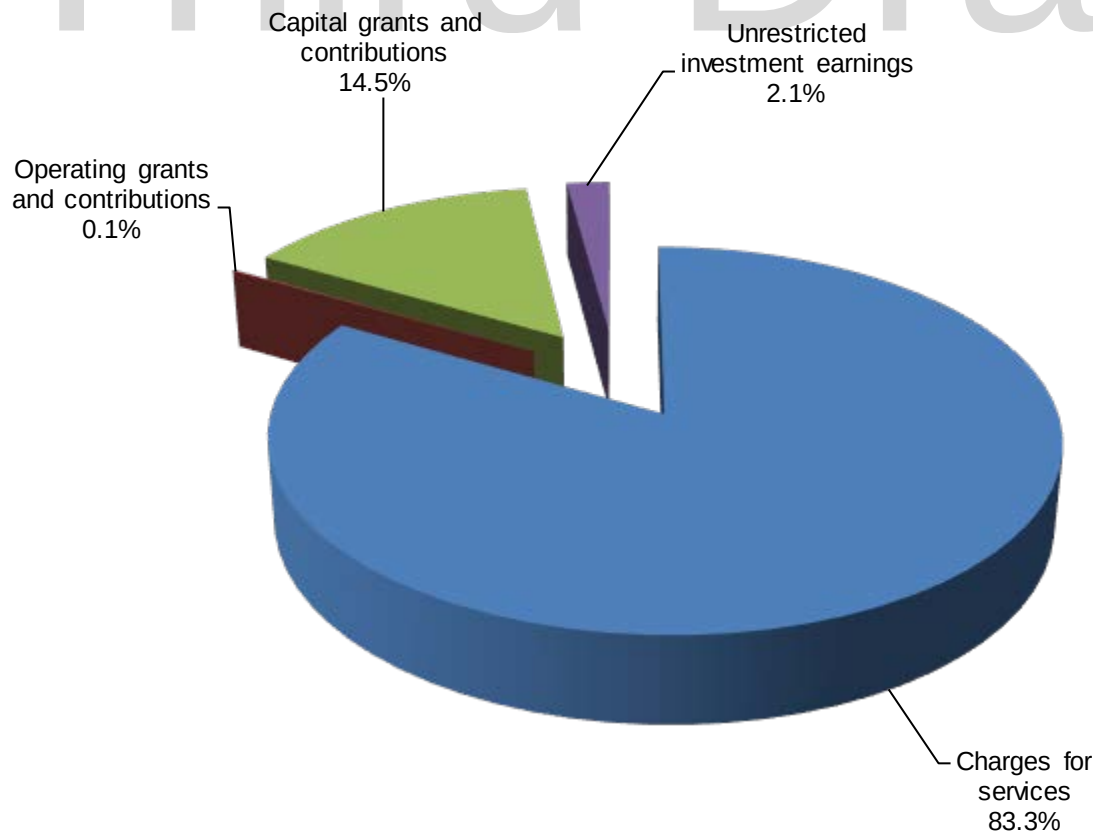
Business-type Activities. The net position of business-type activities decreased by \$1,745,175. This decreased was primarily the result of an increase in expense due to capital improvement projects that were offset with net transfers from internal activities to governmental activities of \$458,029. A loss on disposal of \$2,286,884 of Golf Course construction in progress also contributed to the decrease.

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

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds had combined ending fund balances of \$44,539,848, an increase of \$4,306,380 in comparison with the prior year. Approximately 14.1 percent of this total amount, \$6,296,991, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is either 1) nonspendable \$158,956, 2) restricted \$20,275,918, 3) committed \$738,817, or 4) assigned \$17,069,166. For further classification refer to Note 3E starting on page 81 of this report.

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

Major Fund	Fund Balances December 31,		Increase (Decrease)
	2017	2016	
General	\$ 10,179,745	\$ 9,615,928	\$ 563,817
The General fund is the chief operating fund of the City. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to the following year's budget. The fund balance is 44.6 percent of next year's budgeted expenses. The General fund continues to receive an annual transfer from the Host Community fund, which allowed for an increase in fund balance.			
Improvement Bonds	\$ 12,425,517	\$ 12,050,396	\$ 375,121
The Improvement Bonds fund has a total fund balance of \$12,425,517, all of which is restricted for the payment of debt service. The net increase in fund balance was the result of tax and assessment revenues over debt service disbursements.			
Closed Bond	\$ 2,061,223	\$ 2,281,481	\$ (220,258)
The Closed Bond fund has a total fund balance of \$2,061,223, of which all is assigned for capital improvements. The net decrease in fund balance of \$220,258 was due to an anticipated transfer out to spend down available reserves.			
Local Improvement Construction	\$ 761,682	\$ 1,468,432	\$ (706,750)
The Local Improvement Construction fund was established to account for the governmental portion of improvement projects. The decrease was primarily the result of the use of reserves for capital projects. Currently \$2,716,023 of the 2015A bonds issued are unspent, which is restricted for capital improvements.			
Pavement Management	\$ 5,538,455	\$ 2,319,917	\$ 3,218,538
The Pavement Management fund was established to account for the governmental portion of capital projects. \$5,392,972 of the ending fund balance is assigned for capital improvements. The increase is due to a transfer in from other funds and reimbursement of prior year project costs from the 2017B bond.			
Host Community	\$ 4,194,911	\$ 3,651,788	\$ 543,123
Charges for services for 2017 totaled \$2,108,572. These were offset with transfers out of \$1,445,497 to other funds for various needs of the funds including operations and capital projects. The balance of \$4,194,911 is assigned for capital improvements.			
Community Center	\$ (1,786,819)	\$ (1,112,695)	\$ (674,124)
Charges for services for 2017 totaled \$2,235,649. The fund also received transfers of \$1,070,056 to assist with operating and capital costs. A transfer out of \$644,033 was made to transfer funds for project costs to the Local Improvement Construction fund.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position of the enterprise funds amounted to \$10,707,274. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was amended during the year. The original budget called for a \$63,000 increase in fund balance and the final budget anticipated use of \$133,100 of fund balance due to carryover requests from the 2016 budget. Revenues were more than budget by \$287,443, primarily due to taxes and licenses and permits coming over budget by \$184,621 and \$183,586 respectively. Expenditures were \$442,815 less than budgeted amounts, primarily due to expenditures for public safety coming in under budget by \$266,129.

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, 2017, amounts to \$181,813,453 (net of accumulated depreciation). This investment in capital assets includes land (tangible and intangible), buildings, improvements, machinery and equipment, park facilities, roads and bridges, and other infrastructure.

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

- Purchases of \$761,405 were made by the Public Works Department to acquire machinery and equipment. This includes \$182,287 for a Bobcat Utility Vehicle, a Bobcat Track Loader with Mulching Head, Groundmaster Riding Mower, Pronovost Snow Blower, and Rim Clamp Tire Changer. Additionally, the Public Works Department acquired two Mack Trucks, a Tymco 600 Mounted Street Sweeper, and a Ford F550 for \$579,118. The Water Department installed an Exterior Control Panel for the Forest Haven Lift Station at \$39,924. Equipment was purchased on behalf of the City's Public Safety Department, which includes \$48,239 for a Vehicle Fire Training Simulator and Trailer, along with \$158,958 for 4 new Squads and an unmarked Vehicle. \$194,057 in 5 Pickups for the Utility, Parks Maintenance, Engineering and Inspections Departments. The Golf Course spent \$56,250 for an upgrade of its Golf Course Starter Shack. The Veterans Memorial Community Center added new Water Park Features for \$185,000. City Hall has purchased two new Office Cubicles for \$14,279. Park and Recreation added new Playground Equipment at Arbor Pointe Park for \$61,521. New Technology includes a new Telephone System, Digital Storage, Police Server, and add-ons to the Inspections Department's Software Package totaling \$287,473.
- Donated infrastructure and systems included \$198,457 for the Tipperary Development of streets, sidewalks, right of ways, permanent easements, storm sewer, sanitary sewer, and water main. Projects included \$3,861,426 for the 47th Street Improvement and Rehab, and 47th Street Reconstruction.
- The City has construction commitments relating to Street, Water, and Storm Water construction projects. The remaining commitment at year-end for these projects total \$638,439. In addition, constructions in progress at year-end for both governmental and business-type activities total \$18,098,382.

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

Additional information on the City's capital assets can be found in Note 3B starting on page 74 of this report.

	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Land	\$ 30,721,187	\$ 30,693,007	\$ 28,180	\$ 2,880,405	\$ 2,880,405	\$ -
Construction in Progress	8,412,622	9,366,082	(953,460)	9,685,760	9,310,932	374,828
Infrastructure	50,596,832	49,864,841	731,991	-	-	-
Buildings and Systems	17,606,641	18,851,423	(1,244,782)	52,519,578	53,159,183	(639,605)
Improvements other than Buildings	3,843,325	4,129,786	(286,461)	979,858	1,083,667	(103,809)
Machinery and Equipment	4,290,979	3,901,522	389,457	276,266	336,619	(60,353)
Total	<u>\$115,471,586</u>	<u>\$116,806,661</u>	<u>\$ (1,335,075)</u>	<u>\$ 66,341,867</u>	<u>\$ 66,770,806</u>	<u>\$ (428,939)</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$56,780,000. All of the City's bonds are backed by the full faith and credit of the City. During the year, the City issued \$5,685,000 in G.O. Sewer Refunding Revenue Bonds, Series 2017A, and \$3,505,000 in G.O. Improvement Bonds, Series 2017B.

The City's bond rating from Standard and Poor's was upgraded from "AA" to "AA+" in December 2017.

State statutes limit the amount of G.O. debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$98,103,239. Only the \$24,585,000 in G.O. bonds is counted within the statutory limitation. The other debt of the City is either wholly or partially financed by revenues other than a general tax levy.

City of Inver Grove Heights' Outstanding Debt

	Governmental Activities			Business-type Activities		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
G.O. Bonds	\$ 24,585,000	\$ 25,315,000	\$ (730,000)	\$ -	\$ -	\$ -
G.O. Special Assessments Bonds	8,355,000	6,145,000	2,210,000	-	-	-
G.O. Tax Increment Bonds	1,115,000	1,665,000	(550,000)	-	-	-
G.O. Revenue Bonds	-	-	-	22,725,000	18,600,000	4,125,000
Bond Premium	602,164	533,957	68,207	472,427	418,096	54,331
Total	<u>\$ 34,657,164</u>	<u>\$ 33,658,957</u>	<u>\$ 998,207</u>	<u>\$ 23,197,427</u>	<u>\$ 19,018,096</u>	<u>\$ 4,179,331</u>

Additional information on the City's long-term debt can be found in Note 3D starting on page 76 of this report.

Economic Factors and Next Year's Budgets and Rates

- The City's net tax capacity increased by 8.40 percent for taxes payable 2018 which was more than the 2.20 percent increase for taxes payable 2017. Residential property increased 9.20 percent, commercial property increased 1.44 percent, and industrial property increased 8.52 percent. Without new construction the increase in tax capacity would have been 7.25 percent. The City's net levy increased \$1,788,605 for taxes payable 2018; however, due to the increase in tax capacity, the tax capacity rate decreased 1.03 percent.
- \$500,000 of funding for the Pavement Management Program was reinstated in the 2015 budget after having been removed from the 2014 and 2013 budgets and an additional \$165,000 of funding was reinstated in the 2016 budget after having been removed from the 2015, 2014 and 2013 budgets. In 2018 \$500,000 of funding was shifted from the Host Community fund to the General fund. An additional \$85,000 in new funding was added from the General fund.
- Water and sewer fees were increased 2.0 percent and 3.5 percent respectively for 2018, based on our long-range financial plan.
- Storm water utility fees were implemented on July 1, 2012 and in 2018 were increased 45 percent. This was the first rate increase since implementation.

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 information should be directed to the Finance Director, City of Inver Grove Heights, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412.

Third Draft

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota

Statement of Net Position

December 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 48,811,922	\$ 13,930,527	\$ 62,742,449
Cash held with fiscal agent	8,553,231	5,599,358	14,152,589
Receivables			
Accrued interest	222,306	104,853	327,159
Taxes	1,535,961	-	1,535,961
Accounts	332,264	1,273,654	1,605,918
Special assessments	4,652,007	105,211	4,757,218
Due from other governments	267,728	-	267,728
Internal balances	2,047,700	(2,047,700)	-
Inventories	56,173	1,351	57,524
Prepaid items	936,162	3,880	940,042
Land held for resale	2,219,506	-	2,219,506
Pension asset	1,154,800	-	1,154,800
Capital assets			
Land and construction in progress	39,133,809	12,566,165	51,699,974
Depreciable assets (net of accumulated depreciation)	76,337,777	53,775,702	130,113,479
Total Assets	<u>186,261,346</u>	<u>85,313,001</u>	<u>271,574,347</u>
Deferred Outflows of Resources			
Deferred charge on refunding	41,407	212,549	253,956
Deferred pension resources	8,904,871	270,061	9,174,932
Total Deferred Outflows of Resources	<u>8,946,278</u>	<u>482,610</u>	<u>9,428,888</u>
Liabilities			
Accounts and contracts payable	1,483,749	97,656	1,581,405
Accrued salaries payable	499,097	48,317	547,414
Due to other governments	50,886	300,859	351,745
Accrued interest payable	395,026	277,537	672,563
Deposits payable	23,080	60,106	83,186
Unearned revenue	80,954	343,516	424,470
Noncurrent liabilities			
Due within one year	11,819,650	1,727,986	13,547,636
Due in more than one year	35,489,053	22,836,350	58,325,403
Total Liabilities	<u>49,841,495</u>	<u>25,692,327</u>	<u>75,533,822</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>9,708,847</u>	<u>259,155</u>	<u>9,968,002</u>
Net Position			
Net investment in capital assets	93,604,421	49,136,855	142,741,276
Restricted for			
Debt service	5,129,747	-	5,129,747
Equipment acquisition	582,747	-	582,747
Community development	2,344,513	-	2,344,513
Park improvements	2,055,964	-	2,055,964
Unrestricted	<u>31,939,890</u>	<u>10,707,274</u>	<u>42,647,164</u>
Total Net Position	<u>\$135,657,282</u>	<u>\$ 59,844,129</u>	<u>\$195,501,411</u>

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

City of Inver Grove Heights, Minnesota

Statement of Activities

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,481,001	\$ 21,386	\$ -	\$ -
Public safety	12,087,235	689,060	590,083	-
Public works	7,690,391	3,038,693	461,071	1,460,711
Culture and recreation	7,919,434	2,922,124	168,027	248,374
Community development	2,540,933	1,202,410	-	416,286
Interest on long-term debt	1,007,774	-	-	-
Total Governmental Activities	<u>33,726,768</u>	<u>7,873,673</u>	<u>1,219,181</u>	<u>2,125,371</u>
Business-type Activities				
Water	2,705,498	3,051,811	6,029	680,842
Sewer	4,265,285	3,460,592	2,088	711,254
Golf course	3,901,573	1,467,194	166	-
Total Business-type Activities	<u>10,872,356</u>	<u>7,979,597</u>	<u>8,283</u>	<u>1,392,096</u>
Total	<u>\$ 44,599,124</u>	<u>\$ 15,853,270</u>	<u>\$ 1,227,464</u>	<u>\$ 3,517,467</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,459,615)	\$ -	\$ (2,459,615)
(10,808,092)	-	(10,808,092)
(2,729,916)	-	(2,729,916)
(4,580,909)	-	(4,580,909)
(922,237)	-	(922,237)
(1,007,774)	-	(1,007,774)
<u>(22,508,543)</u>	<u>-</u>	<u>(22,508,543)</u>
-	1,033,184	1,033,184
-	(91,351)	(91,351)
-	(2,434,213)	(2,434,213)
<u>-</u>	<u>(1,492,380)</u>	<u>(1,492,380)</u>
<u>(22,508,543)</u>	<u>(1,492,380)</u>	<u>(24,000,923)</u>
17,322,097	-	17,322,097
2,073,791	-	2,073,791
1,578,646	-	1,578,646
133,979	-	133,979
107,441	-	107,441
146,791	-	146,791
545,279	205,234	750,513
89,116	-	89,116
458,029	(458,029)	-
<u>22,455,169</u>	<u>(252,795)</u>	<u>22,202,374</u>
(53,374)	(1,745,175)	(1,798,549)
<u>135,710,656</u>	<u>61,589,304</u>	<u>197,299,960</u>
<u>\$135,657,282</u>	<u>\$ 59,844,129</u>	<u>\$195,501,411</u>

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

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

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

City of Inver Grove Heights, Minnesota

Balance Sheet
Governmental Funds
December 31, 2017

	General	Improvement Bonds	Closed Bond	Local Improvement Construction
Assets				
Cash and temporary investments	\$ 9,342,173	\$ 3,574,919	\$ 2,039,155	\$ 828,887
Cash with fiscal agent	-	8,553,231	-	-
Receivables				
Accrued interest	29,053	37,072	22,111	2,780
Taxes	1,351,443	151,353	392	2,655
Accounts	11,145	-	-	418
Special assessments	8,473	1,695,251	907,064	1,256,750
Due from other governments	12,723	-	-	88,192
Due from other funds	-	-	-	-
Prepaid items	141,195	-	-	-
Land held for resale	-	-	-	1,081,006
Total Assets	\$ 10,896,205	\$ 14,011,826	\$ 2,968,722	\$ 3,260,688
Liabilities				
Accounts and contracts payable	\$ 122,336	\$ -	\$ -	\$ 698,444
Accrued salaries payable	396,283	-	-	-
Due to other governments	25,237	-	-	-
Due to other funds	-	-	-	579,703
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	543,856	-	-	1,278,147
Deferred Inflows of Resources				
Unavailable revenues - delinquent taxes	168,263	18,950	435	437
Unavailable revenues - special assessments	4,341	1,567,359	907,064	1,220,422
Total Deferred Inflows of Resources	172,604	1,586,309	907,499	1,220,859
Fund Balances				
Nonspendable	141,195	-	-	-
Restricted	-	12,425,517	-	2,716,023
Committed	-	-	-	-
Assigned	-	-	2,061,223	-
Unassigned	10,038,550	-	-	(1,954,341)
Total Fund Balances	10,179,745	12,425,517	2,061,223	761,682
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,896,205	\$ 14,011,826	\$ 2,968,722	\$ 3,260,688

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

<u>Pavement Management</u>	<u>Host Community</u>	<u>Community Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,743,856	\$ 2,371,824	\$ 408,869	\$ 10,958,015	\$ 35,267,698
-	-	-	-	8,553,231
10,351	18,289	-	45,770	165,426
9,706	-	-	20,412	1,535,961
-	159,679	22,442	121,566	315,250
708,106	-	-	76,363	4,652,007
-	422	105	166,286	267,728
-	1,654,694	-	-	1,654,694
-	1,000	399	16,362	158,956
-	-	-	1,138,500	2,219,506
<u>\$ 6,472,019</u>	<u>\$ 4,205,908</u>	<u>\$ 431,815</u>	<u>\$ 12,543,274</u>	<u>\$ 54,790,457</u>
\$ 257,516	\$ -	\$ 181,752	\$ 173,721	\$ 1,433,769
-	828	58,302	14,691	470,104
-	10,169	10,444	4,490	50,340
-	-	1,897,884	1,074,991	3,552,578
-	-	2,775	20,305	23,080
-	-	67,477	13,477	80,954
<u>257,516</u>	<u>10,997</u>	<u>2,218,634</u>	<u>1,301,675</u>	<u>5,610,825</u>
1,297	-	-	7,818	197,200
674,751	-	-	68,647	4,442,584
<u>676,048</u>	<u>-</u>	<u>-</u>	<u>76,465</u>	<u>4,639,784</u>
-	1,000	399	16,362	158,956
145,483	-	-	4,988,895	20,275,918
-	-	-	738,817	738,817
5,392,972	4,193,911	-	5,421,060	17,069,166
-	-	(1,787,218)	-	6,296,991
<u>5,538,455</u>	<u>4,194,911</u>	<u>(1,786,819)</u>	<u>11,165,134</u>	<u>44,539,848</u>
<u>\$ 6,472,019</u>	<u>\$ 4,205,908</u>	<u>\$ 431,815</u>	<u>\$ 12,543,274</u>	<u>\$ 54,790,457</u>

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2017

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

Total Fund Balances - Governmental Funds	\$ 44,539,848
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	1,154,800
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	172,173,185
Less: accumulated depreciation	(75,683,653)
Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities on the statement of net position.	34,779,478
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bonds payable	(34,055,000)
Plus premium on bonds issued	(602,164)
Deferred charge on refunding	41,407
Other postemployment benefits payable	(218,300)
Pension liability	(9,907,210)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	197,200
Special assessments	4,442,584
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	8,758,985
Deferred inflows of pension resources	(9,568,852)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(395,026)</u>
Total Net Position - Governmental Activities	<u><u>\$135,657,282</u></u>

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Improvement Bonds	Closed Bond	Local Improvement Construction
Revenues				
Taxes	\$ 17,276,421	\$ 2,049,998	\$ 592	\$ 34,768
Licenses and permits	1,355,686	-	-	-
Intergovernmental	697,599	3,314	-	319,019
Charges for services	620,978	-	-	-
Fines and forfeitures	173,365	-	-	-
Special assessments	7,392	719,007	28,571	293,967
Investment earnings	79,380	95,183	65,839	31,313
Miscellaneous	68,522	-	-	409,484
Total Revenues	<u>20,279,343</u>	<u>2,867,502</u>	<u>95,002</u>	<u>1,088,551</u>
Expenditures				
Current				
General government	1,849,983	-	9,343	-
Public safety	9,837,271	-	-	-
Public works	3,958,174	-	8,910	-
Culture and recreation	1,834,875	-	-	-
Community development	1,546,943	-	-	37,790
Capital outlay				
Public safety	48,239	-	-	935,284
Public works	-	-	-	910,856
Culture and recreation	-	-	-	842,934
Community development	-	-	-	157,046
Debt service				
Principal	-	1,885,000	-	-
Interest and other charges	-	850,780	-	-
Bond issuance costs	-	85,505	-	-
Total Expenditures	<u>19,075,485</u>	<u>2,821,285</u>	<u>18,253</u>	<u>2,883,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,203,858</u>	<u>46,217</u>	<u>76,749</u>	<u>(1,795,359)</u>
Other Financing Sources (Uses)				
Transfers in	678,659	200,000	-	1,088,609
Sale of capital assets	-	-	-	-
Transfers out	(1,318,700)	-	(297,007)	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	128,904	-	-
Total Other Financing Sources (Uses)	<u>(640,041)</u>	<u>328,904</u>	<u>(297,007)</u>	<u>1,088,609</u>
Net Change in Fund Balances	563,817	375,121	(220,258)	(706,750)
Fund Balances, January 1	<u>9,615,928</u>	<u>12,050,396</u>	<u>2,281,481</u>	<u>1,468,432</u>
Fund Balances, December 31	<u>\$ 10,179,745</u>	<u>\$ 12,425,517</u>	<u>\$ 2,061,223</u>	<u>\$ 761,682</u>

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

<u>Pavement Management</u>	<u>Host Community</u>	<u>Community Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 130,542	\$ -	\$ -	\$ 1,735,859	\$ 21,228,180
-	-	-	-	1,355,686
380,246	-	-	427,971	1,828,149
270	2,108,572	2,235,649	1,078,849	6,044,318
-	-	-	-	173,365
524,829	-	-	76,110	1,649,876
11,987	30,001	(683)	78,208	391,228
28,385	8,229	247,580	288,556	1,050,756
<u>1,076,259</u>	<u>2,146,802</u>	<u>2,482,546</u>	<u>3,685,553</u>	<u>33,721,558</u>
-	-	-	10,700	1,870,026
-	-	-	-	9,837,271
593,060	122,092	-	166,741	4,848,977
-	36,090	3,052,642	772,714	5,696,321
-	-	-	423,310	2,008,043
-	-	-	-	983,523
1,966,321	-	-	281	2,877,458
-	-	530,051	254,612	1,627,597
-	-	-	354,677	511,723
-	-	-	690,000	2,575,000
-	-	-	32,004	882,784
-	-	-	-	85,505
<u>2,559,381</u>	<u>158,182</u>	<u>3,582,693</u>	<u>2,705,039</u>	<u>33,804,228</u>
<u>(1,483,122)</u>	<u>1,988,620</u>	<u>(1,100,147)</u>	<u>980,514</u>	<u>(82,670)</u>
1,200,000	-	1,070,056	1,430,823	5,668,147
-	-	-	47,643	47,643
(3,340)	(1,445,497)	(644,033)	(1,252,067)	(4,960,644)
3,505,000	-	-	-	3,505,000
-	-	-	-	128,904
<u>4,701,660</u>	<u>(1,445,497)</u>	<u>426,023</u>	<u>226,399</u>	<u>4,389,050</u>
3,218,538	543,123	(674,124)	1,206,913	4,306,380
<u>2,319,917</u>	<u>3,651,788</u>	<u>(1,112,695)</u>	<u>9,958,221</u>	<u>40,233,468</u>
<u>\$ 5,538,455</u>	<u>\$ 4,194,911</u>	<u>\$ (1,786,819)</u>	<u>\$ 11,165,134</u>	<u>\$ 44,539,848</u>

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

City of Inver Grove Heights, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2017

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

Total Net Change in Fund Balances - Governmental Funds	\$ 4,306,380
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	2,318,205
Depreciation expense	(3,473,248)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Capital assets contributed from developers	116,332
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Principal repayments	2,575,000
Bonds issued	(3,505,000)
Current year amortization of deferred charges	(19,875)
Premium on bonds issued	(128,904)
Current year amortization of bond premium	60,697
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	(80,307)
Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities in the statement of activities.	
	24,502
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.	
Special assessments	(970,947)
Property taxes	(12,226)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Other postemployment benefits	(32,935)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(1,263,744)
Pension revenue from State contributions	32,696
Change in Net Position - Governmental Activities	<u>\$ (53,374)</u>

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 17,091,800	\$ 17,091,800	\$ 17,276,421	\$ 184,621
Licenses and permits	1,172,100	1,172,100	1,355,686	183,586
Intergovernmental	653,200	653,200	697,599	44,399
Charges for services	727,700	727,700	620,978	(106,722)
Fines and forfeitures	128,800	128,800	173,365	44,565
Special assessments	6,000	6,000	7,392	1,392
Investment earnings	110,700	110,700	79,380	(31,320)
Miscellaneous	101,600	101,600	68,522	(33,078)
Total Revenues	<u>19,991,900</u>	<u>19,991,900</u>	<u>20,279,343</u>	<u>287,443</u>
Expenditures				
Current				
General government	1,816,000	1,816,000	1,849,983	(33,983)
Public safety	10,009,300	10,105,400	9,837,271	268,129
Public works	4,001,600	4,061,600	3,958,174	103,426
Culture and recreation	1,903,600	1,943,600	1,834,875	108,725
Community development	1,591,700	1,591,700	1,546,943	44,757
Capital outlay				
Public safety	-	-	48,239	(48,239)
Total Expenditures	<u>19,322,200</u>	<u>19,518,300</u>	<u>19,075,485</u>	<u>442,815</u>
Excess of Revenues Over Expenditures	<u>669,700</u>	<u>473,600</u>	<u>1,203,858</u>	<u>730,258</u>
Other Financing Sources (Uses)				
Transfers in	677,000	677,000	678,659	1,659
Transfers out	<u>(1,283,700)</u>	<u>(1,283,700)</u>	<u>(1,318,700)</u>	<u>(35,000)</u>
Total Other Financing Sources (Uses)	<u>(606,700)</u>	<u>(606,700)</u>	<u>(640,041)</u>	<u>(33,341)</u>
Net Change in Fund Balances	63,000	(133,100)	563,817	696,917
Fund Balances, January 1	<u>9,615,928</u>	<u>9,615,928</u>	<u>9,615,928</u>	-
Fund Balances, December 31	<u>\$ 9,678,928</u>	<u>\$ 9,482,828</u>	<u>\$ 10,179,745</u>	<u>\$ 696,917</u>

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Center Special Revenue Fund
For the Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	\$ 2,336,400	\$ 2,336,400	\$ 2,235,649	\$ (100,751)
Investment earnings	-	-	(683)	(683)
Miscellaneous	235,200	235,200	247,580	12,380
Total Revenues	<u>2,571,600</u>	<u>2,571,600</u>	<u>2,482,546</u>	<u>(89,054)</u>
Expenditures				
Current				
Culture and recreation	3,082,000	3,082,000	3,052,642	29,358
Capital outlay				
Culture and recreation	206,300	721,300	530,051	191,249
Total Expenditures	<u>3,288,300</u>	<u>3,803,300</u>	<u>3,582,693</u>	<u>220,607</u>
Deficiency of Revenues Under Expenditures	<u>(716,700)</u>	<u>(1,231,700)</u>	<u>(1,100,147)</u>	<u>131,553</u>
Other Financing Sources (Uses)				
Transfers in	716,700	1,231,700	1,070,056	(161,644)
Transfers out	-	-	(644,033)	(644,033)
Total Other Financing Sources (Uses)	<u>716,700</u>	<u>1,231,700</u>	<u>426,023</u>	<u>(805,677)</u>
Net Change in Fund Balances	-	-	(674,124)	(674,124)
Fund Balances, January 1	<u>(1,112,695)</u>	<u>(1,112,695)</u>	<u>(1,112,695)</u>	-
Fund Balances, December 31	<u>\$ (1,112,695)</u>	<u>\$ (1,112,695)</u>	<u>\$ (1,786,819)</u>	<u>\$ (674,124)</u>

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued on the Following Page)
Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Assets					
Current Assets					
Cash and temporary investments	\$ 8,207,069	\$ 5,301,167	\$ 422,291	\$ 13,930,527	\$ 13,544,224
Cash held with fiscal agent	-	5,599,358	-	5,599,358	-
Receivables					
Accrued interest	47,641	54,976	2,236	104,853	56,880
Accounts	654,559	618,570	525	1,273,654	17,014
Special assessments	54,400	50,811	-	105,211	-
Due from other funds	-	-	-	-	3,945,584
Inventories	-	-	1,351	1,351	56,173
Prepaid items	-	23	3,857	3,880	777,206
Total Current Assets	8,963,669	11,624,905	430,260	21,018,834	18,397,081
Noncurrent Assets					
Capital assets					
Land	461,598	556,452	1,862,355	2,880,405	209,122
Construction in progress	4,076,387	5,609,373	-	9,685,760	-
Buildings and systems	48,033,828	35,021,507	920,412	83,975,747	17,409,502
Improvements other than buildings	98,108	39,924	4,507,754	4,645,786	240,717
Machinery and equipment	335,497	26,519	1,024,517	1,386,533	10,686,613
Less accumulated depreciation	(18,804,841)	(12,306,158)	(5,121,365)	(36,232,364)	(9,563,900)
Total Capital Assets (Net of Accumulated Depreciation)	34,200,577	28,947,617	3,193,673	66,341,867	18,982,054
Total Assets	43,164,246	40,572,522	3,623,933	87,360,701	37,379,135
Deferred Outflows of Resources					
Deferred charge on refunding	-	212,549	-	212,549	-
Deferred pension resources	94,983	61,548	113,530	270,061	145,886
Total Deferred Outflows of Resources	94,983	274,097	113,530	482,610	145,886

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Liabilities					
Current Liabilities					
Accounts and contracts payable	\$ 76,727	\$ -	\$ 20,929	\$ 97,656	\$ 49,980
Accrued salaries payable	21,071	10,706	16,540	48,317	28,993
Due to other governments	59,658	240,723	478	300,859	546
Due to other funds	-	-	2,047,700	2,047,700	-
Accrued interest payable	20,167	257,370	-	277,537	-
Deposits payable	-	-	60,106	60,106	-
Unearned revenue	133,590	209,926	-	343,516	-
Compensated absences payable - current portion	34,559	20,033	33,394	87,986	804,650
Bonds payable - current portion	850,000	790,000	-	1,640,000	-
Total Current Liabilities	1,195,772	1,528,758	2,179,147	4,903,677	884,169
Noncurrent Liabilities					
Compensated absences payable	71,783	45,068	68,849	185,700	1,145,075
Bonds payable	1,610,202	19,947,225	-	21,557,427	-
Pension liability	375,219	243,137	448,489	1,066,845	576,304
Other postemployment benefits payable	8,834	5,761	11,783	26,378	-
Total Noncurrent Liabilities	2,066,038	20,241,191	529,121	22,836,350	1,721,379
Total Liabilities	3,261,810	21,769,949	2,708,268	27,740,027	2,605,548
Deferred Inflows of Resources					
Deferred pension resources	91,147	59,062	108,946	259,155	139,995
Net Position					
Net investment in capital assets	31,740,375	14,202,807	3,193,673	49,136,855	18,982,054
Unrestricted	8,165,897	4,814,801	(2,273,424)	10,707,274	15,797,424
Total Net Position	\$ 39,906,272	\$ 19,017,608	\$ 920,249	\$ 59,844,129	\$ 34,779,478

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Operating Revenues					
Charges for services					
Water sales	\$ 2,964,683	\$ -	\$ -	\$ 2,964,683	\$ -
Sewer charges	-	3,419,279	-	3,419,279	-
Late fees	64,480	41,313	-	105,793	-
Water meter sales	22,648	-	-	22,648	-
Foot golf	-	-	5,336	5,336	-
Green fees	-	-	789,272	789,272	-
Golf cart rentals	-	-	325,736	325,736	-
Practice center	-	-	116,613	116,613	-
Golf shop	-	-	63,459	63,459	-
Food and beverage	-	-	135,894	135,894	-
Other	-	-	30,370	30,370	5,162,456
Total Operating Revenues	<u>3,051,811</u>	<u>3,460,592</u>	<u>1,466,680</u>	<u>7,979,083</u>	<u>5,162,456</u>
Operating Expenses					
Personnel services	601,701	389,424	873,024	1,864,149	1,111,438
Other current expenses	1,100,865	2,548,930	2,809,217	6,459,012	2,452,665
Depreciation	968,851	678,407	219,332	1,866,590	1,604,686
Total Operating Expenses	<u>2,671,417</u>	<u>3,616,761</u>	<u>3,901,573</u>	<u>10,189,751</u>	<u>5,168,789</u>
Operating Income (Loss)	<u>380,394</u>	<u>(156,169)</u>	<u>(2,434,893)</u>	<u>(2,210,668)</u>	<u>(6,333)</u>
Nonoperating Revenues (Expenses)					
Investment earnings	104,760	96,861	3,613	205,234	154,051
Miscellaneous revenues	6,029	2,088	680	8,797	84,785
Gain on sale of capital assets	-	-	-	-	41,473
Interest and amortization expense	(34,081)	(608,699)	-	(642,780)	-
Bond issuance costs	-	(39,825)	-	(39,825)	-
Total Nonoperating Revenues (Expenses)	<u>76,708</u>	<u>(549,575)</u>	<u>4,293</u>	<u>(468,574)</u>	<u>280,309</u>
Income (Loss) Before Contributions and Transfers	457,102	(705,744)	(2,430,600)	(2,679,242)	273,976
Capital Contributions	680,842	711,254	-	1,392,096	-
Transfers In	-	551,752	100,000	651,752	-
Transfers Out	<u>(788,169)</u>	<u>(321,612)</u>	<u>-</u>	<u>(1,109,781)</u>	<u>(249,474)</u>
Change in Net Position	349,775	235,650	(2,330,600)	(1,745,175)	24,502
Net Position, January 1	<u>39,556,497</u>	<u>18,781,958</u>	<u>3,250,849</u>	<u>61,589,304</u>	<u>34,754,976</u>
Net Position, December 31	<u>\$ 39,906,272</u>	<u>\$ 19,017,608</u>	<u>\$ 920,249</u>	<u>\$ 59,844,129</u>	<u>\$ 34,779,478</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued on the Following Page)
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 3,027,469	\$ 3,472,828	\$ 1,486,728	\$ 7,987,025	\$ 5,145,442
Other operating receipts	5,893	2,000	514	8,407	48,563
Payments to suppliers	(1,037,468)	(2,504,933)	(512,254)	(4,054,655)	(2,363,818)
Payments to employees	(572,385)	(377,735)	(845,326)	(1,795,446)	(874,669)
Net Cash Provided (Used) by Operating Activities	<u>1,423,509</u>	<u>592,160</u>	<u>129,662</u>	<u>2,145,331</u>	<u>1,955,518</u>
Cash Flows from Noncapital Financing Activities					
Receipts on interfund balances	-	-	-	-	66,406
Payments on interfund balances	-	-	(29,603)	(29,603)	(672,745)
Transfers from other funds	-	551,752	100,000	651,752	-
Transfers to other funds	(788,169)	(321,612)	-	(1,109,781)	(249,474)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(788,169)</u>	<u>230,140</u>	<u>70,397</u>	<u>(487,632)</u>	<u>(855,813)</u>
Cash Flows from Capital and Related Financing Activities					
Connection fees received	625,827	633,932	-	1,259,759	-
Special assessments received	7,442	21,934	-	29,376	-
Acquisition of capital assets	(2,117,695)	(1,414,267)	(64,558)	(3,596,520)	(2,062,055)
Proceeds from sale of capital assets	-	-	-	-	41,473
Proceeds of refunding bonds issued	-	5,744,598	-	5,744,598	-
Interest paid on debt	(57,324)	(559,112)	-	(616,436)	-
Principal paid on bonds	(845,000)	(715,000)	-	(1,560,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,386,750)</u>	<u>3,712,085</u>	<u>(64,558)</u>	<u>1,260,777</u>	<u>(2,020,582)</u>
Cash Flows from Investing Activities					
Investment earnings	<u>111,862</u>	<u>76,152</u>	<u>3,422</u>	<u>191,436</u>	<u>174,222</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,639,548)	4,610,537	138,923	3,109,912	(746,655)
Cash and Cash Equivalents, January 1	<u>9,846,617</u>	<u>6,289,988</u>	<u>283,368</u>	<u>16,419,973</u>	<u>14,290,879</u>
Cash and Cash Equivalents, December 31	<u>\$ 8,207,069</u>	<u>\$ 10,900,525</u>	<u>\$ 422,291</u>	<u>\$ 19,529,885</u>	<u>\$ 13,544,224</u>
Reconciliation to the Proprietary Funds Statement of Net Position					
Cash and temporary investments	\$ 8,207,069	\$ 5,301,167	\$ 422,291	\$ 13,930,527	\$ 13,544,224
Cash held with fiscal agent	-	5,599,358	-	5,599,358	-
Total Cash and Cash Equivalents	<u>\$ 8,207,069</u>	<u>\$ 10,900,525</u>	<u>\$ 422,291</u>	<u>\$ 19,529,885</u>	<u>\$ 13,544,224</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 380,394	\$ (156,169)	\$ (2,434,893)	\$ (2,210,668)	\$ (6,333)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	968,851	678,407	219,332	1,866,590	1,604,686
Loss on disposal of capital assets	-	-	2,286,884	2,286,884	107,849
Other income related to operations	6,029	2,088	680	8,797	84,785
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	(43,183)	(18,678)	2,493	(59,368)	(17,014)
Inventories	-	-	3,365	3,365	(2,081)
Prepaid items	23	(23)	1,214	1,214	21,076
Deferred pension resources	72,256	48,755	85,900	206,911	101,660
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts and contracts payable	43,082	(147,352)	5,507	(98,763)	(37,480)
Accrued salaries payable	3,281	(453)	1,165	3,993	238
Due to other governments	20,292	191,372	(7)	211,657	(517)
Deposits payable	-	-	17,555	17,555	-
Unearned revenue	18,841	30,914	-	49,755	-
Compensated absences payable	15,431	9,430	13,077	37,938	166,224
Pension liability	(92,115)	(65,080)	(108,957)	(266,152)	(115,479)
Other postemployment benefits payable	1,388	912	1,627	3,927	-
Deferred pension resources	28,939	18,037	34,720	81,696	47,904
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,423,509</u>	<u>\$ 592,160</u>	<u>\$ 129,662</u>	<u>\$ 2,145,331</u>	<u>\$ 1,955,518</u>
Schedule of Noncash Capital and Related Financing Activities					
Capital contributions	\$ 52,188	\$ 75,827	\$ -	\$ 128,015	\$ -
Amortization of bond premium	16,201	28,890	-	45,091	-
Amortization of deferred charges on refunding	-	19,177	-	19,177	-
Net disposal of capital assets	-	-	2,286,884	2,286,884	107,849

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

City of Inver Grove Heights, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	<u>Agency</u>
Assets	
Cash and temporary investments	<u>\$ 1,233,245</u>
Liabilities	
Accounts payable	\$ 31,123
Deposits payable	<u>1,202,122</u>
Total Liabilities	<u>\$ 1,233,245</u>

Third Draft

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

The *Closed Bond, Local Improvement Construction, Pavement Management, and Host Community funds* are capital project funds that account for improvement revenues and expenditures from replacement funds set aside for capital improvements.

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, this fund is not incorporated into the government-wide statements. The City accounts for the following agency activity: escrow activity. The escrow agency fund accounts for various deposits, collections and remittances of expenses on behalf of developers and homeowners.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

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

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

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

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

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 Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

The City has the following recurring fair value measurements as of December 31, 2017:

- Government agency and treasury securities of \$15,671,739 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits, mortgage backed securities, and municipal bonds of \$49,852,712 are valued using a matrix pricing model (Level 2 inputs)

Property Taxes

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

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

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

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts billed for services, such as water, sewer, storm water and nuisance charges, provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2017. The City annually certifies delinquent water, sewer, storm water and nuisance accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

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

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements. At December 31, 2017, the total delinquent special assessment receivable balance is \$21,413.

Interfund Receivables and Payables

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items

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

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

Land Held for Resale

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

Capital Assets

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

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

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

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

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the statement of net position of the government-wide and proprietary fund financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

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

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 45, at January 1, 2016. The General fund is typically used to liquidate governmental other postemployment benefits payable.

In 2008, the City implemented the requirement of a new accounting pronouncement, GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. An actuarial valuation was calculated to determine the City's annual required contribution (ARC) liability. At that time the City deemed the ARC liability to be immaterial; however, based on the 2015 actuarial valuation, liabilities for other postemployment benefits have since been recorded. The liability is typically liquidated through the General fund, Water fund, Sewer fund, and Golf Course fund.

Long-term Obligations

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

In 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.

Pensions

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Net Position

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

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

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

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

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

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

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

Budgeted amounts are reported as originally adopted, as well as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end. Any unencumbered appropriations that need to be carried forward to the next year must be reappropriated by the City Council from the fund balance.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 2: Stewardship, Compliance and Accountability (Continued)

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

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

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations in the following special revenue funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Nonmajor			
Recreation	\$ 637,900	\$ 642,494	\$ 4,594
Economic Development Authority	94,400	487,767	393,367

The excess of expenditures over appropriations for the Economic Development Authority was funded by actual transfers in. The Recreation fund was funded by excess revenues and fund balance.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Equity

The following fund had a fund equity deficit at December 31, 2017:

Fund	Amount
Major	
Community Center	\$ 1,786,819

The fund deficit is expected to be eliminated with future fund revenues or transfers from other funds.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$12,556,537 and the bank balance was \$13,028,283. Of the bank balance, \$510,000 was covered by federal depository insurance. The remaining bank balance was covered by collateral held by the City's agent in the City's name.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

Investments

At year end, the City's investment balances were as follows:

Types of Investments	Credit	Segmented	Amount	Fair Value Measurement Using		
	Quality/ Ratings (1)	Time Distribution (2)		Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market Funds	N/A	less than 6 months	\$ 29,745			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	less than 6 months	1,038,823	\$ -	\$ 1,038,823	\$ -
Negotiable Certificates of Deposits	N/A	6 months to 1 year	977,047	-	977,047	-
Negotiable Certificates of Deposits	N/A	1 to 3 years	3,758,553	-	3,758,553	-
Negotiable Certificates of Deposits	N/A	more than 3 years	2,046,148	-	2,046,148	-
Government Agency Securities	AA+	less than 6 months	978,880	978,880	-	-
Government Agency Securities	AA+	more than 3 years	670,286	670,286	-	-
Mortgage Backed Securities	AAA	6 months to 1 year	4,988,025	-	4,988,025	-
Mortgage Backed Securities	AAA	1 to 3 years	5,256,012	-	5,256,012	-
Mortgage Backed Securities	AAA	more than 3 years	1,048,982	-	1,048,982	-
Municipal Bonds	AAA	less than 6 months	999,200	-	999,200	-
Municipal Bonds	AAA	6 months to 1 year	847,204	-	847,204	-
Municipal Bonds	AAA	1 to 3 years	988,740	-	988,740	-
Municipal Bonds	AAA	more than 3 years	729,050	-	729,050	-
Municipal Bonds	AA+	less than 6 months	-	-	-	-
Municipal Bonds	AA+	1 to 3 years	1,734,521	-	1,734,521	-
Municipal Bonds	AA+	more than 3 years	500,985	-	500,985	-
Municipal Bonds	AA	less than 6 months	-	-	-	-
Municipal Bonds	AA	1 to 3 years	994,690	-	994,690	-
Municipal Bonds	AA	more than 3 years	356,587	-	356,587	-
Municipal Bonds	A+	1 to 3 years	-	-	-	-
Municipal Bonds	AA-	6 months to 1 year	-	-	-	-
Municipal Bonds	AA-	1 to 3 years	3,341,586	-	3,341,586	-
Municipal Bonds	A1	1 to 3 years	992,530	-	992,530	-
Municipal Bonds	A2	more than 3 years	1,947,060	-	1,947,060	-
Municipal Bonds	Aa1	1 to 3 years	4,972,466	-	4,972,466	-
Municipal Bonds	Aa1	more than 3 years	1,176,420	-	1,176,420	-
Municipal Bonds	Aa2	less than 6 months	2,998,010	-	2,998,010	-
Municipal Bonds	Aa2	6 months to 1 year	3,515,825	-	3,515,825	-
Municipal Bonds	Aa2	1 to 3 years	1,845,751	-	1,845,751	-
Municipal Bonds	Aa2	more than 3 years	2,046,890	-	2,046,890	-
Municipal Bonds	Aa3	less than 6 months	425,085	-	425,085	-
Municipal Bonds	Aa3	6 months to 1 year	326,522	-	326,522	-
Municipal Bonds	AA-	more than 3 years	-	-	-	-
Treasury Securities	N/A	less than 6 months	8,568,694	8,568,694	-	-
Treasury Securities	N/A	6 months to 1 year	78,738	78,738	-	-
Treasury Securities	N/A	1 to 3 years	5,375,141	5,375,141	-	-
Total Investments			\$ 65,554,196	\$ 15,671,739	\$ 49,852,712	\$ -

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

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

N/A Indicates not applicable or available.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

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

- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City will not directly invest more than five percent (5 percent) of the total portfolio in securities maturing more than five (5) years from the date of purchase, unless matched to a specific cash flow. The City was not exposed to interest rate risks due to the fact that their investments are not exposed to highly sensitive changes in interest rates.
- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 64 of the notes to the financial statements. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Concentration of Credit Risk*. Concentration of credit risk is defined as positions of five percent (5 percent) or more in the securities of a single issuer. The City's investment policy does not allow for an investment in any issuer or security type (except U.S. Treasury Bonds) that is in excess of fifty percent (50 percent) of the City's total investments. As of December 31, 2017, the following issuer exceeded 5 percent of the City's total investments: FNMA (9.55 percent).
- *Custodial Credit Risk- Deposits*. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota statutes and the City's investment policy states that in order to provide a level of security for all funds, the collateralization level will be 110 percent of market value not covered by insurance. As of December 31, 2017, all of the City's bank balance was covered by federal depository insurance or by perfected collateral held by the City's agent in the City's name.
- *Custodial Credit Risk - Investments*. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of December 31, 2017, all securities were held by the City or its agent in the City's name. The City does not have an investment policy for custodial credit risk.

The City's investments held by a broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2017. However, each investment brokerage firm may have a limit to their supplemental insurance coverage and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits; the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

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

Carrying Amount of Deposits	\$ 12,556,537
Investments	65,554,196
Petty Cash	<u>17,550</u>
 Total	 <u><u>\$ 78,128,283</u></u>
 As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	\$ 62,742,449
Cash held with fiscal agent	14,152,589
Fiduciary statement of net position	
Cash and temporary investments	<u>1,233,245</u>
 Total	 <u><u>\$ 78,128,283</u></u>

B. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 30,693,007	\$ 28,180	\$ -	\$ 30,721,187
Construction in progress	9,366,082	3,149,306	(4,102,766)	8,412,622
Total Capital Assets not being Depreciated	<u>40,059,089</u>	<u>3,177,486</u>	<u>(4,102,766)</u>	<u>39,133,809</u>
 Capital Assets, being Depreciated				
Infrastructure	101,249,584	3,065,057	-	104,314,641
Buildings and systems	36,871,044	184,998	(73,399)	36,982,643
Improvements other than buildings	8,663,581	61,521	(20,054)	8,705,048
Machinery and equipment	11,462,027	1,464,412	(1,343,441)	11,582,998
Total Capital Assets being Depreciated	<u>158,246,236</u>	<u>4,775,988</u>	<u>(1,436,894)</u>	<u>161,585,330</u>
 Less Accumulated Depreciation for				
Infrastructure	(51,384,743)	(2,333,066)	-	(53,717,809)
Buildings and systems	(18,019,621)	(1,429,780)	73,399	(19,376,002)
Improvements other than buildings	(4,533,795)	(347,982)	20,054	(4,861,723)
Machinery and equipment	(7,560,505)	(967,106)	1,235,592	(7,292,019)
Total Accumulated Depreciation	<u>(81,498,664)</u>	<u>(5,077,934)</u>	<u>1,329,045</u>	<u>(85,247,553)</u>
 Total Capital Assets being Depreciated, Net	 <u>76,747,572</u>	 <u>(301,946)</u>	 <u>(107,849)</u>	 <u>76,337,777</u>
 Governmental Activities Capital Assets, Net	 <u><u>\$ 116,806,661</u></u>	 <u><u>\$ 2,875,540</u></u>	 <u><u>\$ (4,210,615)</u></u>	 <u><u>\$ 115,471,586</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

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

General Government	\$ 658,803
Public Safety	290,638
Public Works	2,890,908
Culture and Recreation	1,222,558
Community development	<u>15,027</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 5,077,934</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 2,880,405	\$ -	\$ -	\$ 2,880,405
Construction in progress	<u>9,310,932</u>	<u>3,347,863</u>	<u>(2,973,035) *</u>	<u>9,685,760</u>
Total Capital Assets not being Depreciated	<u>12,191,337</u>	<u>3,347,863</u>	<u>(2,973,035)</u>	<u>12,566,165</u>
Capital Assets being Depreciated				
Buildings and systems	82,952,848	1,022,899	-	83,975,747
Improvements other than buildings	4,605,862	39,924	-	4,645,786
Machinery and equipment	<u>1,386,533</u>	<u>-</u>	<u>-</u>	<u>1,386,533</u>
Total Capital Assets being Depreciated	<u>88,945,243</u>	<u>1,062,823</u>	<u>-</u>	<u>90,008,066</u>
Less Accumulated Depreciation for				
Buildings and systems	(29,793,665)	(1,662,504)	-	(31,456,169)
Improvements other than buildings	(3,522,195)	(143,733)	-	(3,665,928)
Machinery and equipment	<u>(1,049,914)</u>	<u>(60,353)</u>	<u>-</u>	<u>(1,110,267)</u>
Total Accumulated Depreciation	<u>(34,365,774)</u>	<u>(1,866,590)</u>	<u>-</u>	<u>(36,232,364)</u>
Total Capital Assets being Depreciated, Net	<u>54,579,469</u>	<u>(803,767)</u>	<u>-</u>	<u>53,775,702</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 66,770,806</u></u>	<u><u>\$ 2,544,096</u></u>	<u><u>\$ (2,973,035)</u></u>	<u><u>\$ 66,341,867</u></u>

* The decrease in construction in progress is greater than the increase in capital assets due to reclassification of construction in progress as repairs and maintenance.

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

Water	\$ 968,851
Sewer	678,407
Golf Course	<u>219,332</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 1,866,590</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

C. Construction Commitments

The City has the following construction commitments at December 31, 2017 as follows:

Project	Spent to date	Remaining Commitment
60th Street Area Reconstruction (Project 1609D)	\$ 1,498,284	\$ 83,807
60th Street Area Utility Improvements (Project 1610)	179,952	18,868
NWA Trunk Watermain Improvement 65th Street (Project 1512)	148,243	8,123
Bancroft Way Area Reconstruction (Project 1609E)	1,175,685	152,594
NWA Trunk Utility Improvement - Argenta District (Project 1513)	3,067,680	58,776
NWA Trunk Utility Improvement - Argenta District (Project 1516)	3,374,207	165,695
NWA Trunk Watermain Improvement - 65th St (Phase II) (Project 1702)	1,385,438	150,576

D. Long-term Debt

General Obligation (G.O.) Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Bonds, Series 2009A	\$ 9,900,000	2.00 - 4.38 %	06/03/09	02/01/34	\$ 8,725,000
G.O. Bonds, Series 2015A	7,745,000	2.00 - 3.00	09/17/15	02/01/31	7,345,000
G.O. Refunding Capital Bonds, Series 2016A	8,515,000	2.75 - 3.00	12/29/16	02/01/34	8,515,000
Total G.O. Bonds					<u>\$ 24,585,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 9,195,000	\$ 619,122	\$ 9,814,122
2019	805,000	428,663	1,233,663
2020	835,000	408,888	1,243,888
2021	875,000	388,138	1,263,138
2022	915,000	363,763	1,278,763
2023-2027	5,205,000	1,369,988	6,574,988
2028-2032	5,340,000	576,019	5,916,019
2033-2034	1,415,000	42,825	1,457,825
Total	<u>\$ 24,585,000</u>	<u>\$ 4,197,406</u>	<u>\$ 28,782,406</u>

City of Inver Grove Heights, Minnesota

Notes to the Financial Statements

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

G.O. Improvement (Special Assessment) Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2010B	\$ 4,885,000	2.00 - 3.13 %	10/06/10	02/01/27	\$ 3,080,000
G.O. Refunding Bonds, Series 2010C	905,000	2.00 - 2.35	10/06/10	02/01/18	75,000
G.O. Improvement Refunding Bonds, Series 2011A	1,075,000	2.00	08/18/11	02/01/18	165,000
G.O. Improvement Refunding Bonds, Series 2014B	2,415,000	2.00	12/30/14	02/01/20	1,530,000
G.O. Improvement Bonds, Series 2017B	3,505,000	2.00 - 3.00	12/11/17	02/01/33	<u>3,505,000</u>
Total G.O. Special Assessment Bonds					<u>\$ 8,355,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 1,265,000	\$ 169,632	\$ 1,434,632
2019	1,020,000	184,306	1,204,306
2020	840,000	160,069	1,000,069
2021	615,000	139,419	754,419
2022	625,000	120,819	745,819
2023-2027	2,570,000	366,960	2,936,960
2028-2032	1,175,000	101,256	1,276,256
2033	245,000	3,063	248,063
Total	<u>\$ 8,355,000</u>	<u>\$ 1,245,524</u>	<u>\$ 9,600,524</u>

G.O. Tax Increment Bonds

The following bonds were issued for redevelopment projects. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Refunding Bonds, Series 2011A	\$ 3,430,000	2.00 - 2.25 %	08/08/11	02/01/19	<u>\$ 1,115,000</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 555,000	\$ 18,150	\$ 573,150
2019	560,000	6,300	566,300
Total	<u>\$ 1,115,000</u>	<u>\$ 24,450</u>	<u>\$ 1,139,450</u>

G.O. Revenue Bonds

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

					Water	Sewer
Net Operating Revenues					\$ 3,051,811	\$ 3,460,592
Principal and Interest					902,324	1,274,112
Percentage of Revenues					29.57 %	36.82 %
Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End	
G.O. Sewer Revenue Bonds, Series 2010A	\$ 6,865,000	2.00 - 4.00 %	10/06/10	02/01/36	\$ 5,970,000	
G.O. Utility Revenue Refunding Bonds, Series 2012A	5,315,000	2.00 - 2.15	04/24/12	02/01/22	2,390,000	
G.O. Sewer Revenue Refunding Bonds, Series 2014B	5,015,000	2.00 - 3.00	12/30/14	02/01/20	4,655,000	
G.O. Sewer Revenue Bonds, Series 2015B	4,185,000	3.00 - 4.00	09/17/15	02/01/31	4,025,000	
G.O. Sewer Refunding Revenue Bonds, Series 2017A	5,685,000	1.50 - 3.00	01/12/17	02/01/36	<u>5,685,000</u>	
Total G.O. Revenue Bonds					<u>\$ 22,725,000</u>	

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 1,640,000	\$ 646,850	\$ 2,286,850
2019	6,680,000	515,663	7,195,663
2020	1,230,000	387,713	1,617,713
2021	1,270,000	355,163	1,625,163
2022	1,305,000	321,288	1,626,288
2023-2027	4,995,000	1,167,281	6,162,281
2028-2032	4,005,000	453,237	4,458,237
2033-2036	1,600,000	89,374	1,689,374
Total	<u>\$ 22,725,000</u>	<u>\$ 3,936,569</u>	<u>\$ 26,661,569</u>

Third Draft

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2017 was as follows:

Governmental Activities

Bonds Payable

G.O. bonds	\$ 25,315,000	\$ -	\$ (730,000)	\$ 24,585,000	\$ 9,195,000
G.O. special					
assessment bonds	6,145,000	3,505,000	(1,295,000)	8,355,000	1,265,000
G.O. tax increment bonds	1,665,000	-	(550,000)	1,115,000	555,000
Bond premium	533,957	128,904	(60,697)	602,164	-
Total Bonds Payable	33,658,957	3,633,904	(2,635,697)	34,657,164	11,015,000
Compensated Absences Payable	1,783,501	892,861	(743,728)	1,949,725	804,650
Pension Liability					
GERF	7,306,156	2,919,400	(4,359,449)	5,866,107	-
PEPFF	13,323,738	9,422,211	(18,128,542)	4,617,407	-
Other Postemployment					
Benefits Payable	185,365	79,582	(46,647)	218,300	-

Governmental Activity

Long-term Liabilities	<u>\$ 56,257,717</u>	<u>\$ 16,947,958</u>	<u>\$ (25,914,063)</u>	<u>\$ 47,308,703</u>	<u>\$ 11,819,650</u>
-----------------------	----------------------	----------------------	------------------------	----------------------	----------------------

Business-type Activities

Bonds Payable

G.O. revenue bonds	\$ 18,600,000	\$ 5,685,000	\$ (1,560,000)	\$ 22,725,000	\$ 1,640,000
Bond premium	418,096	99,422	(45,091)	472,427	-
Total Bonds Payable	19,018,096	5,784,422	(1,605,091)	23,197,427	1,640,000
Compensated Absences Payable	235,748	203,932	(165,994)	273,686	87,986
Pension Liability					
GERF	1,332,997	941,933	(1,208,085)	1,066,845	-
Other Postemployment					
Benefits Payable	22,451	10,891	(6,964)	26,378	-

Business-type Activity

Long-term Liabilities	<u>\$ 20,609,292</u>	<u>\$ 6,941,178</u>	<u>\$ (2,986,134)</u>	<u>\$ 24,564,336</u>	<u>\$ 1,727,986</u>
-----------------------	----------------------	---------------------	-----------------------	----------------------	---------------------

Refunding Bonds

On January 12, 2017, the City issued \$5,685,000 of General Obligation Sewer Revenue Crossover Refunding Bonds, Series 2017A. The bonds bear an average coupon rate of 2.78 percent and will refund the outstanding principal of the Sewer Revenue Bonds, Series 2010A. As a result of the refunding issue, the City will save \$303,610 in debt service payments and achieve an economic gain (the present value of the difference of the old and the new debt service) of \$234,720. *

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

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

	General	Improvement Bonds	Closed Bond	Local Improvement Construction
Nonspendable				
Prepaid items	\$ 141,195	\$ -	\$ -	\$ -
Restricted for				
Debt service	-	12,425,517	-	-
Equipment acquisition	-	-	-	-
Community development	-	-	-	-
Park improvements	-	-	-	-
Capital improvements	-	-	-	2,716,023
Total Restricted	-	12,425,517	-	2,716,023
Committed to				
Convention and Visitors Bureau	-	-	-	-
Recreation	-	-	-	-
Economic development	-	-	-	-
Total Committed	-	-	-	-
Assigned to				
Capital improvements	-	-	2,061,223	-
Unassigned	10,038,550	-	-	(1,954,341)
Total	<u>\$ 10,179,745</u>	<u>\$ 12,425,517</u>	<u>\$ 2,061,223</u>	<u>\$ 761,682</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

	Pavement Management	Host Community	Community Center	Other Governmental	Total
Nonspendable					
Prepaid items	\$ -	\$ 1,000	\$ 399	\$ 16,362	\$ 158,956
Restricted for					
Debt service	-	-	-	13,426	12,438,943
Equipment acquisition	-	-	-	582,747	582,747
Community development	-	-	-	2,336,758	2,336,758
Park improvements	-	-	-	2,055,964	2,055,964
Capital improvements	145,483	-	-	-	2,861,506
Total Restricted	145,483	-	-	4,988,895	20,275,918
Committed to					
Convention and					
Visitors Bureau	-	-	-	141,603	141,603
Recreation	-	-	-	369,188	369,188
Economic development	-	-	-	228,026	228,026
Total Committed	-	-	-	738,817	738,817
Assigned to					
Capital improvements	5,392,972	4,193,911	-	5,421,060	17,069,166
Unassigned	-	-	(1,787,218)	-	6,296,991
Total	\$ 5,538,455	\$ 4,194,911	\$ (1,786,819)	\$ 11,165,134	\$ 44,539,848

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2017 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Internal Service	Golf Course	To loan funds for repairs and maintenance	\$ 2,047,700
Internal Service	Community Center	To loan funds for capital improvements	1,897,884
Host Community	Local Improvement Construction	To eliminate cash deficit	579,703
Host Community	Nonmajor governmental	To loan funds for land purchase	1,000,000
Host Community	Nonmajor governmental	To eliminate cash deficit	65,925
Host Community	Nonmajor governmental	To eliminate cash deficit	9,066
Total			\$ 5,600,278

The Internal Service Central Equipment fund made advances to the Golf Course and Community Center funds which will be paid back in annual installments. The Host Community fund made advances to the nonmajor governmental EDA fund, which will be paid back when the land for resale has sold. All other interfund loans are expected to be repaid within one year.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

The composition of interfund transfers for the year ended December 31, 2017 is as follows:

Fund	Transfer In			
	General	Improvement Bonds	Local Improvement Construction	Pavement Management
Transfer Out				
General	\$ -	\$ -	\$ -	\$ 700,000
Closed Bond	-	200,000	-	-
Pavement Management	-	-	3,340	-
Host Community	200,000	-	-	500,000
Community Center	-	-	644,033	-
Nonmajor Governmental	6,659	-	126,033	-
Water	236,000	-	417	-
Sewer	236,000	-	85,612	-
Internal Service Funds	-	-	229,174	-
Total	<u>\$ 678,659</u>	<u>\$ 200,000</u>	<u>\$ 1,088,609</u>	<u>\$ 1,200,000</u>

Fund	Transfer In				
	Community Center	Nonmajor Governmental	Sewer	Golf Course	Total
Transfer Out					
General	\$ -	\$ 618,700	\$ -	\$ -	\$ 1,318,700
Closed Bond	-	97,007	-	-	297,007
Pavement Management	-	-	-	-	3,340
Host Community	555,056	90,441	-	100,000	1,445,497
Community Center	-	-	-	-	644,033
Nonmajor Governmental	515,000	604,375	-	-	1,252,067
Water	-	-	551,752	-	788,169
Sewer	-	-	-	-	321,612
Internal Service Funds	-	20,300	-	-	249,474
Total	<u>\$ 1,070,056</u>	<u>\$ 1,430,823</u>	<u>\$ 551,752</u>	<u>\$ 100,000</u>	<u>\$ 6,319,899</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

The City annually budgets transfers for specific purposes and includes transfers to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons. The City made the following one-time non-budgeted transfers for the year ended December 31, 2017:

- A transfer from the General fund to the Pavement Management fund was adopted by resolution. The transfer was for construction projects.
- A transfer from the Closed Bond fund to the nonmajor governmental fund was adopted by resolution. The transfer was to close a fund.
- Transfers from the Pavement Management fund to the Local Improvement fund were adopted by resolution. The transfers were for construction projects.
- A transfer from the Host Community fund to the Pavement Management fund was adopted by resolution. The transfer was for construction projects.
- Transfers from the Host Community fund to the Community Center fund were budgeted and adopted by resolution. The transfers were to support operations and capital needs.
- Transfers from the Host Community fund to the nonmajor governmental funds were adopted by resolution. The transfers were for construction projects.
- Transfers from the nonmajor governmental funds to the Local Improvement Construction fund and other nonmajor governmental funds were adopted by resolution. The transfers were for construction projects.
- Transfers from the Water fund to the Local Improvement and Sewer fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Internal Service fund to the Local Improvement fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Sewer fund to the Local Improvement fund were adopted by resolution. The transfers were for construction projects.

City of Inver Grove Heights, Minnesota

Notes to the Financial Statements

December 31, 2017

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, 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 PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year 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.

PEPFF Benefits

For PEPFF 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.

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 4: Defined Benefit Pension Plans - Statewide (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.

GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2017. The City's contributions to the GERF for the years ending December 31, 2017, 2016 and 2015 were \$544,197, \$499,836 and \$488,967, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

PEPFF Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2017. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF for the years ending December 31, 2017, 2016 and 2015 were \$581,071, \$540,976 and \$499,560, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

D. Pension Costs

GERF Pension Costs

At December 31, 2017, the City reported a liability of \$6,932,952 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$87,187. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.1086 percent which was an increase of 0.0022 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$722,141 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional \$2,518 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the GERF.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

At December 31, 2017, the City reported its proportionate share of GERS's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 228,538	\$ 441,912
Changes in Actuarial Assumptions	1,151,342	695,029
Net Difference between Projected and Actual Earnings on Plan Investments	-	306,601
Changes in Proportion	100,606	240,594
Contributions to GERS Subsequent to the Measurement Date	<u>274,517</u>	<u>-</u>
Total	<u><u>\$ 1,755,003</u></u>	<u><u>\$ 1,684,136</u></u>

Deferred outflows of resources totaling \$274,517 related to pensions resulting from the City's contributions to GERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to GERS pensions will be recognized in pension expense as follows:

2018	\$ (216,156)
2019	406,156
2020	(99,359)
2021	(294,291)

PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$4,617,407 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportionate share was 0.3420 percent which was an increase of 0.0100 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$911,492 for its proportionate share of PEPFF's pension expense. The City also recognized \$30,780 for the year ended December 31, 2017 as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

At December 31, 2017, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 108,353	\$ 1,220,930
Changes in Actuarial Assumptions	6,414,482	6,555,572
Net Difference between Projected and Actual Earnings on Plan Investments	-	411,793
Changes in Proportion	168,455	-
Contributions to PEPFF Subsequent to the Measurement Date	287,875	-
Total	<u>\$ 6,979,165</u>	<u>\$ 8,188,295</u>

Deferred outflows of resources totaling \$287,875 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2018	\$ (150,316)
2019	290,683
2020	(52,881)
2021	(323,897)
2022	(1,260,594)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for the GERP through 2044 and PEPFF through 2064 and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERP was completed in 2015. The most recent five-year experience study for PEPFF was completed in 2016.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

The following changes in actuarial assumptions occurred in 2017:

GERF

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

PEPFF

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	39.00 %	5.10 %
International Stocks	19.00	5.30
Bonds	20.00	0.75
Alternative Assets	20.00	5.90
Cash	2.00	-
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota statutes. Based on these assumptions, the fiduciary net position of the GERS and PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERS	\$ 10,753,524	\$ 6,932,952	\$ 3,805,120
	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
PEPFF	\$ 8,695,925	\$ 4,617,407	\$ 1,250,366

H. Pension Plan Fiduciary Net Position

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

City of Inver Grove Heights, Minnesota

Notes to the Financial Statements

December 31, 2017

Note 5: Defined Contribution Plan

There are four City Council members that are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota statutes, chapter 353D.03, specify the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

The City's contributions to the PEDCP for the years ended December 31, 2017, 2016 and 2015 were \$1,800, \$1,800 and \$1,768, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,800	\$ 1,800	5.00%	5.00%	5.00%

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Inver Grove Heights Fire Department (the Department) are covered by a defined benefit plan administered by the Inver Grove Heights Firefighters Relief Association (the Association). As of December 31, 2016, the plan covered 63 active firefighters and 9 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

B. Benefits Provided

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

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

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$195,016 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2016, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. In addition, the City made voluntary contributions of \$25,000 to the plan.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

D. Pension Costs

At December 31, 2017, the City reported a net pension liability (asset) of (\$1,154,800) for the plan. The net pension asset was measured as of December 31, 2016. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department as of December 31, 2016. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2016	\$ 2,747,072	\$ 4,423,918	\$ (1,676,846)
Changes for the Year			
Service cost	147,752	-	147,752
Interest on pension liability (asset)	173,689	-	173,689
Assumption Changes	33,665	-	33,665
Plan Chnages	879,054		879,054
Projected investment return	-	271,808	(271,808)
Contributions (employer)	-	25,000	(25,000)
Nonemployer contributions	-	195,016	(195,016)
(Gain)/loss	(105,129)	122,761	(227,890)
Administrative expenses	-	(7,600)	7,600
Total Net Changes	1,129,031	606,985	522,046
Ending Balance December 31, 2016	\$ 3,876,103	\$ 5,030,903	\$ (1,154,800)

For the year ended December 31, 2017, the City recognized pension expense of \$1,037,029.

At December 31, 2017, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 30,604	\$ -
Net Difference between Projected and Actual Earnings on Plan Investments	214,926	95,571
Contributions to Plan Subsequent to the Measurement Date	195,234	-
Total	\$ 440,764	\$ 95,571

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

Deferred outflows of resources totaling \$195,234 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2018	\$ (75,760)
2019	(75,760)
2020	(68,443)
2021	31,046
2022	6,497
Thereafter	(158,681)

E. Actuarial Assumptions

The total pension asset at December 31, 2016 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 100 Percent at Age 50	
Salary Increases	2.50% per year
Cost of Living Increases	0.00% per year
Investment Rate of Return	5.75%
20 Year Municipal Bond Yield	3.50%

There were no changes in actuarial assumptions in 2016.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	10.00 %	2.25 %
Fixed Income	27.00	3.30
Equities	61.00	7.50
Other	2.00	6.00
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.75 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

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

G. Pension Asset Sensitivity

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

	City Proportionate Share of NPA		
	1 Percent Decrease (4.75%)	Current (5.75%)	1 Percent Increase (6.75%)
Defined Benefit Plan	\$ 1,016,161	\$ 1,154,800	\$ 1,286,997

H. Pension Plan Fiduciary Net Position

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

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

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

B. Funding Policy

Retirees receiving benefits contribute 100 percent of their premium costs. Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners, Inc. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2017, the City contributed \$56,043 to the plan. As of January 1, 2017, there were four retirees receiving health benefits from the City's health plan.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 7: Postemployment Benefits Other Than Pensions (Continued)

C. Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years using a 4.0 percent discount rate. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation to the plan.

Annual Required Contribution	\$ 96,511
Interest on Net OPEB Obligation	8,313
Adjustment to Annual Required Contribution	<u>(11,919)</u>
Annual OPEB Cost (Expense)	92,905
Contributions Made	<u>(56,043)</u>
Increase in Net OPEB Obligation	36,862
Net OPEB Obligation - January 1, 2017	<u>207,816</u>
Net OPEB Obligation - December 31, 2017	<u><u>\$ 244,678</u></u>

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

Year Ending	Three Year Trend Information			
	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/17	\$ 92,905	\$ 56,043	60.3 %	\$ 244,678
12/31/16	75,554	27,726	36.7	207,816
12/31/15	76,403	18,761	24.6	159,988

D. Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$610,231, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$8,318,280, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 7.3 percent.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 7: Postemployment Benefits Other Than Pensions (Continued)

E. Actuarial Methods and Assumptions

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

At the January 1, 2015 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 8.0 percent to 9.0 percent, long-term, similar to a pension plan) or unfunded (3.0 percent, shorter term, based on City's general assets). Both rates included a 2.5 percent inflation assumption. The post retirement benefit increase is the same as the insurance rate increase as the liability is only implicit rate. The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.25 percent initially, reduced incrementally to an ultimate rate of 5.0 percent after nine years. The UAAL is being amortized on a level percentage of projected payroll on a closed basis. The remaining amortization period was 30 years.

Note 8: Operating Agreement

In June 2016, the City entered into a use agreement with Independent School District 199, to grant the District right and privilege to use the Aquatic and Fitness Center and National Guard Armory. The use agreement will commence on January 1, 2017 and terminate on December 31, 2026. Under the use agreement, the annual fee has been determined for the next four years and for each calendar year, is payable in two equal installments on June 1 and December 31.

The net book value of the assets noted above being leased are as follows:

Asset	
Buildings	\$ 17,689,059
Less: Accumulated depreciation	<u>(15,521,756)</u>
Total	<u><u>\$ 2,167,303</u></u>

Future annual usage rates are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	\$ 250,000
2019	250,000
2020	262,500
2021	<u>275,000</u>
Total	<u><u>\$ 1,037,500</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 9: Other Information

A. Risk Management

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

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

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

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

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

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

B. Contingencies

Tax Increment Financing Districts

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

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result they are a commitment within the district but they have not met the criteria to be reported as a liability on the statement of net position.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2017

Note 9: Other Information (Continued)

C. Conduit Debt Obligations

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2017, there was one series of Housing Revenue Bonds outstanding as follows:

Series	Amount Issued	Balance Outstanding 12/31/2016
2005 Senior Housing Revenue Refunding Bonds	\$ 30,290,000	\$ 24,135,000

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

City of Inver Grove Heights, Minnesota

Required Supplementary Information
For the Year Ended December 31, 2017

Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/17	0.1086 %	\$ 6,932,952	\$ 87,187	\$ 7,020,139	\$ 6,960,481	99.6 %	75.9 %
06/30/16	0.1064	8,639,152	112,841	8,751,993	6,603,007	130.8	68.9
06/30/15	0.1083	5,612,668	-	5,612,668	6,363,706	88.2	78.2

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

Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/17	\$ 544,197	\$ 544,197	\$ -	\$ 7,255,965	7.5 %
12/31/16	499,836	499,836	-	6,664,480	7.5 %
12/31/15	488,967	488,967	-	6,519,564	7.5

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

Changes in Plan Provisions

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

Third Draft

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/17	0.3420 %	\$ 4,617,407	\$ -	\$ 4,617,407	\$ 3,506,580	131.7 %	85.4 %
06/30/16	0.3320	13,323,738	-	13,323,738	3,201,037	416.2	63.9
06/30/15	0.3310	3,760,965	-	3,760,965	3,030,956	124.1	86.6

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

Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/17	\$ 581,071	\$ 581,071	\$ -	\$ 3,586,858	16.2 %
12/31/16	540,976	540,976	-	3,339,358	16.2
12/31/15	499,560	499,560	-	3,083,704	16.2

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

Changes in Plan Provisions

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

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

	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability			
Service cost	\$ 147,752	\$ 152,797	\$ 149,070
Interest on pension liability (asset)	173,689	151,603	149,666
Changes of assumptions	33,665	-	-
Plan changes	879,054		
Differences between expected and actual experience		-	-
Loss	(105,129)	-	-
Benefit payments		(168,074)	(55,673)
Net Change in Total Pension Liability	1,129,031	136,326	243,063
Total Pension Liability - January 1	2,747,072	2,610,746	2,367,683
 Total Pension Liability - December 31 (A)	 \$ 3,876,103	 \$ 2,747,072	 \$ 2,610,746
 Plan Fiduciary Net Position			
Employer contributions	\$ 25,000	\$ 25,000	\$ 25,000
Nonemployer contributions	195,016	192,612	180,645
Projected investment return	271,808	277,385	221,943
Gain (loss)	122,761	(497,477)	-
Benefit payments	-	(168,074)	(55,673)
Administrative expenses	(7,600)	(7,700)	(6,752)
Net Change in Plan Fiduciary Net Position	606,985	(178,254)	365,163
 Plan Fiduciary Net Position - January 1	 4,423,918	 4,602,172	 4,237,009
 Plan Fiduciary Net Position - December 31 (B)	 \$ 5,030,903	 \$ 4,423,918	 \$ 4,602,172
 Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	 \$ (1,154,800)	 \$ (1,676,846)	 \$ (1,991,426)
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	 129.79%	 161.04%	 176.28%
 Covered-employee Payroll	 N/A	 N/A	 N/A
 Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	 N/A	 N/A	 N/A

Notes to Schedule:

Benefit changes. In 2015, the benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes of assumptions. There were no changes in actuarial assumptions in 2015.

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2017

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

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

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

Changes in Plan Provisions

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

2015 - There were no changes in actuarial assumptions in 2015.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/17	\$ 195,234	\$ 195,234	\$ -
12/31/16	220,016	220,016	-
12/31/15	215,612	215,612	-
12/31/14	205,645	205,645	-

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

Schedule of Funding Progress for the Other Postemployment Benefit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Rate	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/15	\$ -	\$ 610,231	\$ 610,231	- %	\$ 8,318,280	7.3 %
01/01/12	-	655,379	655,379	-	8,098,632	8.1

Note: Schedule was implemented in 2012, and therefore only contains two years of actuarial valuation dates.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

NONMAJOR GOVERNMENTAL FUNDS

Third Draft

City of Inver Grove Heights, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets				
Cash and temporary investments	\$ 568,284	\$ 11,901	\$ 10,377,830	\$ 10,958,015
Receivables				
Accrued interest	2,798	15	42,957	45,770
Taxes	9,205	1,573	9,634	20,412
Accounts	1,631	-	119,935	121,566
Special assessments	-	-	76,363	76,363
Due from other governments	166,286	-	-	166,286
Prepaid items	16,362	-	-	16,362
Land held for resale	1,138,500	-	-	1,138,500
Total Assets	\$ 1,903,066	\$ 13,489	\$ 10,626,719	\$ 12,543,274
Liabilities				
Accounts and contracts payable	\$ 33,404	\$ -	\$ 140,317	\$ 173,721
Accrued salaries payable	14,691	-	-	14,691
Due to other governments	85	-	4,405	4,490
Due to other funds	1,065,925	-	9,066	1,074,991
Deposits payable	20,305	-	-	20,305
Unearned revenue	13,477	-	-	13,477
Total Liabilities	1,147,887	-	153,788	1,301,675
Deferred Inflows of Resources				
Unavailable revenues - delinquent taxes	-	63	7,755	7,818
Unavailable revenues - special assessments	-	-	68,647	68,647
Total Deferred Inflows of Resources	-	63	76,402	76,465
Fund Balances				
Nonspendable	16,362	-	-	16,362
Restricted	-	13,426	4,975,469	4,988,895
Committed	738,817	-	-	738,817
Assigned	-	-	5,421,060	5,421,060
Total Fund Balances	755,179	13,426	10,396,529	11,165,134
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,903,066	\$ 13,489	\$ 10,626,719	\$ 12,543,274

City of Inver Grove Heights, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2017

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 133,979	\$ 23,201	\$ 1,578,679	\$ 1,735,859
Intergovernmental	427,971	-	-	427,971
Charges for services	216,795	-	862,054	1,078,849
Special assessments	-	-	76,110	76,110
Investment earnings	5,721	283	72,204	78,208
Miscellaneous	13,077	-	275,479	288,556
Total Revenues	<u>797,543</u>	<u>23,484</u>	<u>2,864,526</u>	<u>3,685,553</u>
Expenditures				
Current				
General government	-	-	10,700	10,700
Public works	-	-	166,741	166,741
Culture and recreation	767,563	-	5,151	772,714
Community development	133,090	-	290,220	423,310
Capital outlay				
Public works	-	-	281	281
Culture and recreation	-	-	254,612	254,612
Community development	354,677	-	-	354,677
Debt service				
Principal	-	690,000	-	690,000
Interest and other charges	-	32,004	-	32,004
Total Expenditures	<u>1,255,330</u>	<u>722,004</u>	<u>727,705</u>	<u>2,705,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(457,787)</u>	<u>(698,520)</u>	<u>2,136,821</u>	<u>980,514</u>
Other Financing Sources (Uses)				
Transfers in	497,341	676,382	257,100	1,430,823
Sale of capital assets	-	-	47,643	47,643
Transfers out	(6,659)	-	(1,245,408)	(1,252,067)
Total Other Financing Sources (Uses)	<u>490,682</u>	<u>676,382</u>	<u>(940,665)</u>	<u>226,399</u>
Net Change in Fund Balances	32,895	(22,138)	1,196,156	1,206,913
Fund Balances, January 1	<u>722,284</u>	<u>35,564</u>	<u>9,200,373</u>	<u>9,958,221</u>
Fund Balances, December 31	<u>\$ 755,179</u>	<u>\$ 13,426</u>	<u>\$ 10,396,529</u>	<u>\$ 11,165,134</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

NONMAJOR SPECIAL REVENUE FUNDS

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

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

Recreation accounts for recreation activities of the City.

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

Third Draft

City of Inver Grove Heights, Minnesota
Nonmajor Special Revenue Funds
Subcombining Balance Sheet
December 31, 2017

	Convention and Visitors Bureau	Recreation	Economic Development Authority	Total
Assets				
Cash and temporary investments	\$ 146,986	\$ 421,298	\$ -	\$ 568,284
Receivables				
Accrued interest	691	1,791	316	2,798
Taxes	9,205	-	-	9,205
Accounts	-	1,631	-	1,631
Due from other governments	-	-	166,286	166,286
Prepaid items	16,140	39	183	16,362
Land held for resale	-	-	1,138,500	1,138,500
Total Assets	\$ 173,022	\$ 424,759	\$ 1,305,285	\$ 1,903,066
Liabilities				
Accounts and contracts payable	\$ 15,279	\$ 7,557	\$ 10,568	\$ 33,404
Accrued salaries payable	-	14,108	583	14,691
Due to other governments	-	85	-	85
Due to other funds	-	-	1,065,925	1,065,925
Deposits payable	-	20,305	-	20,305
Unearned revenue	-	13,477	-	13,477
Total Liabilities	15,279	55,532	1,077,076	1,147,887
Fund Balances				
Nonspendable	16,140	39	183	16,362
Committed	141,603	369,188	228,026	738,817
Total Fund Balances	157,743	369,227	228,209	755,179
Total Liabilities and Fund Balances	\$ 173,022	\$ 424,759	\$ 1,305,285	\$ 1,903,066

City of Inver Grove Heights, Minnesota
Nonmajor Special Revenue Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2017

	Convention and Visitors Bureau	Recreation	Economic Development Authority	Total
Revenues				
Lodging taxes	\$ 133,979	\$ -	\$ -	\$ 133,979
Intergovernmental	7,600	4,085	416,286	427,971
Charges for services	-	216,795	-	216,795
Investment earnings	1,062	4,462	197	5,721
Miscellaneous	877	12,200	-	13,077
Total Revenues	<u>143,518</u>	<u>237,542</u>	<u>416,483</u>	<u>797,543</u>
Expenditures				
Current				
Culture and recreation	125,069	642,494	-	767,563
Community development	-	-	133,090	133,090
Capital outlay				
Community development	-	-	354,677	354,677
Total Expenditures	<u>125,069</u>	<u>642,494</u>	<u>487,767</u>	<u>1,255,330</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,449</u>	<u>(404,952)</u>	<u>(71,284)</u>	<u>(457,787)</u>
Other Financing Sources (Uses)				
Transfers in	-	359,300	138,041	497,341
Transfers out	(6,659)	-	-	(6,659)
Total Other Financing Sources (Uses)	<u>(6,659)</u>	<u>359,300</u>	<u>138,041</u>	<u>490,682</u>
Net Change in Fund Balances	11,790	(45,652)	66,757	32,895
Fund Balances, January 1	<u>145,953</u>	<u>414,879</u>	<u>161,452</u>	<u>722,284</u>
Fund Balances, December 31	<u>\$ 157,743</u>	<u>\$ 369,227</u>	<u>\$ 228,209</u>	<u>\$ 755,179</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Convention and Visitors Bureau Special Revenue Fund
For the Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Lodging taxes	\$ 111,500	\$ 111,500	\$ 133,979	\$ 22,479
Intergovernmental	7,600	7,600	7,600	-
Investment earnings	-	-	1,062	1,062
Miscellaneous	-	-	877	877
Total Revenues	119,100	119,100	143,518	24,418
Expenditures				
Current				
Culture and recreation	128,500	128,500	125,069	3,431
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,400)	(9,400)	18,449	27,849
Other Financing Uses				
Transfers out	(5,600)	(5,600)	(6,659)	(1,059)
Net Change in Fund Balances	(15,000)	(15,000)	11,790	26,790
Fund Balances, January 1	145,953	145,953	145,953	-
Fund Balances, December 31	<u>\$ 130,953</u>	<u>\$ 130,953</u>	<u>\$ 157,743</u>	<u>\$ 26,790</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Recreation Special Revenue Fund
For the Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 4,085	\$ 4,085
Charges for services	223,000	223,000	216,795	(6,205)
Investment earnings	4,600	4,600	4,462	(138)
Miscellaneous	6,000	6,000	12,200	6,200
Total Revenues	233,600	233,600	237,542	3,942
Expenditures				
Current				
Culture and recreation	637,900	637,900	642,494	(4,594)
Deficiency of Revenues Under Expenditures	(404,300)	(404,300)	(404,952)	(652)
Other Financing Sources				
Transfers in	359,300	359,300	359,300	-
Net Change in Fund Balances	(45,000)	(45,000)	(45,652)	(652)
Fund Balances, January 1	414,879	414,879	414,879	-
Fund Balances, December 31	<u>\$ 369,879</u>	<u>\$ 369,879</u>	<u>\$ 369,227</u>	<u>\$ (652)</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Economic Development Authority Special Revenue Fund
For the Year Ended December 31, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Intergovernmental	\$ -	\$ -	\$ 416,286	\$ 416,286
Investment earnings	300	300	197	(103)
Total Revenues	<u>300</u>	<u>300</u>	<u>416,483</u>	<u>416,183</u>
Expenditures				
Current				
Community development	94,400	94,400	133,090	(38,690)
Capital outlay				
Community development	-	-	354,677	(354,677)
Total Expenditures	<u>94,400</u>	<u>94,400</u>	<u>487,767</u>	<u>(393,367)</u>
Deficiency of Revenues Under Expenditures	(94,100)	(94,100)	(71,284)	22,816
Other Financing Sources				
Transfers in	<u>94,100</u>	<u>94,100</u>	<u>138,041</u>	<u>43,941</u>
Net Change in Fund Balances	-	-	66,757	66,757
Fund Balances, January 1	<u>161,452</u>	<u>161,452</u>	<u>161,452</u>	-
Fund Balances, December 31	<u>\$ 161,452</u>	<u>\$ 161,452</u>	<u>\$ 228,209</u>	<u>\$ 66,757</u>

NONMAJOR DEBT SERVICE FUNDS

Debt Service funds are used to account for the accumulation of resources for, and payment of, principal and interest and related costs on general long-term debt.

Storm Water Bonds accounts for storm water projects which are repaid primarily from watershed management district general property taxes and user fees.

Tax Increment Financing Bonds accounts for resources accumulated and payments for principal and interest on long term tax increment financing debt.

Third Draft

City of Inver Grove Heights, Minnesota
Nonmajor Debt Service Funds
Subcombining Balance Sheet
December 31, 2017

	Storm Water Bonds	Tax Increment Financing Bonds	Total
Assets			
Cash and temporary investments	\$ 11,901	\$ -	\$ 11,901
Receivables			
Accrued interest	15	-	15
Taxes	<u>1,573</u>	<u>-</u>	<u>1,573</u>
Total Assets	<u><u>\$ 13,489</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,489</u></u>
Deferred Inflows of Resources			
Unavailable revenues - delinquent taxes	\$ 63	\$ -	\$ 63
Fund Balances			
Restricted	<u>13,426</u>	<u>-</u>	<u>13,426</u>
Total Deferred Inflows of Resources and Fund Balances	<u><u>\$ 13,489</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,489</u></u>

Third Draft

City of Inver Grove Heights, Minnesota
Nonmajor Debt Service Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2017

	Storm Water Bonds	Tax Increment Financing Bonds	Total
Revenues			
Taxes	\$ 23,201	\$ -	\$ 23,201
Investment earnings	283	-	283
Total Revenues	<u>23,484</u>	<u>-</u>	<u>23,484</u>
Expenditures			
Debt service			
Principal	140,000	550,000	690,000
Interest and other charges	2,629	29,375	32,004
Total Expenditures	<u>142,629</u>	<u>579,375</u>	<u>722,004</u>
Deficiency of Revenues Under Expenditures	(119,145)	(579,375)	(698,520)
Other Financing Sources			
Transfers in	<u>97,007</u>	<u>579,375</u>	<u>676,382</u>
Net Change in Fund Balances	(22,138)	-	(22,138)
Fund Balances, January 1	<u>35,564</u>	<u>-</u>	<u>35,564</u>
Fund Balances, December 31	<u><u>\$ 13,426</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,426</u></u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

Equipment Acquisition accounts for major equipment purchases.

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

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

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

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

Storm Water Management accounts for storm water projects.

Tree Preservation accounts for financial resources assigned for tree preservation.

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

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

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

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

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

City of Inver Grove Heights, Minnesota
Nonmajor Capital Projects Funds
Subcombining Balance Sheet
December 31, 2017

	Capital Facilities	Equipment Acquisition	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	Community Property
Assets						
Cash and temporary investments	\$ 60,617	\$ 580,387	\$ 2,626,706	\$ 660,975	\$ 396,708	\$ 29,235
Receivables						
Accrued interest	2,493	2,360	10,777	2,744	1,657	146
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	24,480	-	-	-
	<u>-</u>	<u>-</u>	<u>24,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 63,110</u>	<u>\$ 582,747</u>	<u>\$ 2,661,963</u>	<u>\$ 663,719</u>	<u>\$ 398,365</u>	<u>\$ 29,381</u>
Liabilities						
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenues - delinquent taxes	-	-	-	-	-	-
Unavailable revenues - special assessments	-	-	17,070	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>17,070</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	-	582,747	2,055,964	-	-	-
Assigned	63,110	-	588,929	663,719	398,365	29,381
Total Fund Balances	<u>63,110</u>	<u>582,747</u>	<u>2,644,893</u>	<u>663,719</u>	<u>398,365</u>	<u>29,381</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 63,110</u>	<u>\$ 582,747</u>	<u>\$ 2,661,963</u>	<u>\$ 663,719</u>	<u>\$ 398,365</u>	<u>\$ 29,381</u>

Storm Water Management	Tree Preservation	Parks Capital Replacement	Americans with Disabilities Act	Community Projects	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ 1,834,188	\$ 104,965	\$ 1,221,868	\$ 138,066	\$ 219,347	\$ 31,181	\$ 2,473,587	\$ 10,377,830
7,852	810	4,588	438	960	175	7,957	42,957
-	-	-	-	-	20	9,614	9,634
119,935	-	-	-	-	-	-	119,935
1,420	-	-	-	-	50,463	-	76,363
<u>\$ 1,963,395</u>	<u>\$ 105,775</u>	<u>\$ 1,226,456</u>	<u>\$ 138,504</u>	<u>\$ 220,307</u>	<u>\$ 81,839</u>	<u>\$ 2,491,158</u>	<u>\$ 10,626,719</u>
\$ 1,928	\$ -	\$ 810	\$ -	\$ -	\$ -	\$ 137,579	\$ 140,317
4,405	-	-	-	-	-	-	4,405
-	-	-	-	-	-	9,066	9,066
6,333	-	810	-	-	-	146,645	153,788
-	-	-	-	-	-	7,755	7,755
1,114	-	-	-	-	50,463	-	68,647
1,114	-	-	-	-	50,463	7,755	76,402
-	-	-	-	-	-	2,336,758	4,975,469
1,955,948	105,775	1,225,646	138,504	220,307	31,376	-	5,421,060
1,955,948	105,775	1,225,646	138,504	220,307	31,376	2,336,758	10,396,529
<u>\$ 1,963,395</u>	<u>\$ 105,775</u>	<u>\$ 1,226,456</u>	<u>\$ 138,504</u>	<u>\$ 220,307</u>	<u>\$ 81,839</u>	<u>\$ 2,491,158</u>	<u>\$ 10,626,719</u>

City of Inver Grove Heights, Minnesota
Nonmajor Capital Projects Funds
Subcombining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2017

	Capital Facilities	Equipment Acquisition	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	Community Property
Revenues						
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-
Charges for services	-	-	265,765	-	1,480	-
Special assessments	-	-	-	-	-	-
Investment earnings	7,898	4,692	17,936	8,139	3,483	(94)
Miscellaneous	-	-	175,879	-	-	-
Total Revenues	<u>7,898</u>	<u>4,692</u>	<u>459,580</u>	<u>8,139</u>	<u>4,963</u>	<u>(94)</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public works	-	-	-	-	-	18,168
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay						
Public works	-	-	-	-	-	-
Culture and recreation	-	-	193,091	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>193,091</u>	<u>-</u>	<u>-</u>	<u>18,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,898</u>	<u>4,692</u>	<u>266,489</u>	<u>8,139</u>	<u>4,963</u>	<u>(18,262)</u>
Other Financing Sources (Uses)						
Transfers in	-	15,300	-	-	-	-
Sale of capital assets	-	-	-	-	-	47,643
Transfers out	(540,000)	-	(12,518)	-	(3,003)	-
Total Other Financing Sources (Uses)	<u>(540,000)</u>	<u>15,300</u>	<u>(12,518)</u>	<u>-</u>	<u>(3,003)</u>	<u>47,643</u>
Net Change in Fund Balances	(532,102)	19,992	253,971	8,139	1,960	29,381
Fund Balances, January 1	<u>595,212</u>	<u>562,755</u>	<u>2,390,922</u>	<u>655,580</u>	<u>396,405</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 63,110</u>	<u>\$ 582,747</u>	<u>\$ 2,644,893</u>	<u>\$ 663,719</u>	<u>\$ 398,365</u>	<u>\$ 29,381</u>

Storm Water Management	Tree Preservation	Parks Capital Replacement	Americans with Disabilities Act	Community Projects	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,578,646	\$ 1,578,646
-	-	-	-	-	33	-	33
594,809	-	-	-	-	-	-	862,054
1,270	-	-	-	-	74,840	-	76,110
9,815	465	7,566	418	2,352	-	9,534	72,204
-	99,600	-	-	-	-	-	275,479
605,894	100,065	7,566	418	2,352	74,873	1,588,180	2,864,526
-	-	-	-	10,700	-	-	10,700
127,640	-	-	-	20,933	-	-	166,741
-	-	5,151	-	-	-	-	5,151
-	-	-	-	-	-	290,220	290,220
-	-	-	281	-	-	-	281
-	-	61,521	-	-	-	-	254,612
127,640	-	66,672	281	31,633	-	290,220	727,705
478,254	100,065	(59,106)	137	(29,281)	74,873	1,297,960	2,136,821
-	-	200,000	41,800	-	-	-	257,100
-	-	-	-	-	-	-	47,643
(110,512)	-	-	-	-	-	(579,375)	(1,245,408)
(110,512)	-	200,000	41,800	-	-	(579,375)	(940,665)
367,742	100,065	140,894	41,937	(29,281)	74,873	718,585	1,196,156
1,588,206	5,710	1,084,752	96,567	249,588	(43,497)	1,618,173	9,200,373
\$ 1,955,948	\$ 105,775	\$ 1,225,646	\$ 138,504	\$ 220,307	\$ 31,376	\$ 2,336,758	\$ 10,396,529

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Property taxes	\$ 16,988,400	\$ 16,988,400	\$ 17,168,980	\$ 180,580	\$ 15,974,404
Cable franchise fees	103,400	103,400	107,441	4,041	103,406
Total taxes	17,091,800	17,091,800	17,276,421	184,621	16,077,810
Licenses and permits					
Business	1,165,300	1,165,300	1,347,418	182,118	1,129,387
Nonbusiness	6,800	6,800	8,268	1,468	3,734
Total licenses and permits	1,172,100	1,172,100	1,355,686	183,586	1,133,121
Intergovernmental					
Federal					
Other	22,100	22,100	484	(21,616)	5,666
State					
Property tax credits	-	-	-	-	3,635
Police and fire aid	472,900	472,900	526,614	53,714	487,267
PERA aid	20,200	20,200	20,190	(10)	20,190
County	55,000	55,000	53,922	(1,078)	56,615
Local	83,000	83,000	96,389	13,389	102,756
Total intergovernmental	653,200	653,200	697,599	44,399	676,129
Charges for services					
General government	4,500	4,500	7,302	2,802	16,815
Public safety	97,300	97,300	60,550	(36,750)	62,543
Public works	353,600	353,600	302,646	(50,954)	316,896
Rentals	245,900	245,900	221,867	(24,033)	245,488
Community development	26,400	26,400	28,613	2,213	18,862
Total charges for services	727,700	727,700	620,978	(106,722)	660,604
Fines and forfeitures	128,800	128,800	173,365	44,565	119,855
Special assessments	6,000	6,000	7,392	1,392	2,605
Investment earnings	110,700	110,700	79,380	(31,320)	74,848
Miscellaneous					
Donations	100,000	100,000	58,218	(41,782)	530
Other	1,600	1,600	10,304	8,704	7,879
Total miscellaneous	101,600	101,600	68,522	(33,078)	8,409
Total Revenues	19,991,900	19,991,900	20,279,343	287,443	18,753,381

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 49,900	\$ 49,900	\$ 49,574	\$ 326	\$ 49,480
Supplies	24,600	24,600	24,563	37	21,170
Other services and charges	102,500	102,500	103,517	(1,017)	127,402
Total mayor and city council	177,000	177,000	177,654	(654)	198,052
City administration					
Personnel services	563,200	563,200	562,267	933	549,995
Supplies	65,600	65,600	63,679	1,921	73,165
Other services and charges	114,500	114,500	170,361	(55,861)	127,292
Total city administration	743,300	743,300	796,307	(53,007)	750,452
Elections					
Personnel services	24,600	24,600	-	24,600	72,398
Supplies	-	-	12,927	(12,927)	7,973
Other services and charges	6,400	6,400	78	6,322	2,458
Total elections	31,000	31,000	13,005	17,995	82,829
Financial administration					
Personnel services	687,000	687,000	684,257	2,743	662,992
Supplies	53,400	53,400	52,795	605	46,177
Other services and charges	124,300	124,300	125,965	(1,665)	113,229
Total financial administration	864,700	864,700	863,017	1,683	822,398
Total general government	1,816,000	1,816,000	1,849,983	(33,983)	1,853,731
Public safety					
Police					
Personnel services	5,226,800	5,226,800	5,125,874	100,926	4,762,418
Supplies	506,600	506,600	509,300	(2,700)	485,286
Other services and charges	1,668,100	1,668,100	1,600,002	68,098	1,670,942
Total police	7,401,500	7,401,500	7,235,176	166,324	6,918,646
Fire					
Personnel services	1,491,000	1,541,000	1,453,084	87,916	1,413,671
Supplies	238,400	277,600	291,035	(13,435)	199,761
Other services and charges	878,400	885,300	857,976	27,324	800,768
Total fire	2,607,800	2,703,900	2,602,095	101,805	2,414,200
Total public safety	10,009,300	10,105,400	9,837,271	268,129	9,332,846

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Streets and highways					
Personnel services	\$ 190,000	\$ 190,000	\$ 194,770	\$ (4,770)	\$ 196,764
Supplies	17,300	17,300	17,000	300	14,700
Other services and charges	34,400	34,400	24,908	9,492	15,183
Total streets and highways	241,700	241,700	236,678	5,022	226,647
Engineering					
Personnel services	812,700	812,700	796,890	15,810	746,060
Supplies	78,000	78,000	80,028	(2,028)	58,982
Other services and charges	130,300	130,300	111,963	18,337	114,647
Total engineering	1,021,000	1,021,000	988,881	32,119	919,689
Street maintenance					
Personnel services	887,700	887,700	857,405	30,295	828,115
Supplies	469,500	529,500	575,106	(45,606)	430,678
Other services and charges	1,184,500	1,184,500	1,123,907	60,593	1,190,367
Total street maintenance	2,541,700	2,601,700	2,556,418	45,282	2,449,160
Street lighting					
Other services and charges	197,200	197,200	176,197	21,003	132,940
Total public works	4,001,600	4,061,600	3,958,174	103,426	3,728,436
Culture and recreation					
Parks and recreation					
Personnel services	970,200	970,200	917,638	52,562	808,662
Supplies	210,500	225,500	197,336	28,164	190,160
Other services and charges	722,900	747,900	719,901	27,999	696,984
Total culture and recreation	1,903,600	1,943,600	1,834,875	108,725	1,695,806
Community development					
Community development					
Personnel services	337,300	337,300	358,142	(20,842)	327,657
Supplies	58,100	58,100	58,007	93	37,522
Other services and charges	44,600	44,600	30,091	14,509	35,994
Total community development	440,000	440,000	446,240	(6,240)	401,173

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017				2016
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Community development (continued)					
Planning					
Personnel services	\$ 361,300	\$ 361,300	\$ 257,068	\$ 104,232	\$ 249,100
Supplies	17,400	17,400	15,306	2,094	10,789
Other services and charges	80,000	80,000	82,107	(2,107)	78,372
Total planning	458,700	458,700	354,481	104,219	338,261
Inspections					
Personnel services	553,500	553,500	595,241	(41,741)	466,834
Supplies	55,400	55,400	57,470	(2,070)	48,345
Other services and charges	84,100	84,100	93,511	(9,411)	70,315
Total inspections	693,000	693,000	746,222	(53,222)	585,494
Total community development	1,591,700	1,591,700	1,546,943	44,757	1,324,928
Total current	19,322,200	19,518,300	19,027,246	491,054	17,935,747
Capital outlay					
Public safety	-	-	48,239	(48,239)	-
Total Expenditures	19,322,200	19,518,300	19,075,485	442,815	17,935,747
Excess of Revenues					
Over Expenditures	669,700	473,600	1,203,858	730,258	817,634
Other Financing Sources (Uses)					
Transfers in	677,000	677,000	678,659	1,659	781,575
Transfers out	(1,283,700)	(1,283,700)	(1,318,700)	(35,000)	(1,909,900)
Total Other Financing Sources (Uses)	(606,700)	(606,700)	(640,041)	(33,341)	(1,128,325)
Net Change in Fund Balances	63,000	(133,100)	563,817	696,917	(310,691)
Fund Balances, January 1	9,615,928	9,615,928	9,615,928	-	9,926,619
Fund Balances, December 31	\$ 9,678,928	\$ 9,482,828	\$ 10,179,745	\$ 696,917	\$ 9,615,928

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

Third Draft

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2017

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Assets				
Current Assets				
Cash and temporary investments	\$ 1,806,682	\$ 830,535	\$ 9,226,313	\$ 477,806
Receivables				
Accrued interest	6,932	3,647	39,086	1,982
Accounts	-	-	9,592	-
Due from other funds	-	-	3,945,584	-
Inventories	-	-	56,173	-
Prepaid items	-	131,297	645,909	-
Total Current Assets	<u>1,813,614</u>	<u>965,479</u>	<u>13,922,657</u>	<u>479,788</u>
Noncurrent Assets				
Capital assets				
Land	-	-	209,122	-
Buildings and systems	-	-	1,708,857	-
Improvements other than buildings	-	-	240,717	-
Machinery and equipment	-	-	9,873,339	-
Less accumulated depreciation	-	-	(7,846,176)	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>-</u>	<u>4,185,859</u>	<u>-</u>
Total Assets	<u>1,813,614</u>	<u>965,479</u>	<u>18,108,516</u>	<u>479,788</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>-</u>	<u>3,227</u>	<u>57,117</u>	<u>-</u>
Liabilities				
Current Liabilities				
Accounts and contracts payable	-	1,732	16,139	8,054
Accrued salaries payable	-	599	11,773	-
Due to other governments	-	-	40	-
Compensated absences payable - current	743,728	1,556	34,220	-
Total Current Liabilities	<u>743,728</u>	<u>3,887</u>	<u>62,172</u>	<u>8,054</u>
Noncurrent Liabilities				
Compensated absences payable	1,069,886	705	32,243	-
Pension liability	-	12,746	225,635	-
Total Noncurrent Liabilities	<u>1,069,886</u>	<u>13,451</u>	<u>257,878</u>	<u>-</u>
Total Liabilities	<u>1,813,614</u>	<u>17,338</u>	<u>320,050</u>	<u>8,054</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>-</u>	<u>3,096</u>	<u>54,811</u>	<u>-</u>
Net Position				
Investment in capital assets	-	-	4,185,859	-
Unrestricted	<u>-</u>	<u>948,272</u>	<u>13,604,913</u>	<u>471,734</u>
Total Net Position	<u>\$ -</u>	<u>\$ 948,272</u>	<u>\$ 17,790,772</u>	<u>\$ 471,734</u>

City Facilities	Technology	Total
\$ 167,409	\$ 1,035,479	\$ 13,544,224
792	4,441	56,880
7,422	-	17,014
-	-	3,945,584
-	-	56,173
-	-	777,206
<u>175,623</u>	<u>1,039,920</u>	<u>18,397,081</u>
-	-	209,122
15,700,645	-	17,409,502
-	-	240,717
26,586	786,688	10,686,613
<u>(1,267,022)</u>	<u>(450,702)</u>	<u>(9,563,900)</u>
<u>14,460,209</u>	<u>335,986</u>	<u>18,982,054</u>
<u>14,635,832</u>	<u>1,375,906</u>	<u>37,379,135</u>
<u>12,610</u>	<u>72,932</u>	<u>145,886</u>
2,094	21,961	49,980
2,337	14,284	28,993
-	506	546
5,698	19,448	804,650
<u>10,129</u>	<u>56,199</u>	<u>884,169</u>
13,998	28,243	1,145,075
49,815	288,108	576,304
<u>63,813</u>	<u>316,351</u>	<u>1,721,379</u>
<u>73,942</u>	<u>372,550</u>	<u>2,605,548</u>
<u>12,101</u>	<u>69,987</u>	<u>139,995</u>
14,460,209	335,986	18,982,054
102,190	670,315	15,797,424
<u>\$ 14,562,399</u>	<u>\$ 1,006,301</u>	<u>\$ 34,779,478</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2017

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Operating Revenues				
Charges for services	\$ 158,152	\$ 832,000	\$ 2,545,200	\$ 82,600
Operating Expenses				
Personnel services	170,715	17,652	333,616	-
Other current expenses	-	891,567	777,815	104,521
Depreciation	-	-	911,793	-
Total Operating Expenses	170,715	909,219	2,023,224	104,521
Operating Income (Loss)	(12,563)	(77,219)	521,976	(21,921)
Nonoperating Revenues				
Investment earnings	12,563	6,655	121,968	4,274
Miscellaneous revenues	-	44,454	1,516	1,421
Gain on sale of capital assets	-	-	41,473	-
Total Nonoperating Revenues	12,563	51,109	164,957	5,695
Income (Loss) Before Transfers	-	(26,110)	686,933	(16,226)
Transfers Out	-	-	(229,174)	-
Change in Net Position	-	(26,110)	457,759	(16,226)
Net Position, January 1	-	974,382	17,333,013	487,960
Net Position, December 31	\$ -	\$ 948,272	\$ 17,790,772	\$ 471,734

City Facilities	Technology	Total
<u>\$ 426,804</u>	<u>\$ 1,117,700</u>	<u>\$ 5,162,456</u>
77,583	511,872	1,111,438
278,229	400,533	2,452,665
<u>630,498</u>	<u>62,395</u>	<u>1,604,686</u>
<u>986,310</u>	<u>974,800</u>	<u>5,168,789</u>
<u>(559,506)</u>	<u>142,900</u>	<u>(6,333)</u>
1,375	7,216	154,051
18	37,376	84,785
-	-	41,473
<u>1,393</u>	<u>44,592</u>	<u>280,309</u>
(558,113)	187,492	273,976
<u>(20,300)</u>	<u>-</u>	<u>(249,474)</u>
(578,413)	187,492	24,502
<u>15,140,812</u>	<u>818,809</u>	<u>34,754,976</u>
<u>\$ 14,562,399</u>	<u>\$ 1,006,301</u>	<u>\$ 34,779,478</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2017

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 158,152	\$ 832,000	\$ 2,535,608	\$ 82,600
Other operating receipts	-	44,449	1,433	1,421
Payments to suppliers	-	(891,624)	(684,594)	(104,509)
Payments to employees	(21,580)	(17,756)	(348,524)	-
Net Cash Provided (Used) by Operating Activities	<u>136,572</u>	<u>(32,931)</u>	<u>1,503,923</u>	<u>(20,488)</u>
Cash Flows from Noncapital Financing Activities				
Receipts on interfund balances	-	-	66,406	-
Payments on interfund balances	-	-	(672,745)	-
Transfers to other funds	-	-	(229,174)	-
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(835,513)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	-	(1,760,304)	-
Proceeds from sale of capital assets	-	-	41,473	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(1,718,831)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment earnings	<u>12,513</u>	<u>6,648</u>	<u>142,337</u>	<u>4,535</u>
Net Increase (Decrease) in Cash and Cash Equivalents	149,085	(26,283)	(908,084)	(15,953)
Cash and Cash Equivalents, January 1	<u>1,657,597</u>	<u>856,818</u>	<u>10,134,397</u>	<u>493,759</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,806,682</u>	<u>\$ 830,535</u>	<u>\$ 9,226,313</u>	<u>\$ 477,806</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (12,563)	\$ (77,219)	\$ 521,976	\$ (21,921)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	911,793	-
Loss on disposal of capital assets	-	-	105,404	-
Other income related to operations	-	44,454	1,516	1,421
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	-	-	(9,592)	-
Inventories	-	-	(2,081)	-
Prepaid items	-	3,976	(25)	-
Deferred pension resources	-	2,706	51,763	-
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts and contracts payable	-	(4,033)	(9,206)	12
Accrued salaries payable	-	19	(3,655)	-
Due to other governments	-	-	(871)	-
Compensated absences payable	149,135	112	1,224	-
Pension liability	-	(3,835)	(78,631)	-
Deferred pension resources	-	889	14,308	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 136,572</u>	<u>\$ (32,931)</u>	<u>\$ 1,503,923</u>	<u>\$ (20,488)</u>
Schedule of Noncash Capital and Related Financing Activities				
Net disposal of capital assets	\$ -	\$ -	\$ 105,404	\$ -

City Facilities	Technology	Total
\$ 419,382	\$ 1,117,700	\$ 5,145,442
-	1,260	48,563
(289,263)	(393,828)	(2,363,818)
(79,769)	(407,040)	(874,669)
50,350	318,092	1,955,518

-	-	66,406
-	-	(672,745)
(20,300)	-	(249,474)
(20,300)	-	(855,813)

(14,279)	(287,472)	(2,062,055)
-	-	41,473
(14,279)	(287,472)	(2,020,582)

1,341	6,848	174,222
17,112	37,468	(746,655)
150,297	998,011	14,290,879
\$ 167,409	\$ 1,035,479	\$ 13,544,224

\$ (559,506)	\$ 142,900	\$ (6,333)
630,498	62,395	1,604,686
2,445	-	107,849
18	37,376	84,785
(7,422)	-	(17,014)
-	-	(2,081)
-	17,125	21,076
11,605	35,586	101,660
(13,466)	(10,787)	(37,480)
67	3,807	238
(13)	367	(517)
880	14,873	166,224
(17,850)	(15,163)	(115,479)
3,094	29,613	47,904
\$ 50,350	\$ 318,092	\$ 1,955,518

\$ 2,445	\$ -	\$ 107,849
----------	------	------------

City of Inver Grove Heights, Minnesota
Agency Fund
Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2017

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
ESCROW				
Assets				
Cash and temporary investments	\$ 990,171	\$ 755,527	\$ (512,453)	\$ 1,233,245
Liabilities				
Accounts payable	\$ 31,675	\$ 24,122	\$ (24,674)	\$ 31,123
Deposits payable	958,496	731,405	(487,779)	1,202,122
Total Liabilities	\$ 990,171	\$ 755,527	\$ (512,453)	\$ 1,233,245

Third Draft

STATISTICAL SECTION (UNAUDITED)

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2017

Third Draft

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

STATISTICAL SECTION (UNAUDITED)

This part of the City'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.

Contents

Pages

Financial Trends

147 - 156

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

159 - 165

These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.

Debt Capacity

166 - 172

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

Demographic and Economic Information

173 - 175

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

Operating Information

176 - 180

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

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Summary Financial Report
Governmental Funds
Revenues and Expenditures For General Operations
For the Years Ended December 31, 2017 and 2016

	Total		Percent Increase (Decrease)
	2017	2016	
Revenues			
Taxes	\$ 21,228,180	\$ 20,287,670	4.64 %
Licenses and permits	1,355,686	1,133,121	19.64
Intergovernmental	1,828,149	2,686,298	(31.95)
Charges for services	6,044,318	7,073,953	(14.56)
Fines and forfeits	173,365	119,855	44.65
Special assessments	1,649,876	1,536,041	7.41
Investment earnings	391,228	231,466	69.02
Miscellaneous	1,050,756	771,714	36.16
Total Revenues	<u>\$ 33,721,558</u>	<u>\$ 33,840,118</u>	(0.35) %
Per Capita	\$ 914	\$ 965	(5.31) %
Expenditures			
Current			
General government	\$ 1,870,026	\$ 1,868,611	0.08 %
Public safety	9,837,271	9,332,846	5.40
Public works	4,848,977	4,504,655	7.64
Culture and recreation	5,696,321	5,268,205	8.13
Community development	2,008,043	1,696,528	18.36
Capital outlay			
Public safety	983,523	-	N/A
Public works	2,877,458	6,736,252	(57.28)
Culture and recreation	1,627,597	1,584,894	2.69
Community development	511,723	425,885	20.16
Debt service			
Principal	2,575,000	2,851,870	(9.71)
Interest and other charges	882,784	787,537	12.09
Bond issuance costs	85,505	140,713	(39.23)
Total Expenditures	<u>\$ 33,804,228</u>	<u>\$ 35,197,996</u>	(3.96) %
Per Capita	\$ 916	\$ 1,004	(8.74) %
Total Long-term Indebtedness	\$ 34,657,164	\$ 33,658,957	2.97 %
Per Capita	939	960	(2.15)
General Fund Balance - December 31	\$ 10,179,745	\$ 9,615,928	5.86 %
Per Capita	276	274	0.60

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

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net investment in capital assets	\$ 60,697,315	\$ 57,281,127	\$ 74,158,575	\$ 72,950,086
Restricted	12,005,964	18,781,144	12,453,322	14,658,567
Unrestricted	27,450,326	24,988,115	25,315,734	20,841,229
Total Governmental Activities Net Position	<u>\$ 100,153,605</u>	<u>\$ 101,050,386</u>	<u>\$ 111,927,631</u>	<u>\$ 108,449,882</u>
Business-type Activities				
Net investment in capital assets	\$ 39,534,301	\$ 43,737,884	\$ 45,236,978	\$ 56,914,506
Restricted	452,585	658,585	658,415	452,053
Unrestricted	14,769,882	14,451,156	12,609,019	9,876,848
Total Business-type Activities Net Position	<u>\$ 54,756,768</u>	<u>\$ 58,847,625</u>	<u>\$ 58,504,412</u>	<u>\$ 67,243,407</u>
Total Primary Government				
Net investment in capital assets	\$ 100,231,616	\$ 101,019,011	\$ 119,395,553	\$ 129,864,592
Restricted	12,458,549	19,439,729	13,111,737	15,110,620
Unrestricted	42,220,208	39,439,271	37,924,753	30,718,077
Total Primary Government Net Position	<u>\$ 154,910,373</u>	<u>\$ 159,898,011</u>	<u>\$ 170,432,043</u>	<u>\$ 175,693,289</u>

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

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year					
Restated 2012 (1)	2013	2014	2015	2016	2017
\$ 83,551,495	\$ 85,313,175	\$ 88,745,756	\$ 92,587,696	\$ 96,443,126	\$ 93,604,421
6,562,002	5,419,184	6,560,238	7,697,092	8,666,803	10,112,971
35,453,954	33,615,784	37,024,099	32,064,187	30,600,727	31,939,890
<u>\$ 125,567,451</u>	<u>\$ 124,348,143</u>	<u>\$ 132,330,093</u>	<u>\$ 132,348,975</u>	<u>\$ 135,710,656</u>	<u>\$ 135,657,282</u>
\$ 34,833,936	\$ 38,002,856	\$ 38,248,637	\$ 40,500,700	\$ 48,192,046	\$ 49,136,855
-	-	-	-	-	-
18,909,882	21,168,180	20,875,925	18,559,610	13,397,258	10,707,274
<u>\$ 53,743,818</u>	<u>\$ 59,171,036</u>	<u>\$ 59,124,562</u>	<u>\$ 59,060,310</u>	<u>\$ 61,589,304</u>	<u>\$ 59,844,129</u>
\$ 118,385,431	\$ 123,316,031	\$ 126,994,393	\$ 133,088,396	\$ 144,635,172	\$ 142,741,276
6,562,002	5,419,184	6,560,238	7,697,092	8,666,803	10,112,971
54,363,836	54,783,964	57,900,024	50,623,797	43,997,985	42,647,164
<u>\$ 179,311,269</u>	<u>\$ 183,519,179</u>	<u>\$ 191,454,655</u>	<u>\$ 191,409,285</u>	<u>\$ 197,299,960</u>	<u>\$ 195,501,411</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities				
General government	\$ 1,737,716	\$ 2,026,218	\$ 1,996,947	\$ 1,873,647
Public safety	6,336,979	7,042,090	7,335,691	7,399,743
Public works	7,572,473	6,319,903	8,655,734	7,135,787
Culture and recreation	6,069,640	6,316,467	6,296,071	6,990,333
Community development	1,150,747	1,206,108	1,216,039	1,202,751
Interest on long-term debt	1,559,182	1,820,910	1,945,392	2,230,632
Total Governmental Activities Expenses	<u>24,426,737</u>	<u>24,731,696</u>	<u>27,445,874</u>	<u>26,832,893</u>
Business-type activities				
Water	2,292,462	2,312,751	2,367,258	2,393,558
Sewer	2,459,592	2,606,924	2,728,937	3,018,197
Golf course	1,794,455	1,732,070	1,905,427	2,014,668
Total Business-type Activities Expenses	<u>6,546,509</u>	<u>6,651,745</u>	<u>7,001,622</u>	<u>7,426,423</u>
Total Primary Government Expenses	<u>\$ 30,973,246</u>	<u>\$ 31,383,441</u>	<u>\$ 34,447,496</u>	<u>\$ 34,259,316</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 521,732	\$ 532,763	\$ 495,545	\$ 557,450
Public safety	441,372	535,041	413,967	456,068
Public works	2,836,092	2,616,135	3,435,705	2,810,312
Culture and recreation	3,010,263	3,073,540	2,673,480	2,677,946
Community development	768,835	551,990	436,696	667,667
Operating grants and contributions	731,289	438,040	861,740	876,505
Capital grants and contributions	6,873,396	3,541,500	9,618,339	5,382,914
Total Governmental Activities Program Revenues	<u>15,182,979</u>	<u>11,289,009</u>	<u>17,935,472</u>	<u>13,428,862</u>
Business-type activities				
Charges for services				
Water	2,927,775	3,000,199	2,762,005	2,879,883
Sewer	2,598,373	2,662,849	2,697,623	2,776,965
Golf course	1,507,717	1,420,419	1,436,476	1,405,244
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	1,852,464	28,889
Total Business-type Activities Program Revenues	<u>7,033,865</u>	<u>7,083,467</u>	<u>8,748,568</u>	<u>7,090,981</u>
Total Primary Government Program Revenues	<u>\$ 22,216,844</u>	<u>\$ 18,372,476</u>	<u>\$ 26,684,040</u>	<u>\$ 20,519,843</u>

Fiscal Year					
Restated 2012 (1)	2013	2014	2015	2016	2017
\$ 1,835,043	\$ 1,789,711	\$ 1,764,065	\$ 1,655,475	\$ 2,996,056	\$ 2,481,001
7,840,331	7,806,417	8,069,896	8,109,514	10,727,458	12,087,235
10,021,043	6,225,122	7,284,147	6,816,075	8,887,750	7,690,391
6,320,509	6,417,200	6,382,850	6,576,337	6,768,580	7,919,434
1,786,359	1,784,117		1,792,921	1,599,270	2,540,933
1,612,457	1,026,367	873,009	771,350	926,142	1,007,774
<u>29,415,742</u>	<u>25,048,934</u>	<u>24,373,967</u>	<u>25,721,672</u>	<u>31,905,256</u>	<u>33,726,768</u>
2,967,411	2,550,172	2,722,584	2,381,673	2,562,739	2,705,498
3,253,964	3,342,170	3,422,724	3,628,484	3,571,160	4,265,285
1,926,395	1,653,246	1,537,243	1,581,313	1,486,481	3,901,573
<u>8,147,770</u>	<u>7,545,588</u>	<u>7,682,551</u>	<u>7,591,470</u>	<u>7,620,380</u>	<u>10,872,356</u>
<u>\$ 37,563,512</u>	<u>\$ 32,594,522</u>	<u>\$ 34,459,576</u>	<u>\$ 33,313,142</u>	<u>\$ 39,525,636</u>	<u>\$ 44,599,124</u>
\$ 578,465	\$ 13,492	\$ 13,086	\$ 11,190	\$ 19,706	\$ 21,386
540,587	612,664	625,566	629,828	628,342	689,060
3,176,747	3,159,957	3,257,758	3,552,354	3,346,781	3,038,693
2,864,888	2,683,173	2,966,749	3,184,781	3,570,598	2,922,124
720,775	1,082,712	1,144,089	702,948	1,019,012	1,202,410
938,347	952,499	1,170,083	1,012,882	986,082	1,219,181
5,320,013	2,971,574	6,587,288	3,860,088	5,079,885	2,125,371
<u>14,139,822</u>	<u>11,476,071</u>	<u>15,764,619</u>	<u>12,954,071</u>	<u>14,650,406</u>	<u>11,218,225</u>
3,304,846	3,054,386	2,818,851	2,899,782	2,878,095	3,051,811
2,875,891	3,016,134	3,052,651	3,088,659	3,281,356	3,460,592
2,819,818	1,402,594	1,414,141	1,634,226	1,306,162	1,467,194
-	1,961	1,418	12,587	12,345	8,283
92,036	1,188,808	1,177,104	1,463,961	2,175,951	1,392,096
<u>9,092,591</u>	<u>8,663,883</u>	<u>8,464,165</u>	<u>9,099,215</u>	<u>9,653,909</u>	<u>9,379,976</u>
<u>\$ 23,232,413</u>	<u>\$ 20,139,954</u>	<u>\$ 24,228,784</u>	<u>\$ 22,053,286</u>	<u>\$ 24,304,315</u>	<u>\$ 20,598,201</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Net Revenues (Expenses)				
Governmental activities	\$ (9,243,758)	\$(13,442,687)	\$ (9,510,402)	\$(13,404,031)
Business-type activities	487,356	431,722	1,746,946	(335,442)
Total Primary Government Net Revenues (Expenses)	<u>\$ (8,756,402)</u>	<u>\$(13,010,965)</u>	<u>\$ (7,763,456)</u>	<u>\$(13,739,473)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 14,512,035	\$ 14,904,906	\$ 15,188,210	\$ 15,043,355
Tax increments	1,755,275	1,944,714	1,931,921	1,969,395
Lodging taxes	79,675	67,680	67,329	77,882
Franchise taxes	78,252	84,045	86,148	88,755
Grants and contributions not restricted to specific programs	394,342	146,602	130,042	134,220
Other general revenues	75,684	73,453	93,539	159,354
Unrestricted investment earnings	1,817,888	540,070	669,074	1,165,824
Gain on sale of capital assets	21,950	6,800	-	210,741
Transfers	(7,116,256)	(3,428,802)	2,221,384	(8,923,244)
Total Governmental Activities	<u>11,618,845</u>	<u>14,339,468</u>	<u>20,387,647</u>	<u>9,926,282</u>
Business-type activities				
Unrestricted investment earnings	563,597	230,333	131,225	151,193
Transfers	7,116,256	3,428,802	(2,221,384)	8,923,244
Total Business-type Activities	<u>7,679,853</u>	<u>3,659,135</u>	<u>(2,090,159)</u>	<u>9,074,437</u>
Total Primary Government	<u>\$ 19,298,698</u>	<u>\$ 17,998,603</u>	<u>\$ 18,297,488</u>	<u>\$ 19,000,719</u>
Change in Net Position				
Governmental activities	\$ 2,375,087	\$ 896,781	\$ 10,877,245	\$ (3,477,749)
Business-type activities	8,167,209	4,090,857	(343,213)	8,738,995
Total Primary Government	<u>\$ 10,542,296</u>	<u>\$ 4,987,638</u>	<u>\$ 10,534,032</u>	<u>\$ 5,261,246</u>

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

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year					
Restated 2012 (1)	2013	2014	2015	2016	2017
\$(15,275,920)	\$(13,572,863)	\$ (8,609,348)	\$(12,767,601)	\$(17,254,850)	\$(22,508,543)
944,821	1,118,295	781,614	1,507,745	2,033,529	(1,492,380)
<u>\$(14,331,099)</u>	<u>\$(12,454,568)</u>	<u>\$ (7,827,734)</u>	<u>\$(11,259,856)</u>	<u>\$(15,221,321)</u>	<u>\$(24,000,923)</u>
\$ 14,943,650	\$ 14,607,605	\$ 15,070,818	\$ 16,657,367	\$ 18,068,901	\$ 19,395,888
1,922,302	1,861,618	1,931,061	2,020,664	1,959,743	1,578,646
79,790	88,151	105,877	106,361	128,367	133,979
90,442	90,442	90,442	98,221	103,406	107,441
300,636	162,694	95,004	144,337	280,346	146,791
-	-	-	-	-	-
375,830	(210,750)	575,796	435,751	345,223	545,279
1,561	17,780	12,855	11,070	78,545	89,116
(1,388,301)	(4,263,985)	1,112,503	841,284	(348,000)	458,029
<u>16,325,910</u>	<u>12,353,555</u>	<u>18,994,356</u>	<u>20,315,055</u>	<u>20,616,531</u>	<u>22,455,169</u>
274,251	44,938	284,415	232,427	147,465	205,234
1,388,301	4,263,985	(1,112,503)	(841,284)	348,000	(458,029)
<u>1,662,552</u>	<u>4,308,923</u>	<u>(828,088)</u>	<u>(608,857)</u>	<u>495,465</u>	<u>(252,795)</u>
<u>\$ 17,988,462</u>	<u>\$ 16,662,478</u>	<u>\$ 18,166,268</u>	<u>\$ 19,706,198</u>	<u>\$ 21,111,996</u>	<u>\$ 22,202,374</u>
\$ 1,049,990	\$ (1,219,308)	\$ 10,385,008	\$ 7,547,454	\$ 3,361,681	\$ (53,374)
2,607,373	5,427,218	(46,474)	898,888	2,528,994	(1,745,175)
<u>\$ 3,657,363</u>	<u>\$ 4,207,910</u>	<u>\$ 10,338,534</u>	<u>\$ 8,446,342</u>	<u>\$ 5,890,675</u>	<u>\$ (1,798,549)</u>

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Reserved	\$ 108,185	\$ 98,333	\$ 2,745	N/A
Unreserved	5,274,733	5,598,129	5,773,572	N/A
Nonspendable	N/A	N/A	N/A	\$ 24,021
Restricted	N/A	N/A	N/A	-
Unassigned	N/A	N/A	N/A	6,326,550
Total General Fund	<u>\$ 5,382,918</u>	<u>\$ 5,696,462</u>	<u>\$ 5,776,317</u>	<u>\$ 6,350,571</u>
All Other Governmental Funds				
Reserved	\$ 4,452,887	\$ 5,295,327	\$ 5,342,811	N/A
Unreserved, reported in				
Special revenue funds	874,094	870,678	772,562	N/A
Capital project funds	14,692,627	12,270,926	19,084,320	N/A
Debt service funds	5,856,321	5,146,914	3,794,637	N/A
Nonspendable	N/A	N/A	N/A	\$ 621
Restricted	N/A	N/A	N/A	6,874,221
Committed	N/A	N/A	N/A	596,070
Assigned	N/A	N/A	N/A	20,691,467
Unassigned	N/A	N/A	N/A	(2,144,267)
Total All Other Governmental Funds	<u>\$ 25,875,929</u>	<u>\$ 23,583,845</u>	<u>\$ 28,994,330</u>	<u>\$ 26,018,112</u>

Note: GASB Statement No. 54 replaced the categories used to classify fund balance. The City implemented GASB Statement No. 54 in 2011, prior year balances were not reclassified.

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental to enterprise (business-type) in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year					
Restated 2012 (1)	2013	2014	2015	2016	2017
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ 9,159	\$ 4,399	\$ 57,292	\$ 3,667	\$ 15,799	\$ 141,195
45,800	76,800	22,000	-	-	-
7,232,157	8,029,014	9,111,824	9,922,952	9,600,129	10,038,550
<u>\$ 7,287,116</u>	<u>\$ 8,110,213</u>	<u>\$ 9,191,116</u>	<u>\$ 9,926,619</u>	<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
\$ 1,001,348	\$ 19,644	\$ 21,450	\$ 7,203	\$ 2,887	\$ 17,761
4,234,679	3,088,157	4,137,256	10,128,899	18,332,804	20,275,918
630,787	1,038,100	1,023,281	955,348	720,397	738,817
15,858,720	13,113,187	13,249,048	14,066,297	13,408,861	17,069,166
(3,026,964)	(3,246,835)	(2,727,214)	(1,949,474)	(1,847,409)	(3,741,559)
<u>\$ 18,698,570</u>	<u>\$ 14,012,253</u>	<u>\$ 15,703,821</u>	<u>\$ 23,208,273</u>	<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 16,264,650	\$ 17,075,882	\$ 17,198,981	\$ 17,258,994
Licenses and permits	818,150	635,156	515,398	815,420
Intergovernmental	2,164,334	2,289,629	3,347,225	3,948,793
Charges for services	5,933,025	5,578,401	6,183,014	5,560,114
Fines and forfeitures	228,450	211,425	141,962	115,075
Special assessments	2,586,684	2,274,280	2,887,090	2,397,132
Investment earnings	1,284,695	299,861	527,014	991,558
Miscellaneous	690,453	826,337	1,546,668	847,598
Total revenues	<u>29,970,441</u>	<u>29,190,971</u>	<u>32,347,352</u>	<u>31,934,684</u>
Expenditures				
Current				
General government	1,895,023	1,982,238	1,873,064	1,852,938
Public safety	6,825,682	7,043,048	7,202,451	7,304,412
Public works	4,975,347	5,230,215	4,949,744	6,081,929
Culture and recreation	5,043,447	4,976,319	5,019,535	5,346,020
Community development	1,269,484	1,224,278	1,269,570	1,212,442
Capital outlay	19,897,612	16,794,084	16,080,562	6,819,201
Debt service				
Principal	3,828,761	4,121,035	3,828,462	4,215,622
Interest and other charges	1,603,807	1,581,586	1,993,944	2,278,893
Bond issuance costs	-	-	-	-
Total Expenditures	<u>45,339,163</u>	<u>42,952,803</u>	<u>42,217,332</u>	<u>35,111,457</u>
Deficiency of Revenues under expenditures	<u>(15,368,722)</u>	<u>(13,761,832)</u>	<u>(9,869,980)</u>	<u>(3,176,773)</u>
Other Financing Sources (Uses)				
Transfers in	13,430,166	10,943,426	14,723,247	12,099,659
Transfers out	(12,293,469)	(9,049,622)	(11,114,442)	(10,853,484)
Bond proceeds	5,375,000	9,900,000	11,770,000	-
Discount on bonds issued	-	(10,512)	(18,485)	-
Premium on bonds issued	42,603	-	-	58,634
Refunding bonds issued	-	-	-	4,505,000
Payment to refunded bond escrow agent	-	-	-	-
Principal paid on refunded bonds	(3,945,000)	-	-	(5,240,000)
Insurance recovery	-	-	-	-
Sale of capital assets	-	-	-	205,000
Total Other Financing Sources (Uses)	<u>2,609,300</u>	<u>11,783,292</u>	<u>15,360,320</u>	<u>774,809</u>
Net Change in Fund Balances	<u><u>\$(12,759,422)</u></u>	<u><u>\$ (1,978,540)</u></u>	<u><u>\$ 5,490,340</u></u>	<u><u>\$ (2,401,964)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	<u>15.77%</u>	<u>18.44%</u>	<u>22.24%</u>	<u>23.32%</u>

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental to enterprise (business-type) in 2013. Activity prior to 2012 has not been restated for this change.

	Fiscal Year				
Restated 2012 (1)	2013	2014	2015	2016	2017
\$ 17,091,099	\$ 16,627,528	\$ 17,190,552	\$ 18,951,875	\$ 20,287,670	\$ 21,228,180
750,483	951,948	1,241,654	844,006	1,133,121	1,355,686
4,170,433	2,143,879	4,124,588	1,111,405	2,686,298	1,828,149
6,168,808	6,241,363	6,389,688	6,857,352	7,073,953	6,044,318
125,164	148,113	135,382	120,029	119,855	173,365
1,945,973	1,500,383	2,295,620	1,759,195	1,536,041	1,649,876
213,053	(183,005)	359,937	257,824	231,466	391,228
1,383,500	261,540	234,831	455,909	771,714	1,050,756
31,848,513	27,691,749	31,972,252	30,357,595	33,840,118	33,721,558
1,697,773	1,623,512	1,641,093	1,667,440	1,868,611	1,870,026
7,644,656	7,750,149	7,959,499	8,342,569	9,332,846	9,837,271
5,995,442	4,168,764	4,466,294	4,580,122	4,504,655	4,848,977
4,932,946	4,926,142	5,174,615	5,284,502	5,268,205	5,696,321
1,298,078	1,612,680	1,499,946	1,612,736	1,696,528	2,008,043
8,003,440	3,440,919	5,497,746	4,939,260	8,747,031	6,000,301
3,194,586	4,632,042	6,249,919	3,688,280	2,851,870	2,575,000
1,476,542	1,112,013	888,890	675,558	787,537	882,784
-	-	83,755	131,221	140,713	85,505
34,243,463	29,266,221	33,461,757	30,921,688	35,197,996	33,804,228
(2,394,950)	(1,574,472)	(1,489,505)	(564,093)	(1,357,878)	(82,670)
11,122,977	9,003,530	7,171,496	5,633,063	7,596,433	5,668,147
(11,829,020)	(10,907,954)	(5,917,699)	(4,762,561)	(7,928,133)	(4,960,644)
-	-	-	7,745,000	-	3,505,000
-	-	-	-	-	-
13,500	-	118,912	188,546	273,154	128,904
395,000	-	4,650,000	-	8,515,000	-
-	-	(1,761,033)	-	-	-
-	(400,000)	-	-	-	-
-	15,676	300	-	-	-
-	-	-	-	-	47,643
(297,543)	(2,288,748)	4,261,976	8,804,048	8,456,454	4,389,050
\$ (2,692,493)	\$ (3,863,220)	\$ 2,772,471	\$ 8,239,955	\$ 7,098,576	\$ 4,306,380
16.27%	21.65%	24.25%	16.36%	12.30%	10.98%

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Tax Increments</u>	<u>Lodging Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2008	\$ 14,351,448	\$ 1,755,275	\$ 79,675	\$ 78,252	\$ 16,264,650
2009	14,979,443	1,944,714	67,680	84,045	17,075,882
2010	15,113,583	1,931,921	67,329	86,148	17,198,981
2011	15,122,962	1,969,395	77,882	88,755	17,258,994
2012	14,998,565	1,922,302	79,790	90,442	17,091,099
2013	14,587,317	1,861,618	85,530	93,063	16,627,528
2014	15,063,172	1,931,061	98,691	97,628	17,190,552
2015	16,726,629	2,020,664	106,361	98,221	18,951,875
2016	18,096,154	1,959,743	128,367	103,406	20,287,670
2017	19,408,114	1,578,646	133,979	107,441	21,228,180

Third Draft

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

Fiscal Year Ended December 31, (1)	Tax Capacity				
	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value
	Residential Property	Commercial Property			
2008	\$ 31,628,857	\$ 8,479,372	\$ 590,408	\$ 3,709,772	\$ 36,988,865
2009	31,596,479	9,301,789	595,548	3,735,276	37,758,540
2010	28,706,695	9,408,125	601,227	3,681,380	35,034,667
2011	26,997,619	9,019,537	642,312	3,833,236	32,826,232
2012	24,584,767	9,012,637	664,866	3,795,448	30,466,822
2013	22,793,327	9,065,568	706,136	3,788,856	28,776,175
2014	23,532,484	9,252,706	711,742	3,824,454	29,672,478
2015	25,635,739	9,263,633	726,252	3,914,916	31,710,708
2016	27,361,534	9,779,662	753,881	4,071,056	33,824,021
2017	28,111,605	9,722,415	787,939	4,126,152	34,495,807

Source: Dakota County Assessor.

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

Third Draft

Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
37.878	\$3,550,439,300	1.15 %
41.757	3,586,873,800	1.16
43.162	3,311,984,400	1.17
44.883	3,128,770,600	1.17
46.312	2,893,900,109	1.18
46.128	2,720,514,055	1.20
48.131	2,798,175,018	1.20
49.266	3,005,516,326	1.19
51.644	3,198,957,044	1.18
52.088	3,270,107,980	1.18

Third Draft

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

Fiscal Year	City of Inver Grove Heights		
	Operating Millage	Debt Service Millage	Total Direct Rate
2008	34.972 %	2.431 %	37.403 %
2009	35.837	2.041	37.878
2010	38.821	2.936	41.757
2011	40.540	2.629	43.169
2012	40.974	3.909	44.883
2013	42.116	4.196	46.312
2014	41.849	4.279	46.128
2015	43.984	4.147	48.131
2016	43.621	5.645	49.266
2017	45.717	5.927	51.644

Source: Dakota County Treasurer - Auditor.

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

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

Overlapping Rates (1)					Total Direct & Overlapping Rates
Dakota County	School District No. 199	School District No. 196	School District No. 197	Special Districts (2)	
25.184 %	19.764 %	21.136 %	18.914 %	4.393 %	126.794 %
25.821	19.303	21.109	18.051	4.328	126.490
27.269	21.795	25.391	18.850	4.421	139.483
29.149	24.679	26.959	19.692	4.644	148.292
31.426	28.363	28.440	21.857	5.021	159.990
33.421	27.556	27.956	24.429	5.341	165.015
31.827	33.418	27.606	23.863	4.993	167.835
29.633	34.864	23.271	24.063	4.567	164.529
28.570	30.272	24.317	22.170	4.614	159.209
28.004	28.572	23.336	22.295	4.458	158.309

Third Draft

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

Taxpayer	2017			2008		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Xcel Energy (Northern States Power)	\$ 2,061,744	1	5.34 %	\$ 1,563,206	1	4.01 %
Flint Hills	812,330	2	2.10	-		-
Southview Gables	599,161	3	1.55	-		-
Lake Cove Village Partnership	394,953	4	1.02	359,576	4	0.92
PHM Inver Grove Inc	348,519	5	0.90	354,534	5	0.91
Salem Green Ltd. Partnership	303,434	6	0.79	262,501	8	0.67
Vansouth Ltd. Partnership	288,380	7	0.75	387,796	3	0.99
Chicago & NW Trans Co.	276,224	8	0.72	-		-
Brentwood Hills Ltd. Partnership	270,912	9	0.70	275,000	7	0.71
Pearlwood Estates Ltd	258,489	10	0.67	-		-
ML Casa IV LP (I & G Southview LLC)	-		-	425,000	2	1.09
Farmers Union Central Exchange (Cenex)	-		-	290,918	6	0.75
Pine Bend Landfill, Inc.	-		-	268,040	9	0.69
Individual	-		-	225,000	10	0.58
Total	<u>\$ 5,614,146</u>		<u>14.54 %</u>	<u>\$ 4,411,571</u>		<u>11.32 %</u>

Source: Dakota County Treasurer - Auditor.

Third Draft

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2008	\$ 14,908,875	\$ 14,464,183	97.02 %	\$ 217,045	\$ 14,681,228	98 %
2009	15,420,973	14,752,509	95.67	197,189	14,949,698	97
2010	15,689,990	14,872,404	94.79	167,249	15,039,653	96
2011	15,632,796	14,836,938	94.91	133,075	14,970,013	96
2012	14,958,691	14,850,595	99.28	67,699	14,918,294	100
2013	14,551,809	14,486,760	99.55	65,049	14,551,809	100
2014	15,056,760	14,906,474	99.00	150,286	15,056,760	100
2015	16,468,844	16,369,815	99.40	99,029	16,468,844	100
2016	18,022,195	17,928,458	99.48	93,737	18,022,195	100
2017	19,197,825	19,236,756	100.20	-	19,236,756	100

Source: Dakota County Treasurer - Auditor.

Third Draft

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income		Per Capita
	General Obligation (G.O.) Bonds (1)	G.O. Tax Increment Bonds	G.O. Special Assessments Bonds	G.O. Revenue Bonds (1)	Capital Leases				
2008	\$ 17,861,204	\$ 13,495,593	\$ 14,085,000	\$ 2,340,000	\$ -	\$47,781,797	3.46	%	\$ 1,422
2009	26,575,170	12,343,913	12,440,000	1,990,000	-	53,349,083	3.29		1,573
2010	32,241,708	11,128,847	16,055,000	1,620,000	-	61,045,555	3.76		1,802
2011	30,800,655	9,924,586	13,655,000	1,235,000	157,875	55,773,116	4.77		1,651
2012	12,288,258	8,540,273	12,252,929	24,356,205	108,445	57,546,110	4.97		1,704
2013	10,171,859	6,105,000	10,456,544	21,040,004	83,245	47,856,652	4.02		1,400
2014	9,790,308	3,982,550	9,796,053	17,282,225	56,823	40,907,959	3.79		1,187
2015	17,363,296	2,836,275	7,567,731	20,408,629	29,120	48,205,051	3.94		1,389
2016	25,734,951	1,681,275	6,242,731	19,018,096	-	52,677,053	4.27		1,502
2017	25,073,158	1,131,275	8,452,731	23,197,427	-	57,854,591	4.45		1,642

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

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

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Third Draft

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Restricted for Debt Service</u>	<u>Net Bonded Debt</u>	<u>Percentage of Estimated Market Value of Taxable Property (1)</u>	<u>Per Capita (2)</u>
2008	\$ 47,781,797	\$ 850,429	\$ 46,931,368	1.32 %	\$ 1,396
2009	53,349,083	1,110,181	52,238,902	1.46	1,540
2010	61,045,555	805,606	60,239,949	1.82	1,778
2011	55,615,241	482,331	55,132,910	1.76	1,632
2012	57,437,665	5,055,559	52,382,106	1.81	1,551
2013	47,773,407	4,662,906	43,110,501	1.58	1,261
2014	40,851,136	6,000,117	34,851,019	1.25	1,011
2015	48,175,931	5,119,578	43,056,353	1.43	1,243
2016	52,677,053	4,657,944	48,019,109	1.50	1,363
2017	57,854,591	5,129,747	52,724,844	1.61	1,496

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

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

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Dakota County	\$ 21,455,000	7.7918 %	\$ 1,671,731
School District # 199	57,565,000	93.3106	53,714,247
School District # 196	146,585,000	5.2378	7,677,829
School District # 197	32,025,000	0.7822	250,500
Metropolitan Council (2)	186,185,000	0.8861	1,649,785
Total Overlapping Debt	443,815,000		64,964,092
City of Inver Grove Heights Direct Debt	34,657,164	100.0000	34,657,164
Total Direct and Overlapping Debt	<u>\$ 478,472,164</u>		<u>\$ 99,621,256</u>

Source: Dakota County Treasurer/Auditor.

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

1 Amounts do not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

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

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

	Fiscal Year			
	2008	2009	2010	2011
Debt Limit	\$106,625,237	\$107,716,655	\$ 99,474,529	\$ 93,976,981
Total Net Debt Applicable to Limit	<u>17,010,755</u>	<u>25,464,989</u>	<u>31,436,102</u>	<u>31,282,986</u>
Legal Debt Margin	<u>\$ 89,614,482</u>	<u>\$ 82,251,666</u>	<u>\$ 68,038,427</u>	<u>\$ 62,693,995</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	15.95%	23.64%	31.60%	33.29%

Third Draft

Note: Under state law, the City's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues, or tax increments. Prior to 2008, state law provided that general obligation debt should not exceed 2 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year					
2012 (1)	2013	2014	2015	2016	2017
\$ 86,930,669	\$ 81,615,422	\$ 83,945,251	\$ 90,165,490	\$ 95,968,711	\$ 98,103,239
8,878,622	7,685,804	6,181,018	14,077,236	13,229,040	14,530,123
<u>\$ 78,052,047</u>	<u>\$ 73,929,618</u>	<u>\$ 77,764,233</u>	<u>\$ 76,088,254</u>	<u>\$ 82,739,671</u>	<u>\$ 83,573,116</u>
10.21%	9.42%	7.36%	15.61%	13.78%	14.81%

Legal Debt Margin Calculation for Fiscal Year 2017	
Taxable Market Value	<u>\$3,270,107,980</u>
Debt Limit (3 Percent of Market Value)	<u>\$ 98,103,239</u>
Debt Applicable to Limit	
General obligation bonds	24,585,000
Less: amount available in debt service funds	<u>(10,054,877)</u>
Total Net Debt Applicable to Limit	<u>14,530,123</u>
Legal Debt Margin	<u>\$ 83,573,116</u>

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

Water G.O. Revenue Bonds

Fiscal Year	Water Charges and other (2)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (5)	Interest	Total	
2013	\$ 3,054,386	\$ 1,461,176	\$ 1,593,210	\$ 685,000	\$ 331,270	\$ 1,016,270	156.77 %
2014	2,818,851	1,771,162	1,047,689	745,000	169,423	914,423	114.57
2015	2,899,782	1,449,803	1,449,979	805,000	91,050	896,050	161.82
2016	2,878,095	1,572,283	1,305,812	825,000	74,039	899,039	145.25
2017	3,051,811	1,702,566	1,349,245	845,000	57,324	902,324	149.53

Sewer G.O. Revenue Bonds

Fiscal Year	Sewer Charges and other (3)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (6)	Interest	Total	
2013	\$ 3,016,134	\$ 2,287,807	\$ 728,327	\$ 235,000	\$ 445,141	\$ 680,141	107.08 %
2014	3,052,651	2,299,419	753,232	465,000	434,060	899,060	83.78
2015	3,088,659	2,653,539	435,120	475,000	301,760	776,760	56.02
2016	3,281,356	2,455,570	825,786	525,000	472,244	997,244	82.81
2017	3,460,592	2,938,354	522,238	715,000	559,112	1,274,112	40.99

Golf Course G.O. Revenue Bonds

Fiscal Year	Golf Course Charges and Others (4)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2008	\$ 1,579,503	\$ 1,442,783	\$ 136,720	\$ 330,000	\$ 125,035	\$ 455,035	30.05 %
2009	1,475,051	1,446,906	28,145	335,000	114,310	449,310	6.26
2010	1,408,208	1,392,570	15,638	350,000	102,585	452,585	3.46
2011	1,435,930	1,579,430	(143,500)	370,000	88,585	458,585	(31.29)
2012	1,401,052	1,690,209	(289,157)	385,000	73,415	458,415	(63.08)
2013	1,560,687	1,566,754	(6,067)	1,235,000	57,053	1,292,053	(0.47)

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

(1) Excludes depreciation expense.

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

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

(4) There are no golf course debt service requirements after 2012.

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

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

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate</u>
2008	33,608	\$1,379,070,672	\$ 41,034 (2)	5.0 %
2009	33,917	1,623,369,371	47,863 (2)	7.4
2010	33,880	1,173,975,880	34,651	7.3
2011	33,774	1,159,022,358	34,317	6.2
2012	33,774	1,147,370,328	33,972	5.3
2013	34,189	1,162,562,756	34,004	4.7
2014	34,458	1,213,335,096	35,212	3.9
2015	34,627	1,219,285,924	35,212	3.5
2016	35,234	1,234,916,466	35,049	3.3
2017	35,236	1,300,419,816	36,906	3.3

Data Sources

Metropolitan Council (www.metrocouncil.org)

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

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

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

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

Third Draft

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

	2017			2008		
	Employees	Rank	Percent of City Employment (1)	Employees	Rank	Percent of City Employment (1)
Koch Refinery (Flint Hills)	1,200	1	3.18 %	-	-	- %
Cenex / CHS Cooperatives	1,014	2	2.69	1,000	1	4.87
Inver Hills Community College	484	3	1.28	425	4	2.07
City of Inver Grove Heights	482	4	1.28	130	10	0.63
Independent School District 199	476	5	1.26	525	2	2.55
Gertens	470	6	1.25			-
Travel Tags	350	7	0.93	430	3	2.09
Total Construction	250	8	0.66			-
Wal-Mart	210	9	0.56	270	6	1.31
Cub Foods	160	10	0.42			-
Evergreen Industries	-	-	-	300	5	1.46
BFI Waste Services	-	-	-	140	7	0.68
Southview Chevrolet	-	-	-	135	8	0.66
Lofton Label	-	-	-	133	9	0.65
Total	<u>5,096</u>		<u>13.51 %</u>	<u>3,488</u>		<u>16.97 %</u>

Source: Reference USA, written and telephone survey (September 2017), the Minnesota Department of Employment and Economic Development and City records for 2017.

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

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

Function	2008	2009	2010	2011	2012	2013
General Government	30	29	29	27	27	29
Public Safety						
Police						
Officers	34	33	33	33	33	32
Civilians	9	8	6	6	5	5
Fire						
Firefighters and officers	1	1	1	1	2	2
Civilians	2	2	2	2	2	2
Public Works						
Engineering	7	8	8	8	8	6
Maintenance	15	15	15	15	15	15
Culture and Recreation	25	25	25	24	23	22
Water and Sewer	9	9	9	9	9	7
Total	<u>132</u>	<u>130</u>	<u>128</u>	<u>125</u>	<u>124</u>	<u>120</u>

Source: City budgets and personnel records.

Third Draft

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
29	28	34	30
32	35	36	39
5	6	6	5
2	3	3	4
2	2	2	1
6	6	6	6
15	15	16	16
22	25	24	28
<u>7</u>	<u>7</u>	<u>9</u>	<u>8</u>
<u><u>120</u></u>	<u><u>127</u></u>	<u><u>136</u></u>	<u><u>137</u></u>

Third Draft

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

Function	2008	2009	2010	2011	2012	2013
Police						
Physical arrests (1)	983	762	308	383	327	346
Traffic violations	4,715	4,535	4,195	2,616	2,237	2,244
Fire						
Calls answered	1,055	1,143	1,256	1,170	1,243	1,159
Public Works						
Resurfacing (miles)	4.94	4.29	2.45	2.53	2.45	0.83
Culture and Recreation						
Athletic field permits issued	2,591	2,746	2,828	2,884	2,941	2,794
Community center admissions	149,547	165,500	181,206	198,940	206,968	231,137
Rink hours used	-	4,274	4,080	4,091	3,988	4,272
Rounds of golf purchased	45,933	46,075	49,936	50,531	52,581	47,027
Driving range buckets (2)	25,360	25,368	24,505	20,548	25,216	17,608
Water						
New connections	31	17	6	10	147	105
Water main breaks	4	3	7	4	6	6
Average daily consumption (millions of gallons)	3.12	3.05	2.73	2.75	3.08	2.79

Sources: City department records.

(1) Only felony arrests were tracked in 2010 and thereafter.

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

2014	2015	2016	2017
353	418	377	520
1,653	1,285	1,154	2,086
1,249	1,193	1,324	1,602
1.75	1.25	0.7	0.68
2,849	2,877	2,823	2,907
230,717	227,791	225,696	227,323
4,155	4,045	5,467	5,822
50,667	52,997	42,913	44,067
17,167	19,901	10,647	13,457

50	37	427	78
10	3	4	5
2.65	2.75	2.65	2.80

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

Function	2008	2009	2010	2011	2012	2013
Public Safety						
Police						
Stations	1	1	1	1	1	1
Patrol units	20	21	21	21	21	21
Fire stations						
Stations	2	2	2	2	2	2
Fire trucks	11	11	10	10	10	10
Other vehicles	5	5	4	4	4	4
Public Works						
Highways and streets						
Streets (miles) (3)	144	147	147	147	134	135
Street lights (1)	61	61	61	33	33	33
Traffic signals (2)	2	2	2	2	2	2
Culture and Recreation						
Parks acreage	885	885	885	885	885	844
Parks	27	27	27	27	27	28
Swimming pools	4	4	4	4	4	4
Ice rinks	10	10	10	10	10	10
Athletic fields	24	24	24	24	24	24
Tennis courts	11	11	11	11	11	11
Community centers	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1
Utilities						
Water						
Miles of water main (3)	155	155	155	155	148	152
Wells	6	6	7	7	7	7
Fire hydrants	1,580	1,585	1,595	1,598	1,605	1,554
Maximum daily capacity (millions of gallons)	11	11	13	13	13	13
Sewer						
Miles of sanitary sewer	114	116	116	124	128	125
Miles of storm sewers	94	99	105	117	120	98

Source: City department records.

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

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

(3) Prior to 2012, calculations included privately owned water mains and streets.

2014	2015	2016	2017
1	1	1	1
21	21	21	20
2	2	2	2
10	10	10	11
4	4	4	4
140	141	144	149
33	33	33	33
2	2	2	2
844	844	844	844
28	28	28	28
4	4	4	4
10	10	10	10
24	24	24	24
11	11	11	11
1	1	1	1
1	1	1	1
158	156	161	158
7	7	7	7
1,683	1,711	1,647	1,673
13	13	13	13
125	132	129	129
99	102	102	104

Management Letter

City of Inver Grove Heights
Inver Grove Heights, Minnesota

For the Year Ended
December 31, 2017

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota, (the City) for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting (internal control) of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

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

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

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

Summary of Prior Audit Findings

2016-001

Material Audit Adjustments

Condition: During our audit, a material adjustment was needed to correct the year-end cash with fiscal agent and related bond proceeds.

Criteria: Such adjustments were needed to correct year end balances. Amounts reported in the City's accounting system need to agree to the underlying supporting documentation.

Current Year Status:

Our audit procedures noted no instances as noted above as it relates material audit adjustments. Therefore, the finding is no longer reported in 2017.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of Minnesota statutes. 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. We noted no instances of noncompliance with Minnesota statutes.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2017. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include depreciation on capital assets, allocation of payroll and compensated absences, the liability for other postemployment benefits, value of land held for resale, and the assets and liabilities for the City's pensions.

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.
- Allocations of gross wages and payroll benefits are approved by City Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City. These allocations are also used in allocating accrued compensated absences payable.
- Management's estimate of its OPEB liability is based on several factors including, but not limited to, anticipated retirement age for active employees, life expectancy, turnover, and healthcare cost trend rate.
- Management's estimate of land held for resale is based on estimated net realizable value of acquired assets intended to be resold. Land and property purchased that management believes will be donated for economic development purposes are expensed in the year acquired.
- Management's estimate of its pension liabilities and assets are based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.
 - o The allocation of the pension liability related to Minnesota Public Employee Retirement Association (PERA) is based on the City's proportionate share of employer contributions to the PERA cost-sharing multiple employer Coordinated and Police and Fire pension plans.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated NEED DATE.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions and the Schedule of Funding Progress for Other Post-Employment Benefits Plan), which is information 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.

We were engaged to report on the supplementary information (combining and individual fund financial statements and schedules), which accompany the financial statements but are not RSI. With respect to this supplementary information, 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 financial statements or to the financial statements themselves.

We were not engaged to report on the introductory or statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on them.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Financial Position and Results of Operations

Our principal observations and recommendations are summarized below. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended December 31, 2017.

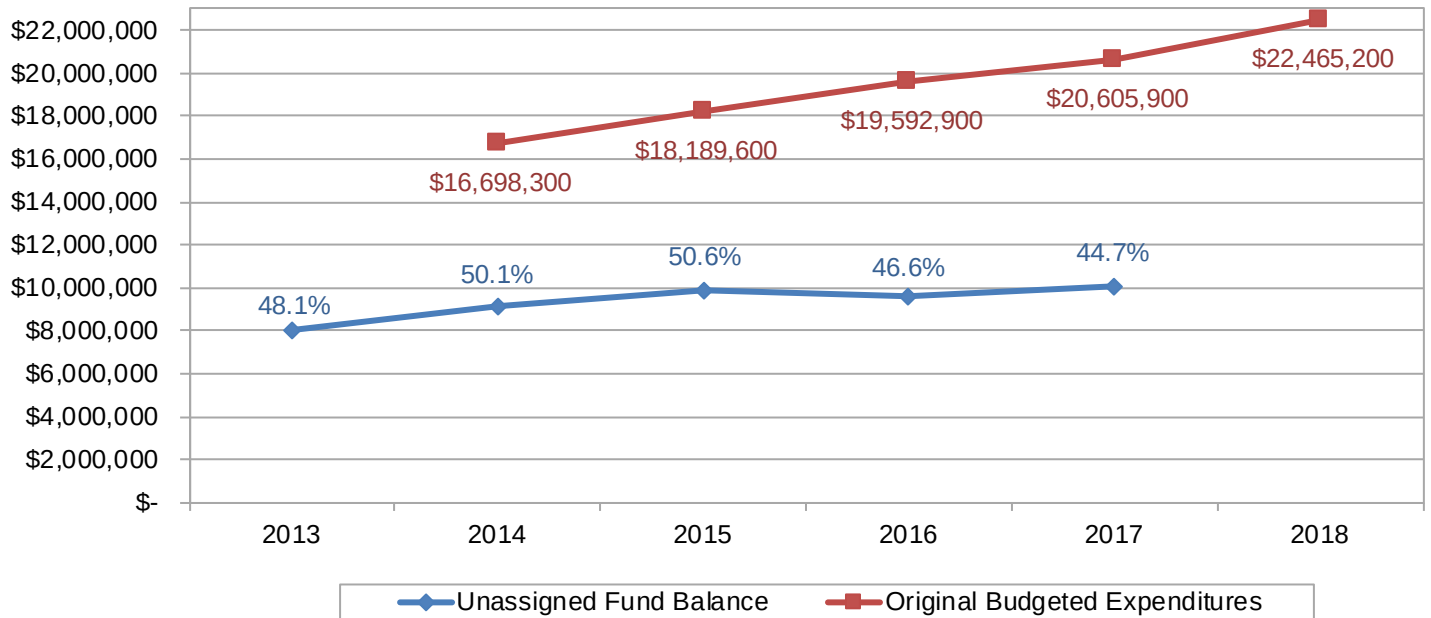
General Fund

The General fund is used to account for resources traditionally associated with government, which are not required legally or by sound principal of management to be accounted for in another fund. The General fund balance increased \$563,817 from 2016. We recommend that the fund balance be maintained at a level sufficient to fund operations until the major revenue sources are received in June. The City's fund balance policy for the General fund identifies a target unassigned fund balance of 40 to 45 percent of next year's budgeted expenditures. The City's ending fund balance is within this target range as shown in the chart below.

The purposes and benefits of a strong fund balance are as follows:

- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the governmental fund expenditures.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid formulas. An adequate fund balance will provide a temporary buffer against aid adjustments and levy limits.
- Expenditures not anticipated at the time the annual budget was adopted may need immediate City Council action. These would include capital outlay, replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in maintaining, improving or obtaining its bond rating. The result may be better interest rates in future bond sales.

Fund Balance as a Percent of Next Year's Budgeted Expenditures



The 2017 General fund operations are summarized as follows:

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 19,991,900	\$ 20,279,343	\$ 287,443
Expenditures	19,518,300	19,075,485	442,815
Excess of Revenues Over Expenditures	473,600	1,203,858	730,258
Other Financing Sources (Uses)			
Transfers in	677,000	678,659	1,659
Transfers out	(1,283,700)	(1,318,700)	(35,000)
Total Other Financing Sources (Uses)	(606,700)	(640,041)	(33,341)
Net Change in Fund Balances	(133,100)	563,817	696,917
Fund Balances, January 1	9,615,928	9,615,928	-
Fund Balances, December 31	\$ 9,482,828	\$ 10,179,745	\$ 696,917

Some of the line items with significant variances are highlighted below:

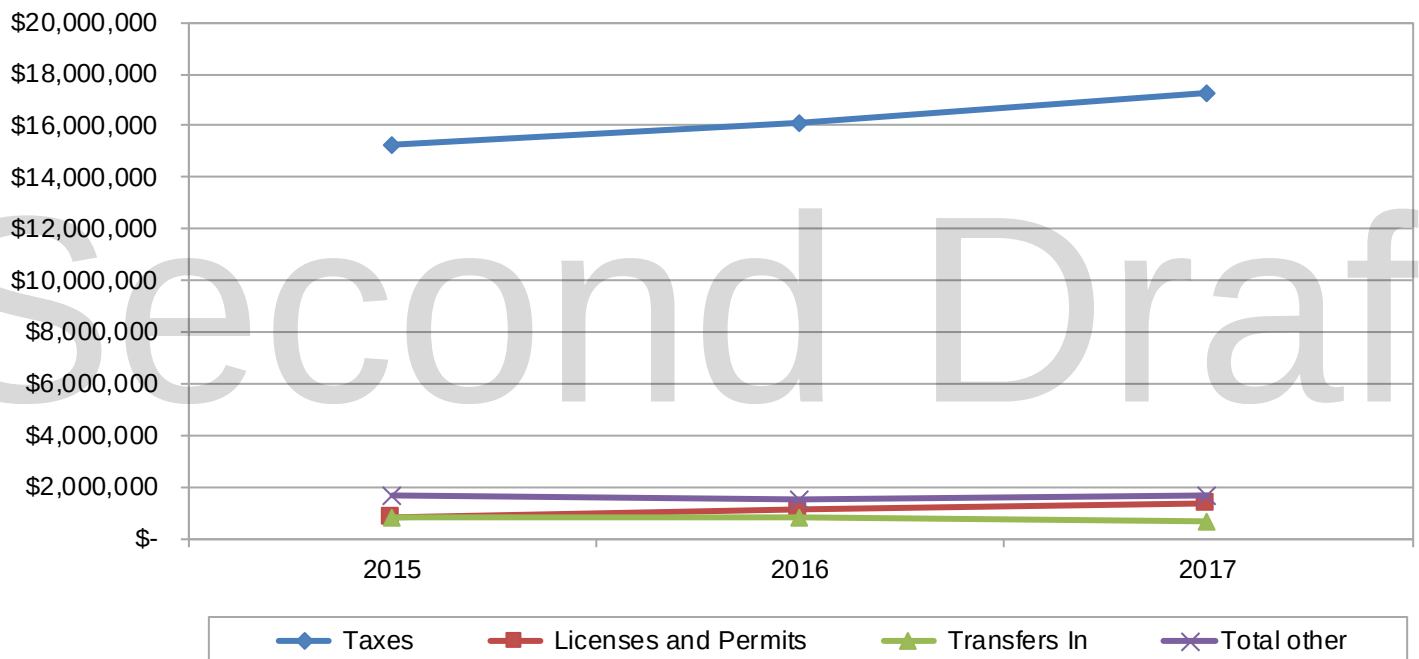
- The largest revenue variance is within taxes and licenses and permits, which is \$184,621 and \$183,586 respectively over budget. This variance is mostly due to:
 - o Tax collections were over budget by \$180,580. The variance is due to collections of delinquent property taxes as well as penalties.
 - o Business licenses and permits were over budget by \$182,118 due to more than anticipated fees.
- Revenues from intergovernmental were \$44,399 more than budgeted. The majority of this variance was due to more police and fire aid than anticipated.
- In total, expenditures are \$442,815 less than anticipated. The largest expenditure variance is within public safety which is \$268,129 less than budgeted. The majority of this variance was due to personnel services within the police department.
- Public works expenditures were also less than budget by \$103,426. The majority of this variance was due to street maintenance and engineering, which varied from budget by \$45,282 and \$32,119, respectively.
- Culture and recreation expenditures were also less than budget by \$108,725. The majority of this variance was due to personnel services and supplies, which varied from budget by \$52,562 and \$28,164, respectively.

Second Draft

A comparison between General fund 2015, 2016 and 2017 revenues and other financing sources is presented below:

Source	2015	2016	2017	Percent of Total	Per Capita
Taxes	\$ 15,245,100	\$ 16,077,810	\$ 17,276,421	82.5 %	\$ 470
Licenses and Permits	844,006	1,133,121	1,355,686	6.5	37
Intergovernmental	705,941	676,129	697,599	3.3	19
Charges for Services	718,523	660,604	620,978	3.0	17
Fines and Forfeitures	120,029	119,855	173,365	0.8	5
Special Assessments	6,873	2,605	7,392	-	-
Investment Earnings	88,525	74,848	79,380	0.4	2
Miscellaneous	6,210	8,409	68,522	0.3	2
Transfers In	793,318	781,575	678,659	3.2	18
Total Revenues and Other Financing Sources	<u>\$ 18,528,525</u>	<u>\$ 19,534,956</u>	<u>\$ 20,958,002</u>	<u>100.0 %</u>	<u>\$ 570</u>

A graphical presentation of 2015, 2016 and 2017 revenues and other financing sources follows:



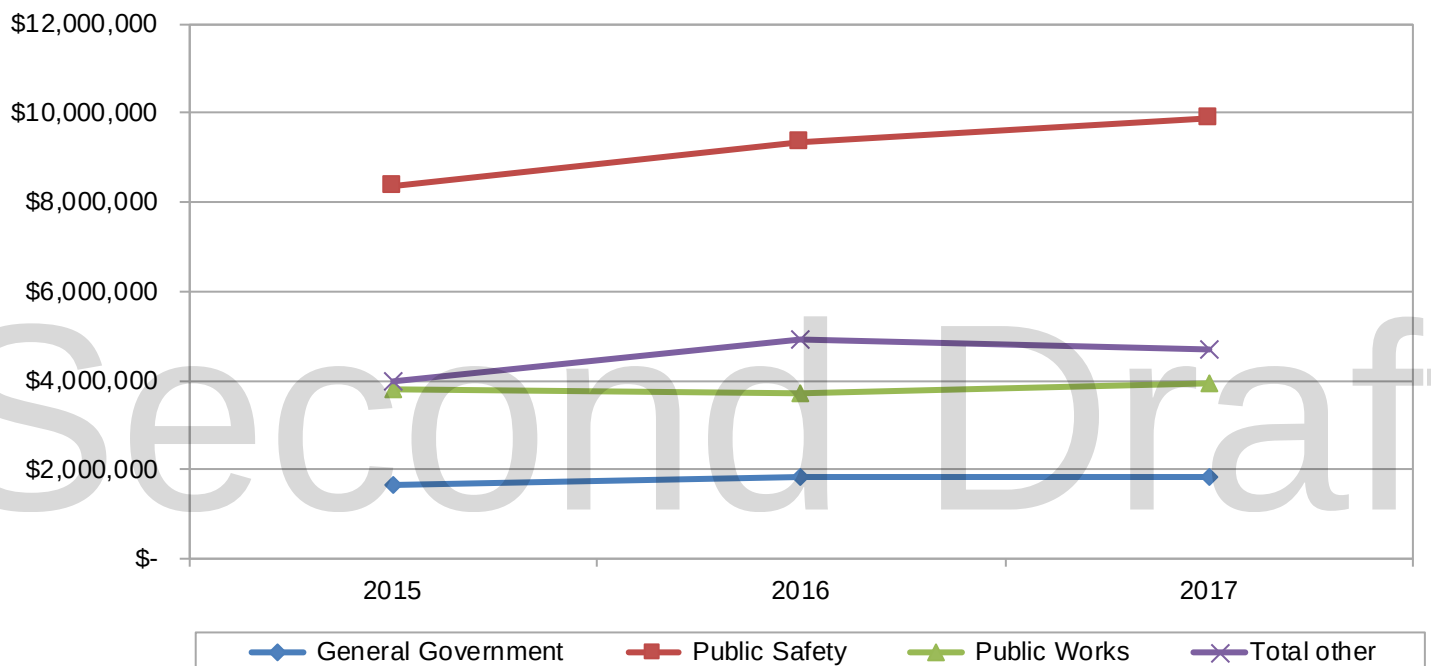
Some of the line items with significant changes are highlighted below:

- Within revenues from taxes, the increase from 2016 to 2017 was mostly a result of an increase in the General fund levy of seven percent from 2016.
- Revenues from licenses and permits increased due to more demand for building permits in 2017.

A comparison between General fund expenditures and transfers out for 2015, 2016 and 2017 is presented below:

Source	2015	2016	2017	Percent of Total	Per Capita
General Government	\$ 1,663,640	\$ 1,853,731	\$ 1,849,983	9.0 %	\$ 50
Public Safety	8,342,569	9,332,846	9,885,510	48.5	269
Public Works	3,789,292	3,728,436	3,958,174	19.4	107
Culture and Recreation	1,812,977	1,695,806	1,834,875	9.0	50
Community Development	1,184,177	1,324,928	1,546,943	7.6	42
Transfers Out	1,000,367	1,909,900	1,318,700	6.5	36
Total Expenditures and Transfers Out	<u>\$ 17,793,022</u>	<u>\$ 19,845,647</u>	<u>\$ 20,394,185</u>	<u>100.0 %</u>	<u>\$ 554</u>

The expenditures and transfers out summarized above are presented graphically as follows:



Some of the line items with significant changes are highlighted below:

- Public safety expenditures have increased from 2016 by \$552,664 (5.90 percent), largely as a result of personnel services for police and supplies fire, which increased \$364,861 and \$91,274, respectively.
- Public works expenditures have increased from 2016 by \$229,738 (6.20 percent), largely as a result of street maintenance supplies and personnel services for engineering, which increased \$144,428 and \$50,830, respectively.

Special Revenue Funds

Special revenue funds receive revenue from specific sources and expenditures are for specific purposes. A summary of the special revenue fund balances is shown below:

Fund	Fund Balances December 31,		Increase (Decrease)
	2016	2017	
Major			
Community Center	\$ (1,112,695)	\$ (1,786,819)	\$ (674,124)
Nonmajor			
Convention and Visitors Bureau	145,953	157,743	11,790
Recreation	414,879	369,227	(45,652)
Economic Development Authority (EDA)	161,452	228,209	66,757
Total	<u>\$ (390,411)</u>	<u>\$ (1,031,640)</u>	<u>\$ (641,229)</u>

Capital Projects Funds

The fund balances of all capital projects funds are summarized below:

Capital Projects Fund	Fund Balances December 31,		Increase (Decrease)
	2016	2017	
Major			
Closed Bond	\$ 2,281,481	\$ 2,061,223	\$ (220,258)
Local Improvement Construction	1,468,432	761,682	(706,750)
Pavement Management	2,319,917	5,538,455	3,218,538
Host Community	3,651,788	4,194,911	543,123
Nonmajor			
Capital Facilities	595,212	63,110	(532,102)
Equipment Acquisition	562,755	582,747	19,992
Parks Acquisition and Development	2,390,922	2,644,893	253,971
State Aid Construction	655,580	663,719	8,139
Capital Improvement Revolving	396,405	398,365	1,960
Community Property	-	29,381	29,381
Storm Water Management	1,588,206	1,955,948	367,742
Tree Preservation	5,710	105,775	100,065
Parks Capital Replacement	1,084,752	1,225,646	140,894
Americans with Disabilities Act	96,567	138,504	41,937
Community Projects	249,588	220,307	(29,281)
Permanent Improvement Revolving	(43,497)	31,376	74,873
Tax Increment Financing	1,618,173	2,336,758	718,585
Total	<u>\$ 18,921,991</u>	<u>\$ 22,952,800</u>	<u>\$ 4,030,809</u>

- Total expenditures within the above capital project funds are roughly \$6.33 million.
- Within total revenues, significant revenue sources include:
 - o Intergovernmental revenues (primarily state MSA funding) are approximately \$700,000.
 - o Charges for services are \$2.97 million (\$265,765 park dedication fees, \$594,809 storm water management fees, and \$2,108,572 for host community fees)
 - o Tax increment revenues totaled \$1.58 million.

Debt Service Funds

Debt Service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt). Debt Service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

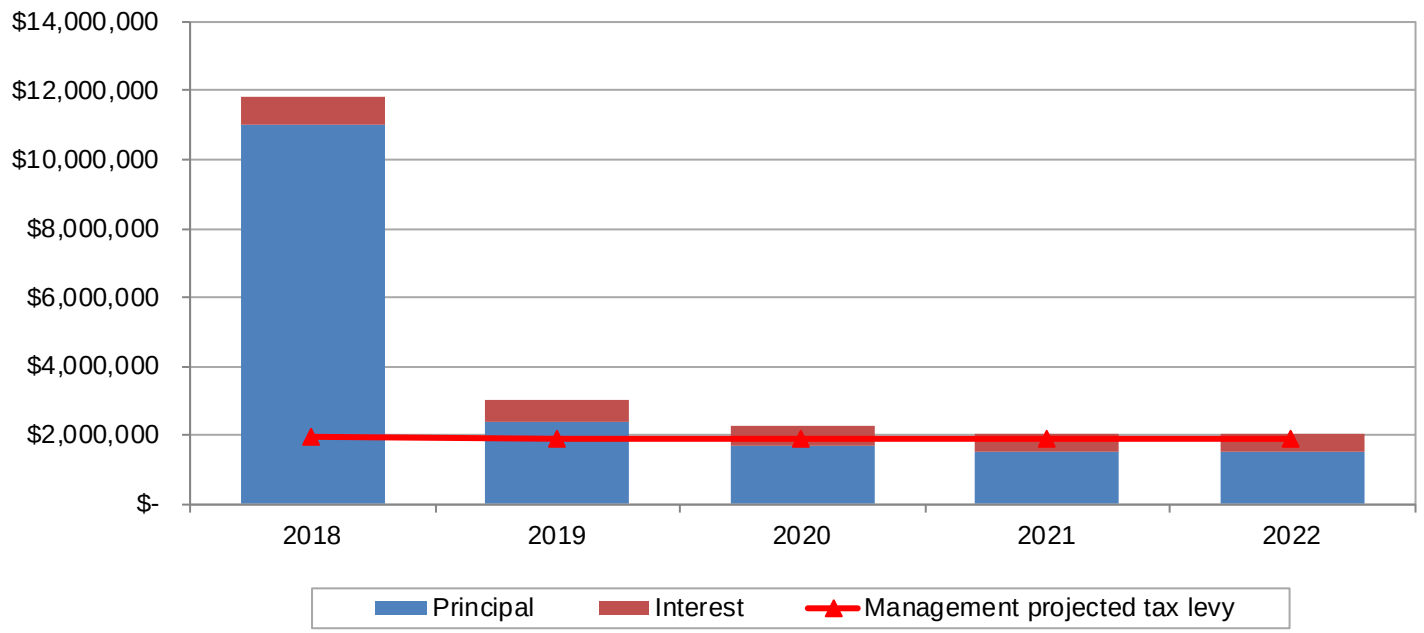
- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Tax increments - Pledged exclusively for tax increment/economic development districts.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service funds as follows: residual project proceeds from the related capital projects fund, investment earnings, state or federal grants, and transfers from other funds.

The following is a summary of the cash, total assets and bonds outstanding at year end for the governmental Debt Service funds:

<u>Debt Service Fund</u>	<u>Cash Balance</u>	<u>Total Assets</u>	<u>Bonds Outstanding</u>
Major			
Improvement Bonds	\$ 12,128,150	\$ 14,011,826	\$ 32,900,000
Nonmajor			
Storm Water Bonds	11,901	13,489	40,000
TIF Bonds	-	-	1,115,000
Total	<u>\$ 12,140,051</u>	<u>\$ 14,025,315</u>	<u>\$ 34,055,000</u>
Total Interest Payments			<u>\$ 5,467,380</u>

Debt Service Scheduled Principal and Interest for the Next 5 Years



The 2018 payment includes payment from the escrow agent of \$8,465,000 on the 2009A Capital Improvement Bonds.

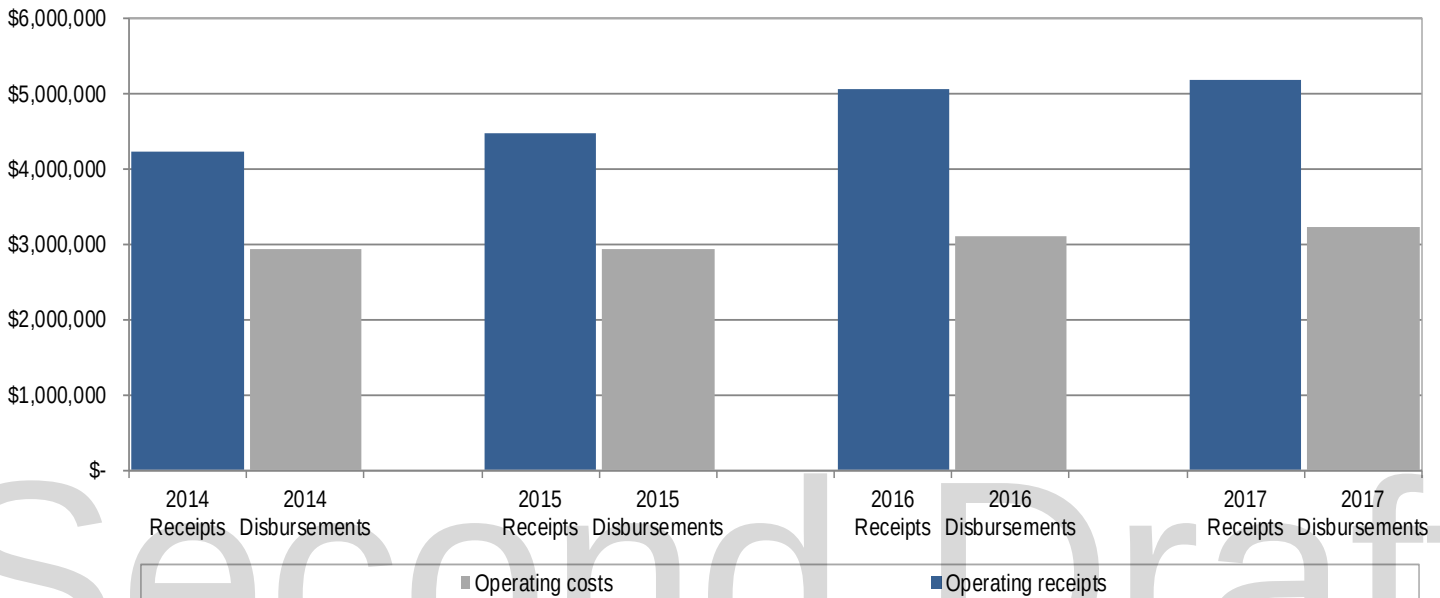
Second Draft

Internal Service Funds

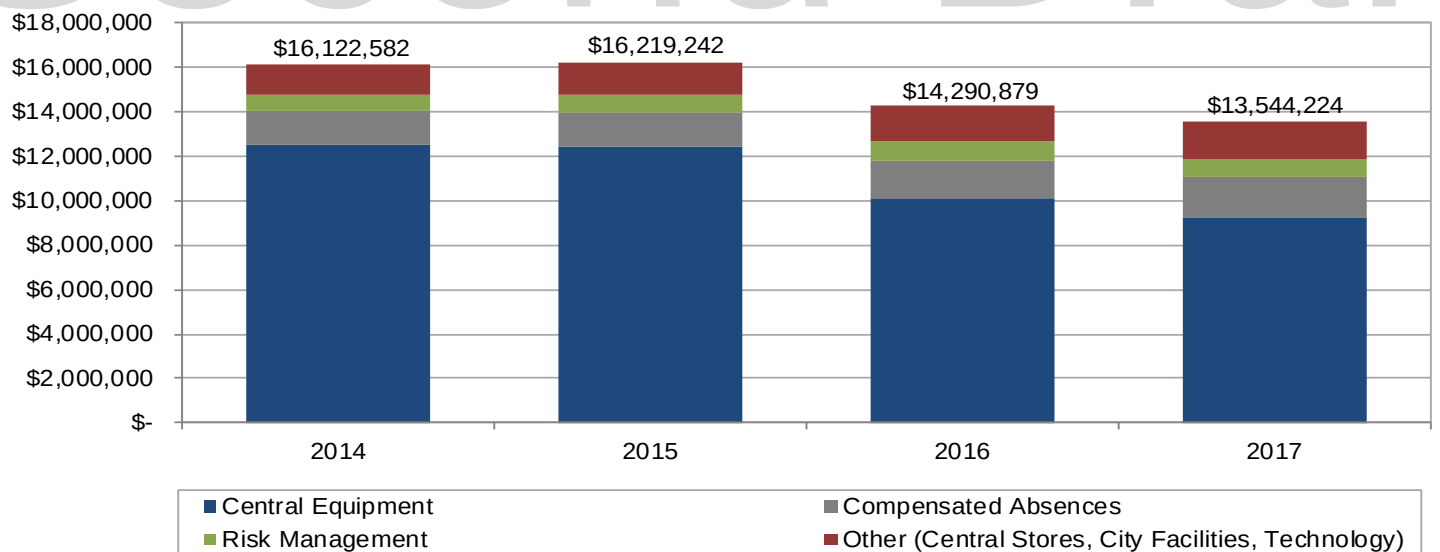
Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for compensated absences, risk management, central equipment maintenance, office supplies and equipment, city facilities, and technology. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The results of the operations in terms of cash flow and the breakdown of the cash balances for the past four years are as follows:

Internal Service Fund Cash Flows



Internal Service Fund Cash Balances



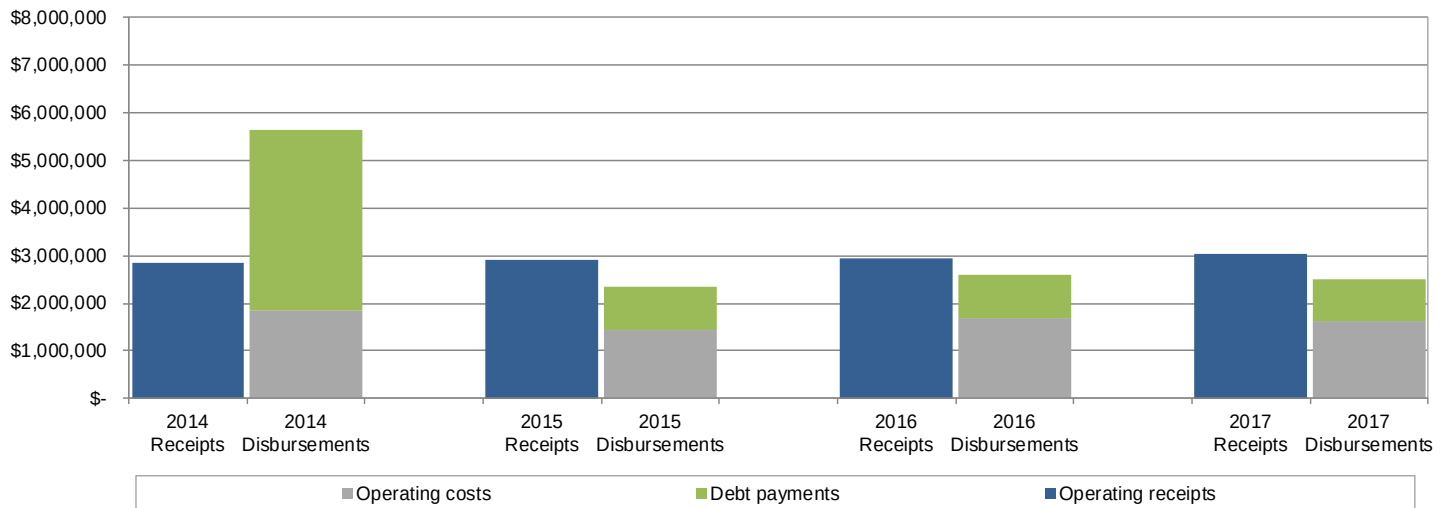
Some of the items with significant changes in the above charts are highlighted below:

- Operating receipts (blue) have been sufficient to cover operating costs (grey) for all years presented.
- For 2017, payments on interfund balances totaled \$772,980 while proceeds from sale of capital assets totaled \$30,760.

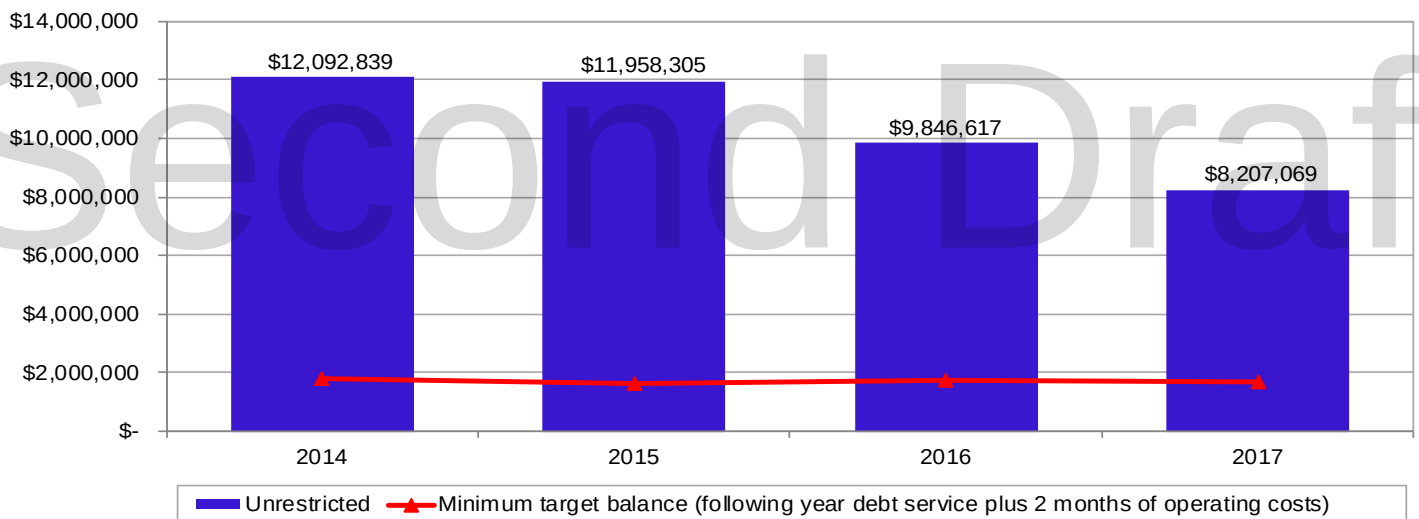
We recommend that the rates be reviewed annually to ensure that they are sufficient to cover operating costs and planned project costs.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The results of the operations in terms of cash flow and the breakdown of the cash balances for the past four years are as follows:

Water Fund Cash Flows



Water Fund Cash Balances



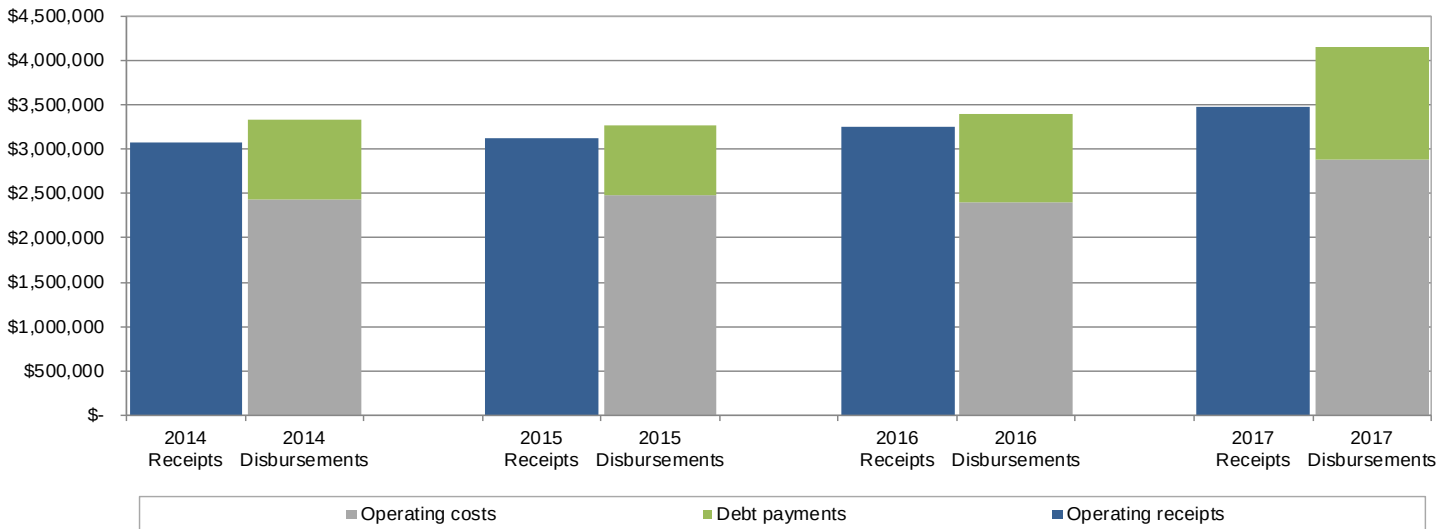
	2014	2015	2016	2017
Bonds Payable, Net of Premium	<u>\$ 4,983,804</u>	<u>\$ 4,162,604</u>	<u>\$ 3,321,403</u>	<u>\$ 2,460,202</u>

Some of the items with significant changes in the above charts are highlighted below:

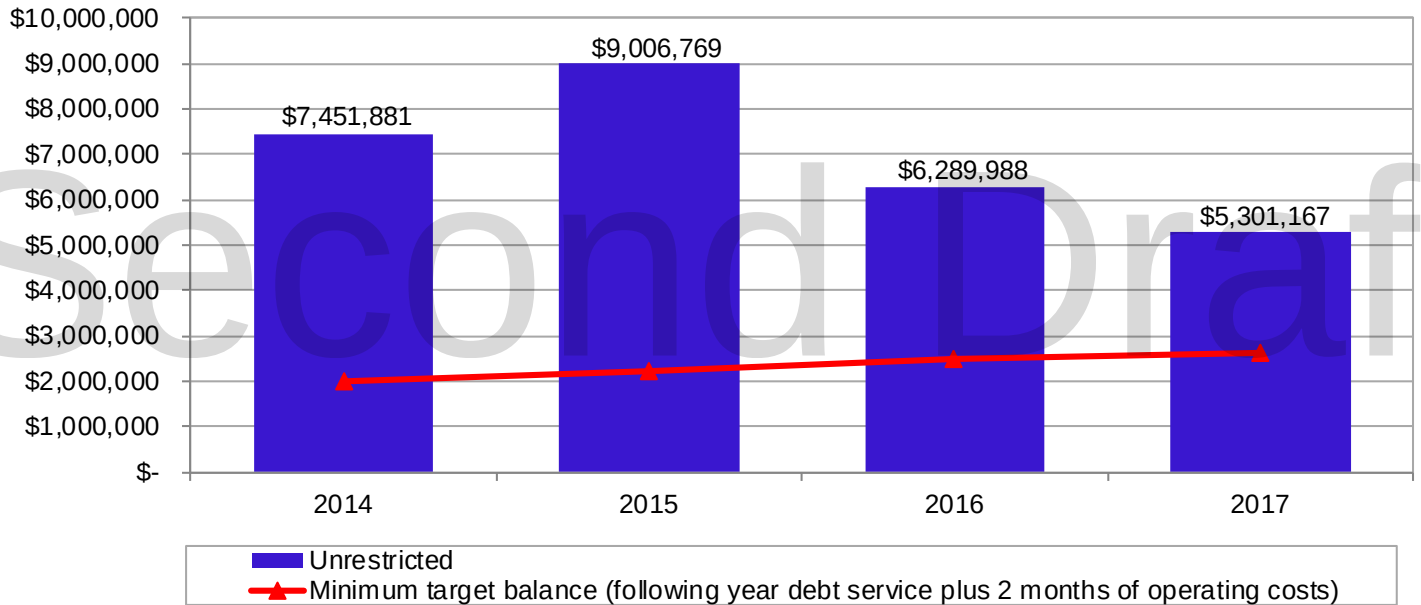
- Excluding the portion of debt payments covered by cash held with fiscal agent, operating receipts (blue) were sufficient to cover operating costs (grey) and debt payments (green) in each of the four years shown above.
- Cash received from connection fees was \$625,827 in 2017.

We recommend that the rates be reviewed annually to ensure that they are sufficient to cover operating costs, annual scheduled debt payments, and planned project costs.

Sewer Fund Cash Flows



Sewer Fund Cash Balances



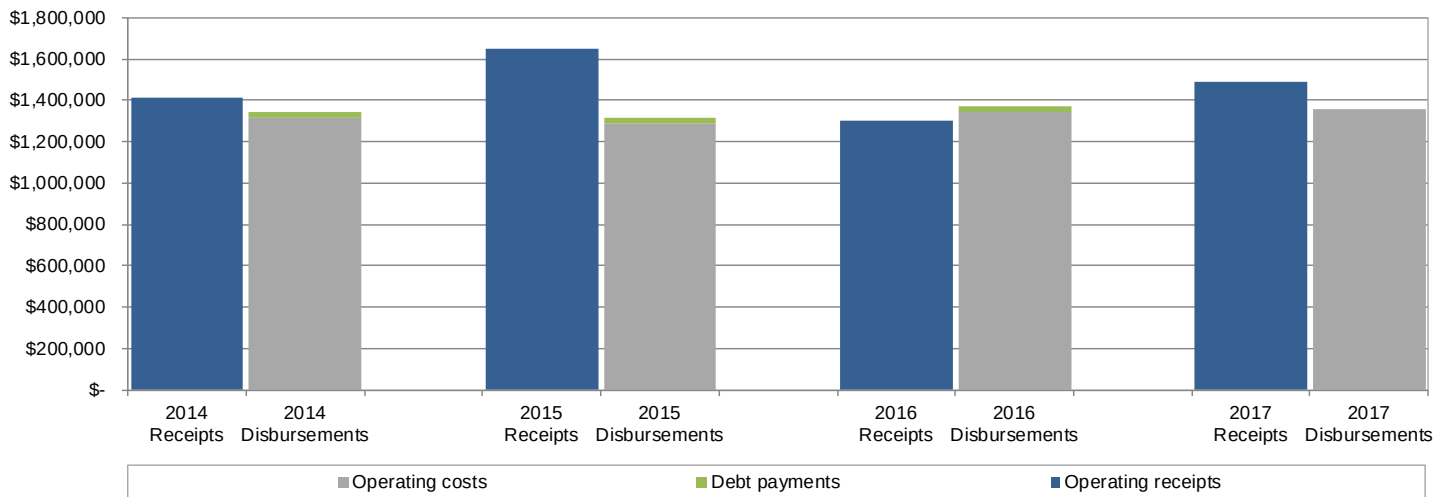
	2014	2015	2016	2017
Bonds Payable, Net of Premium	<u>\$ 12,298,421</u>	<u>\$ 16,246,027</u>	<u>\$ 15,696,693</u>	<u>\$ 20,737,225</u>

Some of the items with significant changes in the above charts are highlighted below:

- For all years presented, Operating receipts (blue) have not been sufficient to cover operating costs (grey) and debt payments (green).
- Cash received from connection fees was \$633,932 in 2017.

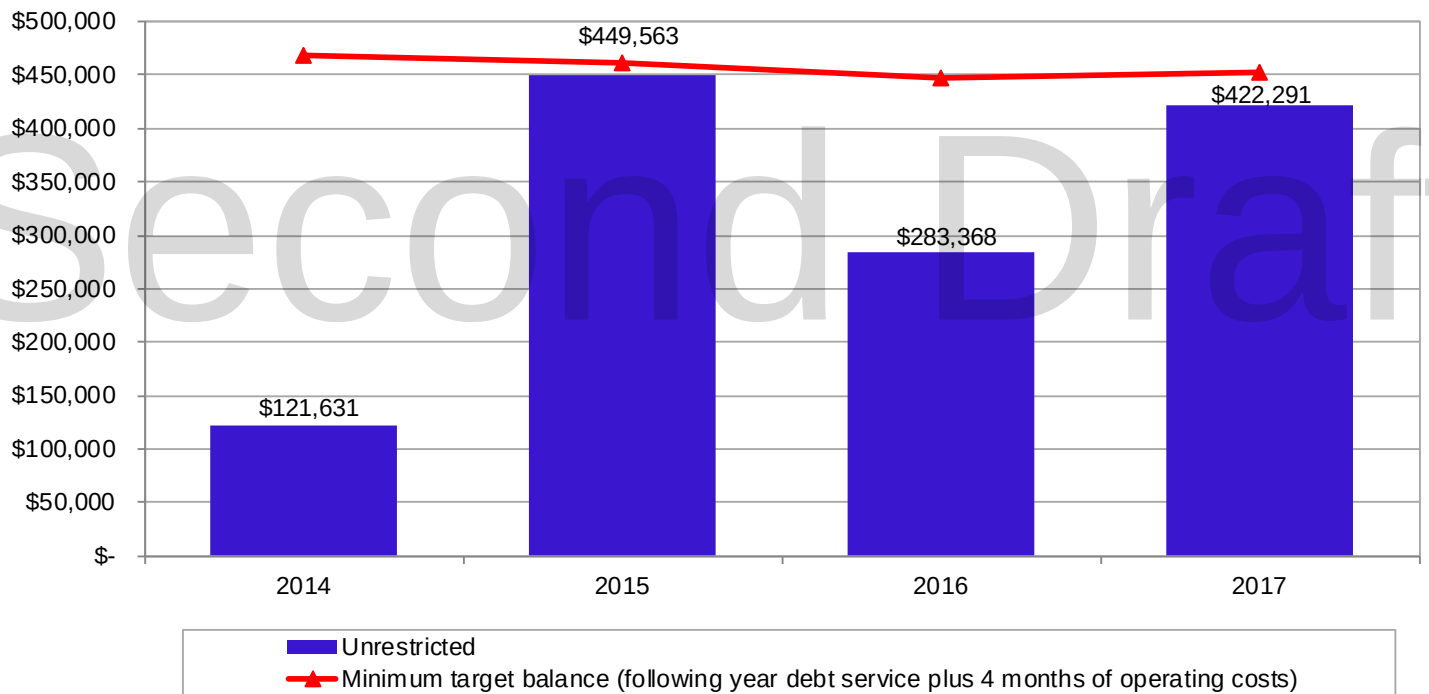
As noted with the Water fund, we recommend that the rates be reviewed annually to ensure that they are sufficient to cover operating costs, annual scheduled debt payments, and planned project costs.

Golf Course Fund Cash Flows



Note: In 2017, \$2,286,884 of prior year construction in progress was determined to be repairs and maintenance and was expensed in the current year. This expense is not reflected in the above chart.

Golf Course Fund Cash Balances



	2014	2015	2016	2017
Capital Lease Payable	\$ 56,823	\$ 29,120	\$ -	\$ -
Interfund Loan	\$ 78,075	\$ 85,232	\$ 2,077,303	\$ 2,047,700

Some of the items with significant changes in the above charts are highlighted below:

- In 2014, 2015 and 2017, operating receipts (blue) were sufficient to cover operating costs (grey) and debt payments (green). In 2016, operating receipts were not sufficient to cover operating costs.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: ⁽¹⁾

GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension*

Summary

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

Effective Date

This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of OPEB measurements.
- Explanations of how and why the OPEB liability changed from year to year will improve transparency.

Future Accounting Standard Changes (Continued)

- The summary OPEB liability information, including ratios, will offer an indication of the extent to which the total OPEB liability is covered by resources held by the OPEB plan, if any.
- For employers that provide benefits through OPEB plans that are administered through trusts that meet the specified criteria, the contribution schedules will provide measures to evaluate decisions related to contributions.

The consistency, comparability, and transparency of the information reported by employers and governmental nonemployer contributing entities about OPEB transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the OPEB plan's fiduciary net position associated with the OPEB of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return.
- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations.
- Immediate recognition in OPEB expense, rather than a choice of recognition periods, of the effects of changes of benefit terms.
- Recognition of OPEB expense that incorporates deferred outflows of resources and deferred inflows of resources related to OPEB over a defined, closed period, rather than a choice between an open or closed period.

GASB Statement No. 83 - *Certain Asset Retirement Obligations*

Summary

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

Future Accounting Standard Changes (Continued)

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs.

GASB Statement No. 84 - *Fiduciary Activities*

Summary

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Future Accounting Standard Changes (Continued)

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship.

GASB Statement No. 85 - Omnibus 2017

Summary

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

Future Accounting Standard Changes (Continued)

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

GASB Statement No. 86 - *Certain Debt Extinguishment Issues*

Summary

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

Effective Date

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance.

GASB Statement No. 87 - *Leases*

Summary

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

Future Accounting Standard Changes (Continued)

How the Changes in This Statement Will Improve Accounting and Financial Reporting

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

⁽¹⁾ *Note.* From GASB Pronouncements Summaries. Copyright 2017 by the Financial Accounting Foundation, 401 Merritt 7, Norwalk, CT 06856, USA, and is reproduced with permission.

* * * * *

Restriction on Use

This communication is intended solely for the information and use of the City Council, management, and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
NEED DATE

Second Draft

Other Required Report

City of Inver Grove Heights
Inver Grove Heights, Minnesota

For the Year Ended
December 31, 2017

City of Inver Grove Heights, Minnesota
Other Required Report
Table of Contents
For the Year Ended December 31, 2017

Other Required Report
Independent Auditor's Report
on Minnesota Legal Compliance

Page No.

3

Second Draft



INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated NEED DATE.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

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 *Minnesota Legal Compliance Audit Guide for Cities*. 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.

The purpose of this report is solely to describe the scope of our testing of compliance and the result of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
NEED DATE



Memo

To: Joe Lynch, City Administrator
From: Steve Apfelbacher and Jessica Cook
Date: May 2, 2018
Subject: Financial Update on the Northwest Area Sewer Extensions

The purpose of this memo is two-fold:

1. To provide a financial update on the Northwest Area sewer trunk system; and
2. To evaluate the financial feasibility of extending the sewer line to serve proposed new development areas.

Background

In May of 2016, Ehlers attended a Council work session to discuss recommendations for funding utility extensions into the Northwest Area. At that meeting we made several recommendations, including:

Recommendation #7: We would advise the City to not approve additional extensions to the water and sewer system in the Northwest area until the engineering reports are complete and we can provide a valid long-term financial plan supported by the City for how to pay for both the existing utility infrastructure and future extensions.

We also proposed a process for evaluating new development that provided for staff to:

1. Obtain reasonable information about how much it will cost to extend utilities to serve a future development applicant;
2. Understand the terms of the proposed development agreement including the financial impact to the City of any credits requested by the developer; and
3. Develop a financial plan to pay for the utility extensions or agree to explore less costly development options.

City staff have followed this proposed course of action. They have received preliminary proposals from developers to construct new housing developments in areas not currently served by the sewer system. These proposed developments would require extension of the sewer trunk lines at the City's expense. Staff have obtained engineering estimates of the cost of serving the proposed developments and provided them to Ehlers to complete a financial

plan. In addition, the City's planning consultant, HKGI, provided future growth estimates for undeveloped parcels within the Northwest Area. We have used this information to provide a financial feasibility analysis of whether to extend trunk lines to serve the proposed developments. The first part of our analysis, however, was to look at funding needed to pay for the existing sewer infrastructure already in the ground.

Funding Summary for Current Infrastructure

The City has issued over \$18.4 million in bonds to finance the extension of sewer utilities into the Northwest Area. The annual debt service on these bonds is approximately \$1.2 million each year. It was the original expectation that connection and platting fees collected from the Northwest Area would repay the bonds. However, since the City decided to provide sewer service to the Northwest Area in 2007, costs for the trunk lines have increased from original estimates and the density of development has decreased, generating less fees than originally anticipated. Therefore, the City faces a situation of having to find other revenues to fund the annual debt service for sewer extensions already in the ground.

Additional development will help pay for the cost of utilities already installed in the Northwest Area **if** it occurs on land that is already served by the existing trunk system. Future development that does not require additional utility infrastructure to be installed should be encouraged at densities anticipated in the Comprehensive Plan.

The map attached as Appendix A shows all areas currently served by the existing sewer trunk system. There are 195 net developable acres within this area served by sewer. This represents significant development opportunities for 780 to over 1,300 housing units and 1.2 million square feet of commercial space.

Appendix B provides a financial analysis that shows three development scenarios on the 195 acres served by sewer in the Northwest Area. The first scenario assumes that future development patterns follow the recent pattern of mostly single-family homes with a density of four units per acres. The second scenario uses HKGI's "low growth" assumption of 5 units per acre, and the third scenario is HKGI's "likely growth" scenario of 7 units per acre. None of these scenarios will provide sufficient revenues to repay the City for the sewer extensions. **The unreimbursed cost of sewer ranges from \$9.9 million in HKGI's "likely growth" scenario to \$14.1 million if the area continues to develop primarily as single-family homes (4 units/acre).**

Funding Strategy for Existing Area

The City will need to identify other funding sources to fill the \$9.9 to \$14.1 million gap in paying for the existing sewer system in the Northwest Area. Likely sources could include:

Sewer Utility. The City has pledged to bondholders that it will establish sewer fees sufficient to cover the debt service payments on the bonds. Last year the Council adopted a \$2.00 per thousand gallon surcharge in the Northwest Area. Over the next ten years this is expected to generate about \$550,000 of revenue. The City could increase user charges city-wide to pay for the Northwest Area. For example, a 20%

increase in sewer rates would generate roughly \$650,000 per year which, together with the Northwest Area surcharge, would repay a \$9.9 million deficit over 15 years. This analysis should be refined prior to the City implementing any rate increases.

Property Taxes. Property taxes may be used for debt service on a temporary basis, or may be used to pay for future extensions of the sanitary sewer lines.

Tax Abatement. The City may use tax abatement as a tool to capture the taxes on new development to help pay for the sewer system. This means the new tax base would not be available for other infrastructure needs in the Northwest Area.

Determining the most feasible funding sources can be part of a comprehensive financial planning process that measures tax impacts and/or user charges.

Extending Sewer in the Northwest Area

Future development outside of the currently served areas will only increase the City's financial obligation unless the fees associated with the development fully cover the cost of extending the trunk line. Therefore, it is essential to determine the costs of future extensions and to develop a funding plan prior to land use approvals being granted.

The map in Appendix C shows three additional areas in which developers have expressed interest. City staff have obtained engineering estimates for the cost to extend sewer into each of these areas. For each area we calculated the potential fee revenue from our three growth scenarios described above. These are represented in the chart below and in Appendix D.

Development Area	Cost to Extend Sewer	Potential Connection Fee Revenue	Net Gain/(Loss)
Area 18	\$1,320,000	\$757,000 to \$1.8 M	(\$560,000) to \$530,000
Area 12	\$2,629,500	\$600,000 to \$1.6 M	(\$1 M) to (\$2 M)
Area 6	\$ 541,600*	\$570,000 to \$3.3 M	\$30,000 to \$2.8 M

*Assumes that Area 6 can be served by a lateral and the cost is for the trunk to be constructed in the roundabout at Hwy 3 and 70th street.

The net gain or loss in the chart above only accounts for the cost of the extension; it does not account for the costs incurred to date to extend the completed trunk lines.

If we conclude that the City should only extend sewer service when development is sufficient to pay for the cost of the extension, this analysis indicates that:

Area 18 (Scenic Hills): Sewer should only be extended if development exceeds approximately 170 units and 30,000 square feet of commercial space. The current proposal of 68 single family homes and a 32-unit assisted living facility will not be enough to pay for sewer extensions. In fact, the City would need to subsidize this proposed development by approximately \$560,000.

Area 12 (Hannah Meadows): Sewer should not be extended in this area. This area is currently served by sewer, but trunk lines need to be installed across the site to serve land to the north and east for future development. The cost of this extension is over \$2.6 million. There is no likely growth scenario in the current market that would pay for this level of project cost. Revenues from land developed to the north and east will be needed to extend the trunk lines across that property to serve the next phase of development, so we cannot rely on future revenues for this sewer extension.

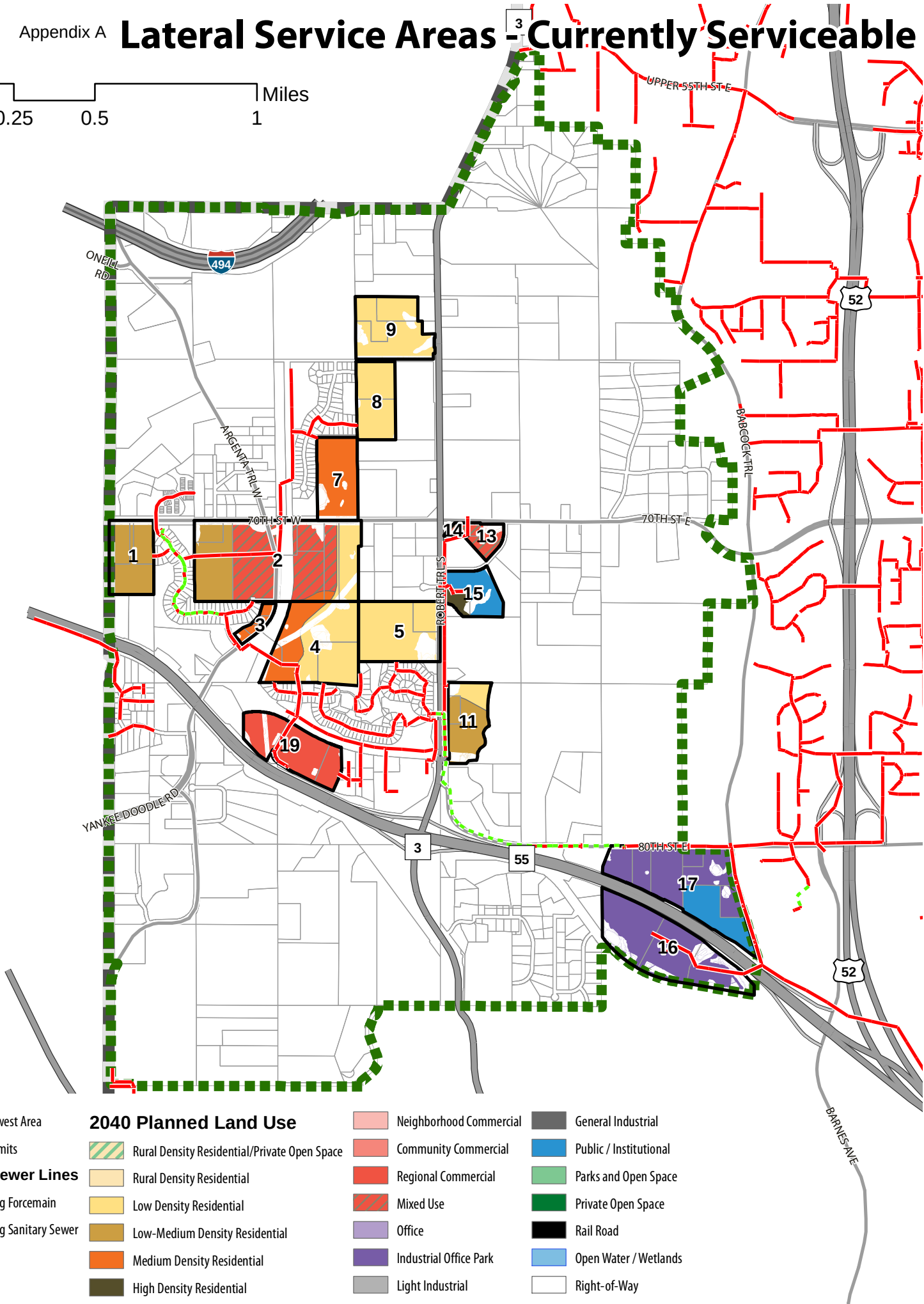
Area 6 (NW Quadrant of Hwy 3 and 70th Street): This area is financially feasible for development. It is expected to be served at the cost of extending the trunk line through the proposed roundabout. Therefore, all likely development scenarios will generate sufficient sewer revenues to pay for the extension.

Summary of Findings

- The City will need to identify other funding sources to pay for the Northwest Area sewer trunk lines besides the connection fees. The unreimbursed cost of the installed sewer system is expected to range from \$9.9 million to \$14.1 million. Given the City's experience with increasing costs to extend the sewer trunk system, the City can no longer assume that future growth will pay for the deficit.
- Other funding sources may include city-wide sewer user charges, property taxes, or tax abatement. Identifying the most appropriate mix of revenues may be part of a larger financial planning process that also evaluates other city priorities such as streets, parks, and public safety.
- Significant development opportunities of 1,300 residential units or more exist on currently served land within the Northwest Area.
- Extensions to the sewer system should only be made when sewer connection fees will cover the costs and the developer has committed to a minimum fee or number of units in a development agreement.
- This analysis only addresses the sewer infrastructure. If the Council decides to extend utilities to serve new areas, a similar analysis should be completed for the water utility.

Lateral Service Areas - Currently Serviceable

0 0.25 0.5 1 Miles



Northwest Area

City Limits

Sanitary Sewer Lines

Existing Force Main

Existing Sanitary Sewer

2040 Planned Land Use

Rural Density Residential/Private Open Space

Rural Density Residential

Low Density Residential

Low-Medium Density Residential

Medium Density Residential

High Density Residential

Neighborhood Commercial

Community Commercial

Regional Commercial

Mixed Use

Office

Industrial Office Park

Light Industrial

General Industrial

Public / Institutional

Parks and Open Space

Private Open Space

Rail Road

Open Water / Wetlands

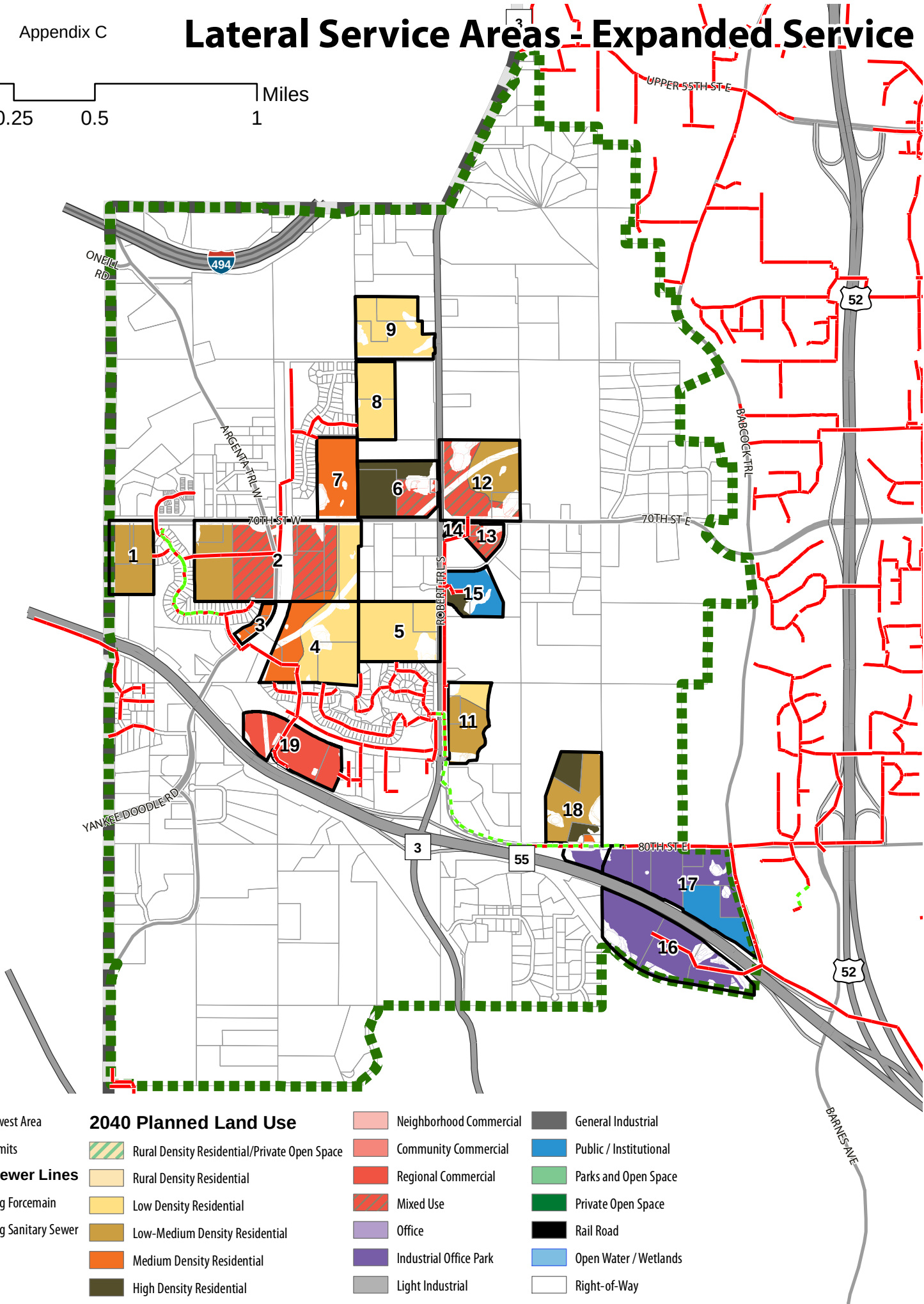
Right-of-Way

Appendix B
City of Inver Grove Heights
Growth Scenarios for Northwest Area
Existing Area Served by Sewer

	Lateral Service Areas: 1, 2, 3, 4, 5, 7, 8, 9, 11, 13, 14, 15, 16, 17, 19					
	Property Served by Existing Sewer Trunk Lines					
	Historical 4 units/acre		HKgl Low Growth		HKgl Likely Growth	
<u>Residential</u>						
Housing Units	780		968		1,324	
Net Developable Acreage	195		195		195	
Units per Acre	4		5		7	
Total Sewer Residential Connection Fees	\$ 5,904,600	\$	7,341,900	\$	10,105,500	
<u>Commercial</u>						
Commercial Square Feet	1,201,373		1,201,373		1,201,373	
Net Developable Acreage	119		119		119	
Total Sewer Commercial Connection Fees	\$ 3,270,013	\$	3,270,013	\$	3,270,013	
Total Sewer Connection Fee Revenue	\$ 9,174,613	\$	10,611,913	\$	13,375,513	
Total Outstanding Debt (2018-2035)	\$ (18,432,233)	\$	(18,432,233)	\$	(18,432,233)	
Capital Improvements	\$ -	\$	-	\$	-	
Future Gain/(Loss)	\$ (9,257,620)	\$	(7,820,320)	\$	(5,056,720)	
Repay Transfers In from 2016 and 2017	\$ (5,452,141)	\$	(5,452,141)	\$	(5,452,141)	
Plus Cash Balance	\$ 630,591	\$	630,591	\$	630,591	
Total Gain/(Loss)	\$ (14,079,170)	\$	(12,641,870)	\$	(9,878,270)	

Lateral Service Areas - Expanded Service

0 0.25 0.5 1 Miles



Sanitary Sewer Lines

- Existing Force Main
- Existing Sanitary Sewer

2040 Planned Land Use

- Rural Density Residential/Private Open Space
- Rural Density Residential
- Low Density Residential
- Low-Medium Density Residential
- Medium Density Residential
- High Density Residential

- Neighborhood Commercial
- Community Commercial
- Regional Commercial
- Mixed Use
- Office
- Industrial Office Park
- Light Industrial

- General Industrial
- Public / Institutional
- Parks and Open Space
- Private Open Space
- Rail Road
- Open Water / Wetlands
- Right-of-Way

Appendix D
City of Inver Grove Heights
Growth Scenarios for Northwest Area
Future Growth Areas

	New Lateral Service Area: 18 Scenic Hills			New Lateral Service Area: 12 Hannah Meadows			New Lateral Service Area: 6		
	Proposed 5 units/acre	HKgl Low Growth	HKgl Likely Growth	Historical 4 units/acre	HKgl Low Growth	HKgl Likely Growth	Historical 4 units/acre	HKgl Low Growth	HKgl Likely Growth
Residential									
Housing Units	100	147	234	68	121	198	70	215	431
Net Developable Acreage	22	22	22	17	17	17	18	18	18
Units per Acre	5	7	11	4	7	12	4	12	25
Total Sewer Residential Connection Fees	\$ 757,000	\$ 1,126,930	\$ 1,771,380	\$ 514,760	\$ 915,970	\$ 1,498,860	\$ 529,900	\$ 1,627,550	\$ 3,262,670
Commercial									
Commercial Square Feet		30,449	30,449	34,665	34,665	34,665	19,025	19,025	19,025
Net Developable Acreage		3	3	3	3	3	2	2	2
Total Sewer Commercial Connection Fees	\$ -	\$ 82,437	\$ 82,437	\$ 82,437	\$ 82,437	\$ 82,437	\$ 41,219	\$ 41,219	\$ 41,219
Total Sewer Connection Fee Revenue	\$ 757,000	\$ 1,209,367	\$ 1,853,817	\$ 597,197	\$ 998,407	\$ 1,581,297	\$ 571,119	\$ 1,668,769	\$ 3,303,889
Total Outstanding Debt (2018-2035)	0	0	0	0	0	0	0	0	0
Capital Improvements	\$ (1,320,000)	\$ (1,320,000)	\$ (1,320,000)	\$ (2,629,500)	\$ (2,629,500)	\$ (2,629,500)	\$ (541,600)	\$ (541,600)	\$ (541,600)
Future Gain/(Loss)	\$ (563,000)	\$ (110,633)	\$ 533,817	\$ (2,032,303)	\$ (1,631,093)	\$ (1,048,203)	\$ 29,519	\$ 1,127,169	\$ 2,762,289
Repay Transfers In from 2016 and 2017									
Plus Cash Balance									
Total Gain/(Loss)	\$ (563,000)	\$ (110,633)	\$ 533,817	\$ (2,032,303)	\$ (1,631,093)	\$ (1,048,203)	\$ 29,519	\$ 1,127,169	\$ 2,762,289

CITY OF INVER GROVE HEIGHTS

REQUEST FOR COUNCIL ACTION

2019 Budgets

Meeting Date: May 7, 2018
 Item Type: Work Session
 Contact: Kristi Smith 651.450.2521
 Prepared by: Kristi Smith, Finance Director
 Reviewed by: Joe Lynch, City Administrator

Fiscal/FTE Impact:

☐	None
☐	Amount included in current budget
☐	Budget amendment requested
☐	FTE included in current complement
☐	New FTE requested – N/A
☒	Other (2019 Budget)

PURPOSE/ACTION REQUESTED

To review preliminary budget information available and provide direction to staff as we begin the process of developing the 2019 budgets and tax levies.

SUMMARY

Budget Process

- Meetings between City Administrator and Finance Director to discuss the budget and process.
- May work session, Council to provide guidance on 2019 budget.
- Mid to Late May, department heads will be provided with budget templates and direction.
- Mid July, department heads will present budget overviews to all department heads.
- Mid July, department heads and supervisors will present budgets to Budget Committee. Budget Committee is comprised of City Administrator, City Government Intern and Finance Director.
- Additional meetings may be necessary based on Budget Committee and City Council direction.
- Early October budget presentations will be made to employees and the public.

Budget Calendar **Exhibit A** includes important budget dates. We will need to adopt preliminary tax levies and budgets prior to September 30. Approval of the preliminary 2019 budget will be on the agenda for your September 10, 2018 Council meeting. Final budgets and tax levies will need to be adopted prior to December 28. We anticipate holding a public meeting at the December 10, 2018 Council meeting and will ask Council to adopt the tax levies and budgets at that time. Proposed budget information should be distributed for the August 6, 2018 work session. Various meetings will be held to discuss the 2019 budget.

This year the budget will be presented in the format similar to the last four years. Columns will be utilized for:

- 2019 Base Budget
- 2019 Department Requested Additions
- 2019 Council Directed Additions
- 2019 Preliminary Budget
- 2020 Preliminary Budget

The 2019 base budget will include current personnel/programs/services provided. The 2019 department requested additions will include new personnel/programs/services. Upon Council recommendation to include a department requested addition in the budget it will be included in the 2019 Council directed additions column. The 2019 preliminary budget will include 2019 base budget plus Council directed additions. The 2020 preliminary budget will primarily be based on 2019 preliminary budget adjusted for inflation.

2018 Budget Challenges:

- Known increased personnel costs (contracts have been settled) (\$650,000)
- Additional funding of Pavement Management Program (\$550,000)
- Reduce reliance on Host Community Fund (\$300,000)
- Increase funding for Park Capital Replacement Fund (\$90,000)
- Set sustainability policies and utilize during the budget process. Policies should be created for Pavement Management Program, park facilities, city facilities, local share of road construction projects and energy savings.

2019 Budget Challenges:

- Integration of the classification/compensation plan and unknown personnel costs as contracts expire December 31, 2018
- Additional funding of Pavement Management Program (Propose \$500,000)
- Reduce reliance on Host Community Fund (\$100,000)
- Increase in debt service levies (\$653,000 per CIP, includes reducing the reliance on Closed Bond Fund by \$200,000)
- Desire for a Financial Management Plan
- Funding for City Facilities maintenance and replacement

The Budget Committee would like to keep the tax rate increase to under 2%. At a 2% increase the tax rate would be 52.134%, which equates to a levy increase of \$1,862,119 from 2018.

In comparison, the 2018-2022 CIP indicated a 2019 levy of \$22,766,427, an increase of \$1,502,117 which reflected a tax rate of 54.650% under the following assumptions:

- \$700,513 for new debt service payments related to issuance for fire station #2
- 2.5% increase in market value and tax capacities
- 2% increase in non-property tax revenues
- 5% increase in expenditures
- Reduced reliance on Host Community Fund

Exhibit B shows the change in market value and tax capacity for taxes payable in 2019 by property classification.

- 7.4% increase in market value
- 6.8% increase in tax capacity

Exhibit C - Market Value and Tax Capacity Comparison 2018 to 2019 and 2018 Tax Rates shows how we compare to other Dakota County Cities for changes in market values, tax capacities and tax rate.

Exhibit D shows General Fund expenditures by department by category for 2014-2017 actual and 2018 amended budget.

**CITY OF INVER GROVE HEIGHTS
2019 BUDGET CALENDAR**

May 7, 2018	Budget Work Session Initial discussion, review/revise calendar, establish direction
August 6, 2018	Budget Work Session Introduction of preliminary 2019 General Fund budget Presentations of General Fund requested budget additions
September 4, 2018 (Tuesday)	Budget Work Session Cash balances, fund balances and reserves, Debt Service Handouts - Base Budget Benefited Positions by Department, Base Budget FTE Benefited Positions and Base Budget Hours and FTE Non- Benefited Positions
September 10, 2018	City Council Adopt 2019 Proposed Budgets & Tax Levies
September 28, 2018	Final Date to Certify Proposed Tax Levies & Budgets to Dakota County
October 1, 2018	Budget Work Session Recreation, Community Center, Golf, ADA, EDA and TIF Funds
November 5, 2018	Budget Work Session Water, Sewer, Storm Water, Internal Service Funds, Central Equipment Replacement and CIP
Between 11/10 and 11/24	Dakota County sends out Parcel Specific Notices for Budget Meeting
December 3, 2018	Budget Work Session Final review of 2019 budget and tax levy
December 10, 2018	City Council Truth-in-Taxation Public Hearing Adopt Pay 2019 Final Budgets & Tax Levies
December 28, 2018	Final Date to Certify Final Tax Levies & Budgets to Dakota County

**CITY OF INVER GROVE HEIGHTS
2019 BUDGET**

MARKET VALUE COMPARISON

	2018	%	2019	%	\$ Change	% Change	New Construction	% Change w/o New
Residential	2,643,987,212	74.26%	2,874,003,355	75.16%	230,016,143	8.7%	32,927,200	7.45%
Commercial	317,140,200	8.91%	283,481,500	7.41%	(33,658,700)	-10.6%	842,900	-10.88%
Industrial	90,766,100	2.55%	129,145,800	3.38%	38,379,700	42.3%	1,492,300	40.64%
Utility	77,403,100	2.17%	77,129,800	2.02%	(273,300)	-0.4%	0	-0.35%
Agricultural	17,526,145	0.49%	17,102,511	0.45%	(423,634)	-2.4%	0	-2.42%
Rural Vacant	7,690,400	0.22%	9,276,200	0.24%	1,585,800	20.6%	0	20.62%
Apartments	349,470,500	9.82%	373,240,900	9.76%	23,770,400	6.8%	0	6.80%
Railroads	14,667,000	0.41%	18,887,500	0.49%	4,220,500	28.8%	0	28.78%
	<u>3,518,650,657</u>		<u>3,782,267,566</u>		<u>263,616,909</u>	<u>7.5%</u>	<u>35,262,400</u>	<u>6.49%</u>
Personal Prop.	41,555,700	1.17%	41,791,100	1.09%	235,400	0.6%	0	0.57%
	<u>3,560,206,357</u>	<u>100.00%</u>	<u>3,824,058,666</u>	<u>100.00%</u>	<u>263,852,309</u>	<u>7.4%</u>	<u>35,262,400</u>	<u>6.42%</u>

NET TAX CAPACITY COMPARISON

	2018	%	2019	%	\$ Change	% Change	New Construction	% Change w/o New
Residential	26,763,419	63.94%	29,107,330	65.12%	2,343,911	8.8%	357,007	7.42%
Commercial	6,148,647	14.69%	5,492,871	12.29%	(655,776)	-10.7%	16,858	-10.94%
Industrial	1,790,818	4.28%	2,541,370	5.69%	750,552	41.9%	29,846	40.24%
Utility	1,546,562	3.69%	1,541,096	3.45%	(5,466)	-0.4%	0	-0.35%
Agricultural	151,424	0.36%	157,671	0.35%	6,247	4.1%	0	4.13%
Rural Vacant	69,511	0.17%	85,323	0.19%	15,812	22.7%	0	22.75%
Apartments	4,270,211	10.20%	4,569,283	10.22%	299,072	7.0%	0	7.00%
Railroads	293,340	0.70%	377,750	0.85%	84,410	28.8%	0	28.78%
	<u>41,033,932</u>		<u>43,872,694</u>		<u>2,838,762</u>	<u>6.9%</u>	<u>403,711</u>	<u>5.93%</u>
Personal Prop.	823,979	1.97%	828,544	1.85%	4,565	0.6%	0	0.55%
	<u>41,857,911</u>	<u>100.00%</u>	<u>44,701,238</u>	<u>100.00%</u>	<u>2,843,327</u>	<u>6.8%</u>	<u>403,711</u>	<u>5.83%</u>

2019 per Dakota County updated 3/5/18

Dakota County Cities

Exhibit C

Market Value & Tax Capacity Comparisons 2018 Actual vs 2019 Estimate and 2018 Tax Rates

	Market Values				Tax Capacity				Tax Rate
	<u>2018</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2018</u>
Apple Valley	5,072,183,189	5,606,568,432	534,385,243	10.54%	57,270,236	63,013,714	5,743,478	10.03%	0.42475
Burnsville	6,204,343,440	6,594,066,178	389,722,738	6.28%	78,424,976	82,829,224	4,404,248	5.62%	0.43552
Eagan	8,047,243,551	8,831,377,538	784,133,987	9.74%	100,776,788	110,519,313	9,742,525	9.67%	0.36378
Farmington	1,810,826,485	1,972,509,006	161,682,521	8.93%	19,457,656	21,118,368	1,660,712	8.54%	0.57161
Hastings	1,733,193,014	1,889,028,413	155,835,399	8.99%	19,680,981	21,297,719	1,616,738	8.21%	0.60864
Inver Grove Heights	3,560,206,357	3,824,058,666	263,852,309	7.41%	41,857,911	44,701,238	2,843,327	6.79%	0.51112
Lakeville	6,702,242,762	7,387,593,435	685,350,673	10.23%	75,422,344	82,969,648	7,547,304	10.01%	0.36419
Mendota Heights	1,985,476,693	2,103,431,975	117,955,282	5.94%	23,623,069	25,026,240	1,403,171	5.94%	0.37826
Rosemount	2,589,101,527	2,781,276,939	192,175,412	7.42%	29,559,800	31,709,411	2,149,611	7.27%	0.40961
South St. Paul	1,424,720,840	1,525,166,552	100,445,712	7.05%	16,854,143	18,058,928	1,204,785	7.15%	0.64041
West St. Paul	1,597,495,173	1,707,538,407	110,043,234	6.89%	19,139,486	20,377,899	1,238,413	6.47%	0.69287



General Fund Expenditures

2014-2017 Actual and 2018 Amended Budget

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Amended Budget
Fund: 101 - GENERAL FUND					
Department: 1000 - MAYOR-COUNCIL					
10 - PERSONNEL SERVICES - SALARIES & WAGES	37,000.08	44,199.48	44,199.48	44,199.48	44,200.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	4,429.78	5,248.98	5,280.46	5,380.56	5,700.00
30 - PROFESSIONAL / TECHNICAL SERVICES	49,012.85	57,933.92	79,646.81	50,506.28	52,900.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	5,600.00	0.00	0.00	0.00	0.00
50 - OTHER PURCHASED SERVICES	48,851.67	47,446.69	47,755.22	53,011.86	51,800.00
60 - SUPPLIES	1,229.13	121.24	21,170.40	24,562.55	24,400.00
Department 1000 - MAYOR-COUNCIL Total:	146,123.51	154,950.31	198,052.37	177,660.73	179,000.00
Department: 1100 - ADMINISTRATION					
10 - PERSONNEL SERVICES - SALARIES & WAGES	342,547.39	358,988.47	406,012.80	423,425.49	448,100.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	117,403.79	128,566.02	143,983.23	138,844.22	138,300.00
30 - PROFESSIONAL / TECHNICAL SERVICES	41,157.09	26,244.18	51,842.37	80,873.91	46,100.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	17,492.00	26,992.00	21,792.00	24,392.04	32,500.00
50 - OTHER PURCHASED SERVICES	50,669.78	57,531.38	52,997.32	64,939.81	67,200.00
60 - SUPPLIES	44,108.10	48,198.93	73,164.84	63,678.35	73,200.00
70 - OTHER EXPENSES / EXPENDITURES	605.06	15.90	660.38	155.75	0.00
Department 1100 - ADMINISTRATION Total:	613,983.21	646,536.88	750,452.94	796,309.57	805,400.00
Department: 1200 - ELECTIONS					
10 - PERSONNEL SERVICES - SALARIES & WAGES	39,044.50	230.00	69,910.19	0.00	67,900.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	1,050.73	0.00	2,487.40	-5.82	5,800.00
30 - PROFESSIONAL / TECHNICAL SERVICES	1,600.00	0.00	15.37	38.82	7,200.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	3,125.00	0.00	1,400.00	0.00	5,400.00
50 - OTHER PURCHASED SERVICES	1,122.49	-182.52	1,043.28	39.38	1,600.00
60 - SUPPLIES	409.94	0.00	7,971.75	12,927.04	8,100.00
Department 1200 - ELECTIONS Total:	46,352.66	47.48	82,827.99	12,999.42	96,000.00
Department: 2000 - FINANCE					
10 - PERSONNEL SERVICES - SALARIES & WAGES	445,793.26	460,376.90	479,376.89	505,298.32	519,200.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	173,446.81	166,977.32	183,615.53	178,960.94	185,400.00
30 - PROFESSIONAL / TECHNICAL SERVICES	35,117.06	49,787.41	48,653.56	59,309.70	53,600.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	56,895.23	67,073.43	55,709.11	59,139.28	68,100.00
50 - OTHER PURCHASED SERVICES	14,275.26	8,846.05	6,857.36	5,916.69	15,200.00
60 - SUPPLIES	106,138.58	107,355.68	46,177.69	52,794.46	71,200.00
70 - OTHER EXPENSES / EXPENDITURES	592.61	1,686.72	2,007.91	1,599.03	1,800.00
Department 2000 - FINANCE Total:	832,258.81	862,103.51	822,398.05	863,018.42	914,500.00
Department: 3000 - COMMUNITY DEVELOPMENT					
10 - PERSONNEL SERVICES - SALARIES & WAGES	220,822.34	233,720.30	245,084.73	269,694.13	263,900.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	72,935.44	79,303.25	82,571.74	88,449.50	85,700.00
30 - PROFESSIONAL / TECHNICAL SERVICES	8,710.26	19,207.94	19,427.92	13,338.82	25,300.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	12,300.00	14,400.00	8,899.92	9,922.63	27,900.00
50 - OTHER PURCHASED SERVICES	5,208.79	5,846.89	7,690.97	6,881.44	7,800.00
60 - SUPPLIES	14,926.70	15,110.35	37,497.31	57,955.32	55,600.00
70 - OTHER EXPENSES / EXPENDITURES	0.00	0.00	0.00	0.00	0.00
Department 3000 - COMMUNITY DEVELOPMENT Total:	334,903.53	367,588.73	401,172.59	446,241.84	466,200.00

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Amended Budget
Department: 3200 - PLANNING					
10 - PERSONNEL SERVICES - SALARIES & WAGES	176,977.03	180,168.20	189,158.33	195,710.28	199,200.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	60,757.23	53,167.60	59,942.01	61,358.87	62,600.00
30 - PROFESSIONAL / TECHNICAL SERVICES	30,231.59	12,561.90	27,464.25	32,349.51	32,300.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	8,600.00	9,900.00	6,099.96	6,699.96	8,900.00
50 - OTHER PURCHASED SERVICES	4,651.56	43,543.35	44,806.81	43,056.54	20,900.00
60 - SUPPLIES	18,137.67	17,870.19	10,789.34	15,306.00	14,400.00
Department 3200 - PLANNING Total:	299,355.08	317,211.24	338,260.70	354,481.16	338,300.00
Department: 3300 - INSPECTIONS					
10 - PERSONNEL SERVICES - SALARIES & WAGES	303,383.88	298,400.49	342,319.71	437,563.01	435,700.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	97,222.73	101,008.76	124,513.50	157,677.69	146,000.00
30 - PROFESSIONAL / TECHNICAL SERVICES	8,833.66	1,530.72	5,709.71	10,249.86	8,600.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	49,722.82	57,556.24	51,626.71	72,652.87	74,100.00
50 - OTHER PURCHASED SERVICES	10,496.74	10,232.54	12,977.32	10,608.18	29,500.00
60 - SUPPLIES	26,238.29	30,645.32	48,345.36	57,470.61	56,700.00
Department 3300 - INSPECTIONS Total:	495,898.12	499,374.07	585,492.31	746,222.22	750,600.00
Department: 4000 - POLICE					
10 - PERSONNEL SERVICES - SALARIES & WAGES	2,950,439.97	3,008,420.20	3,223,753.03	3,500,674.42	3,761,600.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	1,262,915.50	1,375,357.15	1,538,662.84	1,625,202.79	1,704,800.00
30 - PROFESSIONAL / TECHNICAL SERVICES	250,795.90	212,700.22	250,637.19	258,598.94	225,900.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	487,717.65	504,637.72	600,158.09	611,547.40	730,100.00
50 - OTHER PURCHASED SERVICES	87,304.50	119,567.99	139,904.57	136,653.07	129,100.00
60 - SUPPLIES	326,331.99	322,479.57	485,286.70	509,301.11	533,100.00
70 - OTHER EXPENSES / EXPENDITURES	604,780.58	629,141.98	680,240.48	593,202.20	656,100.00
80 - CAPITAL OUTLAY	0.00	0.00	0.00	0.00	0.00
91 - OTHER	7,500.00	7,500.00	7,500.00	7,500.00	47,500.00
Department 4000 - POLICE Total:	5,977,786.09	6,179,804.83	6,926,142.90	7,242,679.93	7,788,200.00
Department: 4200 - FIRE					
10 - PERSONNEL SERVICES - SALARIES & WAGES	726,073.92	769,174.15	932,056.87	955,050.93	1,036,200.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	377,876.95	458,687.08	481,614.55	498,035.19	568,400.00
30 - PROFESSIONAL / TECHNICAL SERVICES	58,553.03	58,916.36	65,594.90	76,011.20	59,500.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	521,179.78	536,988.28	589,089.88	639,676.48	720,800.00
50 - OTHER PURCHASED SERVICES	65,908.44	60,504.52	68,637.19	77,326.02	114,700.00
60 - SUPPLIES	182,717.82	227,050.88	199,760.59	291,035.86	278,600.00
70 - OTHER EXPENSES / EXPENDITURES	56,896.80	58,944.00	77,445.31	64,961.60	70,900.00
80 - CAPITAL OUTLAY	0.00	0.00	0.00	48,239.00	0.00
91 - OTHER	0.00	0.00	0.00	7,800.00	7,800.00
Department 4200 - FIRE Total:	1,989,206.74	2,170,265.27	2,414,199.29	2,658,136.28	2,856,900.00
Department: 5000 - PUBLIC WORKS					
10 - PERSONNEL SERVICES - SALARIES & WAGES	140,159.05	145,224.45	149,165.54	153,126.33	152,900.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	37,933.83	42,230.56	47,597.34	41,643.34	42,700.00
30 - PROFESSIONAL / TECHNICAL SERVICES	2,153.48	10,449.93	3,592.50	10,867.66	20,200.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	5,400.00	6,800.00	6,700.08	9,000.00	12,500.00
50 - OTHER PURCHASED SERVICES	7,083.55	3,617.22	4,890.38	5,040.22	6,100.00
60 - SUPPLIES	23,615.51	23,030.00	14,700.00	16,999.92	14,100.00
Department 5000 - PUBLIC WORKS Total:	216,345.42	231,352.16	226,645.84	236,677.47	248,500.00

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Amended Budget
Department: 5100 - ENGINEERING					
10 - PERSONNEL SERVICES - SALARIES & WAGES	551,366.85	569,492.03	552,610.77	595,894.54	675,900.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	187,868.77	199,138.49	193,452.18	200,993.83	226,300.00
30 - PROFESSIONAL / TECHNICAL SERVICES	43,788.58	69,820.52	23,097.26	30,453.43	56,900.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	70,273.02	83,617.98	72,900.65	70,070.00	74,900.00
50 - OTHER PURCHASED SERVICES	15,642.50	14,112.64	18,649.42	11,439.88	24,700.00
60 - SUPPLIES	47,887.50	55,962.56	58,982.39	80,028.84	78,500.00
Department 5100 - ENGINEERING Total:	916,827.22	992,144.22	919,692.67	988,880.52	1,137,200.00
Department: 5200 - STREETS					
10 - PERSONNEL SERVICES - SALARIES & WAGES	563,369.90	535,452.78	567,956.40	586,328.65	636,100.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	243,649.79	241,678.46	260,158.32	271,078.18	302,900.00
30 - PROFESSIONAL / TECHNICAL SERVICES	2,147.54	5,071.49	4,075.97	4,182.31	4,900.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	1,050,224.59	1,150,036.94	1,154,393.69	1,091,429.35	1,189,700.00
50 - OTHER PURCHASED SERVICES	48,507.81	40,910.99	31,896.82	28,295.91	32,300.00
60 - SUPPLIES	471,599.84	443,901.93	430,677.53	575,106.40	502,500.00
Department 5200 - STREETS Total:	2,379,499.47	2,417,052.59	2,449,158.73	2,556,420.80	2,668,400.00
Department: 5400 - STREET LIGHTING					
30 - PROFESSIONAL / TECHNICAL SERVICES	0.00	0.00	0.00	0.00	10,000.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	154,878.32	148,742.68	132,940.55	176,197.21	187,200.00
Department 5400 - STREET LIGHTING Total:	154,878.32	148,742.68	132,940.55	176,197.21	197,200.00
Department: 6000 - PARKS					
10 - PERSONNEL SERVICES - SALARIES & WAGES	648,495.30	645,243.44	596,058.49	672,659.84	770,100.00
20 - PERSONNEL SERVICES - EMPLOYEE BENEFITS	205,748.92	267,662.11	212,602.69	244,977.40	298,400.00
30 - PROFESSIONAL / TECHNICAL SERVICES	34,741.45	33,690.68	40,687.18	34,474.94	29,800.00
40 - PURCHASED SERVICES PROPERTY/EQUIPMENT	510,519.55	537,756.73	521,860.25	555,118.57	665,500.00
50 - OTHER PURCHASED SERVICES	116,072.49	115,014.95	103,745.60	101,690.82	50,100.00
60 - SUPPLIES	135,286.52	184,532.44	190,161.34	197,336.60	221,000.00
70 - OTHER EXPENSES / EXPENDITURES	27,000.00	29,076.94	30,690.00	28,610.00	31,000.00
Department 6000 - PARKS Total:	1,677,864.23	1,812,977.29	1,695,805.55	1,834,868.17	2,065,900.00
Department: 9100 - CONTINGENCIES					
70 - OTHER EXPENSES / EXPENDITURES	0.00	0.00	0.00	0.00	100,000.00
Department 9100 - CONTINGENCIES Total:	0.00	0.00	0.00	0.00	100,000.00
Department: 9200 - TRANSFERS					
91 - OTHER	539,569.30	992,866.66	1,902,399.96	1,303,400.04	1,935,200.00
Department 9200 - TRANSFERS Total:	539,569.30	992,866.66	1,902,399.96	1,303,400.04	1,935,200.00
Fund 101 Total:	16,620,851.71	17,793,017.92	19,845,642.44	20,394,193.78	22,547,500.00

INVER GROVE HEIGHTS

REQUEST FOR COUNCIL ACTION

2040 COMPREHENSIVE PLAN

Meeting Date: May 7, 2018
 Item Type: Work Session
 Contact: Allan Hunting 651.450.2554
 Prepared by: Allan Hunting, City Planner
 Reviewed by:

PURPOSE/ACTION REQUESTED

Purpose to provide high-level summary of draft document, highlighting chapter changes and summary of next steps to complete process.

Process

- Phase 1- community input (inform and listen)
 - o Social Pinpoint
 - o Online survey
 - o E-mail lists
 - o Utility bill inserts
 - o Website and Facebook
 - o Public workshop
 - o Stakeholder meetings
 - Multiple meetings with:
 - NWA property owners
 - Chamber
 - Clergy
 - School District
 - EDA for land use and strategic directions
- o Phase 2 – Concepts and Draft plan items (land use, parks, economic, critical area, housing)
 - o Open house
 - o Held Second Round of Stakeholder meetings
 - o Brief Online Survey and Social Pinpoint (still open)
 - o Email lists
 - o Utility bill insert
 - o Website and Facebook

Plan Document

- Plan update – similar to last plan
 - o Land use
 - City has matured, still looking at new development, but plan has slight more focus on redevelopment areas
 - Possible redevelopment areas

- Cahill/65th Street
 - Arbor Pointe (reflects study done by Stantec)
 - Changes made reflect what has developed and changes in the economy
- NWA land uses
 - Modifications to reflect what has developed and rate of development
- o Housing
 - Substantial input from Housing Committee
 - More effort on achieving affordable housing allocation (591 units)
- o Transportation
 - No substantial changes, Argenta project underway
- o Parks
 - Less focus on creating more ballfield and athletic fields
 - More focus on active living, passive recreation opportunities in parks
- o Sanitary sewer
 - Integrate built infrastructure
- o Water supply
 - Integrate built infrastructure
- o Critical Area
 - Integrates new Minnesota Rules (previously executive order)
 - Protected views
 - Protection of primary conservation areas
 - Goals, policies, and implementation are verbatim from guidance/requirements primarily protecting primary conservation areas
 - City will need to revise MRCCA overlay district to be in compliance
- o Surface Water Management
 - Executive summary based off plan currently being completed

Next Steps

- Draft plan to be distributed electronically end of week or early next week
- Have City Council authorize plan for distribution on May 29th
- 6-month review period
 - o By adjacent jurisdictions and affected agencies
 - o Plan will be available for review and comment, will post online
- Oct/Nov - Plan Commission public hearing
- Nov/Dec - City council action to submit to Met Council
- 1st quarter or second quarter 2019 - Approval

CITY OF INVER GROVE HEIGHTS

REQUEST FOR COUNCIL ACTION

Discuss Future of River Heights Park

Meeting Date: May 7, 2018
 Item Type: Work Study Session
 Contact: Eric Carlson – 651.450.2587
 Prepared by: Eric Carlson
 Reviewed by: Eric Carlson – Parks & Recreation

Fiscal/FTE Impact:

- ☐ None
☐ Amount included in current budget
☐ Budget amendment requested
☐ FTE included in current complement
☐ New FTE requested – N/A
☒ Other

PURPOSE/ACTION REQUESTED

Discuss the future use of River Heights Park, the parcel is 326,700 S.F. or 7.5 acres, and is located at 8780 Inver Grove Trail.

The Commission recommendation is to continue to use River Heights Park as a public park with consideration given to adding a park ID sign, parking and other park improvements.

Staff recommendation is to sell the property and that the land be divided into three 2.5-acre lots and used for single family residential development served by private well and private septic consistent with the surrounding neighborhood. It is recommended that all proceeds from the sale of the three lots be deposited into the Park Acquisition and Development Fund (Fund 402).

SUMMARY

In 2009, the City of Inver Grove Heights disposed of park land owned by the City commonly referred to as Cameron Park located at 6501 Concord Blvd. The parcel was 56,430 S. F. or 1.3 acres in size. The purpose of disposing of the site was to provide a location for a business to relocate to because of the reconstruction of Concord Blvd.

The City of Inver Grove Heights currently has 28 parks which have 608 acres of park land not including Inver Wood Golf Course. The City strives to provide quality park and recreation services to the residents of Inver Grove Heights in the most cost effective way possible.

The southern portion of the City is guided for large lot development with minimum lot sizes of 2.5 acres and is currently not in the Metropolitan Urban Services Area (MUSA). The City does have six parks in the southern portion of the City as follows:

Park	Address	Acres	Park Development
Broadmoor	11306 Strafford Lane	7	Yes
Marcott Woods	2830 90 th St E	14	No
Marianna Ranch	9125 Alvarez Ave	64	No
Rich Valley	1841 105 th St E	71	Yes
River Heights	8780 Inver Grove Trail	7.5	No
Southern Lakes	10810 Alison Way	4	Yes

In the fall of 2015, the Commission worked on a plan to “Right Size” the city’s park system by serving the urban, northwest, and rural areas differently based on their density and development patterns. The Parks and Recreation Commission is interested in allocating resources effectively and wanted to provide good quality vs. quantity of park amenities.

Based on the fact that some of the current park land in the rural area was undeveloped, the Commission suggested to the City Council that some park properties might be best repurposed and sold for residential development including:

- Marcott Woods Park – 2830 90th St E
- River Heights Park – 8780 Inver Grove Trail

The City Council was interested in the concept and directed staff to verify each park property's ability to be sold. After researching the property, the City Attorney indicated that there are no restrictions on selling these park properties.

Options for consideration include:

- Develop property as a public park with a park ID sign, parking lot and other park amenities
- Sell park land to allow for the development of three (3) 2.5-acre residential lots served by well and septic
- Sell park land to a private party and allow property to be protected as "open space"
- Leave park "as is"
- Other suggestions

Before the City can dispose of any park property, it is important to reach out to the neighborhood to allow them to provide input into the process and, in that regard, over 200 notices were mailed out to property owners in the area to outline the public meetings they could attend to voice their support/disapproval. On Wednesday, April 4th, we hosted an informational meeting to provide property owners with information on the potential repurposing of River Heights Park. There were approximately 13 property owners in attendance. On Wednesday, April 11th the Park and Recreation Commission reviewed the issue and is recommending:

- Motion by Bauer, seconded by Gerhardt to keep River Heights Park as a public park and consider future Park ID sign, parking, playground, and other park amenities; park should stay city owned as a public park
- Voting in favor Commissioners – Bauer, Gerhardt, Boehmer, Krech, Tix
- Voting in opposition Commissioners – Freer, Eiden
- Voting in abstention Commissioner – Sethre
- Motion passed 5-2-1 (Commissioner Farley was absent from the meeting)

The City Council is asked to provide direction to staff regarding the future use of River Heights Park.

There are several attachments provided as background and additional information as follows:

Presentation	PowerPoint presentation for meeting
On-line survey monkey	Results from an on-line survey
Neighborhood Meeting Information	letter, sign-in sheet and communications received
August 2017 Information	Information compile from the last discussion in August 2017
SE Inver Grove Heights Open Space Map	Open space map of south east Inver Grove Heights
Mississippi National River and Recreation Area (MNRRA)	Map of the MNRRA corridor in Inver Grove Heights. The MNRRA corridor stretches from Dayton to Hastings and is 72 miles long

PRESENTATION



Ethics, Excellence, Engagement

CITY OF INVER GROVE HEIGHTS Future Use of River Heights Park

8150 Barbara Avenue, Inver Grove Heights, MN 55077

651-450-2500

www.invergroveheights.org

City Mission/Values

The City Mission:

The mission of the City of Inver Grove Heights is to provide services and facilities that enhance the quality of life in our vibrant community.

The City Values:

Ethical decisions by doing the right thing
Engaged people by delivering collaborative results
Excellence by setting high standards and exceeding expectations

Framing Decisions:

Ability to remain fiscally stable
Improve or stabilize operational efficiencies
Improve customer service
Staying attentive to our regulatory environment

8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org



History

- City has 608 acres of parkland in 28 parks
- City has 26 miles of bituminous trails
- Community survey indicated residents generally liked the existing amenities in the park system and wanted them to continue to be provided
- Finding the necessary financial resources to reinvest in the park system has been challenging

Value of Park System Assets

- \$7,600,000 in assets in the park system (tennis courts, playgrounds, lighting systems, shelters, buildings, etc.)
- Does not include trails or parking lots
- Does not include the value of the land

8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org



Financial Overview

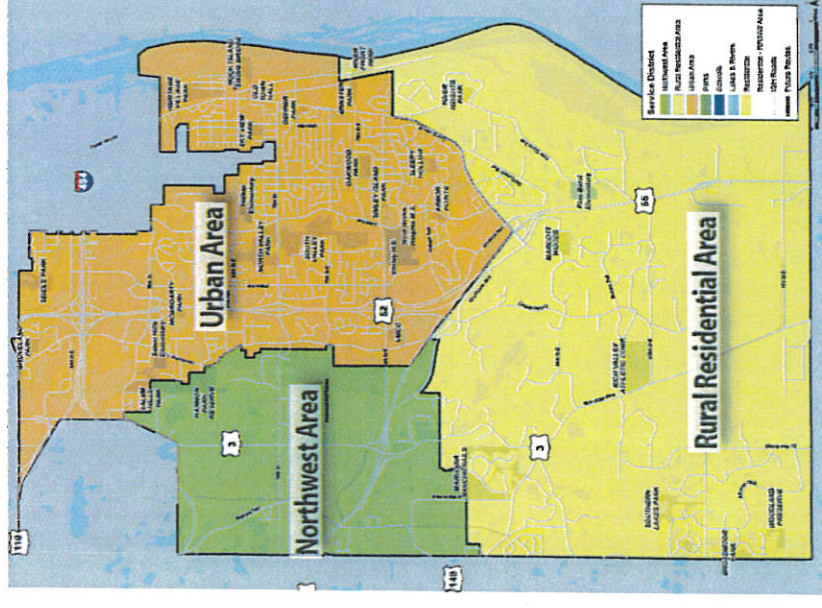
- Approximately \$275,000 needed annually to provide for capital replacement
- Currently \$250,000 coming from the General Fund
- There is a gap in funding of approximately \$25,000 annually

8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org



Right Size Parks & Recreation

- Serve Urban Area, Northwest Area, Rural Area
- Focus on what to keep and repurpose
- Allocate resources effectively
- Quality vs. Quantity



8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org

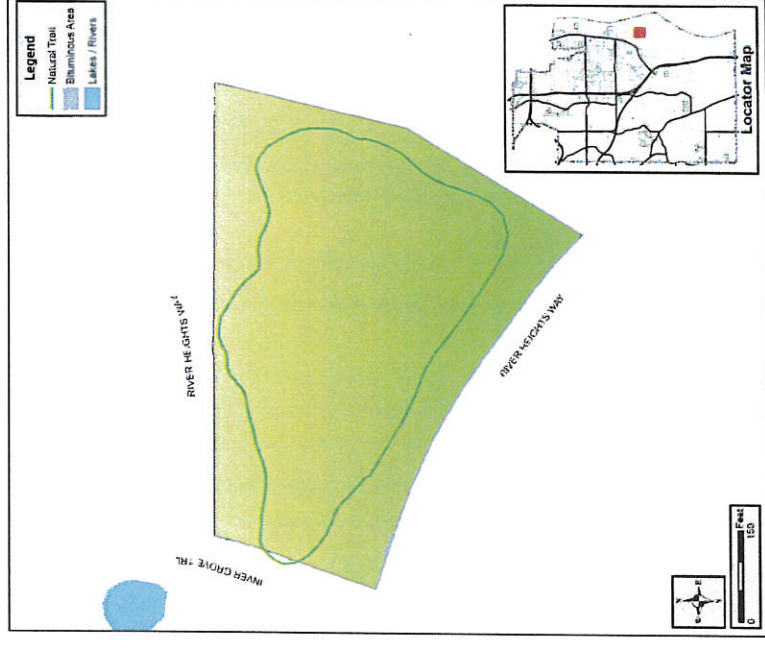


Should the City Repurpose Park Land?

- Consideration given to repurposing of park land
 - Marcott Woods (14 acres)
 - River Heights (7.5 acres)
- Engage the public in the process
- If decision is to sell
 - Deposit proceeds in the Park Acquisition & Development Fund (Fund 402)
 - Use proceeds to help fund needed park system improvements
 - Put property on the tax rolls to generate additional taxes

River Heights Park - 8780 Inver Grove Trail

- 7.5 acres
- 2.5 acre residential lots surround the park
- Mowed trail
- Natural area/open space



8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org



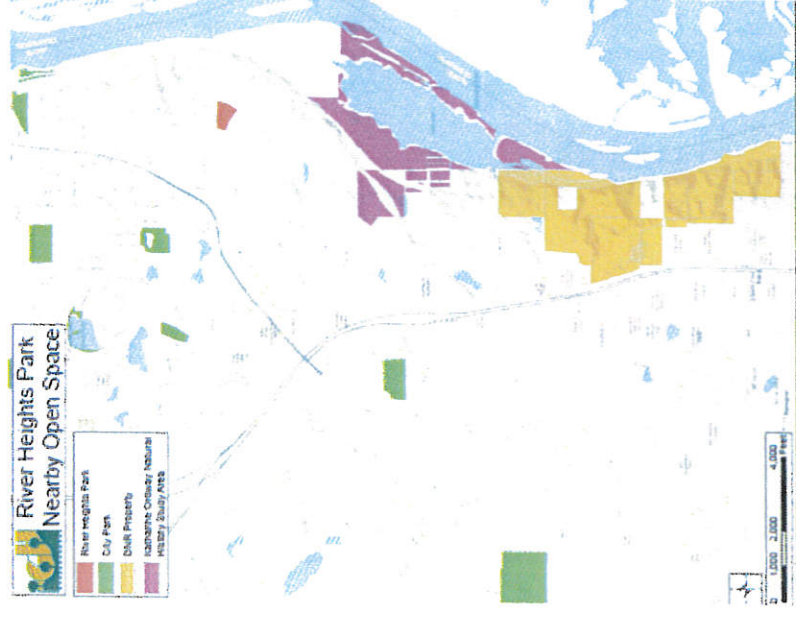
Ethics, Excellence, Engagement

What is the Best Future Use of River Heights Park?

- Develop property as a public park (park ID sign, parking lot, playground, other amenities) – city owned public park
- Sell park land to allow for the development of three (3) 2.5 acre residential lots served by well and septic – put on tax roll
- Sell park land to private party and allow property to be protected as “open space” – put on tax roll
- Leave park “as is” – city owned public open space
- Other suggestions

How Much Open Space is Enough?

- Majority of parcels in the area are 2.5 acres or larger
- Area guided as Rural Residential
- Lies outside of the Metropolitan Urban Service Area (MUSA) and is zoned Estate Residential
- MN DNR Pine Bend Bluff SNA – 250 acres of public open space
- Katherine Ordway Natural History Study Area 300 acres – non public open space



8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org

Trust for Public Land – Park Serve

- Park Serve is on-line tool www.parkserve.org
- Uses public parks and public demographic data
- Maps a 10-minute walk along public roadways to access parks
- Calculates the number of residents living within a 10-minute walk
- 62% of Inver Grove Heights residents live within a 10-minute walk of a park
- 60% of IGH youth live within a 10-minute walk, the national average for youth is 55%



8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org

Trust for Public Land – Park Serve

Park	Acres	Park ID Sign	Parking Spaces	Playground	Basketball Court	Adults within 10-minute walk	Seniors within 10-minute walk	Children within 10-minute walk
South Valley	93	X	37	X		2,477	679	896
Oakwood	15	X	40	X		1,642	344	655
North Valley	58	X	87			1,401	471	514
Simley Island	3	X	5			1,461	2987	543
Seidls	26	X		X		601	125	264
Dehrer	5					1,197	329	540
Arbor Pointe	4	X		X		1,212	257	454
Groveland	6	X	19	X	X	1,092	287	436
Sleepy Hollow	10	X		X	X	1,148	230	410
Salem Hills	41	X	26	X	X	938	136	419
Skyview	8	X	20	X	X	857	209	367
Ernster	7	X		X	X	797	165	338
Marianna Ranch	64					744	111	393

8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org



Ethics, Excellence, Engagement

Trust for Public Land – Park Serve

Park	Acres	Park ID Sign	Parking Spaces	Playground	Basketball Court	Adults within 10-minute walk	Seniors within 10-minute walk	Children within 10-minute walk
Lions	4	X		X		554	277	187
Swing Bridge	18	X	45			453	75	186
Southern Lakes	4	X		X		410	39	243
Broadmoor	7	X		X		425	25	217
Heritage Village	57					429	64	164
Old Town Hall	1					371	61	153
Harmon	43					303	149	104
McGroarty	4	X				293	143	101
Woodlawn	10					336	19	174
Rich Valley	71	X	603	X	X	270	39	156
VMCC	13	X	365	X		271	76	108
River Front	2	X	12			188	38	84
River Heights	8					158	34	62
Marcott Woods	14					65	8	34

8150 Barbara Ave. Inver Grove Heights, MN 55077
651-450-2500 www.invergroveheights.org



Ethics, Excellence, Engagement

Park and Recreation Advisory Commission

Recommendation

- Motion by Bauer, seconded by Gerhardt to keep River Heights Park as a public park and consider future Park ID sign, parking, playground, and other park amenities; park should stay city owned as a public park
- Voting in favor Commissioners – Bauer, Gerhardt, Boehmer, Krech, Tix
- Voting in opposition Commissioners – Freer, Eiden
- Voting in abstention Commissioner – Sethre
- Motion passed 5-2-1 (Commissioner Farley was absent from the meeting)

Staff Recommendation

- The 7.5 acre park is undeveloped
- TPL data indicates 254 people live within a 10-minute walk, second lowest of our 28 public parks (Marcott Woods is the lowest at 107)
- The addition of three 2.5 acre residential lots served by well/septic fit the character of the neighborhood and would generate approximately \$6,000 in City taxes annually (\$120,000 over 20-years)
- With Pine Bend Bluffs 250 acres of publicly accessible open space there is ample open space in the area given that the area is guided Rural Residential and is zoned Estate Residential and falls outside of the MUSA
- City doesn't have enough capital to maintain our existing parks, therefore it doesn't make sense to make additional park improvements at this location

Estimated Park Development Investments

- Park ID sign \$7,000 - \$10,000
- 5-10 car parking lot - \$100,000 - \$150,000
- 1,900 feet of bituminous trail - \$80,000 - \$100,000
- ½ court basketball court - \$15,000 - \$20,000
- Playground equipment - \$70,000 - \$90,000
- Park amenities (tables/benches) \$5,000

Future Meetings

Date	Purpose	Time	Location
TBD	City Council Meeting	7:00pm	City Hall - 8150 Barbara Ave.

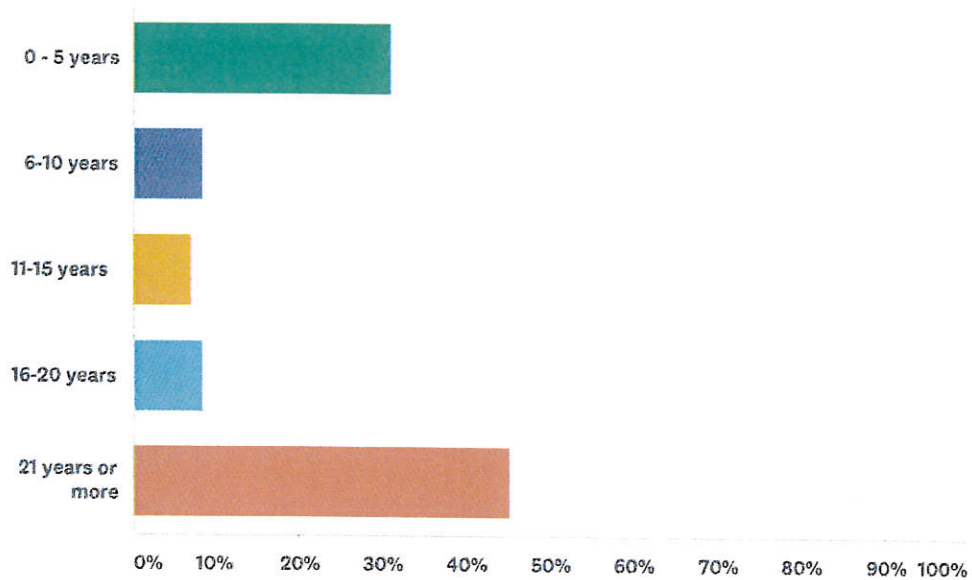


ON-LINE SURVEY MONKEY

<https://www.surveymonkey.com/r/RiverHeightsPark>

Q1 How long have you lived in Inver Grove Heights?

Answered: 84 Skipped: 0



ANSWER CHOICES

0 - 5 years

6-10 years

11-15 years

16-20 years

21 years or more

TOTAL

RESPONSES

30.95%

8.33%

7.14%

8.33%

45.24%

26

7

6

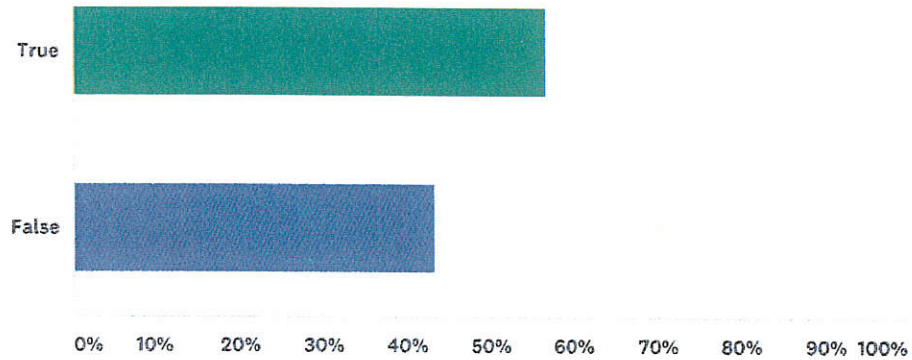
7

38

84

Q2 My lot is a typical suburban lot size of 10,000 square feet or less

Answered: 83 Skipped: 1



ANSWER CHOICES

True

False

TOTAL

RESPONSES

56.63%

43.37%

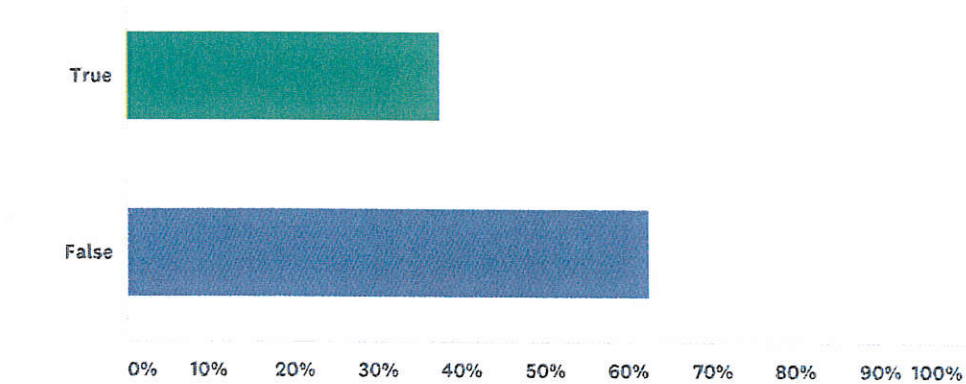
47

36

83

Q3 My lot is a rural residential lot size of 1 acre or greater

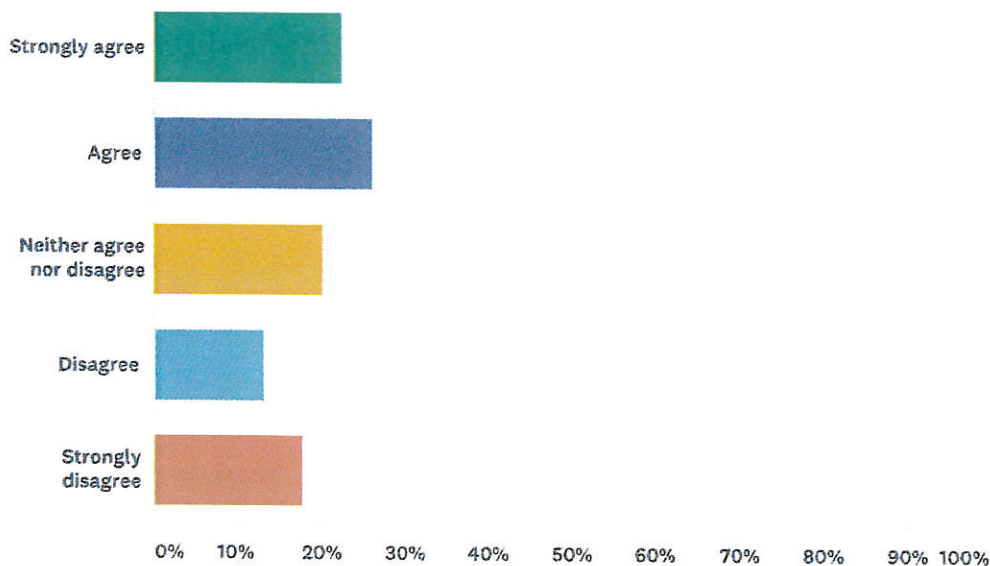
Answered: 83 Skipped: 1



ANSWER CHOICES		RESPONSES	
True		37.35%	31
False		62.65%	52
TOTAL			83

Q4 I think the City should develop the park land as a public park with a park ID sign, off road parking lot, and other park amenities

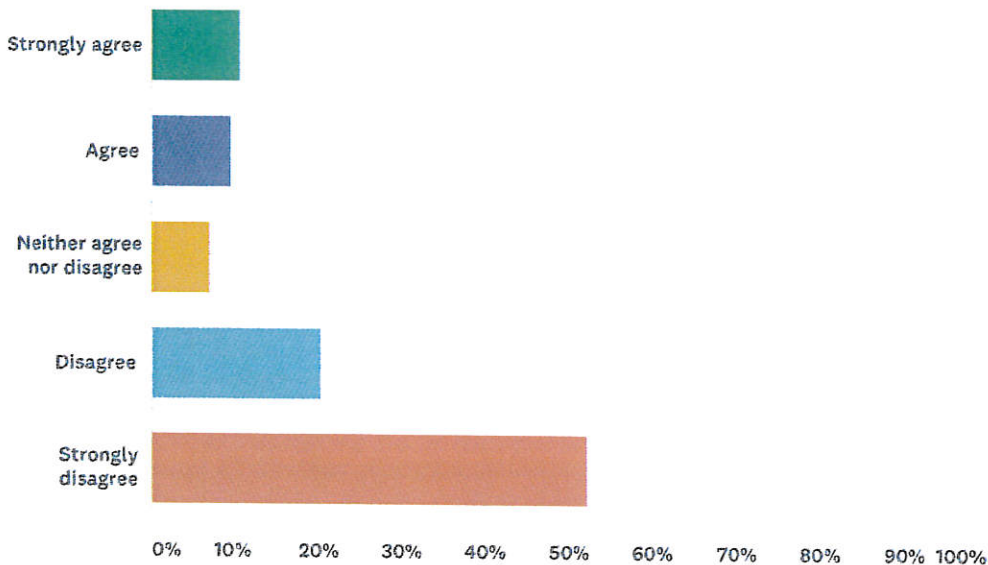
Answered: 84 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	22.62%	19
Agree	26.19%	22
Neither agree nor disagree	20.24%	17
Disagree	13.10%	11
Strongly disagree	17.86%	15
TOTAL		84

Q5 I think the City should sell the park land to allow for the development of three 2.5 acre residential lots served by well and spetic

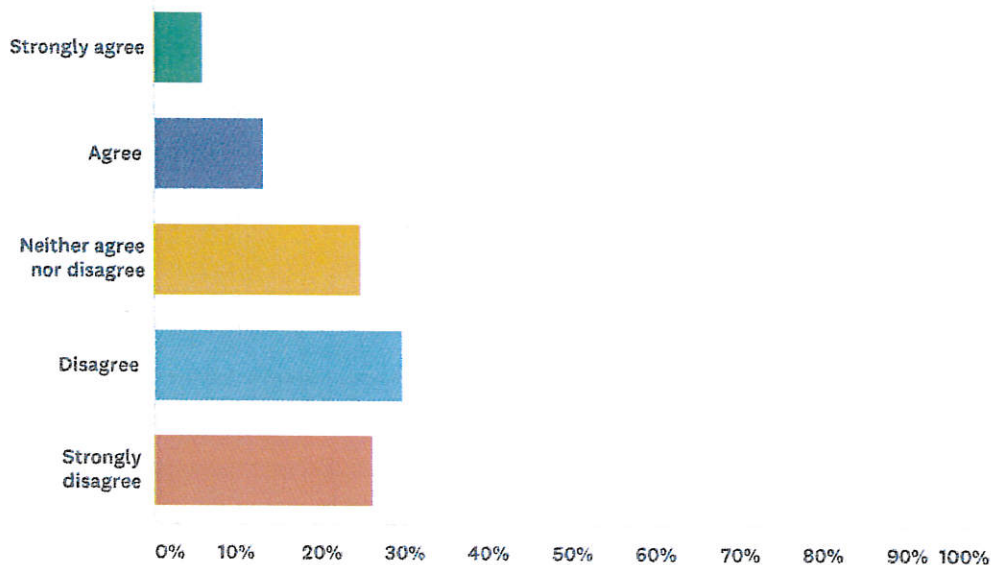
Answered: 84 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	10.71%	9
Agree	9.52%	8
Neither agree nor disagree	7.14%	6
Disagree	20.24%	17
Strongly disagree	52.38%	44
TOTAL		84

Q6 I think the City should sell the park land to a private party and allow the property to be protected as "open space"

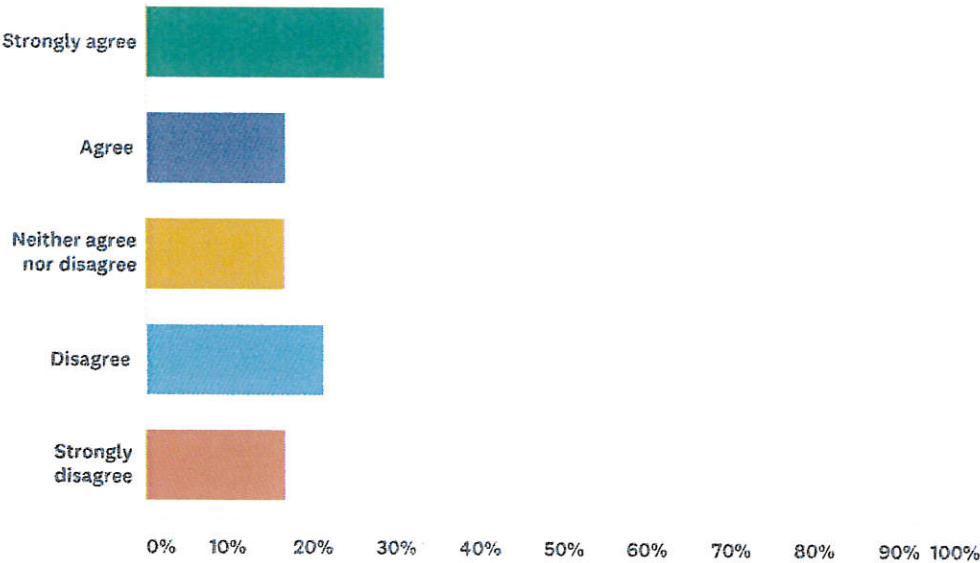
Answered: 84 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	5.95%	5
Agree	13.10%	11
Neither agree nor disagree	25.00%	21
Disagree	29.76%	25
Strongly disagree	26.19%	22
TOTAL		84

Q7 I think the City should leave the park land "as is"

Answered: 84 Skipped: 0



ANSWER CHOICES	RESPONSES	
Strongly agree	28.57%	24
Agree	16.67%	14
Neither agree nor disagree	16.67%	14
Disagree	21.43%	18
Strongly disagree	16.67%	14
TOTAL		84

Q8 I have the following comments

Answered: 46 Skipped: 38

#	RESPONSES	DATE
1	Keep the park the way it is!	4/10/2018 5:19 PM
2	Leave as is it is part of Mississippi National River and Recreation Area and save River Front Park also, don't sell as the Park Director purposed at a past meeting.	4/7/2018 10:12 AM
3	I use the park and think it is beautiful the way it is. Leave it the way it is.	4/7/2018 10:08 AM
4	Property should be sold and monies be used to help Maintain our remaining parks. The majority of tax payers Should benefit not the minority .	4/6/2018 11:04 AM
5	Keep park with a park monument and a tar path in the future.	4/5/2018 5:59 PM
6	If its not presently bring taxed and is instead draining public funds, find a way for it to generate revenue to offset current expenditures	4/5/2018 4:12 PM
7	Please put up sign	4/5/2018 2:15 PM
8	Dog park	4/5/2018 1:13 PM
9	Most of the residents in this area have acreage and no need for additional recreational space. Three more houses would be minimal impact.	4/5/2018 8:46 AM
10	Parks are a good thing. This one in particular is a nice natural area. Leave it alone. Pretty soon Inver grove will just be a bunch of houses. Why don't you focus on the area by Target. That was sure a success. Bad planning in this city.	4/5/2018 7:09 AM
11	Develope the park with a sign and parking so those outside the immediate are can use better. However, keep it just one or a few paths as a rustic getaway.	4/5/2018 5:40 AM
12	I do live off of the trail and we do need a walking distance park for the kids.	4/4/2018 10:40 PM
13	Do not sell IGH park lands and put conservation easement on River Heights Park and all other city parks within the MNRRA.	4/4/2018 9:28 PM
14	The park would be a great addition to our community with a paved walking and bicycle path.	4/4/2018 9:00 PM
15	The park is inside the MNRRA leave it as is.	4/4/2018 8:57 PM
16	None	4/4/2018 8:27 PM
17	If the city was smart they would leave the park as is	4/4/2018 8:18 PM
18	Keep the park as is! The one thing I love about this city is some of the open spaces it has! Foolish to do away with that.	4/4/2018 8:15 PM
19	The residents in the surrounding area use the park. Why aren't other parks considered to be sold?? The city would be absolutely stupid to get rid of green space, because you will never get it back. I think it's time for a new city council.... The planning in this city is ridiculous. Time to get some people who know what they are doing.	4/4/2018 8:06 PM
20	I think more parks are a great thing! The more access for kids and families to get out with each other in their neighborhoods is a bonus. Good parks within walking distance is strongly encouraged.	4/4/2018 7:17 PM
21	Don't sell to developers	4/4/2018 6:55 PM
22	NA	4/4/2018 5:30 PM
23	Put in a splash pad!	4/4/2018 5:23 PM
24	We sent an email to Eric Carlson expressing our opinions about River Heights Park.	4/4/2018 5:11 PM
25	This topic came before the council not too long ago and the consensus was to not sell the parcel of land. Why is it still being discussed? We need more green spaces in this town.	4/4/2018 5:00 PM

26	I live across the road from the park. It gets used by area residents as is so don't know why this comes up all the time. A more developed park would bring traffic and residents outside of the Inver Grove Trail and surrounding area. I suspect park patrons will also be parking on River Heights Way and our side of the street (on our grass) across from the park at all hours. If city doesn't want it area residents might buy it, or work with the city to keep it mowed, to keep it as open space. We don't need another paved parking lot, residents in this area have their own swings, basketball hoops, etc. The area is relatively small and fits the neighborhood as is.	4/4/2018 4:44 PM
27	As long as the city is maintaining it, make it a usable space for city residents, if it is going to be inaccessible like private land, sell it to private buyers.	4/4/2018 4:05 PM
28	Do Not sell off park land. It is meant to be there to preserve open spaces. That's why builders were made to set aside land! I've lived here for 41 years.	4/4/2018 4:01 PM
29	I am unsure if we can attend the meeting but would strongly like to see the area protected as open space. once anything is developed you can never go back so the original I keep seeing comments posted about the size of the lots of the homes near there...why is that even an issue?? If everything becomes developed where does all the wildlife go?	4/4/2018 3:56 PM
30	It seems the residents of this area use it more as "their" park and don't like any improvements/sale of, etc. to occur. That said, if this truly is a City Park, it should be labeled as such, with a Park name marker, trash cans, parking, and marketed as such. If the surrounding residents don't like that idea, sell it to be developed.	4/4/2018 3:38 PM
31	Environmental or all natural playground or both...	4/4/2018 3:15 PM
32	No more apartments please	4/4/2018 3:13 PM
33	The city should start developing commercially in order to have income coming back into the city and be able to improve and keep the city moving forward into the future.	4/4/2018 2:55 PM
34	Either developed it so all can use it. Or sell it	4/4/2018 2:31 PM
35	We built our house in 1986 across the street from the park on River Hts Way. The green space was an amenity for us and part of the agreement between the developer and the city to plat and sell these lots. I believe that agreement should still be honored today	4/4/2018 2:29 PM
36	Public land is at a premium, they aren't making any more anytime soon. Let's keep what we have for the enjoyment of all.	4/4/2018 1:44 PM
37	The openness of the property is nice to have instead of even more houses people can't move into or open building that companies don't buy.	4/4/2018 1:24 PM
38	Would like to see this land developed for everyone to use, or to sell it.	4/4/2018 1:05 PM
39	I think it should be developed for everyone to use or it should be sold.	4/4/2018 1:01 PM
40	I would rather the city use its time and energy and focus on all the unused retail areas. This park has been a blessing to me as I was going through my cancer journey. Please leave it as it is.	4/4/2018 12:59 PM
41	Sell it, it's too small fo a park and the only people that benefit are those that live near it, the city should sell it and use the money to upgrade other parks	4/4/2018 12:56 PM
42	The city does not have enough parks for it's residents. The thought that the space you actually already own would be sold for residential homes is absurd!!! There are residents complaining that they have been harassed about selling their land for park space???	4/4/2018 12:49 PM
43	Something should be done with it. Either a park for area residents (i.e. Summit Pines etc.) or developed to fit in with existing area homes.	4/4/2018 12:42 PM
44	Let's keep green parks in inver grove!	4/4/2018 12:39 PM
45	Any option that protects the land as green space is fine. Do not sell it for development.	4/4/2018 12:35 PM
46	It is city land and all residents should have access, if access is not developed than the city should sell it to be developed	4/4/2018 12:29 PM

**NEIGHBORHOOD MEETING LETTER, SIGN-IN SHEET
AND COMMUNICATIONS RECEIVED**



City of Inver Grove Heights
Parks and Recreation Department
"Discover the Opportunities"

8055 Barbara Avenue • Inver Grove Heights, MN 55077 • Phone 651-450-2585 • Fax 651-450-2490 • www.invergroveheights.org

March 22, 2018

Dear River Heights Park Area Resident

Subject: River Heights Park

In July of 2017, the city considered selling portion(s) of River Heights Park. After listening to resident feedback, the City developed alternate plans and the Council never acted on the concept of selling portion(s) of River Heights Park.

The City Council is interested in continuing to explore the possibility of how to best utilize the River Heights Park property moving into the future and invites residents living in the area to participate in the process. Potential scenarios include:

- Development of the property as a public park which may include some of the following: a park ID sign, 10-15 car paved parking lot, paved loop trail, playground equipment, basketball court, etc.
- Sale of a portion, or all the property for residential development
- Sale of the property to a private party(ies) to allow the property to be protected as "open space"
- Other ideas/suggestions

The City of Inver Grove Heights will be hosting a public information meeting on Wednesday, April 4, 2018 at 6:00 pm in the City Council Chambers at 8150 Barbara Ave., to discuss the future use of River Heights Park.

Residents in the area are invited to attend a series of meetings to give input as there will be several opportunities to share your feedback. The tentative schedule is as follows:

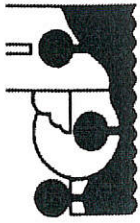
Date	Purpose	Time	Location
Wednesday, April 4, 2018	Public Information Meeting	6:00pm	City Hall - 8150 Barbara Ave.
Wednesday, April 11, 2018	Park and Recreation Commission Meeting	7:00pm	City Hall - 8150 Barbara Ave.
Monday May 7, 2018	City Council Work Study Session	6:00pm	City Hall - 8150 Barbara Ave.
TBD	City Council Meeting	7:00pm	City Hall - 8150 Barbara Ave.

Should you be unable to attend a meeting, please feel free to email, call or send me a letter prior to the meeting with your comments regarding the park. My email is ecarlson@invergroveheights.org and my phone number is 651.450.2587.

Sincerely,

Eric Carlson
Parks & Recreation Director
City of Inver Grove Heights

CC Mayor and City Council
Park & Recreation Commission



Sign-in Sheet River Heights Park Meeting

Name	Company	Phone	Email
Stanley Kavulovski	Resident	651-457-2671	
Stephen Tarkenton	Resident	612-965-6568	
Kerry Hoter	Resi	651-456-6039	
Danilo Hanks	resident	703 234-1704	
Ron + Theresa Wanger	resident	651-271-7878	twanger@hotmail.com
Greg Bauer	resident	651 455-5696	shiragregbauer@gmail.com
Denise Wilkens	resident	451-457-2476	
Cheryl Wilkens	resident	651-457-0139	
Kelly McCarthy	resident	651-457-0139	
Thomas Wilkens	resident	651-457-2476	
Alina Wacker	FMR	651-222-2193	autarek@fmr.org
Geoff Dittmer		612-309-6304	amc@comcast.net
ALAN MEGHAN	SELF	651-260-9178	amc@comcast.net

Eric Carlson

From: Pat Farley <farlsp56@yahoo.com>
Sent: Tuesday, April 17, 2018 11:10 AM
To: Eric Carlson
Cc: Kevin Sethre; Kathryn Bauer
Subject: Re: River Heights Park Recommendation

Eric,

In my waning days as a commissioner I have a couple of thoughts that I believe would be prudent to incorporate into the overall "mix". First, after listening to the testimony on TV, I was struck by the presence of outside organizations that gave testimony to the importance of this "space" to the ecological environment of which this area is a part.

Second, I do not believe it to be prudent to construct all kinds of signage, parking, etc until a real good, balanced plan can be created. (I do not recall this part being at the forefront of the overall park plans.) As such, considerations for things such as ecological, recreational (swings, soccer field, basketball court, etc.), and walking/biking paths need to be carefully considered. Third, I cannot conceive making a commitment of an extended nature not to sell the property. Each of the above items need to be evaluated, in my opinion, and this should be done with a group of citizens from the area that are willing to pitch in, and then a decision can be made. That decision would be to either judge that the best long term future for that property, the neighborhood, and the community is to sell it; or, that a provisional period would be established wherein park utilization would be monitored with an eye toward determining if this is a park by definition or convenient neighborhood vacant land - the former requires one action and the latter signifies a sale.

I know that as a resident of that area one can appreciate the fact that I have benefited from significant open, rural space in the area in which I live. A condition that was never the designated purpose when this area was designated a park. But its designation is not an absolute one that requires it to be so in perpetuity. (Once again, it would be a huge mistake to designate it as such.)

I truly appreciate how thorny of an issue this is. I can only hope that my suggestions add some clarity to the discussion.

Good luck,
Pat Farley

On Tuesday, April 17, 2018, 9:15:09 AM CDT, Eric Carlson <ecarlson@invergroveheights.org> wrote:

Commissioners

Good morning. I am working on my presentation to the City Council for the May 7th Work Study Session. I have reviewed the tape of the meeting and believe the following is the motion you voted on. Please let me know if you feel the motion was different than what I have listed.

Eric Carlson

From: Michael Challeen <michael.challeen@icloud.com>
Sent: Friday, April 20, 2018 2:34 PM
To: Eric Carlson
Subject: River Heights Park

Eric:

I haven't been able to get to any of the meetings, so thought I'd give you my "2-cents" in an email.

My wife and I live at 8369 Delaney Circle, and we often go walking down Inver Grove Trail and around the River Heights Way circle, and indirectly, River Heights Park.

In our opinion, we can't see much in the way of monetary gain to the city's tax base, by developing that property. Certainly not enough (pardon my french) to piss off the local residents. If there was to be any development of the park, I'd say a simple/formal sign and not a lot but *some* parking spaces (already hinted at, by an extension of the pavement on the roadside near the top end of the park). Forget about a parking lot – leave the parking just off the side of the street. I've noticed a simple trail winding its way around the perimeter, and that, along with a couple of picnic tables is, in our mind, all that needs to be done to it in terms of development. Keep it simple.

That's our "for-what-it's-worth." Keep on fighting the good fight! Thanks for all you do!

Michael & Kate Challeen

Eric Carlson

From: Nancy Cooper <nkcooper@yahoo.com>
Sent: Saturday, April 14, 2018 11:14 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Nancy Cooper
8905 River Heights Way
Inver Grove Heights, MN 55076

Eric Carlson

From: Robin Rank <robinerank@gmail.com>
Sent: Thursday, April 12, 2018 2:22 PM
To: Eric Carlson
Subject: River Heights Park

Mr. Carlson:

My name is Robin Rank, I live in the River Bluffs development at Concord and 80th. I have lived in Inver Grove Heights for 27 years, my children went to Pine Bend and both my sons are fire fighters with Inver Grove FD. I must tell you until this subject came to my attention through the City's letters, I did not know that River Heights Park existed.

I was unable to make the first two meetings indicated in your March 22 letter. So I'm writing to you now to give you my personal thoughts on this matter.

1. River Heights Park does not look like a park
2. It is not signed for the public to recognize as a park
3. It looks like a vacant lot that people trot their pets through to do their business
4. I believe the property should be sold to a developer or the City should make a fully groomed park.

As a taxpayer, I really have an issue with a neighborhood thinking they can throw a fit and hold up development just because they want a place to keep their pet waste. That is, as gross as it sounds, the main reason those people want that property to remain as is. I say make them buy it otherwise - development is due. Houses or a groomed public park, I can live with either. What I can't live with is the City continuing to own a piece of property designated for public use as a park that doesn't benefit *every* resident of the City. I have grandchildren now and a park there would be within walking distance for me with the added benefit of not having to cross Concord to take my 3 toddlers to a park.

Thank you for your time.

Robin Rank
(651) 983-2806
8003 Delano Way
IGH, MN 55076

Eric Carlson

From: aaron lynner <aaronlynner@hotmail.com>
Sent: Thursday, April 12, 2018 6:42 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

aaron lynner
8855 river heights way
inver grove heights, MN 55076

Eric Carlson

From: Nicole Lynner <grunzke@msn.com>
Sent: Thursday, April 12, 2018 6:40 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Nicole Lynner
8855 river heights way
Inver Grove Heights, MN 55076



Working to protect the Mississippi River
and its watershed in the Twin Cities area.

101 East Fifth Street
Suite 2000
Saint Paul, MN 55101

651-222-2193
www.fmr.org
info@fmr.org

April 11, 2018

Inver Grove Heights Park & Recreation Commission
Attn.: Parks & Recreation Director Eric Carlson
8150 Barbara Avenue
Inver Grove Heights, MN 55077

RE: The proposed sale of a portion of River Heights Park.

Inver Grove Heights Park & Recreation Advisory Commission:

Friends of the Mississippi River (FMR) is a local non-profit community-based organization that works to protect and enhance the natural and cultural assets of the Mississippi River and its watershed in the Twin Cities. We have 2,400 active members, more than 3,000 volunteers and over 1,600 advocates who care deeply about the river's unique resources. FMR has been an active and ongoing defender and promoter of preserving and restoring public open space within our National Park, the Mississippi National River and Recreation Area (MNRRA), since 1993.

We are writing today to respectfully request that you oppose the disposition of River Heights Park and uphold your August 9, 2017 motion to recommend the City Council *"remove this park from a list under consideration to be sold, and that we affirm the value of this park, of the open space, for not only the people in that area, but the entire City and the wildlife."*

National Park

Riverview Heights Park is within our local National Park, the Mississippi National River and Recreation Area (MNRRA), a 72-mile corridor along the Mississippi River through the Twin Cities. MNRRA was established in 1988 to work in partnership with local communities to protect and enhance the natural, cultural and recreational resources within the national park corridor. Since MNRRA owns very little land in the corridor, it relies on local communities and regional park agencies to provide parks, trails, open space and other public amenities within the corridor. Natural open space at this location is contributing the health and beauty of the National Park for both people and wildlife. River Heights Park not only provides residents with a trail through a natural area, but also contributes key habitat to the Mississippi River Flyway – an internationally significant migratory corridor used by millions of birds and other wildlife throughout the year. The proximity of this park to the Pine Bend Bluffs is also significant, because its high ecological value. This conservancy parkland is one of many key park pieces that make our National Park great.

IGH Residents

Inver Grove Heights has recognized the significance of parkland for residents in the city's 2009 Comprehensive Park Plan and Development Guide.

Parks, trails and open spaces are important to residents. Parks define neighborhoods, offer recreation opportunities, and serve as open space and wildlife habitat. The City of Inver Grove Heights parks act as neighborhood gathering points and strengthen the sense of community. The City of Inver Grove Heights is committed to meeting its residents' needs and will plan wisely for the future (pg. 6).

We completely agree that parks provide immense benefits to the community.

The Comprehensive Park Plan goes on to explain that River Heights Park serves the entire community, is worthy of preservation and would be adversely affected by development. This information is found through the park's classification as conservancy land. The service area given by the plan is "community wide" and the site is described as one of IGH's "Significant natural areas, which merit preservation and would be adversely, affected be [by] development" (pg. 20). The decision for this land classification was made as recently as 2009. Considering such a drastic change in land use from conservancy to sale for development in just nine years, the Parks Commission should reject this change, as it is inconsistent with city-adopted policy.

In addition, the city has a goal "To provide a well balanced park and recreation system" (pg. 36). Taking River Heights Park out of the mix, or partially out of the mix, would remove parkland from a portion of the city that is already fairly disconnected from other public parkland and reduce the city's already small amount of natural trails.

- Selling River Heights Park while meeting the goal above, as we see it, is not possible, because there is no new (replacement) parkland available in the surrounding neighborhoods.
- Simply removing parkland from this portion of the city also goes against this city goal. When looking at the maps showing IGH park amenity service areas (immediately following pg. 112), River Heights Park does not fall within any of the ½-1 mile services area listed. Therefore, providing parkland for area residents should be a priority for the city to ensure open space is accessible to all residents.
- Removing River Heights Park would also reduce the small amount of planned natural trails shown on the 2030 Parks, Trails and Open Space Plan Map (page 6-10, immediately following pg. 110). Removing or shrinking one of the few natural trails would go against the city's policy "To offer a variety of activities in the park system including cultural, conservation, passive, active and organized recreation areas" (emphasis added, pg. 36).

Finally, Trust for Public Land (parkserve.org) reports that this park is within a 10-minute walk of 254 residents. The park serves 62 children, 158 adults and 34 seniors. It also provides green space and reprieve for 33 people who make less than \$35,000 per year. While the park serves mostly people who are White, it also serves a fair amount of people who are Black,

Asian, Native American, mixed race, other race and Hispanic. Without this park, these people will no longer live within a 10-minute walk from a park. We urge you to prioritize walkable parkland for the well-being of all residents.

Funding

We understand that the city is looking to save money and generate revenue. However, selling River Heights Park will not save the city significant money or generate significant revenue.

Selling or disposing of River Heights Park will not lift a significant burden on the city. The City's Park Maintenance Operating Budget Funding Pro-forma (IGH Comprehensive Parks Plan, PDF pg. 129), indicates that River Heights Park will not cost the city significant maintenance until 2028. Additionally, at the April 4, 2018 Public Information Meeting on this proposal, Parks Director Eric Carlson stated that the city is not spending significant funds to maintain the park currently.

Additionally, selling the park would not generate significant ongoing revenue for the city. Public data available (gis2.co.dakota.mn.us/WAB/PropertyInformationPublic/) shows that the 2.5 acre properties surrounding River Heights Park will pay around \$2,000 in city tax in 2018. If River Heights Park were to be divided into three 2.5-acres parcels and sold as proposed, the city would likely gain less than \$6,000 in additional revenue per year, not taking into account likely decreased surrounding property values due to loss of park access.

Therefore, keeping the park would not be a significant burden to the city and the community wide benefits the city receives from having natural parkland for residents to enjoy should far outweigh the additional \$6,000 of revenue per year that the city could generate from selling River Heights Park.

Restoration Opportunity

If the park is not to be sold for development, FMR is a strong proponent of restoring and enhancing this important open space site within the MNRRA corridor and would be willing to help.

The FMR supports restoration of River Heights Park because it would provide a higher quality park for residents as well as improved habitat that supports a greater diversity of wildlife and pollinators. This could include many other features (i.e. park sign, paved trails, nature play area, etc.) should park users desire them.

FMR would be eager to work with the City of IGH to secure restoration funding for River Heights Park. For many years, FMR has successfully received state funding for restoration projects on lands owned by cities. Restoring this park to more natural habitat would not need to be a financial burden on the City, and could provide long-term enjoyment for city residents as well as create important wildlife habitat.

FMR can also offer assistance creating a management plan and implementing it. This aligns with the IGH Comprehensive Parks Plan, which suggests that the city will "*develop forest restoration plan*" (pg. 88) for River Heights Park. We could imagine our professional

ecologists, who have extensive experience writing management plans and implementing them throughout the MNRRA corridor, partnering with community members, colleges or universities. The partnership would help engage others in the design and implementation of restoration projects at River Heights Park to support a greater diversity of wildlife and pollinators.

FMR is also committed to our restoration sites long-term and do ongoing ecological management. One example of such work is at the nearby Pine Bend Bluffs Scientific and Natural Area, where FMR has been assisting the DNR with ecological restoration and management for the past 15 years. Last year we entered into a partnership with IGH to conduct restoration activities with volunteers at Heritage and Swing Bridge Parks and we were able to leverage \$20,200 in state funds towards this work. We would welcome an opportunity to assist with restoration of River Heights Park in the future.

Below are before and after pictures of FMR prairie and forest restoration sites.

Friends of the Mississippi River prairie restoration at Gores Wildlife Management Area.



Before



After

Friends of the Mississippi River forest restoration at Old Mill Park, Hastings.



Before



After

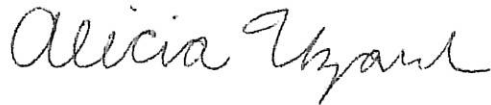
Parks & Recreation Advisory Commission Duties and Functions

Finally, the Park and Recreation Advisory Commission official duties and functions per city code include “periodically examining the need for new parks and open space...” but it does not mention considering the sale or disposition of existing parkland. We ask that you demonstrate the courage to do the right thing for the health, well-being and quality of life of the residents of Inver Grove Heights, and protect River Heights Park for current and future generations.

We strongly encourage you to uphold your community’s vision for the parkland and adhere to your existing Comprehensive Park Plan by opposing the sale of River Heights Park in any amount.

Thank you for your consideration of these comments. Please feel free to reach out to Irene Jones, River Corridor Program Director (ijones@fmr.org, x11) or Alicia Uzarek, Policy Advocate (auzarek@fmr.org, x29) with questions or comments.

Sincerely,

A handwritten signature in black ink that reads "Alicia Uzarek". The script is cursive and fluid, with the first name "Alicia" being larger and more prominent than the last name "Uzarek".

Alicia Uzarek
Policy Advocate

Project Areas

Inver Grove Heights, MN - River Heights Park

All statistical results are aggregated for the listed project areas and their service areas. Service areas are based on 10 minute (1/2 mile) walk times from project access points defined for each project area and based upon the walkable network.

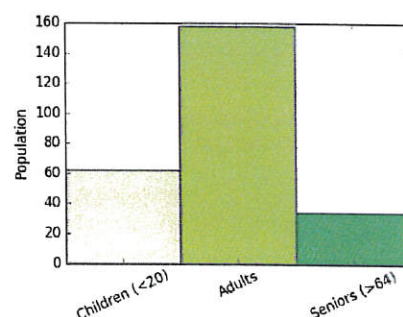
Legend

-  Project Area
-  Service Area



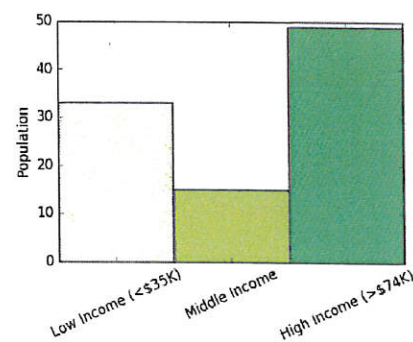
Population	Served
Total Population	254

Age	Served
Children (less than age 20)	62
Adults (age 20 to age 64)	158
Seniors (age 65 and up)	34



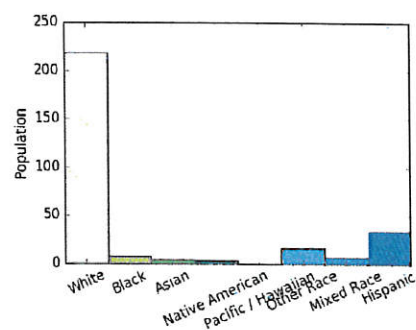
Income	Served
Low (less than \$35,000)	33
Middle (from \$35,000 to \$75,000)	15
High (\$75,000 and up)	49

(Generated From Regional Median Incomes)



Race/Ethnicity	Served
White	218
Black	7
Asian	4
Native American	3
Pacific / Hawaiian	0
Other Race	16
Mixed Race	6
Hispanic*	34

* U.S. Census captures Hispanic Origin separate from race



Demographic information is derived from ESRI 2015 Demographic Forecast Block Groups data.

This report was created on April 9, 2018 using the ParkServe® interactive mapping site. It is for informational purposes only. The providers of this report disclaim any and all warranties, express or implied, including fitness for a particular purpose or merchantability, and make no representation that the report is complete, accurate, or error free. Use and reliance on this report is at the sole risk of the party using same.

© 2017 The Trust for Public Land.

Eric Carlson

From: WILLIAM ADAMS <plbgbywm@msn.com>
Sent: Monday, March 26, 2018 3:31 PM
To: Eric Carlson
Subject: River Heights Park

Hello Eric,

We are still of the same mindset to sell the property as 2.5 acre residential properties and not a "development" like what happened across the street.

If it's sold to private parties as open space, we may very well be back to this point again in the future.

It's our opinion that there would be more cost to the city if it's made into a public park considering the cost of maintenance. We are also of the opinion that the opponents of development are not in favor of more traffic or a parking lot.

Bill and Mary Adams
8825 River Heights Way

Eric Carlson

From: Linda Levi <llevi@churchofstpatrik.com>
Sent: Wednesday, April 04, 2018 1:01 PM
To: Eric Carlson
Subject: River Heights Park

A few comments regarding River Heights Park:

In consideration of the rather small amount of land within the park boundaries and the parks location (residential homes all on 2 ½ acres or more, except for the Summit Pines area on the west side of Inver Grove Trail) being a more “rural” style area without the benefit of city sewer and water, we believe the current usage of the park suits the area perfectly.

The parkland is home to an abundance of wildlife-deer, turkey, birds of many varieties, etc. The mowed trail allows visitors to walk through the area without disturbing the wildlife inhabitants and keeps the serene river valley atmosphere intact.

We believe the idea to add a 10-15 car paved parking lot is unnecessary. The out-of-the way location could attract unwanted activity (teen parties, possible drug deal interactions). Also because home owners in the area have large properties those wishing for play facilities already have them installed on their own property. Seems unlikely that persons not living nearby would drive to a small park for this type of usage when they most likely have a neighborhood park in their home area. Why drive (bad for the environment and costly usage of gasoline) when you have the same in your neighborhood park?

IGH is currently developing several residential and commercial properties. This is great for our city. Open space is environmentally sound. There is only so much land – once developed, you can’t get it back.

As proud and lifelong residents of Inver Grove Heights, we feel the best usage of River Heights Park is to remain underdeveloped – keeping the current model with mowed trails, perhaps added some benches for seating.

Respectfully,

Tim and Linda Levi

Eric Carlson

From: Thomas Wilkens <tmwilkens@outlook.com>
Sent: Wednesday, April 11, 2018 10:37 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is 7.5 acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

I support the regional spirit of MNRRA which was created in 1988, Public Law 100-696.

It urged the state and local governments to

1. Preservation and enhancement of environmental values of the area
2. enhance public outdoor recreation opportunities in the area,
3. Conservation and protection of scenic, historical, natural and scientific values of the area.

Not selling the park and permanently protecting it with a conservation easement is my recommendation to you.

Thomas Wilkens
8959 Inver Grove Trail
Inver Grove Heights, MN 55076

Eric Carlson

From: Johanna Olund <jaolund@yahoo.com>
Sent: Wednesday, April 11, 2018 10:54 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Johanna Olund
8959 INVER GROVE TRAIL
INVER GROVE HEIGHTS, MN 55076

Eric Carlson

From: Denise Wilkens <djwilkens@hotmail.com>
Sent: Wednesday, April 11, 2018 10:55 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is 7.5 acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Drove past the park twice yesterday,
1:15 PM seen a car in the parking area on south side of park,
at 2:36 PM seen a man and his dog leaving the park via the north side.
Went to the park earlier this winter expecting deep snow but found a packed trail.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Denise Wilkens
8959 Inver Grove Trail
Inver Grove Heights, MN 55076

Eric Carlson

From: Mary Kay Lynch <lynch021@umn.edu>
Sent: Tuesday, April 10, 2018 8:12 PM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Mary Kay Lynch
3958 63rd St E
Inver Grove Heights, MN 55076

Eric Carlson

From: Linda Webb <lmwbb2@gmail.com>
Sent: Tuesday, April 10, 2018 6:31 PM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Linda Webb
8925 River Heights Way
Inver Grove Heights, MN 55076

Eric Carlson

From: Daniel Schmidt <danrschmidt11@gmail.com>
Sent: Tuesday, April 10, 2018 1:43 PM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Daniel Schmidt
8915 River Heights Way
Inver Grove heights, MN 55076

Eric Carlson

From: Alan Meyman <ameyman@comcast.net>
Sent: Tuesday, April 10, 2018 1:07 PM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Alan Meyman
8915 River Heights Way
Inver Grove Heights, MN 55076

Eric Carlson

From: Karen Meyman <ksmeyman@yahoo.com>
Sent: Tuesday, April 10, 2018 12:58 PM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Karen Meyman
8915 River Heights Way
Inver Grove Heights, MN 55076

Eric Carlson

From: Bob Robbins <bobrobbins2@gmail.com>
Sent: Tuesday, April 10, 2018 12:32 PM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Bob Robbins
2055 Upper 45th St E
Inver Grove Heights, MN 55077

Eric Carlson

From: Katie Hill <katieanderson.44@gmail.com>
Sent: Tuesday, April 10, 2018 10:32 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Katie Hill
4501 Audrey Ave
Inver Grove Heights, MN 55077

Eric Carlson

From: Terri Allen <terathina@aol.com>
Sent: Tuesday, April 10, 2018 10:45 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

SAVE OUR NATURAL SPACES!!!!!!

SAVE RIVER HEIGHTS PARK!!!!!!

YOU KNOW THE STATS! NOW PAY ATTENTION TO THE PEOPLE YOU SERVE!

PROTECT OUR PARK!!!!!!

Terri Allen
3309 78th St E
Inver Grove Heights, MN 55076

Eric Carlson

From: Sara Klasky <klasmidt@gmail.com>
Sent: Tuesday, April 10, 2018 10:03 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity.

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Sara Klasky
6315 Bachman Circle
Inver Grove Hts, MN 55077

Eric Carlson

From: Kymn Paulson <kymnpaulson@gmail.com>
Sent: Tuesday, April 10, 2018 9:57 AM
To: Eric Carlson
Subject: Save River Heights Park

Eric Carlson,

I am writing to urge you, my representative, to ensure River Heights Park remains a public park in perpetuity. I love the IGH parks and wild areas and my family has used and enjoyed these parks for over twenty years. Please keep these parks for us and the wildlife which is vital to us all!

River Heights Park is eight acres of natural vegetation near the Mississippi River and within our National Park, the Mississippi National River and Recreation Area (MNRRA). Maintaining natural spaces within the Mississippi River corridor is essential because it is an internationally significant migratory corridor that supports millions of birds and other wildlife each year.

In addition, the park serves 254 people who live within a 10-minute walk from the park (Source: Trust For Public Land, parkserve.org). This includes 62 children and 34 seniors. Just last August, over 140 of those residents signed a petition to save the park. This park is greatly valued by myself and many other residents.

Again, I stand with my IGH neighbors in urging you to permanently protect our park.

Kymn Paulson
3222 72nd St E
Inver Grove Heights, MN 55076

Inver Grove Heights Park and Recreation Commission;

I attended a previous hearing about River Heights Park, at which I voiced my concern about selling park property to meet short-term funding needs. I still believe it is poor public policy to consider park property as a revenue source. A city needs a certain level of park services to make it a city that is worth living in. Maintaining a level of park property and amenities is the same as maintaining a level of street maintenance, building inspections, or police services. We could probably get along OK with less of all of those, but without maintaining a certain level, the quality of living in Inver Grove Heights is diminished. Inver Grove currently has the bare minimum of park land for a city of our size, we should not be considering reducing it. Certainly little River Heights Park is not on the same scale as our national and state parks, but the principle that has protected Yellowstone and Itasca from many tempting offers (during much more desperate times) remains the same. Parks fill an important civic need and we should take a long-range view whenever we are tempted to cash in on it for short term uses.

As far as the other options under consideration, (referenced in the March 22, 2018 letter to Area Residents) I support the idea of protecting the property as open space, with the qualifier that it should remain available for public access. There is certainly value in city park land being simply "green space" as long as it is available for use by residents. However, I don't see how selling the park to a private owner/owners as "open space" but with restricted access is a benefit to the residents of Inver Grove or much different than selling it as a residential property. River Heights Park should not be turned into a bigger back yard for use of its neighbors. Although I'm sympathetic to the needs of wildlife, the city's priority should be that our limited park property should remain accessible to the people of Inver Grove Heights.

I think most of the residents of the area will oppose any plan for development of the park, such as parking places or amenities. But it is a disservice to the residents of Inver Grove (all of whom pay for city-wide park services) to limit access to and usefulness of city park property to protect a perceived entitlement by neighbors. I will be personally sorry to lose the natural aspect of the park, but I also think that in fairness to the whole city, it should be more widely appreciated, which requires some level of development. I don't believe that installing ball fields or a playground is the best use of a very attractive and natural piece of park property, but I don't oppose thoughtful development to make it a more desirable and accessible piece of the Inver Grove park system.

Thank you for providing the opportunity to comment about the future of this park. I hope you make a thoughtful and far-sighted recommendation about the future of River Heights Park.

Sincerely



Carol Nankivel

8875 Inver Grove Trail

NEWS

Undeveloped Inver Grove Heights park, near river, could be up for sale again

By **NICK FERRARO** | nferraro@pioneerpress.com | Pioneer Press

PUBLISHED: April 10, 2018 at 6:08 pm | UPDATED: April 11, 2018 at 8:49 am

Inver Grove Heights again is considering what to do with River Heights Park, which was to be sold for residential development last summer before neighbors helped persuade city officials otherwise.

The city's parks and recreation advisory commission tonight [will consider whether to recommend to the city council](#) that the 7.5-acre park be divided into three 2.5-acre lots and sold for single-family homes. The council is scheduled to discuss the matter at its May 7 work session.

In August, the city [tabled the idea of selling all or part of the park](#), which is at 8780 Inver Grove Trail. The decision came after a [petition opposing the idea](#) was signed by 140 residents and presented to the parks commission, which then [recommended to the council](#) that the park be taken off a list of city properties that could be sold.

At the time, the nonprofit Friends of the Mississippi River also noted that the park lies within the Mississippi National River and Recreation Area.

On Tuesday, Eric Carlson, parks and recreation director, cited four reasons for recommending that River Heights Park be sold:



A view of River Heights Park across the street from Al and Karen Meyman's home in Inver Grove Heights, photographed Aug. 8, 2017. (Nick Ferraro / Pioneer Press)

- The park is undeveloped, made up of grass, trees and a looping half-mile dirt trail.
- It is surrounded by 2.5-acre lots.
- Pine Bend Bluffs Scientific and Natural Area is just south of the park.
- Among the city's 28 parks, River Heights has the second-lowest number of people — 254 — who live within a 10-minute walk.

Carlson said talk of River Heights' future was resurrected recently by the council, which has not heard both sides of the issue in a formal meeting.

River Heights Park is among 10 city-owned properties the council deemed "excess" land in 2016. Two additional parks — Marcott Woods, which is 14 acres, and Dehrer, 5.5 acres — also are on the list.

The last time the city sold parkland was in 2009, when Cameron Warehouse Liquors moved to a 1.3-acre park across the street as part of reconstruction and widening of Concord Boulevard.

Carlson said selling the park is just one of the options. Others, he said, include developing it with park amenities, a parking lot and a sign; selling it to a private party that would protect it as open space; and doing nothing.

Whatever city officials decide, they can expect more support to save the park. Of the 13 residents who attended a public information meeting the city held last week, Carlson said, none were in favor of selling it for homes or developing it.

Tags: [Dakota County](#) [Inver Grove Heights](#)

Nick Ferraro

Nick Ferraro

A Minneapolis native, Nick Ferraro joined the Pioneer Press in 1997 after graduating from the University of St. Thomas in St. Paul. He's been a reporter covering Dakota County communities since 2007.

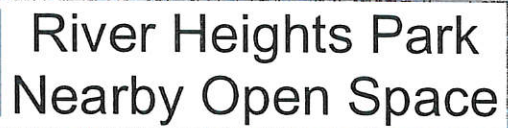
[Follow Nick Ferraro @NFerraroPiPress](#)



As you comment, please be respectful of other commenters and other viewpoints. Our goal with article comments is to provide a space for civil, informative and constructive conversations. We reserve the right to remove any comment we deem to be defamatory, rude, insulting to others, hateful, off-topic or reckless to the community. See our full terms of use [here](#).

[VIEW COMMENTS](#)

SE INVER GROVE HEIGHTS OPEN SPACE MAP



- [illegible]

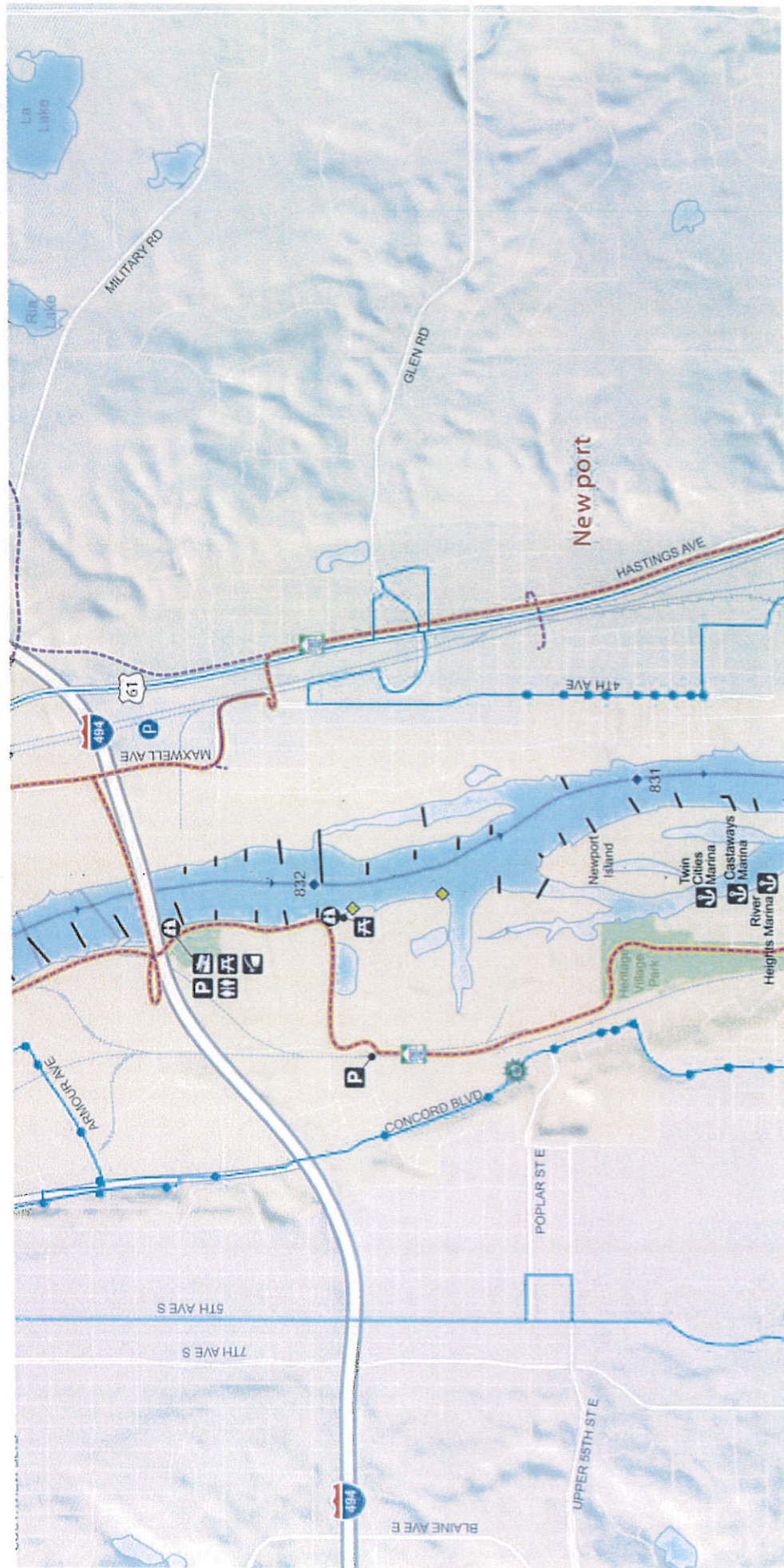


**MISSISSIPPI NATIONAL RIVER
AND RECREATION AREA
(MNRRA)**

United States Department of the Interior
National Park Service

Mississippi National River and Recreation Area

Mississippi River Companion - Map E59 (river miles 833 to 831)



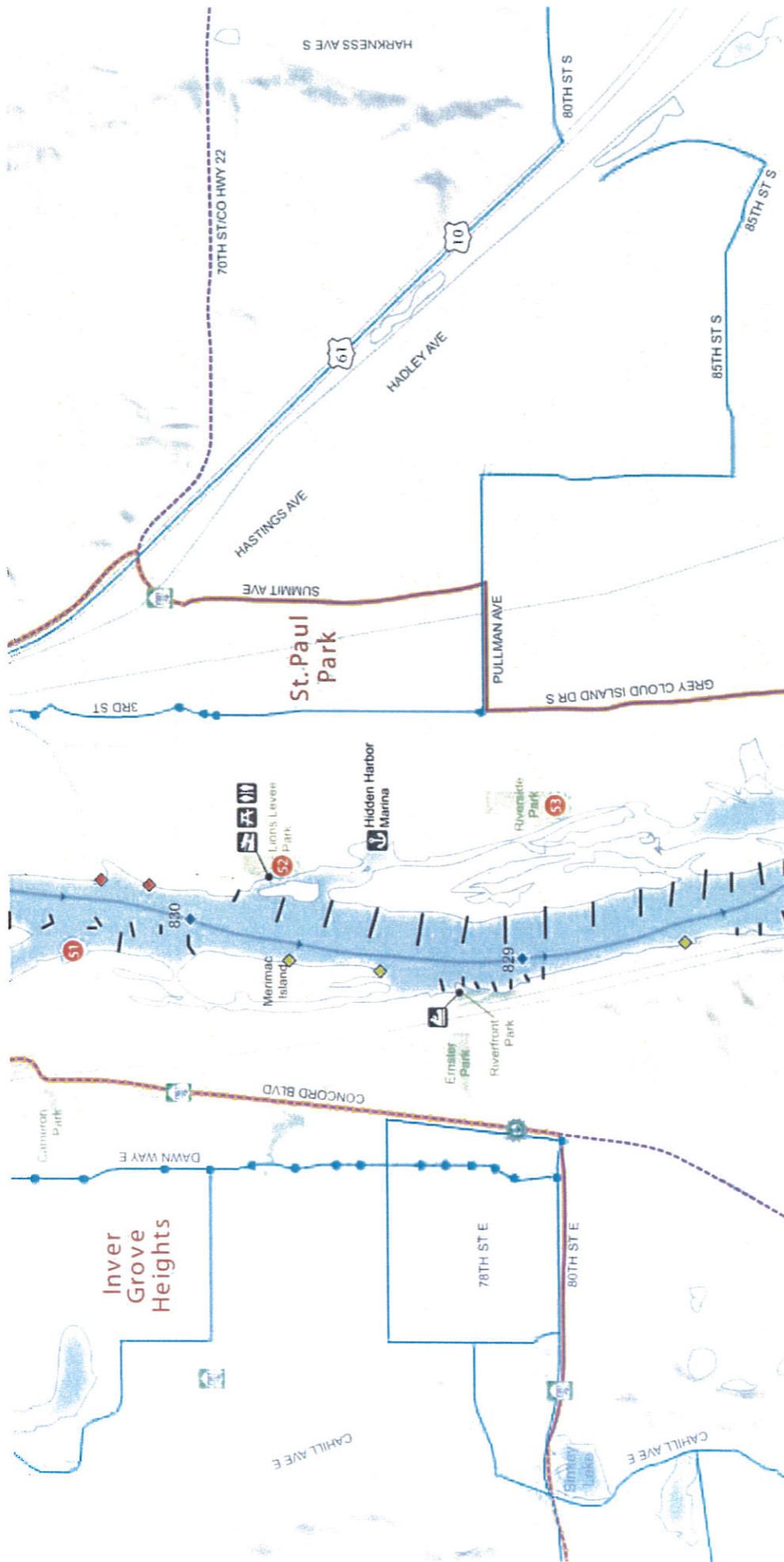
1 mile

River Mile	Latitude	Longitude
833	N 44.889473	W 93.018574
832	N 44.875740	W 93.014830
831	N 44.862358	W 93.008663

United States Department of the Interior
National Park Service
Mississippi National River and Recreation Area



Mississippi River Companion - Map E60 (river miles 830 to 829)

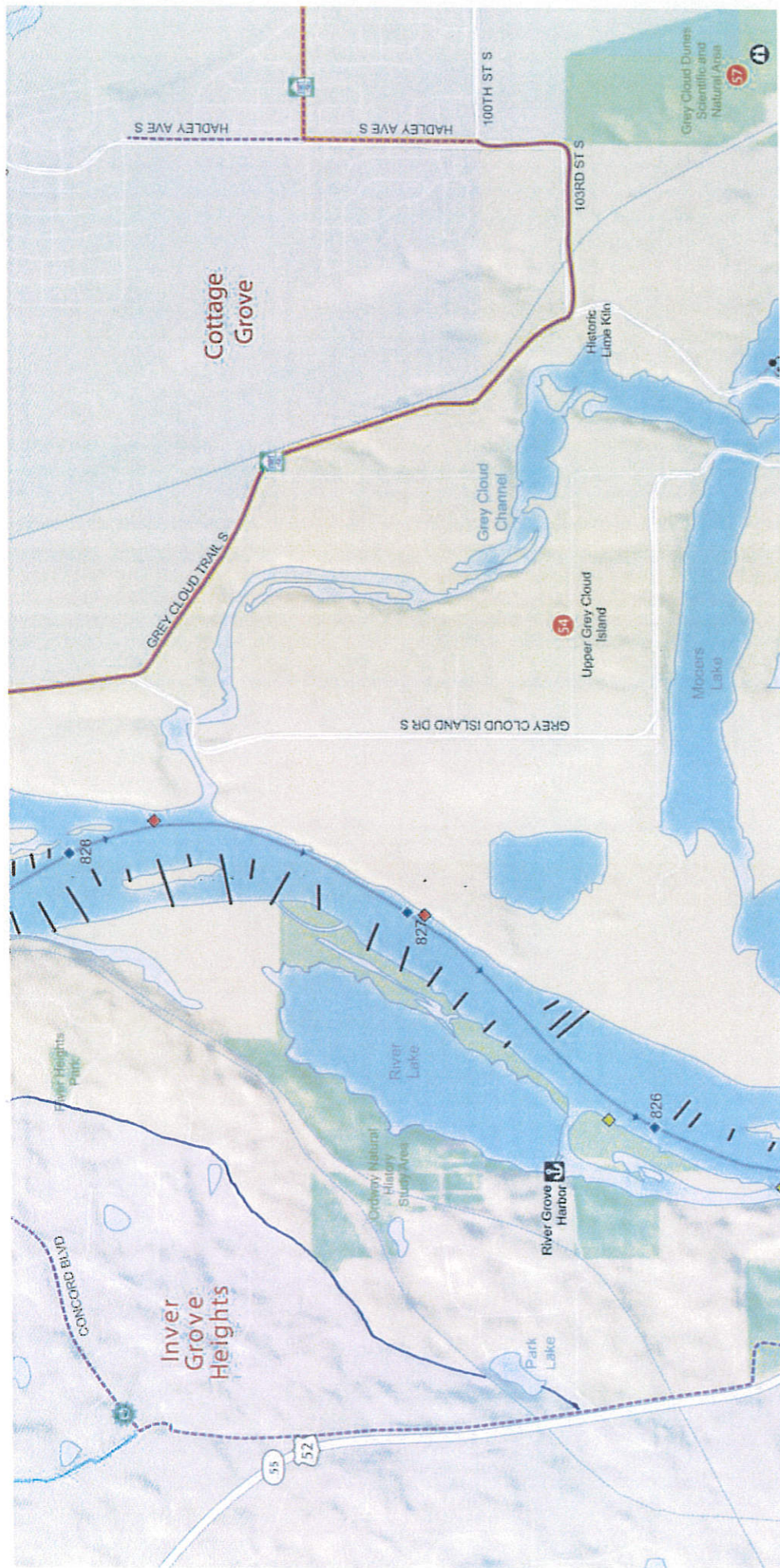


River Mile	Latitude	Longitude
830	N 44.921715	W 93.051860
829	N 44.909676	W 93.044166

United States Department of the Interior
National Park Service
Mississippi National River and Recreation Area



Mississippi River Companion - Map E61 (river miles 828 to 826)



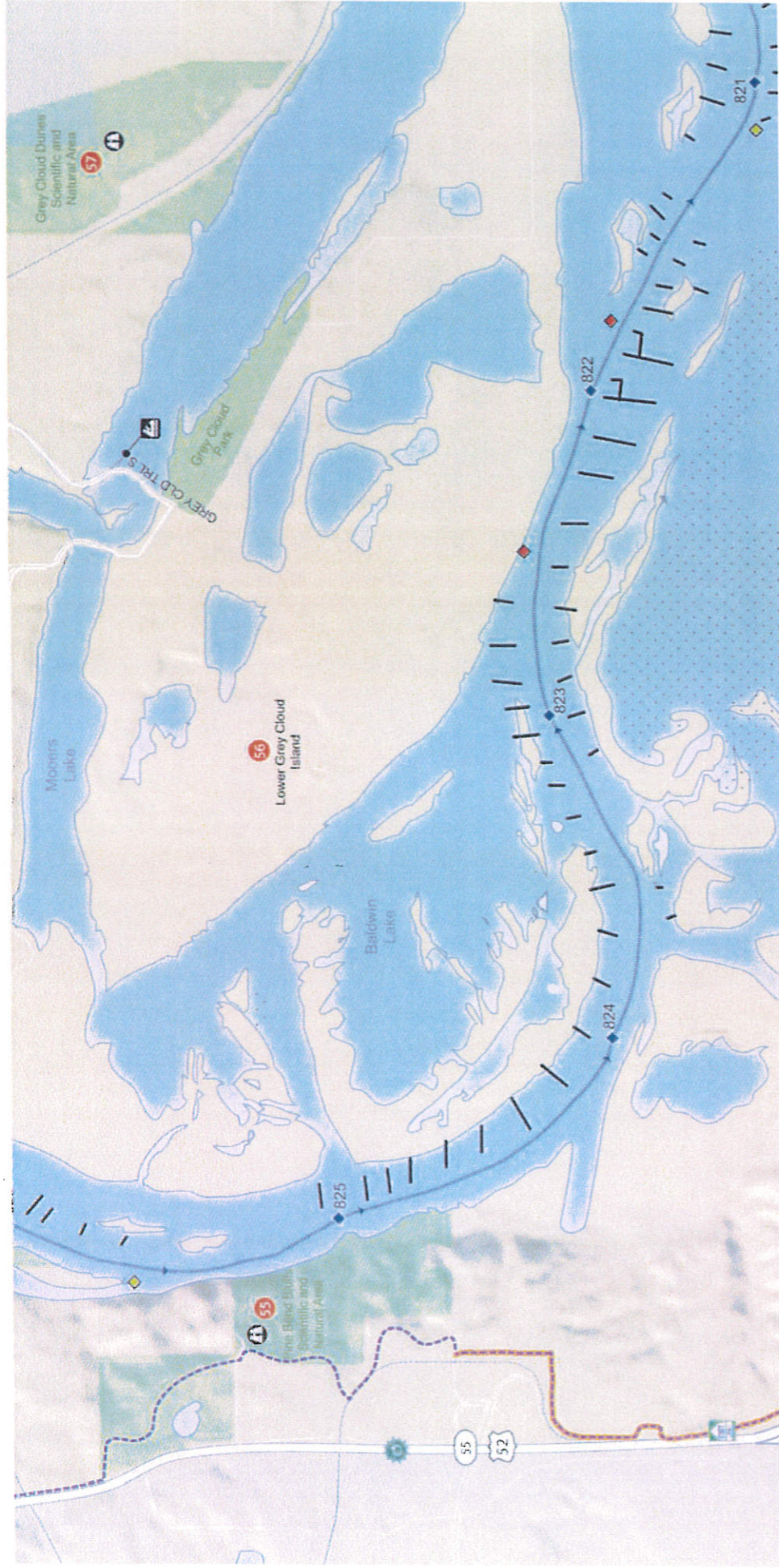
1 mile

River Mile	Latitude	Longitude
828	N 44.890084	W 93.033990
827	N 44.807816	W 93.009768
826	N 44.797302	W 93.021924

United States Department of the Interior
National Park Service

Mississippi National River and Recreation Area

Mississippi River Companion - Map E62 (river miles 825 to 821)



1 mile			North		
					
River Mile	Latitude	Longitude	River Mile	Latitude	Longitude
826	N 44.797302	W 93.021924	822	N 44.772982	W 92.973654
825	N 44.783585	W 93.021339	821	N 44.766189	W 92.955739
824	N 44.772358	W 93.010858			
823	N 44.774893	W 92.992392			

AUGUST 2017 INFORMATION

**City of Inver Grove Heights Minutes of the Proceedings
Of the Park and Recreation Advisory Commission
Wednesday, August 9, 2017**

1. CALL TO ORDER:

Chair Eiden called the June 14, 2017 Park and Recreation Advisory Commission Meeting to order at 7:00 p.m.

2. ROLL CALL:

Present: Chair Kevin Sethre; Vice Chair Kathryn Bauer; Commissioners: Al Eiden, Patrick Farley, Deb Tix, Mark Freer, Joe Boehmer, and Mary Gerhardt

Parks and Recreation Director Eric Carlson

Absent: Commissioner Willie Krech

Recording Clerk Sheri Yourczek

3. PRESENTATIONS:

None

4. ANNOUNCEMENTS:

A. You can find information regarding the City of Inver Grove Heights by visiting our web site at:
www.invergroveheights.org

B. Find us on Facebook at Inver Grove Heights Parks & Recreation

C. Follow us on Twitter at @IGHParks

D. Next Meeting: September 13, 2017. Regular Meeting 7:00 p.m.

5. CONSENT AGENDA:

A. Approval of Agenda

B. Approval of Minutes of June 14, 2017

Motion to approve the Consent Agenda by Commissioner Eiden, seconded by Vice Chair Bauer.

Aye: 8

Nay: 0 Motion carried.

6. PUBLIC COMMENT:

None

7. UNFINISHED BUSINESS:

None

8. REGULAR AGENDA:

A. Consider Disposing of River Heights Park

Parks and Recreation Director Eric Carlson wanted to clarify that the Commission is going to be discussing the possibility of disposing of River Heights Park. It's not to build a Fire Station at River Heights Park. It would be for residential purposes only; the Fire Station isn't a part of this item. This conversation that you are going to have with this Commission would have happened with or without a Fire Station. The Commission and the City Council wanted to explore the possibility of selling three different parks in the Community, one being River Heights Park. Eventually we would have had this conversation, regardless of whether the Fire Station started this process. The two are not connected.

The Commission is being asked to consider disposing of River Heights Park which is located at 8087 Inver Grove Trail. The parcel is 7.5 acres in size and the Commission is asked to consider having it split into three 2 ½ acre residential lots which would be similar in size to those surrounding the park. In 2009 the City of Inver Grove Heights disposed of Cameron Park which is located at 6501 Concord Boulevard. That parcel was 1.3 acres in size and the City disposed of that park at that time so we would be able to relocate a business, Cameron Liquor Store, to the park site due to the reconstruction of Concord Boulevard. Currently the City has 28 parks in our park system with about 608 acres of parkland, not including the 235 acres that is Inver Wood Golf Course. The southern portion of the City is guided as large lot development with minimum lot sizes of 2.5 acres. That is what is found around River Heights Park. We do have six parks in the southern portion Broadmoor, Marcott Woods, Marianna Ranch, Rich Valley, River Heights, and Southern Lakes. In the Fall of 2015 the Commission worked on a plan to right size the park system and wanted to make sure we were serving the three different parts of the Community. The Urban part, the Northwest area, and the Rural area, based on their density and development patterns. One of the concepts was the notion of potentially disposing of three parks: Marcott Woods, River Heights Park, and Dehrer Park. This evening we are at the juncture to have a conversation with the River Heights Park neighborhood to see if there is support or not for the thought of potentially selling all or portions of River Heights Park. The City Council was interested in the concept, so we investigated. We find no legal reason why the park couldn't be disposed of. Before the City would considering selling, or changing the use of the park in any way shape or form, we would want to hear from the neighborhood. We sent out more than 200 notices, which is far more than we are used to sending out as we wanted to get healthy conversation from the Community that surrounds the park regarding the future of that park. On Tuesday, July 25th we held an informational meeting, 12 people showed up. People in attendance liked the park the way it is. They didn't believe we should change the use. They would hate to see it sold for residential development and they believed the City has other opportunities for land acquisition for a Fire Department. Within your packets you have all of the emails that he has received, and all information from the public about the topic. Now the Commission will open the item up for public comment.

Chair Sethre wanted to state in order to respect everyone's time, if you have a point that has already been offered by a previous speaker, please consider not coming up to speak. We want to respect your time and everybody's else's time here. Please state your name and address when you come up to the podium. Please try to limit your time to three minutes per comment. If someone wishes to come up please do so.

Irene Jones, River Corridor Program Director with Friends of the Mississippi River, located at 101 East 5th Street in St. Paul. Friends of the Mississippi River, (FMR), is a Twin Cities based non-profit organization that works with local citizens and other stakeholders to protect and enhance the natural and cultural assets of the Mississippi River and its watershed in our region. We were founded in 1993 to bring community and citizen voice and perspective to the newly established Mississippi National River and Recreational Area. It's National Park that runs right through your City. The only National Park in America that is focused on protecting and celebrating the Mississippi River itself. We have been a promoter of preserving and restoring public open space within our Park for almost 25 years. They are opposed to the sale of River Heights. FMR has been in partnership with the City of Inver Grove Heights for over a decade. We appreciate the good work of the City and this Commission to expand and enhance public parkland along the Mississippi River. We have worked with the City and volunteers in regards to Heritage Village Park and the Swing Bridge in the past. We look forward to continuing this partnership going into the future. We only take an issue with this one decision before you. We respectfully request that you oppose the proposed sale of all or part of River Heights Park. They have no opposition to the Cities need for a new Fire Station or increased revenue, they strongly believe that selling the land for the publics needs is short

sighted and not in the best interest of our National Park or of the residents of Inver Grove Heights. Although this is a small park, it is one of many key park pieces that make our National Park great. Natural open space at this location is contributing to the health and beauty of the National Park for both people and wildlife. The park not only provides residents with a trail thorough a natural area, it also contributes to the Mississippi River Flyway, which is an internationally migratory corridor used by birds and other wildlife. The proximity of this park to Pine Bend Bluffs is also significant because of its high value. Pine Bend bluffs is the most high-quality area of the developed Twin Cities. The Mississippi National River and Recreation Area, also known as MNRA, was established in 1988 to work in partnership with local communities to protect the Natural resources within the Corridor. Since MNRA owns very little land within the corridor, they rely on local communities and regional park agencies to provide parks, trails, and other open space within the corridor to help realize the goals of the park and corridor. Inver Grove Heights has been a good steward of the river and our National Park, we strongly encourage you to recognize the significance of River Heights Park in that context and protect it from development. In doing that you would reinforce your policy from your Comprehensive Park Plan and Development Guide as well as honoring the concerns of local residents who deeply value this park and want to enjoy this special place well into the future.

Ms. Jones stated she also submitted a letter along with her contact information if you want to call or email with questions.

Director Carlson stated that a copy of that letter was emailed to the Commission this morning.

Karen and Al Meyman, 8915 River Heights Way.

Mr. Meyman stated he had an updated petition to handout to the Commission.

Ms. Meyman passed it out to the Commissioner's.

Director Carlson let the Commission know that they did receive a copy of the petition on July 25th. What you are receiving now is probably an updated petition with more signatures.

Mr. Meyman commented there are quite a few more signatures on there.

He stated the petition statement is as follows: River Heights Park is a dedicated green space when this area was developed and was part of the character of River Heights Way. We do not want any part of our neighborhood park to be sold. He would also like to read the cover letter. Included in the attached petition are 140 signatures representing 95 households that completely surround River Heights Park. This is the voice of our neighborhood. We implore you to listen to our unified voice to leave our park unchanged.

Tom Wilkins, 8959 Inver Grove Trail is asking to save the neighborhood park. To reject staff's recommendation and recommend City Council save the park in its entirety and remove it from the sell list. The sell list was approved by the City Council back in August of 2016. Councilmember Piekarski Krech told him that the sell list was created in an open manner with possibility of public input. Looking through the minutes of the Park and Recreation meetings, there are holes where we have minutes missing. In those minutes, he finds no mention of River Heights Park. Back in June of 2016 he found a comment from Chair Eiden that he had been approached by the City asking if this Commission would be willing to sell three parks. Those parks were not named. After that there was no further discussion, no motions made. Two months after that the City Council approves a working list of 125 potential properties in the City that could be sold. He made two trips to City Hall to try to get copies of the sell list. He did get a copy, there were only 10 – 12 properties on the list that had been approved for sale. One is Inver Grove Heights Park, River Heights Park, and Marcott Park. He is sure other residents have not been informed that those parks are on the sell list. He looked through the minutes and found a handout prepared by staff to benefit incoming Councilwoman Kara Perry, to get her up to speed on Parks and Recreation issues. In that handout, there was no mention that there were parks on the sell list. He continued to look and found no mention of River Heights Park at all. If you have discussed this, it was not at your regular meetings. It could have been in work sessions, with City Council, or City Staff. In the April 12th, 2017 minutes, he saw Commissioner Bauer commented on how informational and helpful the tour of the parks has been to see what is happening with the different parks. He would like to ask if you visited River Heights, Marcott, or Dehrer? He doesn't know how this

decision came about. He doesn't know if this Commission had any input, as he can't find it in the minutes. He came here tonight prepared to ask this group to separate the park sale issue from the Fire Station acquisition. He is glad they have done that. He would like to recommend to the City Council to keep River Heights Park as a whole and remove it from the sell list. The park is appreciated and used by the neighborhood and the fact that it lies alone in the Mississippi National River and Recreation Area should have been enough to keep it off the sell list.

Director Carlson wanted to comment on some of the things that Mr. Wilkins had spoken of. If you go to the November 2nd 2015 City Council Work Study Session that is when the topic of the three parks was discussed between the Commission and the City Council. He can provide a copy of the minutes if he would like them, he would be happy to pass those on.

Mark Hatfield, 8810 River Heights Way stated everyone who is close to the park loves it. It's an important part of the flyway. One of the things you can do to make the rest of the Community love the park the way they do would be to make a prairie restoration on the park as there is a clear absence of pollinator friendly plants around their area. That is what they need to migrate. He thinks everyone that is pro park would be in favor of a prairie restoration. It would be a big asset for the whole City to enjoy. You can do butterfly releases that the schools can participate in as well. It's a huge asset that you cannot replace if you eliminate it.

Steve Cook, 9250 Inver Grove Trail stated he and his wife moved to Inver Grove Heights about four years ago. The park system has really impressed them. He has enjoyed a lot of the developed parks. He discovered this undeveloped park. We know that parks are often thought of as areas of where there is a trail and picnic tables for people to use. But here, people can walk in if they want to, there are bluebird houses, and wildflowers. They have really enjoyed the site and enjoy the park that way. We have seen it as a jewel and was surprised it could be eliminated. When he thinks of three lots coming out of it, it doesn't seem like a great trade. He understands that development is important, and that others want to move here. He appreciates that staff looks at how we attract businesses and how we grow as residential, but also how we protect resources that are part of Inver Grove Heights, otherwise they may be gone someday. Now is our chance before all of that is gone, especially when this has been a designated area. He asked that if down the road do we want to be known as a City that is really protecting some of our natural beauty from development at the cost of development? We should be saving it for our own to appreciate as we go forward as well as for future generations.

Carol Nankivel, 8875 Inver Grove Trail, is a close neighbor to the park. She wanted to talk from the perspective of a long-term citizen of Inver Grove Heights. The City needs money, parks need money, we have unused properties, etc. We have a short-term need, let's address it through this park situation. We understand that dilemma, when the furnace goes out, we tap retirement, or for a car, go through kid's savings, we live through that dynamic all the time. She found a map of Inver Grove Heights from the early 1960's and she thought of how those people on the City Council knew what we are going to need. The highlights of Inver Grove in 1960's were that we had little Detroit, which was three car dealerships, a gas station, Farmers Union, a trailer park, and a nice home. That's what we had to show for Inver Grove Heights. The map doesn't extend to the south. The City Council said we will be different, it won't always be farms, fields, and trees, that we needed to come up with money for the parks. We don't have as many parks as other Communities. You are in the position of understanding the needs today, but 50 years ago, people were smart enough to set aside parks, and 50 years from now someone will thank you for keeping River Heights the way it is. We may need it. She hopes you will reject this notion to sell our existing parkland.

Harold Parsons, 8840 River Heights Way, stated the back of their lot abuts the park. He recommends that you reject the sale of the park. There is wide support for the park from the neighborhood, it's used by residents in the area a lot. People are walking the park with their dogs all the time. Most importantly, it's used by wildlife. There is a lot of that there. It's full of deer. When he moved there in 1984, you would rarely see a fox there. Now we have a lot of that there, and part of that is because they have habitat now. It's great to see this as a part of our

National Park Heritage and to keep that available for the City and the other residents around Minnesota. He's asking that you reject this.

Kerry Hofner, 8715 River Heights Way. He has lived there for 30 years. He built there, saw the map of lots and plats, and it said park. He's never really complained about paying taxes, for supporting other parks, the Golf Course, supporting when the City Council spent money on the Swing Bridge project, etc. Those projects are more visible for Inver Grove Heights. This is why he views this as our Community park. You want to split this up, take it away, put homes there, so it's a money issue. Where would the money go for this? Would it go 100% to the parks, or to the Fire Station? He did speak to the Fire Chief, it was a great conversation. There isn't a park sign, so someone driving by can't see there is a park there. He requests to say no, investigate other ways to create funding. When you know there is going to be new development, or you know you need a Fire Station, that should be a part of long range planning so that you know how you are going to come up with those dollars.

Mr. Wilkins, 8959 Inver Grove Trail, additionally commented that this meeting should have been held over a year ago, before the park was placed on the sell list. You should have sought out neighborhood input at that time.

Mike McDonald, 8304 Delaney Circle, commented his folks have a home at 8875 River Heights Way. He used to live up by Skyview Park, when he drives by that, unless there were ballgames and things going on, it was a vast wasteland. Every time he goes to his parent's home, he sees someone walking through. There is a car parked nearby, there is a lot more people that use the park the way that it is then people realize. It is a nice park for that. You can enjoy the peace and wildlife that is around.

Chair Sethre stated this isn't an issue about maintenance or dollars spent maintaining it.

Mr. Hofner, 8715 River Heights Way, mentioned that you say it isn't about maintenance, but the park department doesn't have as much money as it would like to have to update parks. To him this is about money. If there was enough money, why would you want to sell it.

Chair Sethre responded that they spend a lot of manpower and resources out there. It's not that we are trying to eliminate a significant item from our budget, it is more a reprioritization of City property.

Mr. Hofner felt that you would technically like the money that the sale of these lots would generate to do other things with.

Commissioner Tix stated they don't know where the money would be going. They can make a recommendation based on what would happen and on what we decide to do. But they don't know where that money would go.

Mr. Hofner responded that under that indication, then you should all vote no. You would be selling something that the neighbors all want, and money isn't the issue. Then it should be the City Council that decides on some method for creating funds.

Commissioner Farley commented he didn't think money is the issue. Public safety is the issue. We have a conflict in that a Fire Station protects lives, property value, etc., and a park. Both are worthy things. In this frame of reference when we speak about the Fire Station needing land and how it's positioned, etc., we have not been a part of that conversation. These are the specs that that department has come up with what they need. They found that elsewhere. That person has found something else in exchange for that land and this is the option. There are two issues here. The sale of the park, and the installation of the Fire Department. It's not about the money, that is a byproduct, that's not the main motivation.

Mr. Hofner commented that your Commission is about the parks. The Fire Station is a separate issue, but someone wants that property. Should their community park be the people who finance the land for the Fire Station? That is the City of Inver Grove's issue, not our communities issue.

Mr. Meyman, 8915 River Heights Way, stated the Fire Station keeps coming back into this. It is part of this even though it has been said it's not. The process to get us to this point was done in the wrong order and inappropriate. The City put our park on the list to be sold without consulting the neighborhood that would be directly affected by that sale. The City floated the idea of using one of the lots in the park as an incentive of another lot in the City that is wanted by the Fire Station. The neighborhood still wasn't aware of this. The seller of the lot for the Fire Station said he wanted that park land on Inver Grove Trail. Another thing people should know is that the lot wanted for the Fire Station has a brother on the Parks Commission, Mr. Krech, and also a relative on the City Council. The City comes to our Community for input on this. This should have done if they were considering selling parkland. The City should contact all people that are affected by their decision to sell their park. If the neighborhood doesn't want that park anymore, the property should be rezoned. The land can be sold because it is zoned to be sold. The Fire Station should not even be in the conversation if the correct process had been followed. By following the bad process, the Community input has been obtained last instead of first as it should be. Under the table deals done without public knowledge are just plain wrong.

Chair Sethre stated has heard comments about under the tables deals. He is not privy to all discussions, some of these things take a while to ruminate. A letter was sent out to everyone last month offering a public meeting and then this meeting. He doesn't quite follow the under the table activity or the suggestion. Sometimes these things get proposed, they go through due process and then they show up in the light of day. He doesn't appreciate accusations to this group that is was done under the table in any fashion.

Mr. Parsons stated this was a decision about whether this was a worthy park to keep, whether it is being utilized enough to have it continue to be a park, or do we sell it to have three homes and do away with the park. The idea that the park is being traded, or sold to another department for them to build a Fire Station. This feels more like why are we even here, is anything we say going to make a difference? The Fire Chief is stating they want the land that is being proposed, they want part of this park, it seems like a deal. It doesn't feel like an under the table deal so much that we have been left out if it. We felt like our input would make some difference, maybe minds might be still open to thinking of this park as a valuable piece of the park system to have in Inver Grove. He doesn't feel that is the case anymore as this feels like a done deal. He hopes you will reconsider that. There has to be another way that a Fire Station could have other possibilities. We can't go back and make this park again. We can't make these kinds of parks going forward.

Director Carlson stated in his opening remarks that he reminded the Commission and the audience that this isn't about the Fire Station. As he stated earlier, the Parks Commission and the City Council put parks on a list and said let's decide whether this adds value to the Community or not. The City Council said, let's explore that, so we invited the neighborhood in to get your reaction to that concept. This is your chance to say we value our park. If it gets to the City Council, you can show up to that meeting and say similar things. Someone may be thinking about purchasing those lots, but this has nothing to do with a Fire Station. This has to do with the fact of trying to find out if this park has value to the Community, is it valuable to the neighborhood, does this Commission think it's valuable, does the City Council think it's valuable, and if they do they will keep it, if they don't they won't. This has nothing to do with the Fire Station. It just so happens that someone who may buy a lot if the City doesn't value it as a park, is a part of the transaction of the City trying to create or build a Fire Station. They are not connected. It has everything to do with knowing if the park is valuable to the City or not. It's for the City Council to decide on that fact. You are giving your input to the Commission who will then give a recommendation to the City Council. It really has nothing to do with the Fire Department. The Fire Station issue forced us to have this conversation.

Mr. Wilkins appreciated Director Carlson's comments and appreciated the fact that at the beginning of the meeting it was separate issues. Since Commissioner Farley has brought it up, nobody here is against the construction of a new Fire Station or a need for one. He came here this evening hoping that we could separate the two issues. In a conversation with Mayor Tourville a few weeks back he stated the City had the funds outright to purchase the desired Fire Station site. He said that they would sell bonds for the construction and equipping for the station. The sale of this park was not a done deal. He spoke to Councilman Hark, he assured him that the sell

list was created months before the owners of the proposed Fire Station site were ever contacted. He also told him that it was not a done deal.

Chair Sethre stated this is not a done deal. He is hoping nobody has the impression that is a done deal. It is a part of due process.

Commissioner Freer stated they have talked about parks, more than these three, over the last three or four years in regards to the value of the Community. Are they being used? One was this park, and that was years ago. This isn't new. We have spoken about a lot of different parks, a lot that we wouldn't sell. The Fire Station thing forced the issue today. These types of conversations will go on into the future, it doesn't mean we are going to sell them, we need to have conversations about the parks, what to do with them, what not, what amenities are being used, what are not. This wasn't developed for the Fire Station. He will say the comments have been very good this evening. We form an opinion before you show up, the comments that have been made here are very persuasive. Don't get frustrated with the process. You've been positive, have shown good reasons why the park is there, the usage, etc. He himself has been over there before, has taken his dog, and while he hasn't seen anyone there while he has visited, he knows the value of that park. The positives of what you are telling is going over well in his mind.

Vice Chair Bauer stated that all she knew about this before the last few weeks is what was on paper. She needed to see for herself the park and the neighborhood. She visited this week. She felt her visit was worthwhile and informative. She's lived in Inver Grove Heights for 27 years and has never visited this park. Mr. Wilkins, this was not on their tour, and she's been on several tours over her last three years on this Commission. She found this park to be a hidden gem. There is a lot there for residents who do not know it is there. Inver Grove Heights values it's unique neighborhoods, we have charm, character, and that's why people choose to live here. Our parks of the future may look a lot like this open park area. Unpaved, natural trails, no equipment, minimal maintenance, greenspace, areas for kids to run, dogs to explore, and family and friends to be together. She is listening, you are articulate in your arguments and she appreciates what you have to say. She thanks you for your petitions and the time it took to put it together. Your time was not wasted. You found out where you are at with those in your Community. She doesn't think the City should come up with a solution in a vacuum. Let's go back and review what is on the table. She is in favor of a solution that listens to everyone's needs. This doesn't look like that. If there is a motion to approve the disposal, she will vote no. Once it's gone it's gone. It's a valuable park and your comments and presence here, as well as her own visit there, have proven that to her.

Chair Sethre asked if anyone wanted to approve a motion to close the public comment period.

Motion made by Commissioner Farley, seconded by Commissioner Tix.

Motion carried.

Commissioner Freer stated that Carol made a nice comment, as she always does when she attends these meetings. She's a long-time resident that always brings up some nice issues. He is surprised at the amount of people that say they use the park. He thinks it's a pleasure that this many people came out. Thank you to everyone for showing up and speaking.

Commissioner Eiden stated he has been on this Commission for several years. If you want to be angry with someone he brought up the issue of selling this property among others several years ago. He looks at Inver Grove Heights as a total Community. We are now at 35,000 and growing to 50,000 people. There are things we have to do with parks. We have financial challenges with the parks and there are some that are not in the best interest of the City and this happens to be one of them simply because of you residents in the neighborhood. He also recalls three times at least when we tried to do something with that park and there was adamant objections to the point of lawsuits. With the area, you have there and the lot sizes, you don't want any development, just want open space, and that's wonderful. He is skeptical of the fly zone, he has wild animals in the back of his home too. He has to

look at this in terms of the challenges of the City and the City in its entirety. This neighborhood could do very well without that vacant piece of that property whereas the City could make better use of that property, as well as the other two properties. He also needs to remind those that when the process the City uses to do things, they make plans first, as we do, and it's always open to public meetings for the people that will be affected by the decision. We have had to make decisions for other neighborhoods for the good of this City. He thinks this neighborhood is wonderful, he has been there. He is not against you having something in your neighborhood, but in perspective, this City has changed, it was far different than it was 50 years ago. We have an obligation to look for the general good of the City and what is happening and how detrimental is anything that ceases to exist in its present home. He appreciates and sympathizes with you for your adamant desire to maintain the property. In this particular case, he thinks it would be good to make some change.

Commissioner Freer stated the item is to sell all three lots at one time. We should discuss whether or not selling one lot or all three makes more sense.

Commissioner Tix wanted to note that we are not the City Council. We have different goals than the City Council. If she was on the City Council she may have a different decision. They have to look at all the different departments when thinking of these items. We are just talking about parks and the usage of the parks. You are showing us the usage of the parks by being here tonight.

Commissioner Gerhardt stated she actually lives near this park and didn't even know it existed. She is the newest member to the Advisory Commission, so she has made an effort to get to know the various parks around the City that she has never been to. There is no sign here, she didn't even know it existed. She visited a few times over the last few weeks. You may be seeing her there more often. She thinks it's a great park for this neighborhood and for the lot size in the area they live in. She understands the need for this in the Community. She understands people came here thinking we already made our decision. She has been out there a few times and has not seen anyone there. Seeing you all come out here and give testimony and speaking, having a petition, saying this park is important to you, she appreciates them taking the time to come out here and making the effort to come here this evening.

Commissioner Boehmer stated it's great that everyone that wants the park. Once it's gone it's gone. He can't see selling the whole park. He has been there too, he has seen Turkey and Deer. It's amazing how many people you have that signed this and support this.

Commissioner Freer stated it was the betterment of the communities is where these resources would go. We are struggling to maintain the parks we have. If some of this funding could go to the 402 Fund to help maintain these parks, it would be very helpful. We don't have the money we need to maintain what we have and right now we are looking at what we can eliminate in our parks. We can't fix them all or buy new stuff for everything because the budget isn't there. The equipment in some areas is getting old enough, maybe we don't need it in the park anymore, maybe we don't need that many tennis courts. The part of selling this for the betterment of the Community, it would come to the parks, or maybe even the Fire Station if it needed it. The balancing of this is very tough. It's true, once it's gone it's gone. 50 years from now he would like his Grandchildren to enjoy open space too. It's a hard decision.

Chair Sethre commented that we are all citizens and tax payers in Inver Grove Heights. Difficult proposals are brought forward. Nobody says it's easy or fun, but sometimes we have to deal with certain things that are less than desirable. Hard decisions and issues pop up. We really appreciate you being here and being very civil. We do appreciate the input.

Motion by Commissioner Eiden to accept the issue as presented. Seconded by Commissioner Freer.

Chair Sethre stated we have a request here for action in disposing of River Heights Park.

Aye: 2 (Sethre, Eiden)
Nay: 5 Motion fails.

Motion by Commissioner Farley to ask the City Council that they may consider selling one of the lots and that they maintain the other two lots. No second.

Motion fails.

Commissioner Eiden stated if we are in this position, then there is no recommendation going to the City Council.

Commissioner Tix asked if we can put out a recommendation that we do not sell the property?

Chair Sethre felt that is pretty much what we decided.

Motion by Vice Chair Bauer that we remove this park from a list under consideration to be sold, and that we affirm the value of this park, of the open space, for not only the people in that area, but the entire City and the wildlife. Seconded by Commissioner Boehmer.

Aye: 4 (Bauer, Tix, Gerhardt, Boehmer)
Nay: 2 (Eiden, Sethre)
Abstain: 2 (Freer, Farley) Motion carried.

Chair Sethre wanted to let those know that every spring the City Council is looking to fill various Commission positions. Planning, Environmental, Parks, etc. If you get an Insights flyer in the mail, please look at that and see the various positions. It's a very enlightening experience. It's all a part of civic duty. Please keep that in mind.

Director Carlson stated this item is still an item that the Planning Commission will take up on September 5th. The recommendation from here is to stay as is. They will weigh in on the technical aspects of it. If you are still interested in this, please attend that meeting as well.

Commissioner Eiden stated the motion was to take that property off the list for sale. It's not to leave it as is. It's to take it off the list.

Director Carlson responded in essence you are leaving it as it is.

Commissioner Eiden stated we have taken an extra step to take it off the list of properties that are listed for possible sale.

Director Carlson wanted to verify that the park will stay as is and it's not on the list for sale anymore.

Commissioner Eiden stated in his mind that was two different things. Keeping it as it is means we don't sell that property. Her motion is that we take it off of the list of properties for sale. In perpetuity that is not viable for the City Council in our recommendation to consider for sale.

9. ADMINISTRATIVE PRESENTATIONS:

A. Department Happenings

Director Carlson will stand by and answer any questions in regards to what is in the report.

CITY OF INVER GROVE HEIGHTS

REQUEST FOR COMMISSION ACTION

Consider Disposing of River Heights Park

Meeting Date: August 9, 2017
 Item Type: Regular Agenda
 Contact: Eric Carlson – 651.450.2587
 Prepared by: Eric Carlson
 Reviewed by: Eric Carlson – Parks & Recreation

Fiscal/FTE Impact:

☐	None
☐	Amount included in current budget
☐	Budget amendment requested
☐	FTE included in current complement
☐	New FTE requested – N/A
☒	Other

PURPOSE/ACTION REQUESTED

Approve the disposal of real property, commonly referred to as River Heights Park, located at 8780 Inver Grove Trail. The parcel is 326,700 S.F. or 7.5 acres. The Commission is asked to recommend to the City Council that the land be divided into three 2.5-acre lots and used for single family residential development.

With the exception of the newly created lot closest to Inver Grove Trail, which would be used to help facilitate a land transaction for a third fire station, it is recommended that all proceeds from the sale of the remaining two lots be deposited into the Park Acquisition and Development Fund (Fund 402) and that the remaining two properties be subject to Park Dedication per the City Ordinance.

SUMMARY

In 2009, the City of Inver Grove Heights disposed of park land owned by the City commonly referred to as Cameron Park located at 6501 Concord Blvd. The parcel was 56,430 S. F. or 1.3 acres in size. The purpose of disposing of the site was to provide a location for a business to relocate to because of the reconstruction of Concord Blvd.

The City of Inver Grove Heights currently has 28 parks which have 608 acres of park land not including Inver Wood Golf Course. The City strives to provide quality park and recreation services to the residents of Inver Grove Heights in the most cost effective way possible.

The southern portion of the City is guided for large lot development with minimum lot sizes of 2.5 acres and is currently not in the Metropolitan Urban Services Area (MUSA). The City does have six parks in the southern portion of the City as follows:

Park	Address	Acres	Classification	Development
Broadmoor	11306 Strafford Lane	7	Neighborhood Park	Yes
Marcott Woods	2830 90 th St E	14	Conservancy Land	No
Marianna Ranch	9125 Alvarez Ave	64	Conservancy Land	No
Rich Valley	1841 105 th St E	71	Community Athletic Complex	Yes
River Heights	8780 Inver Grove Trail	7.5	Conservancy Land	No
Southern Lakes	10810 Alison Way	4	Neighborhood Park	Yes

In the fall of 2015, the Commission worked on a plan to “Right Size” the city’s park system by serving the urban, northwest, and rural areas differently based on their density and development patterns. The Parks and Recreation Commission is interested in allocating resources effectively and wanted to provide good quality vs. quantity of park amenities.

Based on the fact that some of the current park land in the rural area was undeveloped and under used, the Commission suggested to the City Council that three park properties might be best repurposed and sold for residential development including:

- Marcott Woods Park – 2830 90th St E
- Dehrer Park – 4085 Dehrer Way
- River Heights Park – 8780 Inver Grove Trail

The City Council was interested in the concept and directed staff to verify each park property's ability to be sold. After researching the property, the City Attorney indicated that there are no restrictions on selling these park properties. Ultimately, the City went through a process to vet all of the properties it owns to determine their highest and best use. After reviewing a list of properties that exceeded more than 100 parcels, the list was narrowed down to a dozen or so properties.

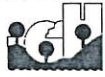
In 2012, the City commissioned a study of our Fire Service and determined that adding a third fire station was important to continue providing reliable, efficient, and effective fire protections. The City is currently negotiating with a private property owner to purchase their property and they would like to continue living within the City. As a part of the negotiations, the City is agreeable to selling a 2.5-acre parcel of River Heights Park which lies closest to Inver Grove Trail pending City Council approval. The purpose of the sale would be for the private property owner to build a single family home.

Before the City can dispose of this park property, it is important to reach out to the neighborhood to allow them to provide input into the process and, in that regard, over 200 notices were mailed out to property owners in the area to outline the public meetings they could attend to voice their support/disapproval. On Tuesday, July 25th, we hosted an informational meeting to provide property owners with information on the potential repurposing of River Heights Park. There were 12 property owners in attendance and they submitted a petition (attached) which supports keeping River Heights Park "as is". A summary of the meeting is as follows:

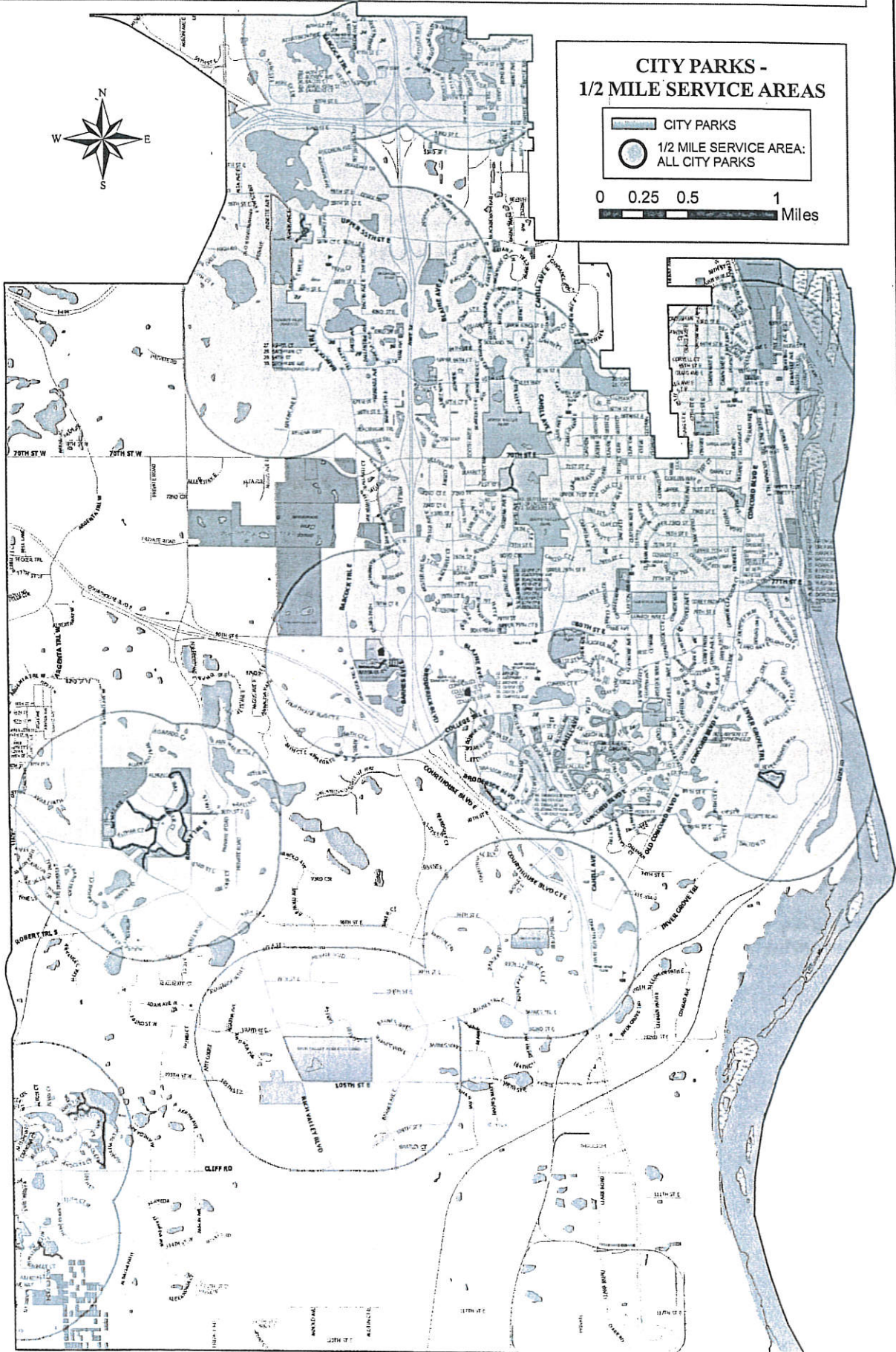
- They like the park "as is" and don't want any improvements, they appreciate the "open space"
- They don't believe that the park costs the City much to operate and can't see why the City would consider selling it
- They would hate to see any of the park sold for residential development as they believe they should have access to their neighborhood park
- They believe the City must have other options regarding land acquisition for the Fire Station

The Parks and Recreation Commission should allow those in attendance to address the Commission. After taking testimony, the Commission should discuss the pros and cons of selling or keeping River Heights Park and make the appropriate recommendation to the City Council. The next step in the process, after the Parks and Recreation Commission meeting, is for the Planning Commission to review the item and this is scheduled for Tuesday, September 5th, at 7:00 pm.

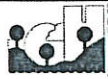
PARK SERVICE AREA MAPS



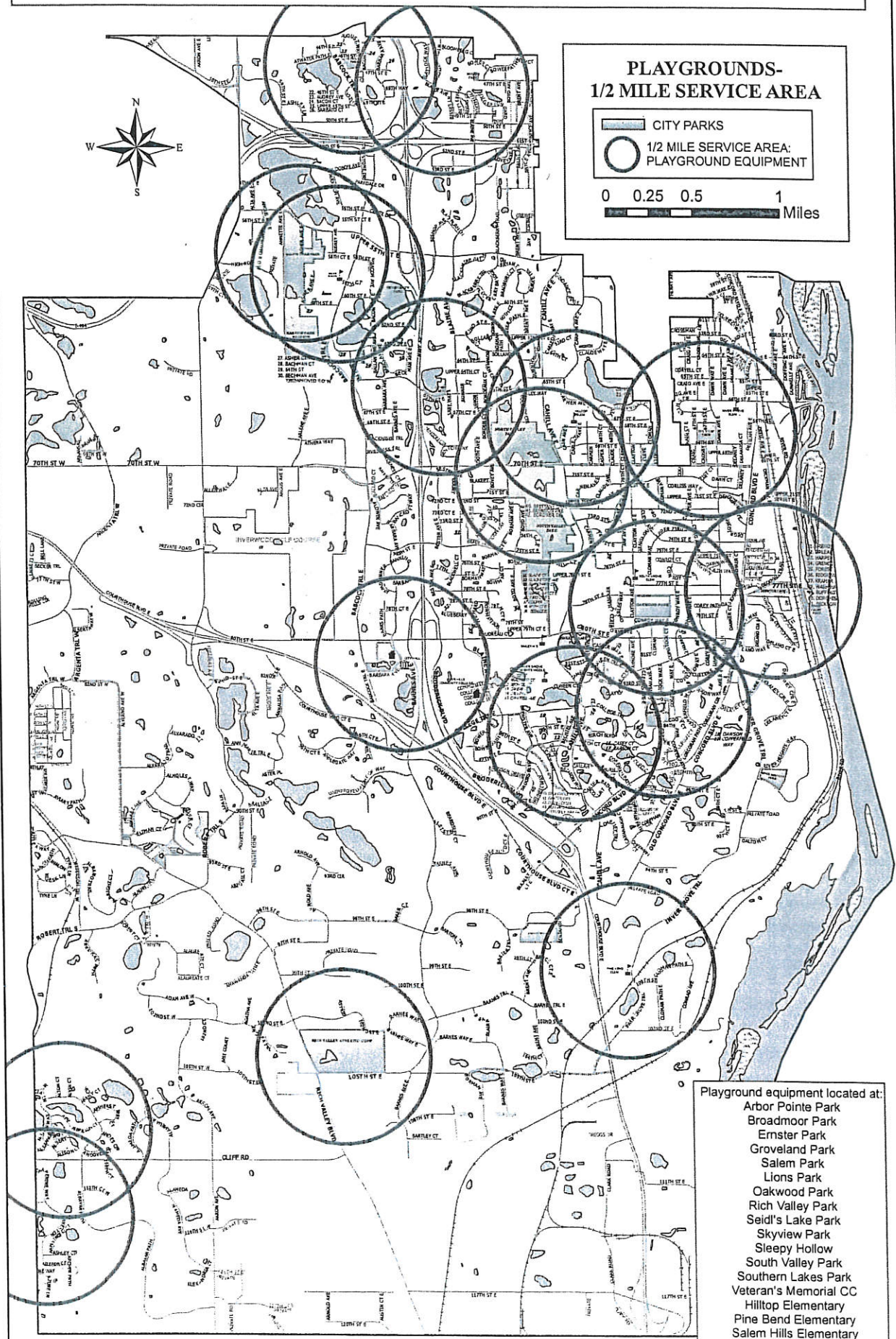
CITY OF INVER GROVE HEIGHTS



THIS DRAWING IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS ONE. THIS DRAWING IS A COMPILED MAP OF RECORDS, INFORMATION AND DATA LOCATED IN VARIOUS CITY, COUNTY AND STATE OFFICES AND OTHER SOURCES AND IS TO BE USED FOR REFERENCE PURPOSES ONLY. THE CITY OF INVER GROVE HEIGHTS IS NOT RESPONSIBLE FOR ANY INACCURACIES HEREIN CONTAINED.



CITY OF INVER GROVE HEIGHTS



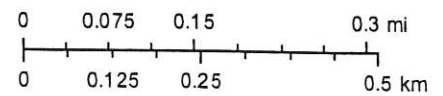
GENERAL PARK INFORMATION

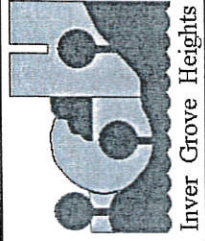
River Heights Park



July 11, 2017

1:10,773





Inver Grove Heights

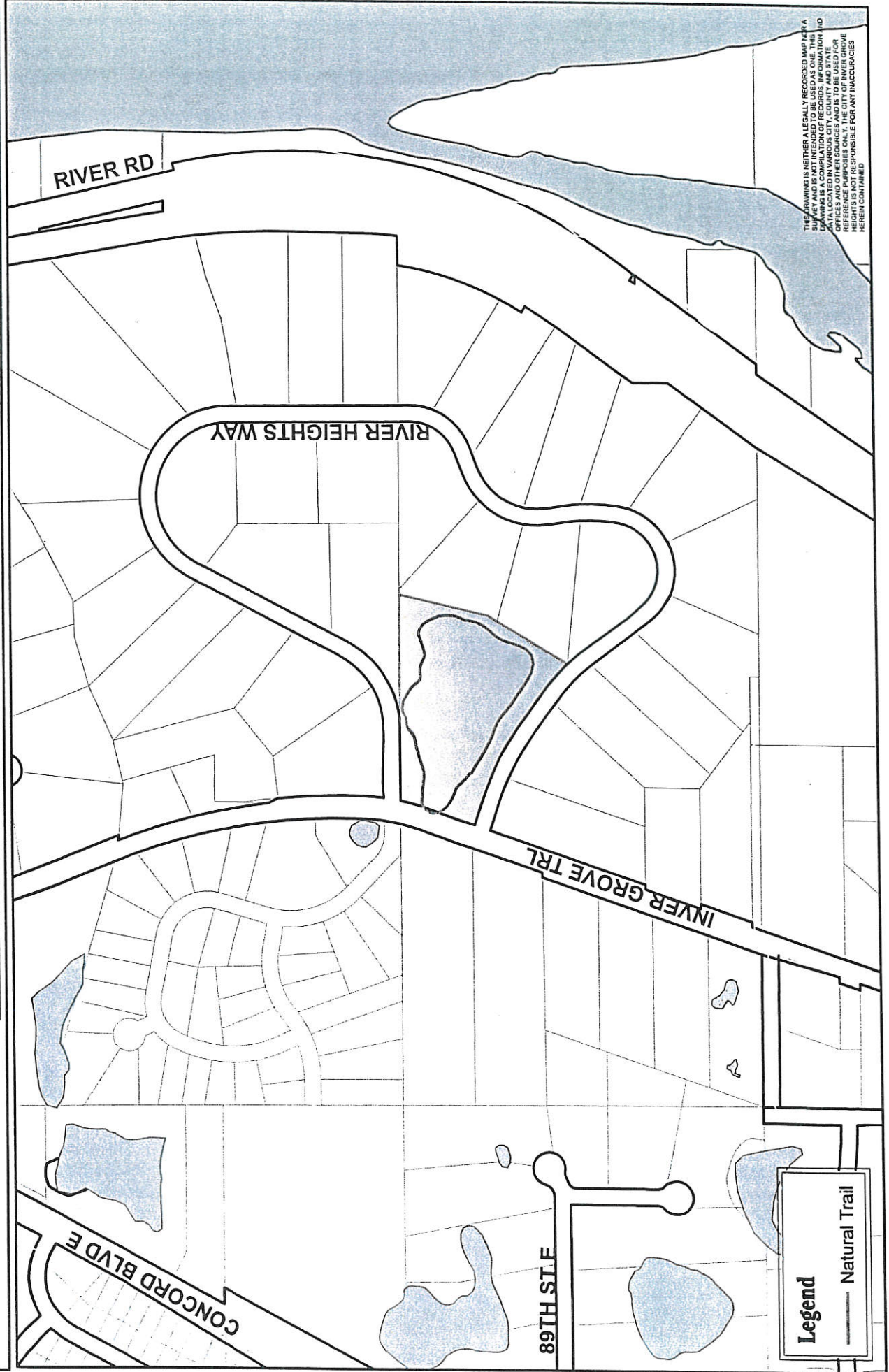
PARKS & RECREATION

RIVER HEIGHTS PARK



0 200 400 600 800 Feet

November 2007
Map produced by the City of Inver Grove Heights



Property Card	Parcel ID Number 20-25700-01-010
----------------------	----------------------------------

Owner Information	
Fee Owner CITY OF INVER GROVE HTS	
Mailing Address 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077-3412	
Property Address	
Address	
Municipality INVER GROVE HEIGHTS	

Parcel Information	
Last Qualified Sale	Total Acres 2.50
Sale Value \$0.00	R/W Acres
Uses EXEMPT	Water Acres
	Plat FALCON RIDGE
	Lot and Block 1 1
	Tax Description

2017 Building Characteristics (payable 2018)*		
Building Type	Year Built 0	Bedrooms
Building Style	Foundation Sq Ft	Bathrooms
Frame	Above Grade Sq Ft	Garage Sq Ft
Multiple Buildings	Finished Sq Ft	Other Garage

Miscellaneous Information					
School District	Watershed District	Homestead	Green Acres	Ag Preserve	Open Space
199	LOWER MISSISSIPPI RIVER	NON HOMESTEAD			

Assessor Valuation		
	Taxable	Estimated
2017 Land Values (payable 2018)	\$0.00	\$157,000.00
2017 Building Values (payable 2018)*	\$0.00	\$0.00
2017 Total Values (payable 2018)*	\$0.00	\$157,000.00
2016 Total Values (payable 2017)*	\$0.00	\$149,500.00

Property Tax Information		
Net Tax (payable 2017)	Special Assessments (2017)	Total Tax & Assessments (2017)
\$0.00	\$0.00	\$0.00

* Manufactured Homes Payable the Same Year as Assessment.

Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.

1042270

1042270

No delinquent taxes and transfer entered; Certificate
of Real Estate Value () filed (/) not required
Certificate of Real Estate Value No. _____
_____ 19 86

_____ County Auditor
by _____ Deputy

STATE DEED TAX DUE HEREON: \$ -0-

Date: April 15, 1986

CERTIFIED THAT THE WITHIN
INSTRUMENT WAS FILED FOR
RECORD IN THIS OFFICE
ON AND AT

MAY 12 30 11 '92

1042270

DOC. NO. _____
JAMES N. DOIAN, COUNTY RECORDER

DEPUTY _____ FEE \$15.00

CASH ☐ CHECK ☐ CHARGE ☒
CHARGE WHOM _____
REFUND _____

DO NOT REMOVE

FOR VALUABLE CONSIDERATION, Derrick Land Company
a corporation under the laws of
Minnesota, Grantor, hereby conveys and quitclaims to City of Inver Grove
Heights, a municipal corporation Grantee(s).
real property in Dakota County, Minnesota, described as follows:

Lots One (1), Two (2), and Three (3), in Block One (1), of
Falcon Ridge, according to the plat thereof on file and of
record in the office of the Dakota County Recorder.

Exempt
Dakota County Treasurer

Exempt from State Deed Tax

(if more space is needed, continue on back)

together with all hereditament and appurtenances belonging thereto.

Exempt from Dakota County Tax
Dakota County Treasurer

Derrick Land Company
By _____
Its President
By _____
Its _____

STATE OF MINNESOTA } ss.
COUNTY OF Hennepin

The foregoing was acknowledged before me this 15 day of April, 1986,
by Roger D. Derrick
the President
of Derrick Land Company, a corporation
under the laws of Minnesota, on behalf of the corporation

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)



Susan L. Hanson
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

See Statements for the real property described in this instrument should be sent to (include name and address of Grantee):

THIS INSTRUMENT WAS DRAFTED BY (NAME AND ADDRESS)

John J. Todd
1535 Livingston Avenue
West St. Paul, MN 55118
Attorney Reg. No. 11022X

City of Inver Grove Heights
c/o Finance Director
8150 Barbara Avenue
Inver Grove Heights, MN 55075

Return This Instrument to:
Timothy J. Kuntz
Attorney at Law
P.O. Box 298
South St. Paul, MN 55075

Property Card	Parcel ID Number 20-25700-01-020
----------------------	----------------------------------

Owner Information Fee Owner CITY OF INVER GROVE HTS Mailing Address 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077-3412	
Property Address Address Municipality INVER GROVE HEIGHTS	

Parcel Information	
Last Qualified Sale	Total Acres 2.51
Sale Value \$0.00	R/W Acres
Uses EXEMPT	Water Acres
	Plat FALCON RIDGE
	Lot and Block 2 1
	Tax Description

2017 Building Characteristics (payable 2018)*		
Building Type	Year Built 0	Bedrooms
Building Style	Foundation Sq Ft	Bathrooms
Frame	Above Grade Sq Ft	Garage Sq Ft
Multiple Buildings	Finished Sq Ft	Other Garage

Miscellaneous Information					
School District	Watershed District	Homestead	Green Acres	Ag Preserve	Open Space
199	LOWER MISSISSIPPI RIVER	NON HOMESTEAD			

Assessor Valuation		
	Taxable	Estimated
2017 Land Values (payable 2018)	\$0.00	\$157,000.00
2017 Building Values (payable 2018)*	\$0.00	\$0.00
2017 Total Values (payable 2018)*	\$0.00	\$157,000.00
2016 Total Values (payable 2017)*	\$0.00	\$149,500.00

Property Tax Information		
Net Tax (payable 2017)	Special Assessments (2017)	Total Tax & Assessments (2017)
\$0.00	\$0.00	\$0.00

* Manufactured Homes Payable the Same Year as Assessment.

Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.

1042270

1042270

No delinquent taxes and transfer entered; Certificate
of Real Estate Value () filed () not required
Certificate of Real Estate Value No. _____

_____ 19 86

_____ County Auditor

by _____ Deputy

STATE DEED TAX DUE HEREON: \$ -0-

Date: April 15, 1986

CERTIFIED THAT THE WITHIN
INSTRUMENT WAS FILED FOR
RECORD IN THIS OFFICE
ON AND AT

MAY 12 30 PM '92

1042270

DOC. NO. _____
JAMES N. DOI AN, COUNTY RECORDER

DEPUTY _____ FEE \$15.00

CASH ☐ CHECK ☐ CHARGE ☒
CHARGE WHOM _____
REFUND _____

DO NOT REMOVE

FOR VALUABLE CONSIDERATION, Derrick Land Company
a corporation under the laws of
Minnesota, Grantor, hereby conveys and quitclaims to City of Inver Grove
Heights, a municipal corporation Grantee(s),
real property in Dakota County, Minnesota, described as follows:

Lots One (1), Two (2), and Three (3), in Block One (1), of
Falcon Ridge, according to the plat thereof on file and of
record in the office of the Dakota County Recorder.

Thomas V. Novak
DAKOTA COUNTY TREASURER

Exempt from State Deed Tax

(if more space is needed, continue on back)

together with all hereditament and appurtenances belonging thereto.

Exempt from Dakota County Deed Tax

Thomas V. Novak
Dakota County Treasurer

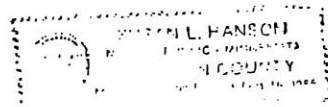
Derrick Land Company
By [Signature]
Its President

By _____
Its _____

STATE OF MINNESOTA } ss.
COUNTY OF Hennepin

The foregoing was acknowledged before me this 15 day of April, 1986,
by Roger D. Lerrick,
the President of Derrick Land Company, a corporation
under the laws of Minnesota, on behalf of the corporation.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)



Susan L. Hanson
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

The statements for the real property described in this instrument should
be sent to (Include name and address of Grantee):

City of Inver Grove Heights
c/o Finance Director
8150 Barbara Avenue
Inver Grove Heights, MN 55075

THIS INSTRUMENT WAS DRAFTED BY (NAME AND ADDRESS)

John J. Todd
1535 Livingston Avenue
West St. Paul, MN 55118
Attorney Reg. No. 110224

Return This Instrument to:
Timothy J. Kuntz
Attorney at Law
P.O. Box 298
South St. Paul, MN 55075

Property Card	Parcel ID Number 20-25700-01-030
----------------------	----------------------------------

Owner Information Fee Owner CITY OF INVER GROVE HTS Mailing Address 8150 BARBARA AVE INVER GROVE HEIGHTS MN 55077-3412	
Property Address Address Municipality INVER GROVE HEIGHTS	

Parcel Information	
Last Qualified Sale	Total Acres 2.50
Sale Value \$0.00	R/W Acres
Uses EXEMPT	Water Acres
	Plat FALCON RIDGE
	Lot and Block 3 1
	Tax Description

2017 Building Characteristics (payable 2018)*		
Building Type	Year Built 0	Bedrooms
Building Style	Foundation Sq Ft	Bathrooms
Frame	Above Grade Sq Ft	Garage Sq Ft
Multiple Buildings	Finished Sq Ft	Other Garage

Miscellaneous Information					
School District	Watershed District	Homestead	Green Acres	Ag Preserve	Open Space
199	LOWER MISSISSIPPI RIVER	NON HOMESTEAD			

Assessor Valuation		
	Taxable	Estimated
2017 Land Values (payable 2018)	\$0.00	\$157,000.00
2017 Building Values (payable 2018)*	\$0.00	\$0.00
2017 Total Values (payable 2018)*	\$0.00	\$157,000.00
2016 Total Values (payable 2017)*	\$0.00	\$149,500.00

Property Tax Information		
Net Tax (payable 2017)	Special Assessments (2017)	Total Tax & Assessments (2017)
\$0.00	\$0.00	\$0.00

* Manufactured Homes Payable the Same Year as Assessment.

Disclaimer: Map and parcel data are believed to be accurate, but accuracy is not guaranteed. This is not a legal document and should not be substituted for a title search, appraisal, survey, or for zoning verification.

1042270

CERTIFIED THAT THE WITHIN
INSTRUMENT WAS FILED FOR
RECORD IN THIS OFFICE
ON AND AT

MAY 8 12 30 PM '92

1042270

DOC. NO
JAMES N. DOI AN, COUNTY RECORDER

DEPUTY Don FEE 15.00

CASH ☐ CHECK ☐ CHARGE ☒
CHARGE WHOM Three Grove Heights
REFUND

DO NOT REMOVE

No delinquent taxes and transfer entered; Certificate
of Real Estate Value () filed () not required
Certificate of Real Estate Value No.

Livingston, 19 92

Thomas J. Todd
County Auditor

by S. Stewart
Deputy

STATE DEED TAX DUE HEREON: \$ -0-

Date: April 15, 19 86

FOR VALUABLE CONSIDERATION, Derrick Land Company

Minnesota, a corporation under the laws of
Heights, a municipal corporation, Grantor, hereby conveys and quitclaims to City of Inver Grove
Dakota County, Minnesota, described as follows:

Lots One (1), Two (2), and Three (3), in Block One (1), of
Falcon Ridge, according to the plat thereof on file and of
record in the office of the Dakota County Recorder.

Thomas J. Todd
DAKOTA COUNTY TREASURER

Exempt from State Deed Tax

(if more space is needed, continue on back)

together with all hereditaments and appurtenances belonging thereto.

Exempt from Dakota County Deed Tax

Thomas J. Todd
Dakota County Treasurer

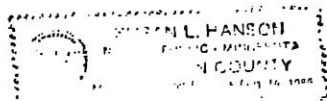
Derrick Land Company
By [Signature]
Its President
By _____
Its _____

STATE OF MINNESOTA

COUNTY OF Dennison ss.

The foregoing was acknowledged before me this 15 day of April, 1986,
by Roger D. Derrick,
the President of Derrick Land Company, a corporation
under the laws of Minnesota, on behalf of the corporation.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK)



Susan L. Hanson
SIGNATURE OF PERSON TAKING ACKNOWLEDGMENT

Tax Statements for the real property described in this instrument should
be sent to (Include name and address of Grantee):

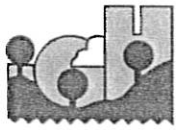
THIS INSTRUMENT WAS DRAFTED BY (NAME AND ADDRESS)

John J. Todd
1535 Livingston
West St. Paul, MN 55118
Attorney Reg. No. 11022X

City of Inver Grove Heights
c/o Finance Director
8150 Barbara Avenue
Inver Grove Heights, MN 55075

Return This Instrument to:
Timothy J. Kuntz
Attorney at Law
P.O. Box 298
South St. Paul, MN 55075

NEIGHBORHOOD MEETING INFORMATION



City of Inver Grove Heights
Parks and Recreation Department
"Discover the Opportunities"

8055 Barbara Avenue • Inver Grove Heights, MN 55077 • Phone: 651-450-2585 • Fax: 651-450-2490 • www.invergroveheights.org

July 17, 2017

Dear Resident

Subject: River Heights Park

In August of 2016 the City Council adopted a list of City owned property that could potentially be sold to encourage development and increase the tax base. For the last several years, the Park and Recreation Commission and the City Council have been challenged to find adequate resources to maintain our existing park system. As part of reviewing the future needs of the parks system, the Park and Recreation Commission has determined that repurposing all or portions of River Heights Park, Marcott Woods Park, and/or Derher Park may potentially be viable options for the City to consider.

The City is in the process of improving fire service to residents and has determined that adding a third fire station to serve the community is necessary. The City is working to secure land for the new fire station and is considering selling a portion of River Heights Park as a part of the acquisition process.

The City of Inver Grove Heights will be hosting a public information meeting on Tuesday, July 25, 2017, at 7:00 pm in the City Council Chambers at 8150 Barbara Ave., to discuss the potential repurposing of River Heights Park.

Residents in the area are invited to attend a series of meetings to give input as there will be several opportunities to share your feedback. The tentative schedule is as follows:

Date	Purpose	Time	Location
Tuesday, July 25, 2017	Public Information Meeting	7:00pm	City Hall - 8150 Barbara Ave.
Wednesday, August 9, 2017	Park and Recreation Commission Meeting	7:00pm	City Hall - 8150 Barbara Ave.
Tuesday, September 5, 2017	Planning Commission Meeting	7:00pm	City Hall - 8150 Barbara Ave.
TBD	City Council Meeting	7:00pm	City Hall - 8150 Barbara Ave.

Should you be unable to attend a meeting, please feel free to email, call or send me a letter prior to the meeting with your comments regarding the park. My email is ecarlson@invergroveheights.org and my phone number is 651.450.2587.

Sincerely,

Eric Carlson
Parks & Recreation Director
City of Inver Grove Heights

CC Mayor and City Council
Park & Recreation Commission

[illegible]

[illegible]

NEIGHBORHOOD PETITION

Please cross my
name off the petition

Bill was impressed
that you answered
the phone the other
day & it didn't go to
voicemail.

Mary Adams

River Heights Park – PAC

**Parks and Recreation Commission
City of Inver Grove Heights**

August 9, 2017

Dear Commissioners:

Included in the attached petition are 140 signatures, representing 94 households that completely surround our River Heights Park. This is the voice of our neighborhood and is speaking in no uncertain terms. We implore you to listen to our unified voice to leave our park unchanged.

Sincerely,

River Heights Park - PAC

SIGNED
PETITION

=

•



RD-B-L-V-D

RIVER HEIGHTS
PARK

River Heights Park – PAC

Eric Carlson
Parks & Recreation Director
City of Inver Grove Heights

July 25, 2017

Dear Eric Carlson:

Represented in the attached petition are over 50 households that literally surrounds our River Heights Park. This is the voice of our neighborhood and is speaking in no uncertain terms. We implore you to listen to our unified voice to leave out park unchanged.

Sincerely,

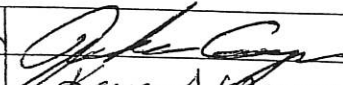
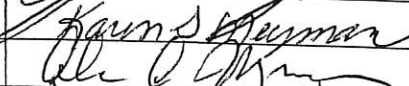
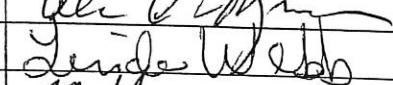
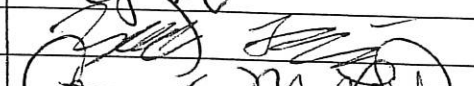
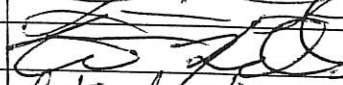
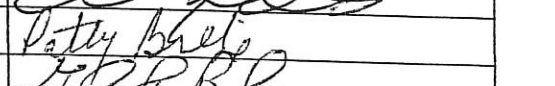
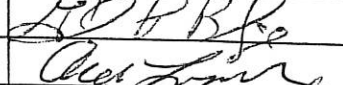
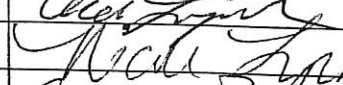
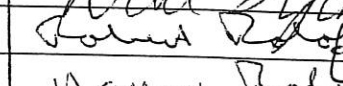
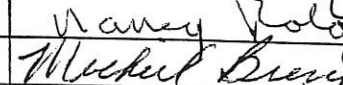
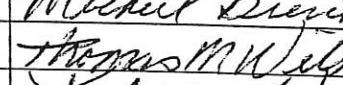
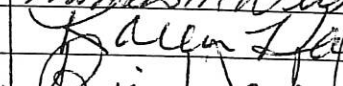
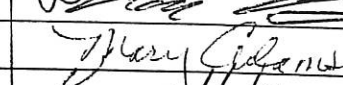
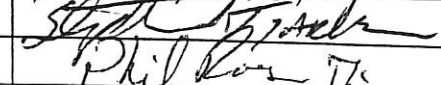
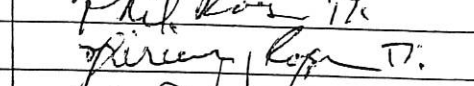
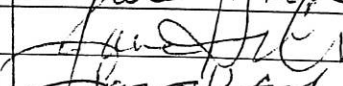
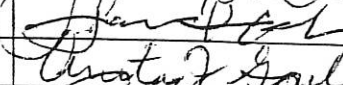
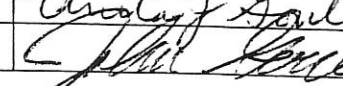
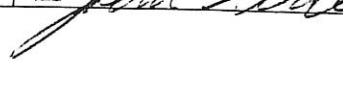
River Heights Park – PAC

River Heights Park was dedicated green space when the area was developed and is part of the character of River Heights Way. We do not want any part of our neighborhood park to be sold.

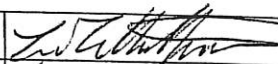
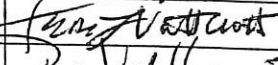
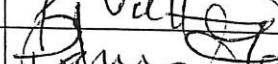
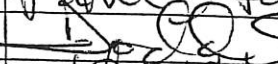
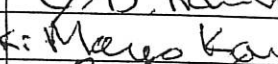
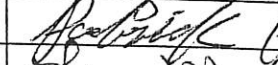
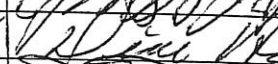
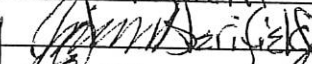
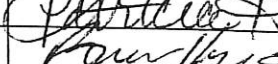
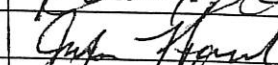
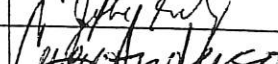
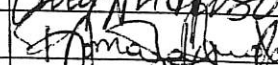
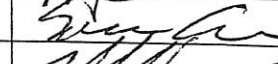
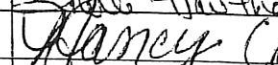
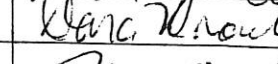
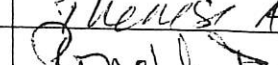
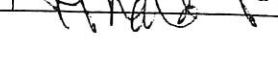
Address

Printed Name

Signature

8705 River Heights Way	John Cooper	
8915 RIVER HGTS WAY	Karen Meyman	
8915 RIVER HGTS WAY	AL MEYMAN	
8925 RIVER HGTS WAY	Linda Webb	
8832 RIVER HGTS WAY	ROGER ICENOGLE	
8860 River Hts Way	Timothy R Levi	
8803 INVER GROVE TRAIL	Joseph H Levi	
8803 Inver Grove Tr.	Samille Levi	
8803 Inver Grove Tr.	Zachary Levi	
8800 River Hts Way	Amanda LaPanta	
8860 River Hts Way	Linda Levi	
8860 River Hts Way	Ethan Kelly	
8730 River Hts Way	Patty Brelje	
8730 River Hts Way	Gordon Brelje	
8855 River Hts Way	Aaron Lynner	
8855 River Hts Way	Nicole Lynner	
8800 River Hts Way	Robert Poloff	
8800 River Hts Way	Nancy Poloff	
8845 RIVER HGTS WAY	MICHAEL BRENNAN	
8959 INVER GROVE TRAIL	THOMAS WILKENS	
8830 River Hts Way	Karen Haehnel	
8830 River Hts Way	Brian Haehnel	
8810 River Heights Way	Mark Hatfield	
5825 River Hts Way	Mary Adams	
8715 River Hts Way	Kerry Hofner	
8710 River Hts Way	Stephen Trakls	
8760 River Hts Way	Phil Rogers	
8760 River Hts Way	MIRIAM ROGERS	
8885 RIVER HGTS WAY	Jane Holmes	
8885 River Heights Way	Jaime Holmes	
8895 RIVER HEIGHTS WAY	ANITA GOULETT	
8895 RIVER HEIGHTS WAY	JOHN GOULETT	

River Heights Park was dedicated green space when the area was developed and is part of the character of River Heights Way. We do not want any part of our neighborhood park to be sold.

Address	Printed Name	Signature
8775 River Heights Way	Lulse Hallock	
8775 RHW	Teri Vatterott	
8775 River Heights Way	Pierce Vatterott	
8755 River Hts Way	Pam Gabriel	
8755 River Hts Way	Todd Gabriel	
8725 River Hts Way	Lori Howard	
8775 River Hts Way	Tyler Howard	
8765 " " "	Charles Kavalouski	
" " " "	Margo Garrett Kavalouski	
8865 River Hts. Way	Patrick Gustafson	
8855 River Height way	Lucy Marshall	
8855 River Heights Way		
8-95 River Hts Way	Diane Tokort	
8785 River Hts Way	Jim MacDonald	
8735 River Heights Way	Patricia Haugo	
8735 River Heights Way	Dr. Bruce Haugo	
8769 River Heights way	Jake Horsch	
8769 Inver Grove Trail	ArYall Horsell	
8723 Crism Way	Jeke Kelly	
4118 87th St. East, IBH	Corey Anderson	
4118 87th St. East, IBH	Romala Anderson	
8714 Crismen Way Jct	David P. Sabari	
8714 CRISMENWAY JCT	Karen Sabari	
8717 Crismen Way	Todd Kniess	
8733 Crismen Way	Michelle Kniess	
8738 CRISMON WAY	SEAN CURRAN	
8745 River Hts Way	Jepp Hawthorne	
8745 River Heights Way	Shale Hawthorne	
8905 River Heights	Nancy Cooper	
8705 River Heights Way	Darci Knowlton	
3880 90th St East	Therese Wanzler	
3880 90th St East	Ron Wanzler	

Signature

[illegible]

EMAIL CORRESPONDENCE

From: Kenneth Tupper [mailto:K_tupper@msn.com]

Sent: Thursday, July 20, 2017 8:58 AM

To: Eric Carlson

Subject: Re: River Heights Park Letter

OK, I think you are misguided.

Either you wish to expand an already expanded government and waste more money, or you are trying to decrease response times. However, with an ALL Volunteer Fire Crew, that point is Moot!

From: Eric Carlson <ecarlson@invergroveheights.org>

Sent: Thursday, July 20, 2017 8:18:04 AM

To: 'Kenneth Tupper'

Cc: Joe Lynch; Judy Thill

Subject: RE: River Heights Park Letter

Ken

Thanks for your email and questions regarding the letter that was sent related to River Heights Park. We have identified three existing parks that depending on public input we may decide to sell in their entirety or sell portions of them, they are as follows:

River Heights Park - 8780 Inver Grove Trail

Marcott Woods Park - 2830 90th St E

Dehrer Park - 4085 Dehrer Way

The City has determined a need for a third Fire Station and based on the inventory of land currently owned by the City we are unable to find an adequate piece of property that meets the criteria needed to develop a Fire Station (location, size, topography, site development costs, etc.)

Given the fact we don't own an appropriate piece of property we are in the process of negotiating with a private property owner to purchase their land to build the Fire Station. The location of this property meets our criteria and is ideal for a Fire Station so fire personnel can provide adequate response times for emergency calls.

The land owner desires the ability to continue to live in Inver Grove Heights so instead of purchasing another piece of property we are considering providing them with a portion of River Heights Park since we have determined our long term plan suggests we may not need all or portions of the park. Providing the private property landowner with property currently owned by the City ultimately helps make the acquisition of the private property less expensive to the City.

Hopefully this helps answer some of your question and concerns, if you have others please feel free to email me or call me at 651.450.2587.

Hope you have a great day!

Sincerely,

Eric Carlson

From: Kenneth Tupper [mailto:K_tupper@msn.com]
Sent: Wednesday, July 19, 2017 5:04 PM
To: Eric Carlson
Subject: River Heights Park Letter

OK, I reviewed the letter; My notes are as follows:

First, I cannot figure out what you are trying to address. It seems that you have NO Plan at all.

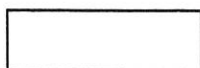
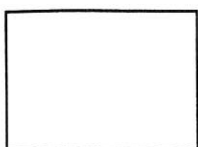
Second, I have NO Idea where Marcott Woods Park is located. It is not on Mapquest or Google Earth.

Third, Is there a particular reason that a New Fire Station could NOT be placed at the Current property owned by the City at 8150 Barbara avenue or thereabouts?

Seems to me that you Gubbiment officials are again wasting public money. resources and time.

Ken Tupper

Eric Carlson | Park and Recreation Director
Tel: 651-450-2587 | Fax: 651-259-8032
City of Inver Grove Heights | Parks & Recreation | 8055 Barbara Ave | Inver Grove Heights | Minnesota | 55077
ecarlson@invergroveheights.org | www.invergroveheights.org



recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by email and delete all copies of the original message.

Eric Carlson | Park and Recreation Director

Tel: 651-450-2587 | Fax: 651-259-8032

City of Inver Grove Heights | Parks & Recreation | 8055 Barbara Ave | Inver Grove Heights | Minnesota | 55077
ecarlson@invergroveheights.org | www.invergroveheights.org

Eric Carlson

From: Eric Carlson
Sent: Thursday, July 20, 2017 10:57 AM
To: 'Tony Guinta'
Cc: Joe Lynch; Judy Thill
Subject: RE: River Heights Park

Tony

Good morning and thanks so much for your email.

The River Heights Park property would be intended for the private property owner to build a new home to live in....it is not our intention to locate the fire station in River Heights Park.

Please let me know if you have any further questions or concerns.

Eric

From: Tony Guinta [<mailto:tonyguinta@gmail.com>]
Sent: Thursday, July 20, 2017 9:05 AM
To: Eric Carlson
Subject: Re: River Heights Park

Dear Mr. Carlson:

Thank you for the letter explaining the consideration of selling a portion of River Heights Park for the purpose of acquiring a new fire station. Would you please be kind enough to clarify whether or not the intention is to build a new fire station at the location of River Heights Park or is the intention only to sell it to raise capital for building a fire station elsewhere?

My concern is that I live on Inver Grove Trail and River Heights Park is right down the road from me. I would have great concerns if there were plans to build a fire station on our quiet country road, but I'll reserve those as I don't want to jump to conclusions.

I will greatly appreciate any time you take to answer my question.

Thank you,
Tony Guinta

9281 Inver Grove Trl
Inver Grove Heights, MN 55076
651-206-0055
tonyguinta@gmail.com

Eric Carlson

From: Greg Bauer [greg.bfc@popp.net]
Sent: Saturday, July 22, 2017 11:13 AM
To: Eric Carlson
Cc: 'George Tourville'; 'Paul Hark'; Joe Lynch; Judy Thill
Subject: RE: River Heights park

Eric and All,

There are lot's of people in the neighborhood of River Hts , IG Tr, and Crismon who are in complete disagreement with this and there is a petition going around. Hope we can resolve this!
Have a good weekend as well.

Greg Bauer

From: Eric Carlson [<mailto:ecarlson@invergroveheights.org>]
Sent: Saturday, July 22, 2017 11:03 AM
To: Greg Bauer
Cc: George Tourville; Paul Hark; Joe Lynch; Judy Thill
Subject: Re: River Heights park

Greg

Thanks so much for your thoughts and comments. I will be sure to share them with the City Council and Parks and Recreation Commission. Hope you have a great weekend.

Eric Carlson
763.350.8850
Sent from my iPhone

On Jul 22, 2017, at 10:00 AM, Greg Bauer <greg.bfc@popp.net> wrote:

Dear Eric,

We are writing to you to express our disapproval of using River Heights park or any other for that matter, to increase the tax base for funding a fire station. It is true that we need a fire station in this part of town but to remove park land seems a little short sighted, in our opinion. Granted, it is not a heavily used area like maybe Sleepy Hollow, but it does serve a purpose in this neighborhood and if I'm not mistaken, was required, back in 1980 when the land was developed, to have a park. This is a park that seems to require very little maintenance so I am questioning that fact. It is unfortunate that our city does not put the quality of life in our neighborhoods over finances, or so it seems.

There are many empty buildings along the Concord/Cahill area that need occupancy which certainly would help to not only enhance the finances of our city but bring more business to the area. (and make it possible for the landlords to pay their property taxes!) What's being done about that issue?

Inver Grove Trail is already a very busy road, even dangerous to walk on and this addition of the number of homes (probably similar to Crismon Trail and 87th St. development) would be another detriment to pedestrian safety. (I'm not even sure that there is a speed limit sign along our road)

We and our neighbors do hope that another solution can be worked out rather than taking away some of the natural beauty (and potentially, the safety) of our community. This is not to take away from the need for additional fire protection in our community and neighborhoods.

We will be out of town for the 1st 2 meetings noted: on 7-25 and 8-9, but we wanted to express our feelings to you.

Sincerely,

Greg and Shirley Bauer

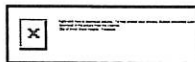
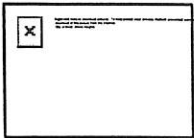
8955 Inver Grove Trail

Inver Grove Heights, MN 55076

Eric Carlson | Park and Recreation Director

Tel: 651-450-2587 | Fax: 651-259-8032

City of Inver Grove Heights | Parks & Recreation | 8055 Barbara Ave | Inver Grove Heights | Minnesota | 55077
ecarlson@invergroveheights.org | www.invergroveheights.org



E-mail correspondence to and from the City of Inver Grove Heights may be public data subject to the Minnesota Data Practices Act and/or may be disclosed to third parties. This email message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited. If you are not the intended recipient, please contact the sender by email and delete all copies of the original message.

Eric Carlson

From: Eric Carlson
Sent: Monday, July 24, 2017 12:19 PM
To: 'Nankivel, Carol (MPCA)'
Subject: RE: question for you about park land/capita

Carol

Thanks for your email and questions regarding River Heights Park and how Inver Grove Heights compares to other cities.

It is true that the City is considering selling a portion or potentially all of River Heights Park for single family lots (2.5 acres per lot). Ultimately the City Council will decide if this is something that happens and I am sure they will be interested in peoples perspective on the issue.

Regarding how does Inver Grove Heights compare to others I can provide you with the following which is taken from a document I have recently put together on the service level of the City's park and recreation system. Please let me know if you have any questions.

Eric

Level of Service

The Level of Service (LOS) analysis produces guidelines that help the City make investment decisions related to parks, facilities, and other built amenities in our park and recreation system. LOS puts the City's inventory of parkland and facilities in terms of "units per population" and creates recommendations based upon multiple resources:

- Average of "smaller communities" (Rosemount, Andover, Roseville, Shakopee, Cottage Grove, S. St. Paul, Farmington and West St. Paul)
- Average of "larger communities" (Apple Valley, Burnsville, Eagan, Lakeville)
- National Standards collected by the National Recreation Park Association (NRPA)

These standards should be used as a guide and are to be coupled with conventional wisdom and judgment related to the particular situation and needs of the City of Inver Grove Heights. By applying these facility standards to the population of Inver Grove Heights, gaps and surpluses in park and facility/amenity types are reveled and funding decisions can be adjusted appropriately.

Assumptions: Average small city population 28,000
City of Inver Grove Heights population 34,000
Anticipated City of Inver Grove Heights full development population 50,000
Average large city population 59,000

Prior to adding, repurposing, or removing park infrastructure, a strong effort to engage the impacted neighborhood community should be used to gain support and understanding. Understanding the initial capital investment, on-going operational investments, and future capital replacement investment should be a part of the discussion process when making these decisions.

Parks

					Future Build Out @ 50,000	
	Inver Grove Heights Current	Smaller Cities Average	Larger Cities Average	National Cities (20K – 50K) Average	National Standard	To meet our current ratio
Number of parks	28	31	60			
Per capita	1,214	901	977	1,901		
IGH need to meet ratio	28	37	35	18	NA	41

- NW Area Park Plan assumes we will add 5-6 parks in the NW area at full development.
- The City will have 34 – 35 parks at full development.

Park Land

					Future Build Out @ 50,000	
	Inver Grove Heights Current	Smaller Cities Average	Larger Cities Average	National Cities (20K – 50K) Average	National Standard 24.75 per 1,000	In order to meet our current ratio
Acres of Parkland	608	583	1,272			
Acres per 1,000	17.88	20.87	21.69	9.6		
IGH need to meet ratio	608	709	737	326	1,237	894

- NW Area Park Plan assumes we will add 56-82 acres in the NW area at full development.
- The City will have 665-691 acres of park land at full development.

Bituminous Trails

					Future Build Out @ 50,000	
	Inver Grove Heights Current	Smaller Cities Average	Larger Cities Average	National Cities (20K – 50K) Average	National Standard .75 per 1,000	In order to meet our current ratio
Miles of trail	26	35	90			
Miles per 1,000	.76	1.25	1.55			
IGH need to meet ratio	26	42.5	52.7	NA	38	38

- NW Area Park Plan assumes we will add 10-15 miles in the NW area at full development.
- Closing the priority gaps in the trail gap study would add approximately 7 miles of trail
- The City will have 42 – 48 miles of trails at full development.

From: Nankivel, Carol (MPCA) [<mailto:carol.nankivel@state.mn.us>]

Sent: Monday, July 24, 2017 9:02 AM

To: Eric Carlson

Subject: question for you about park land/capita

Hi Eric, as expected, our neighborhood is all shook up about the proposal to sell River Heights Park. I don't know my own mind about it yet. I'm opposed to it just on principle but I understand the dynamic of parks needing to provide return on investment.

I'm planning to come to the meeting on Tuesday to hear more. But I was wondering if there are any figures about what the "right" amount of parkland is. Does IGH have comparable acreage of parkland per person when compared to other suburban communities? Are we higher, lower or in the same ballpark (little park/rec pun there)? You don't have to reply back, just wanted to let you know that I'll be asking that question.

Carry on.

Eric Carlson

From: Eric Carlson
Sent: Monday, July 24, 2017 2:29 PM
To: 'Margo Garrett'
Cc: Joe Lynch; Judy Thill; Kristi Smith; Tom Link
Subject: RE: Tuesday night Public Information Meeting

Margo

Thanks so much for your email and questions concerning River Heights Park, I will do my best to answer the questions you have:

What zoning exists to protect us from indiscriminate construction?

The current zoning of the property is P/Institutional, if the Council approves of the repurposing of the park, City staff will recommend zoning of R1-C which is appropriate for single family residential homes

Are you considering placing a fire station on River Heights Park land?

No, the City does not intend to locate a new fire station in River Heights Park.

.....If we must, we must increase taxes. I personally will want to review the entire budget/actual expenses of the city to determine other possible sources of support. Are they online?

The City Council is sensitive to increasing taxes, here is link to the 2017 City Budget so you can review the City's overall budget <http://www.ci.inver-grove-heights.mn.us/DocumentCenter/View/5325>

May I suggest that one week's notice - your letter was dated July 17 and surely could have arrived not before the 18th or 19th - is not enough time to guarantee attendance by all who would wish to be there? We are a case in point. Are there provisions for us to know all the information to be shared tomorrow night? Streaming? A recording secretary and letters sent online or via hard copy?

My apologies for not providing more notice before Tuesday's meeting, Tuesday's meeting is meant to be informational in nature, gives residents an opportunity to ask questions etc, there will be no decisions made on Tuesday and no recording/minutes of the meeting. As outlined in the letter, the first public meeting is the Parks and Recreation Commission scheduled for Wednesday, August 8th, and then the Planning Commission on Tuesday, September 5th. At these meetings the advisory commissions will review a staff report and take visitor testimony, all of this information will be broadcast live, and in tape delay on the local cable TV channel, in addition minutes of the meetings will be taken for the record. All of

the comments, letters, emails, and testimony will be provided to the City Council prior to their meeting which has yet to be scheduled.

Please let me know if you have any further questions or concerns.

Sincerely,

Eric Carlson

-----Original Message-----

From: Margo Garrett [<mailto:margogarrett@gmail.com>]

Sent: Monday, July 24, 2017 1:10 PM

To: Eric Carlson

Subject: Tuesday night Public Information Meeting

July 24, 2017

Hello Mr. Carlson:

I am also known as Margo Kavalovski. My husband, Charles (Chuck) Kavalovski and I live at 8765 River Heights Way, IGH but are sadly unable to be at tomorrow's meeting. I am working for a month in Massachusetts and Chuck is here visiting family in the area.

If we had had earlier notice of this meeting, Chuck would have chosen to be at the meeting rather than travel here, so important does it seem to us. I know he has written or spoken to you, but I wanted to also speak for myself.

I vehemently object to the selling of even a portion of any of the current parks. I can only speak for what River Heights Park means to us, as I do not use Marcott Woods or Derher Parks. Indeed, the purchase price of our home, which seemed high to us in 2003, was agreed upon, largely because of the setting the the park provided the neighborhood, a desirable separation between the peacefulness of our cup de sac and the faster pace of Inver Grove Trail's traffic and beyond into, now, all the new home construction. Our home values will absolutely be affected negatively in the park is sold.

And what zoning exists to protect us from indiscriminate construction?

Certainly, you are not considering putting a fire station actually on the River Heights Park land! But perhaps I should rephrase this into a question. ARE you considering placing a fire station on River Heights Park land?

Why take away parks in order to find adequate resources to maintain the park system? Nonsensical. You are simply taking services away from your citizens. If we must, we must increase taxes. I personally will want to view the entire budget/actual expenses of the city to determine other possible sources of support. Are they online? I will certainly look, but if you know I won't find them online, I would appreciate how I might study these.

May I suggest that one week's notice - your letter was dated July 17 and surely could have arrived not before the 18th or 19th - is not enough time to guarantee attendance by all who would wish to be there? We are a case in point. Are there provisions for us to know all the

information to be shared tomorrow night? Streaming? A recording secretary and letters sent online or via hard copy? I request knowing what is planned for those unable to attend.

Thank you for reading and for your answers to my questions,

Respectfully and sincerely,

Margo Garrett Kavalovski
917-685-8533

Eric Carlson

From: Eric Carlson
Sent: Monday, July 24, 2017 2:34 PM
To: 'Zachary Alsterlund'
Cc: Joe Lynch; Judy Thill; Tom Link
Subject: RE: River Heights Park

Follow Up Flag: Follow up
Flag Status: Flagged

Zach

Good afternoon and thanks for your email. The City Council is considering the future of River Heights Park over the course of the next few months. At this point I'm not sure if the Council will elect to sell any or all of the current Park property. I would suggest you check back with me towards the middle of September to see what decision the Council has made/is thinking about.

Please let me know if you have any questions.

Eric

-----Original Message-----

From: Zachary Alsterlund [<mailto:zalsterlund@gmail.com>]
Sent: Monday, July 24, 2017 1:56 PM
To: Eric Carlson
Subject: River Heights Park

Hi Eric

I have some friends in the River Heights Way/Inver Grove Trail area and I recently heard the River Heights park lots may be on the market in the near future. I am very interested in purchasing one of the lots. I am unable to attend the public information meeting tomorrow regarding the properties - can you please send me the meeting minutes/any and all information regarding the potential sale/timeline of those lots?

Thank you

Zachary Alsterlund
612-309-8479

Eric Carlson

From: rita meyer [ritakob@hotmail.com]
Sent: Tuesday, July 25, 2017 4:24 PM
To: Eric Carlson
Subject: River Heights Park

I am opposed to selling any of River Heights Park for any reason. Building a fire station there is preposterous. The road is already very small and narrow and the neighbors don't need the added traffic or noise. Don't destroy our neighborhoods.

Rita Meyer

And those who were seen dancing were thought to be
insane by those who could not hear the music - Nietzsche

Eric Carlson

From: Williams, Misty A [MAWILLI6@travelers.com]
Sent: Tuesday, August 01, 2017 3:59 PM
To: Eric Carlson
Cc: Tom Link; Nicole Cook; Joe Lynch; Misty Williams (crabbymisty@gmail.com)
Subject: RE: Question regarding a proposed development

Hi Eric,

Thank you for the quick follow up to my inquiry and thank you for resending the notice! I double checked and didn't find one, but we were out of town for a couple of weeks so it's possible that it got missed or lost in the shuffle.

I will be unable to attend the August 9th meeting, but will try to attend the future meetings for this topic. In the mean time I wanted to share my thoughts about the possible sale of all, or part, of River Heights Park:

Though River Heights park is undeveloped, it does not appear to be under-utilized. I walk to River Heights Park from my house every morning and enjoy the park with my dogs, and I routinely run into other IGH residents who are also enjoying the park. I think a boy scout troop even did a project in the park last year and hung bee hives which were aimed at trying to revive the Mason Bee population.

In speaking to residents in the neighborhoods next to, and surrounding the park, it appears to be commonly agreed that the park is a value-add for the area, and several residents have told me that the River Heights wooded park was promoted as a selling feature when they purchased their homes in the new development near the park.

Another thought about park-usage: the park trail does not seem to get routinely mowed unless residents send multiple emails requesting for it to be done. The grass will often times be chest-high before the trail gets mowed and that could be a turn-off for anyone looking to use the park.

My other concern with developing the park is that there would be a disruption to the animals and birds that call River Park Heights home. My dogs and I often encounter a family of deer that bed-down in the field. We also have come across foxes, turkey, pheasants, and a multitude of birds and other creatures that live within the park boundaries. Is there a plan in-place to address this disruption?

As a last thought: The homes immediately surrounding River Heights Park all have 2+ acre lots. Though I can't speak for the owners, I can't imagine that these residents would be in-favor of disrupting their development by adding additional housing to a previously wooded and secluded area.

Again, I appreciate the quick response and thank you for taking the time to read my comments on this proposal. Please let me know if I should direct them elsewhere or if you have any feedback.

Regards,
Misty Williams
8830 Coppersmith Ct
Inver Grove Heights, MN 55076

Misty Williams | Associate Account Executive | Private & Non-Profit Liability
Travelers Bond & Specialty Insurance
P: 651-310-5533 | F: 800-851-1390
mawilli6@travelers.com
www.travelersbond.com

TRAVELERS 

★

From: Eric Carlson [mailto:ecarlson@invergroveheights.org]
Sent: Tuesday, August 01, 2017 3:11 PM
To: Williams, Misty A <MAWILLI6@travelers.com>
Cc: Tom Link <mlink@invergroveheights.org>; Nicole Cook <ncook@invergroveheights.org>; Joe Lynch

<jlynch@invergroveheights.org>

Subject: RE: Question regarding a proposed development

Misty

Good afternoon and thanks so much for your email. It is accurate that the City is currently considering selling all or a portion of River Heights Park located at 8780 Inver Grove Trail. To be clear, the potential sale of the park is related to the City's acquisition of private property and the property owners interest in continuing to live in the City, if sold the park area would be developed into a private residence, not a Fire Station. We are not considering the sale of River Heights Park or any other park to fund the construction of a Fire Station. The potential sale of River Heights Park, Marcott Woods, and/or Derhrer Park(s) is based on the Parks and Recreation Commission's determination that these parks may not be needed in the future because they are located in the rural area of the community and are currently undeveloped. The Commission and City Council will be taking public comment at upcoming meetings and you are encouraged to participate in the process, please see the attached letter for more information.

We mailed out approximately 200 notices and the address you have listed (8830 Coopersmith Ct) is on the list we mailed too, so I'm not sure why you didn't receive a letter.....I am attaching one now for your review. Please let me know if you have any further questions or concerns.

Sincerely,

Eric Carlson

From: Williams, Misty A [<mailto:MAWILLI6@travelers.com>]

Sent: Tuesday, August 01, 2017 1:48 PM

To: Eric Carlson

Subject: FW: Question regarding a proposed development

Hi Eric,

I was recently informed by another resident that the city is proposing a sale of one of three parks (River Heights Park, Dehrer, and ?) in Inver Grove Heights to fund an additional Firehouse.

I never received a notice about this and I am an IGH resident. Can you help me or get me to the correct person to learn more information about this proposed land sale/development?

Thank you!

Misty

612-964-5612

8830 Coppersmith Ct
Inver Grove Heights, MN 55076

Misty Williams | Associate Account Executive | Private & Non-Profit Liability
Travelers Bond & Specialty Insurance

P: 651-310-5533 | F: 800-851-1390

mawilli6@travelers.com

www.travelersbond.com

TRAVELERS 

★

This communication including attachments is confidential, may be subject to legal privileges, and is intended for the sole use of the addressee. Any use, duplication, disclosure, or dissemination of this communication, other than by the addressee, is prohibited. If you have received this communication in error, please notify the sender immediately and delete or destroy this communication and all copies.

Eric Carlson

From: Eric Carlson
Sent: Monday, August 07, 2017 11:42 AM
To: 'Gregory Schouweiler'
Subject: RE: River Heights Park
Attachments: River Heights Park Presentation 7.25.17.pdf

Nancy

I promised I would follow up with you on Monday, here is a copy of the presentation I used on 7/25. As a point of clarification, if the City sells River Heights Park, it is our intention to develop 1-3 2.5 acre residential lots, it is not our intention to place the fire station at that location. You can find more information on our website about Wednesday's Parks and Recreation Commission meeting by visiting www.invergroveheights.org.

Please let me know if you have any other questions.

Sincerely,

Eric Carlson

-----Original Message-----

From: Gregory Schouweiler [<mailto:gschouweil@aol.com>]
Sent: Wednesday, August 02, 2017 2:08 PM
To: Eric Carlson
Subject: River Heights Park

Dear Eric,

I am responding to your July 17, 2017 letter regarding River Heights Park. Unfortunately I did not receive the letter until late in the day on July 25, 2017 and was unable to change my plans in order to attend the Public Information Meeting that was scheduled for that evening. If there were handouts at that meeting, would it be possible to have them forwarded to me?

My husband and I were more than disappointed to hear of the potential plans to build a fire station on the River Heights Park land. We realize that it may be very easy to overlook the Park as an existing part of the City's park system since it isn't a traditionally developed City Park and isn't even listed as a Park on the City's website. However, to the residents of this area, (we have been here 30 years), it is an important piece of open space. We, and our neighbors, chose to live in this area because of its rural character and River Heights Park is part of that character. I recall being part of a survey of our neighborhood 10 or so years ago asking if we wanted the Park developed and we declined. We like our open space. Our neighborhood is just as deserving of a neighborhood Park as is the practice for other neighborhoods in the City.

I know the City has started working on the 2040 Comp Plan, however I believe the 2030 Comp Plan is still the guiding tool. According to the 2030 Plan, one of the Guiding Principles is to Retain the Rural Character and one of the ways to do so is to protect open spaces. In addition, the 2030 Regional Development Framework indicates our area as Rural Residential. The addition of a fire station as described in the Executive Summary of the Fire Department Study, as posted online, is not conducive to the Rural Residential description in the Framework. Since a Rural Residential area is low density residential with a minimum of 2.5 acre lots and this particular neighborhood is nearly built out, it will not have the growth necessary to demand the service of a new fire station in comparison to other parts of the City.

According to the Fire Department Report as posted online, which indicated the River Heights Park location as the primary site, there were a number of criteria for the numerical grading of the potential fire station sites. (The other potential sites were not listed in the Report's Executive Summary.) Of those criteria, a number of them did not meet the standard as applied to the River Heights Park location.

The criteria include: no municipal water supply, limited public access or visibility, no municipal storm water access, no municipal sanitary sewer access, and the traffic hazard of limited street width, (actually Inver Grove Trail and River Heights Way do not meet residential street standards).

The nature and design of Inver Grove Trail with limited access and its somewhat remote location within the City also detracts from the River Heights Park site for a fire station.

Please let me know if this email will be forwarded to the Park and Recreation Commission, the Planning Commission, the Mayor and the City Council. If not I will contact them accordingly.

Thank you very much for your time and consideration of my email.

Sincerely,
Nancy Schouweiler
Former Dakota County Commissioner
4000 90th St. E.
IGH, MN 55076
651-455-6440

Sent from my iPad

Eric Carlson

From: Kymn Paulson [kymnpaulson@gmail.com]
Sent: Wednesday, August 09, 2017 7:22 AM
To: Eric Carlson
Subject: River Heights Park

IGH Park Director Eric Carlson and IGH Park & Recreation Committee:

I am saddend to hear that IGH is considering selling all or even part of River Heights Park. One of the perks of living in IGH is its excellent parks and natural areas and this is something we pride ourselves on. We need these natural areas and parks for our residents, pollinators, and wildlife. Twenty-five years ago, when I moved to IGH, I walked and biked around town with a map searching for and enjoying these parks. I still do this. Lets others have this same experience with River Heights Park.

Please don't sell River Heights Park; please find another way to find the needed funds.

Kymn Paulson
3222 72nd St E
IGH, MN

--

Canoe Diem - Kymn Sent from my Gmail Canoe

Eric Carlson

From: Eric Carlson
Sent: Monday, August 07, 2017 10:07 AM
To: 'Shatek, Carrie'
Cc: 'Andy Shatek (biff@frana.com)'
Subject: RE: Update on River Heights Park in preparation for meeting August 9
Attachments: River Heights Park Presentation 7.25.17.pdf

Carrie

Thanks for your email and interest in River Heights Park....I am attaching a presentation that I used on July 25th ...you can get additional information about the Parks and Recreation Commission meeting from our website at www.invergroveheights.org

Just to be clear, if the City sells a portion or all of River Heights Park it would be for single family residential...the fire station is not going to be located at River Heights Park.

Please let me know if you have any further questions.

Sincerely,

Eric Carlson

From: Shatek, Carrie [<mailto:Carrie.Shatek@chsinc.com>]
Sent: Monday, August 07, 2017 9:18 AM
To: Eric Carlson
Cc: Andy Shatek (biff@frana.com)
Subject: Update on River Heights Park in preparation for meeting August 9

Hi,

Could you share with me any updates or information from the Public Info meeting that was held on July 25th regarding the repurposing/purchase of part of the River Heights Park?

I'm concerned about the noise from a potential fire station close to my home off of 89th street, as well as taking away a more natural looking park.

I am planning on attending the meeting August 9th.

Thank you,

Carrie Shatek

Eric Carlson

From: Kymn Paulson [kymnpaulson@gmail.com]
Sent: Wednesday, August 09, 2017 7:22 AM
To: Eric Carlson
Subject: River Heights Park

IGH Park Director Eric Carlson and IGH Park & Recreation Committee:

I am saddend to hear that IGH is considering selling all or even part of River Heights Park. One of the perks of living in IGH is its excellent parks and natural areas and this is something we pride ourselves on. We need these natural areas and parks for our residents, pollinators, and wildlife. Twenty-five years ago, when I moved to IGH, I walked and biked around town with a map searching for and enjoying these parks. I still do this. Lets others have this same experience with River Heights Park.

Please don't sell River Heights Park; please find another way to find the needed funds.

Kymn Paulson
3222 72nd St E
IGH, MN

--

Canoe Diem - Kymn Sent from my Gmail Canoe

From: Dar tiarks [dtiarks@yahoo.com]

Sent: Tuesday, August 08, 2017 4:29 AM

To: George Tourville; Tom Bartholomew; Rosemary Piekarski-Krech; Kara Perry; Paul Hark

Subject: River Heights Park

Dear City Council Members:

My husband and I recently purchased our home directly adjacent to River Heights Park at 8710 River Heights Way.

When we learned about the potential sale/development of the park, it came as a shock to us.

One of the reasons that we purchased our home, versus others we had looked at, was the privacy and the country feel

that the park provides in our backyard. It would be our hope that the park remains intact in it's current state. When our family/friends visit

our new home, each and every one of them comment about the park area and how much they like the natural state of the land.

We were unable to attend the previous meeting in July, but it is our intent to attend the meeting

August 9th, providing

our work schedules allow. Please take note of our thoughts and desires to keep the park just the way it is.

Thank you for your time!

Steve and Darlene Tiarks

Joe Lynch | City Administrator

Tel: 651-450-2511 | Fax: 651-259-8021

City of Inver Grove Heights | 8150 Barbara Ave | Inver Grove Heights | Minnesota | 55077

jlynch@invergroveheights.org | www.invergroveheights.org

From: m muyres [matt.muyres@gmail.com]
Sent: Wednesday, August 09, 2017 12:02 PM
To: George Tourville
Cc: Tom Bartholomew; Rosemary Piekarski-Krech; Kara Perry; Paul Hark; mkennedy@invergroveheights.org
Subject: IGH PARK

We need trees and space.

We dont need homes and more humans, cars, traffic, congestion.

The city wont implode without this development.

Jesus, get a clue-

Joe Lynch | City Administrator
Tel: 651-450-2511 | Fax: 651-259-8021
City of Inver Grove Heights | 8150 Barbara Ave | Inver Grove Heights | Minnesota | 55077
jlynch@invergroveheights.org | www.invergroveheights.org

From: Lori Howard [loriannhoward@gmail.com]

Sent: Wednesday, August 09, 2017 1:50 PM

To: George Tourville; Tom Bartholomew; Kara Perry; Rosemary Piekarski-Krech; Paul Hark

Subject: River Heights Park

Here we go again. Once again, the residents of River Heights Way are having to fight to protect the land that was dedicated green space when developed years ago. If the residents of River Heights Way haven't changed their expectations of that agreement, why does the City keep trying to change their terms?

Our neighborhood is pretty low maintenance - we're one of the last to have our street plowed, we just finally got some repaving done (this road was in horrible condition for quite a few years) and we're not on city sewer and water. We've been good neighbors. I urge the City of Inver Grove Heights to be good neighbors as well and quit trying to change the layout of the land.

Our city does not need to develop every existing piece of green space. I urge you to leave River Heights Park in the hands of Mother Nature.

Thank you.

Lori Howard

Joe Lynch | City Administrator

Tel: 651-450-2511 | Fax: 651-259-8021

City of Inver Grove Heights | 8150 Barbara Ave | Inver Grove Heights | Minnesota | 55077

jlynch@invergroveheights.org | www.invergroveheights.org

From: Nancy Cooper [nkcooper@yahoo.com]
Sent: Tuesday, August 08, 2017 10:49 AM
To: Kara Perry
Subject: Saving Park located on River Heights Way

Hello officials of IGH,

Please note our interest in saving the park located in our circle. I have lived in IGH 50 plus years and have followed the concept of IGH being a rural community when different opportunities have arisen for more of a city "look" has been

turned down by the officials such as yourself. I understand that we need another fire department and should be located out

towards new developed housing and the area that you have selected. But... the bargain that was made to "trade" land

for another piece of land (our IGH park) is not acceptable. The city of IGH needs to keep open spaces and develop a park

that can be used by children, adults and alike! We bought our house due to the park designation.

Still can't figure out what the culture is of IGH? Look at Rosemount, Farmington, Lakeville that are booming with small businesses,

new houses and economy... their school system is awesome ... IGH is stagnant ... why is that? The planning of IGH is so

darn confusing and does not have a flow... PLEASE do not make another mistake with the park and its promise for the

future!

Appreciate your ear..

Nancy and John Cooper

Eric Carlson

From: Joe Lynch
Sent: Wednesday, August 09, 2017 4:09 PM
To: Eric Carlson; Michelle Tesser
Subject: FW: River Heights Way park proposal.

FYI for records for the meeting.

From: Kara Perry [mailto:kperry@invergroveheights.org]
Sent: Wednesday, August 9, 2017 3:32 PM
To: Joe Lynch <jlynch@invergroveheights.org>
Subject: FW: River Heights Way park proposal.

From: ROBERT S ROLOFF [DRROLOFF@msn.com]
Sent: Wednesday, August 09, 2017 2:23 PM
To: George Tourville; thartholomew@invergroveheights.org; Rosemary Piekarski-Krech; Kara Perry; Paul Hark
Subject: River Heights Way park proposal.

My wife and I have lived on River Heights Way since 1985. We would like to see this park remain a green space as it was initially designed to be.

Joe Lynch | City Administrator
Tel: 651-450-2511 | Fax: 651-259-8021
City of Inver Grove Heights | 8150 Barbara Ave | Inver Grove Heights | Minnesota | 55077
jlynch@invergroveheights.org | www.invergroveheights.org

Eric Carlson

From: svobp@aol.com
Sent: Thursday, August 10, 2017 7:54 AM
To: Eric Carlson
Subject: River Heights Park

Hi Eric,

When I saw the article in the PP about River Heights Park being possibly sold as part of a deal I thought at first, "OH NO! The City's selling off the parks!" but when I located it on the map in the Park and Rec booklet I changed my mind about it. The neighbors there denied IGH a dog park so, I'm in FAVOR of the deal!

Charlotte Svobodny

Eric Carlson

From: George Tourville
Sent: Tuesday, August 08, 2017 10:40 AM
To: Eric Carlson; Joe Lynch
Subject: Fwd: River Heights Park

FYI

Begin forwarded message:

From: Dar tiarks <dtiarks@yahoo.com>
Date: August 8, 2017 at 4:29:30 AM CDT
To: "gtourville@invergroveheights.org" <gtourville@invergroveheights.org>, "tbartholomew@invergroveheights.org" <tbartholomew@invergroveheights.org>, "rpiekarskikrech@invergroveheights.org" <rpiekarskikrech@invergroveheights.org>, "kperry@invergroveheights.org" <kperry@invergroveheights.org>, "phark@invergroveheights.org" <phark@invergroveheights.org>
Subject: River Heights Park
Reply-To: Dar tiarks <dtiarks@yahoo.com>

Dear City Council Members:

My husband and I recently purchased our home directly adjacent to River Heights Park at 8710 River Heights Way.

When we learned about the potential sale/development of the park, it came as a shock to us. One of the reasons that we purchased our home, versus others we had looked at, was the privacy and the country feel that the park provides in our backyard. It would be our hope that the park remains intact in it's current state. When our family/friends visit our new home, each and every one of them comment about the park area and how much they like the natural state of the land.

We were unable to attend the previous meeting in July, but it is our intent to attend the meeting August 9th, providing our work schedules allow. Please take note of our thoughts and desires to keep the park just the way it is.

Thank you for your time!
Steve and Darlene Tiarks

George Tourville | Mayor
Tel: 651-450-2507 | Home: 651-455-4465
City of Inver Grove Heights | 8150 Barbara Ave | Inver Grove Heights | Minnesota | 55077
gtourville@invergroveheights.org | www.invergroveheights.org



*Working to protect the Mississippi River
and its watershed in the Twin Cities area.*

101 East Fifth Street
Suite 2000
Saint Paul, MN 55101

651-222-2193
www.fmr.org
info@fmr.org

August 8, 2017

Inver Grove Heights Park & Recreation Commission
Attn.: Parks & Recreation Director Eric Carlson
8150 Barbara Avenue
Inver Grove Heights, MN 55077

RE: The proposed sale of a portion of River Heights Park.

Inver Grove Heights Park & Recreation Advisory Commission:

Friends of the Mississippi River (FMR) is a local non-profit community-based organization that works to protect and enhance the natural and cultural assets of the Mississippi River and its watershed in the Twin Cities. We have 1,800 active members, and more than 3,000 volunteers who care deeply about the river's unique resources. FMR has long been an active and ongoing defender and promoter of preserving and restoring public open space within our National Park, the Mississippi National River and Recreation Area (MNRRA), since 1993.

We are writing today to respectfully request that you oppose the proposed sale of a portion of River Heights Park. While we have no opposition to the city's need for a new firehouse or increased revenue, we strongly believe that selling public parkland to accomplish these needs is a poor choice for our National Park and IGH residents.

National Park

Riverview Heights Park is within our local National Park, the Mississippi National River and Recreation Area (MNRRA), a 72-mile corridor along the Mississippi River through the Twin Cities. MNRRA was established in 1988 to work in partnership with local communities to protect and enhance the natural, cultural and recreational resources within the national park corridor. Since MNRRA owns very little land in the corridor, it relies on local communities and regional park agencies to provide parks, trails, open space and other public amenities within the corridor. Natural open space at this location is contributing the health and beauty of the National Park for both people and wildlife. River Heights Park not only provides residents with a trail through a natural area, but also contributes key habitat to the Mississippi River Flyway – an internationally significant migratory corridor used by millions of birds and other wildlife throughout the year. The proximity of this park to the Pine Bend Bluffs is also significant, because its high ecological value. This conservancy parkland is one of many key park pieces that make our National Park great.

IGH Residents

Inver Grove Heights has recognized the significance of parkland for residents in the city's 2009 Comprehensive Park Plan and Development Guide.

Parks, trails and open spaces are important to residents. Parks define neighborhoods, offer recreation opportunities, and serve as open space and wildlife habitat. The City of Inver Grove Heights parks act as neighborhood gathering points and strengthen the sense of community. The City of Inver Grove Heights is committed to meeting its residents' needs and will plan wisely for the future (pg. 6).

We completely agree that parks provide immense benefits to the community.

The Comprehensive Park Plan goes on to explain that River Heights Park serves the entire community, is worthy of preservation and would be adversely affected by development. This information is found through the park's classification as conservancy land. The service area given by the plan is "community wide" and the site is described as one of IGH's "Significant natural areas, which merit preservation and would be adversely, affected be [by] development" (pg. 20). The decision for this land classification was made as recently as 2009. Considering such a drastic change in land use from conservancy to sale for development in just eight years, the Parks Commission should reject this change, as it is inconsistent with city-adopted policy.

In addition, the city has a goal "To provide a well balanced park and recreation system" (pg. 36). Taking River Heights Park out of the mix, or partially out of the mix, would remove parkland from a portion of the city that is already fairly disconnected from other public parkland and reduce the city's already small amount of natural trails.

- Selling River Heights Park while meeting the goal above, as we see it, is not possible, because there is no new (replacement) parkland available in the surrounding neighborhoods. While no other potential parkland is available, there are numerous locations where fire protection services could be located.
- Simply removing parkland from this portion of the city also goes against this city goal. When looking at the maps showing IGH park amenity service areas (immediately following pg. 112), River Heights Park does not fall within any of the ½-1 mile services area listed. Therefore, providing parkland for area residents should be a priority for the city to ensure open space is accessible to all residents.
- Removing River Heights Park would also reduce the small amount of planned natural trails shown on the 2030 Parks, Trails and Open Space Plan Map (page 6-10, immediately following pg. 110). Removing or shrinking one of the few natural trails would go against the city's policy "To offer a variety of activities in the park system including cultural, conservation, passive, active and organized recreation areas" (emphasis added, pg. 36).

Funding

We understand that the city is looking to save money and generate revenue. However, the City's Park Maintenance Operating Budget Funding Pro-forma (PDF pg. 129), indicates that

River Heights Park will not cost the city significant maintenance until 2028. Therefore, keeping the park would not be a significant burden to the city and the community wide benefits of natural parkland should outweigh the revenue the city could generate from selling eight acres of land.

Restoration Opportunity

The plan suggests that the city will “*develop forest restoration plan*” (pg. 88) for River Heights Park. We would strongly encourage the restoration of this important site within the MNRRA corridor. We have two professional ecologists on staff that write management plans and implement them all along the MNRRA corridor. We would be happy to work with the city to pursue funding, complete a restoration management plan and engage community members in restoring and enhancing the site, so it will support a greater diversity of wildlife and pollinators. We also are committed to our restoration sites long-term and do ongoing ecological management. One example of such work is at the nearby Pine Bend Bluffs Scientific and Natural Area, where FMR has been assisting the DNR with ecological restoration and management for the past 15 years. Last year we entered into a partnership with IGH to conduct restoration activities with volunteers at Heritage and Swing Bridge Parks and we were able to leverage \$20,200 in state funds towards this work. We would welcome an opportunity to assist with restoration of River Heights Park in the future.

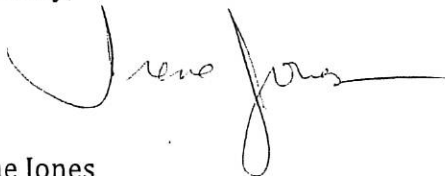
Parks & Recreation Advisory Commission Duties and Functions

Finally, the Park and Recreation Advisory Commission official duties and functions per city code include “periodically examining the need for new parks and open space...” but it does not mention considering the sale or disposition of existing parkland. We ask that you demonstrate the courage to do the right thing for the health, well-being and quality of life of the residents of Inver Grove Heights, and protect River Heights Park for current and future generations.

We strongly encourage you to uphold your community’s vision for the parkland and adhere to your existing Comprehensive Park Plan by opposing the sale of River Heights Park in any amount.

Thank you for your consideration of these comments. Please feel free to reach out to Irene Jones, River Corridor Program Director (ijones@fmr.org, x11) or Alicia Uzarek, Policy Advocate (auzarek@fmr.org, x29) with questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Irene Jones", with a long horizontal flourish extending to the right.

Irene Jones
River Corridor Program Director