



# Osseo City Council Meeting

## AGENDA

REGULAR MEETING  
Monday, August 8, 2022  
7:00 p.m., Council Chambers

---

MAYOR: DUANE POPPE | COUNCILMEMBERS: JULIANA HULTSTROM, HAROLD E. JOHNSON, LARRY STELMACH, ALICIA VICKERMAN

---

1. **Call to Order**
2. **Roll Call** [quorum is 3]
3. **Pledge of Allegiance**
4. **Approval of Agenda** [requires unanimous additions]
5. **Consent Agenda** [requires unanimous approval]
  - A. Approve July 25 Work Session Minutes
  - B. Approve July 25 Council Minutes
  - C. Approve Hire of Firefighters Cindy Stearns and Dylan Kamp
  - D. Set Council Work Session for August 23, 2022, 6:00 PM
  - E. Approve Exempt Permit for Fur, Fin, and Feather Gambling Activities
  - F. Approve Exempt Permit for Northeast-Winslow Lewis Lodge #125 Gambling Activities
6. **Matters from the Floor**

Members of the public can submit comments online at [www.DiscoverOsseo.com/virtual-meeting](http://www.DiscoverOsseo.com/virtual-meeting)
7. **Special Business**
  - A. Receive Fiscal Year 2021 Audit Report – Janel Bitzan, BerganKDV
8. **Public Hearings**
9. **Old Business**
10. **New Business**
  - A. Approve EDA Actions of August 8, 2022
  - B. Approve Ehlers Investment Management Services for City Investments (Resolution)
  - C. Approve 2022 IT Upgrades
  - D. Discuss THC Regulation Options/Moratorium Ordinance
  - E. Approve Accounts Payable
11. **Administrator Report**
12. **Council and Attorney Report**
13. **Announcements**

Music and Movies in the Park  
Farmers Market
14. **Adjournment**

**OSSEO CITY COUNCIL  
WORK SESSION MINUTES  
July 25, 2022**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Monday, July 25, 2022.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Larry Stelmach, Alicia Vickerman, and Mayor Duane Poppe.

Members absent: None.

Staff present: City Administrator Riley Grams.

Others present: Steve Boynton, Blue Ox Media.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS DIGITAL BILLBOARD PROJECTS

Grams stated back in 2016, the City looked at partnering with OutFront Media to construct a digital billboard on the Public Works Department property that overlooked traffic on Highway 169. The billboard was a one-sided design that included a state-of-the-art LED screen. This was the result of several local resident comments regarding the project, which was originally slated for a two-sided V shape design. The sign's post was to be erected in an area approximately near the southeast corner of the existing Public Works building. The sign was to be 486 feet away from the nearest home to the south, and 298 feet from the nearest home to the north and would have been built entirely on City-owned property and that have been leased to OutFront Media.

Grams explained the original lease called for a term of 15 years with a mutual option entering into an additional 15 years with lease payments negotiated prior to each new term. The City would have received \$55,000 annually in years 1-5, \$57,500 annually in years 6-10, and \$60,000 annually in years 10-15, with a total of \$862,500 received over the initial 15-year term. The City would have also received a minimum of 5 hours per month (2250 eight-second spots) of signage to promote any messaging that the City would like. Also, any business located within the City of Osseo would have received advertisement on the billboard at one-third the going rate for advertisement (including design services at no additional cost). Additionally, all improved real estate taxes associated with the construction of the billboard structure would have been paid for by

OutFront Media each year, and not the City of Osseo (estimated between \$6,000-8,000 annually).

Grams reported at that time, one of the major concerns by area residents was that the new sign would adversely affect their property values. At that time, Staff reached out to Hennepin County Assessor's Office to inquire if a new digital billboard sign would negatively affect the surrounding areas property values. The County responded that the fact that a large industrial use building (the Public Works building) is already there, the location of high-tension power lines, and the proximity to Hwy 169 and the adjacent sound wall, any addition of a digital billboard sign would not negatively affect property values. Staff also confirmed with the Maple Grove City Assessor and a local real estate agent that the addition of a digital billboard in that area would not affect the area property values. Using 2015 data, it was calculated that an influx of this revenue stream would lower the average Osseo home's property taxes by approximately \$50 annually.

Grams stated in order to submit a required permit to the Minnesota Department of Transportation (MnDOT), the City re-zoned the Public Works property to a newly established Public Institutional District (PI) which included "commercial signage limited to billboards or any other governmental signage" at the request of OutFront Media. Unfortunately, when MnDOT reviewed the submitted permit from OutFront Media, they rejected it noting that the property was not properly zoned for this purpose. OutFront Media had incorrectly advised the City to re-zone the property to something other than commercial or industrial use. This was the sole reason the permit was denied by MnDOT.

Grams commented more recently, a couple City Councilmembers asked Staff to re-look at this option to see if there was another way to get approval. Grams was connected with Blue Ox Media, knowing they have many digital billboard projects with cities all over the Metro Area, and met with Steve Boynton back in the fall of 2021. At that time, Mr. Boynton was able to pinpoint the issue for the rejected MnDOT permit, noting that the City needed to zone the Public Works property to either industrial or commercial. This was the only allowable zone, per State Statute, in which billboards could be erected. Therefore, Mr. Boynton believes that the City could simply re-zone the Public Works property to an industrial use (which certainly fits in with the actual use of that property currently) and could re-negotiate a new lease and apply for the same required permit from MnDOT. It was noted Staff invited Mr. Boynton to make a presentation to the Council at the meeting to introduce himself and showcase what Blue Ox Media can do for the City regarding this potential project. If the Council is agreeable, Staff could be directed to move this project forward.

Steve Boynton, Blue Ox Media, introduced himself to the Council and thanked them for their time. He reviewed his company's vision and mission, noting his company has a unique partnership with municipalities. He explained he was in discussions with nine different communities at this time and stated he was hoping to bring a digital billboard to Osseo. He commented on how digital billboard technology has changed over the past five years. He described how signs can be angled and directed in a better manner. He discussed the type of promotions that could be placed on the sign and noted Blue Ox Media would take care of constructing the sign.

Vickerman requested further information regarding the sign post. Mr. Boynton stated the post could have a stone façade or could be made out of other building materials. Grams recommended the sign post have a stone veneer finish.

Vickerman commented she was concerned about the sign aesthetics. She questioned what the difference would be between the gateway sign and the proposed billboard. Mr. Boynton stated the billboard would have a greater revenue stream and these funds could be set aside for specific improvements. Grams commented the Council could also opt to have the revenues flow straight into the general fund which would assist with keeping taxes down.

Further discussion ensued regarding the projected revenues for the digital billboard for both a one sided and two sided billboard.

Vickerman inquired what the content would be on the billboard. Mr. Boynton stated every eight seconds a new ad would pop onto the billboard. He noted there would be roughly eight images per minute and this would be looped for a 24 hour cycle. He explained the ads are sold per month and discounts would be offered to Osseo businesses.

Hultstrom stated she had concerns with the power line and how it would distort the view of the billboard for traffic heading southbound. She questioned the safety of this for passing traffic. She noted she lived adjacent to the public works facility and when this was presented to her in 2016 she was not opposed to it. She commented since 2016 she has heard from numerous neighbors who oppose the digital billboard. She anticipated that this would be a controversial sell to the neighbors. She encouraged the City to be very clear about what the revenue streams and tax numbers would be. She recommended the City offset the residents views in that area before this project moves forward. She did not want to see her neighborhood up in arms again like it was in 2016. She explained she had been told that her property value was less because of the power line and her proximity to the freeway, however, her property taxes have doubled in the past six years. This led her to believe this claim was not correct. She recommended the City be very clear when communicating with the public on this matter.

Mr. Boynton stated he could bring in a sign to demonstrate how the sign would not be visible to the neighbors through the new sightline technology. He commented further on the viewshed for the sign.

Grams explained the concern from the neighbors in 2016 was that their property values would decrease if the billboard were installed. He reported he reached out to Hennepin County and asked how the neighboring properties would be impacted. He was told by the Hennepin County Assessor's office that these properties already had decreased property values because of the public works building, the power lines and the proximity to Highway 169.

Hultstrom recommended a neighborhood meeting be held once updated facts and figures were on hand. Grams reported a public hearing would have to be held in order to rezoning the property. Staff commented further on the proposed timeline and approval process for this project.

Hultstrom commented she was not opposed to the billboard but wanted to see 2022 data prior to this matter moving forward. She noted she did not want her neighbors coming against her on this item.

Stelmach stated in 2016 it was estimated residents would see a \$50 savings on their property taxes for a one sided sign. He anticipated residents in 2022 would see an even greater savings given the fact the City was proposing a two sided sign. He explained he understood the concerns of the neighbors and wanted to be sensitive to them. However, he noted the City had 2,738 other residents that would also be positively impacted by this project by the revenue stream created by the digital billboard. He indicated he wanted to know more about how light pollution would impact the surrounding properties.

Hultstrom stated it would be hard to have an opinion about this project without having the 2022 numbers to truly understand the benefit of the billboard. She indicated she would also like to better understand the comments from the County Assessor's office. In addition, she wanted the City to have effective communication for the impacted residents.

Stelmach asked if there were any local signs the Council could visit to see the new digital technology. Mr. Boynton reported he would speak to his manufacturer to see where signs had been installed in the metro area. He noted he could bring a sign to a future meeting as well for the Council and the neighbors to view.

Vickerman questioned why the property was not rezoned in 2016. Grams explained this was a good question. He recalled that MNDOT simply denied the City's request. Mr. Boynton further discussed the permitting process that had to be followed for digital billboards.

The Council discussed the differences between the City's gateway sign and the proposed digital billboard.

Vickerman supported staff running the numbers and reporting back to the Council with additional information on the digital billboard.

Johnson agreed.

Mr. Boynton asked what additional information Staff would like from him. Grams stated he would like to know rough numbers for the lease.

Stelmach indicated he would also like to know more about the maintenance policy as well as having numbers from the County Assessor's office. He asked if Blue Ox Media would be responsible for paying property taxes. Mr. Boynton stated this would be case.

Hultstrom questioned who would be liable for sign should storm damage occur to the billboard. Mr. Boynton stated Blue Ox Media would be responsible and would have insurance in place on the sign.

5. ADJOURNMENT

The Work Session adjourned at 6:51 p.m.

Respectfully submitted,

Heidi Guenther  
*Minute Maker Secretarial*

Unapproved

**OSSEO CITY COUNCIL  
REGULAR MEETING MINUTES  
July 25, 2022**

1. CALL TO ORDER

Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at 7:04 p.m. on Monday, July 25, 2022.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Larry Stelmach, Alicia Vickerman and Mayor Duane Poppe.

Staff present: City Administrator Riley Grams, Rebecca Kurtz, Elhers & Associates, and City Attorney Mary Tietjen.

Others present: Jordan Dickinson, Union Speed & Style.

3. PLEDGE OF ALLEGIANCE

Poppe led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Poppe asked for additions or deletions to the Agenda.

**A motion was made by Hultstrom, seconded by Johnson, to accept the Agenda as presented. The motion carried 5-0.**

5. CONSENT AGENDA

- A. Receive July 11 EDA Minutes
- B. Approve July 11 Council Minutes
- C. Receive July 13 PSAC Minutes
- D. Receive June Fire Activity Report
- E. Receive June Fire Relief Association Gambling Report
- F. Receive June Lions Club Gambling Report
- G. Receive June Hockey Association Gambling Report
- H. Receive June American Legion Gambling Report

**A motion was made by Vickerman, seconded by Hultstrom, to approve the Consent Agenda. The motion carried 5-0.**

6. MATTERS FROM THE FLOOR

7. SPECIAL BUSINESS

- A. APPROVE SPECIAL EVENT PERMIT FOR UNION SPEED & STYLE SUMMER EVENT

Grams stated Union Speed & Style was proposing to host a small car show on the streets of Osseo with a Pinewood Derby event inside Union Speed & Style with vendors available in Boerboom Park on August 27 from 3:00 p.m. to 10:00 p.m. at 340 Central Avenue. Staff commented further on the event and recommended approval.

Jordan Dickinson, Union Speed & Style, explained he was teaming up with some other car clubs in the cities and he would like to hold a joint car show and pinewood derby at the shop. He indicated this event would be similar to the Intermarque car show that is hosted each year in the spring. He asked that the City close down several streets and assist with garbage and recycling pickup for the event. He stated he would be speaking with all of the businesses on Central Avenue regarding the proposed street closure.

Vickerman asked if this would turn into an annual event. Mr. Dickinson stated this would be his hope if there is a good response.

Vickerman questioned if this event could be combined with Duffy's party. Mr. Dickinson commented this could be discussed in the future.

Johnson suggested the street closure run in front of Real Life because they were closed on the weekends and would not be impacted. Mr. Dickinson stated he would support this change.

Stelmach commented on how all the businesses downtown would be positively impacted by this event as it would drive traffic into the downtown area, even if there was a road closure. Mr. Dickinson stated the event would begin at 3:00 p.m. so businesses would not be impacted the entire day by a road closure.

Hultstrom suggested the road closure be kept in the business district and away from 5 Central for parking purposes. The Council agreed with this recommendation.

Stelmach stated he would be willing to help door knock with the downtown businesses in order to gain feedback from the community after the event. Mr. Dickinson stated this would be great.

**A motion was made by Hultstrom, seconded by Vickerman, to approve the Special Event Permit for Union Speed & Style's summer event, the corresponding street closures and waive the gateway sign fee.**

Stelmach stated he appreciated the fact that this event would be held when no other events were planned because this would be yet another unique event that would draw people into the community.

Vickerman asked if anyone from the community could participate in the pinewood derby. Mr. Dickinson reported this would be the case, noting the Scouts rules would be followed for the derby.

Stelmach encouraged Mr. Dickinson to reach out to the local Boy Scout troops in order to invite them to participate.

**The motion carried 5-0.**

**B. APPROVE SPECIAL EVENT PERMIT FOR OSSEO ALUMNI ASSOCIATION EVENT**

Grams stated the Osseo Alumni Association was proposing to host a singer/songwriter event on Wednesday, September 7 from 6:00 p.m. to 7:30 p.m. at Boerboom Veterans Park. Staff commented further on the event and recommended approval.

**A motion was made by Johnson, seconded by Hultstrom, to approve a Special Event Permit for the Osseo Alumni Association event and waiver of park and gateway sign fees. The motion carried 5-0.**

**C. ACCEPT DONATIONS (Resolution)**

Grams stated the City has received the following donations:

Donor	Amount/Item	Designated Fund
Osseo Fire Relief Association	\$1,500	Night to Unite
Osseo Fire Relief Association	\$1,500	Fire Equipment
Harold E. Johnson	\$750	Beautification

Staff recommended the Council accept the donations.

**A motion was made by Stelmach, seconded by Hultstrom, to adopt Resolution No. 2022-46, accepting a donation from the Osseo Fire Relief Association and Harold E. Johnson. The motion carried 5-0.**

8. PUBLIC HEARINGS – None

9. OLD BUSINESS – None

10. NEW BUSINESS

**A. APPROVE SERIES 2022A BOND SALE – Rebecca Kurtz, Ehlers (Resolution)**

Rebecca Kurtz, Ehlers & Associates, discussed the 2022A bond sale in detail with the Council. She stated at the Council's last meeting she explained there were some snags with getting the bond sale rated. She stated this led to delaying the sale to July 19, 2022. She discussed the projects that would be funded by the proposed bond sale. She reviewed the results of the bond sale and commended the City for receiving an AA bond rating. It was noted the City received four bids for the bond sale and the low bidder came in from Baird with an interest rate of 3.05%. She commented further on the bond sale and recommended approval.

Stelmach thanked Ms. Kurtz for all of her assistance on this bond sale. He asked if the City's bond rating would benefit from having additional revenue streams coming in. Ms. Kurtz stated this wouldn't hurt the City's bond rating but would not push the City up to the next bond rating level. She commented further on all of the factors that are taken into consideration for the City's bond rating.

Johnson recommended the City invest the dollars that will not be needed until 2023.

**A motion was made by Hultstrom, seconded by Vickerman, to adopt Resolution 2022-47, providing for the issuance and sale of \$3,690,000 in General Obligation Bonds, Series 2022A, pledging for the security thereof special assessments and net revenues and levying a tax for the payment thereof. The motion carried 5-0.**

B. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

**A motion was made by Johnson, seconded by Vickerman, to approve the Accounts Payable as presented. The motion carried 5-0.**

11. ADMINISTRATOR REPORT

Grams encouraged residents to attend Night to Unite on Tuesday, August 2, 2022.

12. COUNCIL AND ATTORNEY REPORTS

Hultstrom stated reduce priced internet services was now available to Osseo residents that qualify. She explained further information was available at City Hall.

Hultstrom reported she attended a League of Minnesota Cities Human Resources and Data Practices meeting last week where police, fire and PTSD was discussed.

Johnson explained he was happy to see the farmers market has started again for this year.

Vickerman thanked the PSAC Committee for considering and approving a stop sign request.

Stelmach commended the City for receiving an AA bond rating on the recent bond sale.

13. ANNOUNCEMENTS

Poppe encouraged the public to attend Music and Movies in the Park on Tuesday, July 26 at 7:00 p.m. where Penny Lane will be playing, and Ghost Busters will be screened at dusk.

Poppe explained the Osseo farmers market opened July 12, 2022, and would run each Tuesday from 3:00 p.m. to 7:00 p.m. and in September from 3:00 p.m. to 6:30 p.m.

Poppe reported Night to Unite would be held on Tuesday, August 2, 2022, at the City Hall Campus.

14. ADJOURNMENT

**A motion was made by Hultstrom, seconded by Vickerman, to adjourn the City Council meeting at 7:51 p.m. The motion carried 5-0.**

Respectfully submitted,

Heidi Guenther  
*Minute Maker Secretarial*

Unapproved



## City of Osseo City Council Meeting Item

---

**Agenda Item:** Approve Hire of Firefighters Cindy Stearns and Dylan Kamp

**Meeting Date:** August 8, 2022

**Prepared by:** Mike Phenow, Fire Chief

**Attachments:** None

---

**Policy Consideration:**

Consider approving the hire of two new firefighters, Cindy Stearns and Dylan Kamp.

**Background:**

Since 2020, due to challenges caused by pandemic restrictions, the fire department hasn't conducted our annual hiring process. We continually promote our hiring initiative. By June, we had two applications. We conducted interviews, performed background checks, had candidates take the North West Hennepin County Firefighter Physical Ability Test, and had candidates receive an occupational health screening at Health Solutions in White Bear Lake.

The two candidates presented here have each made it through all of these requirements and are the two candidates being recommended by the hiring committee, Chief 2 and Captain 12, as well as Chief 1. They are eager to start and would be great additions to the fire department.

**Previous Action or Discussion:**

The council received the resignation of two firefighters in 2022.

**Budget or Other Considerations:**

The new hires would be put through the full fire academy consisting of: Firefighter I, Firefighter II, Hazardous Materials Operations, and Emergency Medical Responder. The first three of those classes and their associated state certification tests are reimbursable through the Basic Fire Training Fund through the Minnesota Board of Firefighter Training and Education. The cost of the EMR classes would be paid in 2022.

To equip a firefighter so they can do their job safely and effectively requires an ensemble consisting of, at the very least: pager, coat, pants, boots, helmet, mask, hood, and gloves. We believe we have a sufficient supply of pagers, helmets, masks, and hoods to outfit all three. We have some spare sets of coats, pants, boots, and gloves, though we'll have to see which items both fit and are still within their serviceable lifespan. We may need to purchase some items. The MFSDA has provided a Recruitment Grant that provides certain gear for free. The CIP has funds allocated to purchase the remainder of the gear for two new Firefighters.

Payroll should not be significantly impacted, as these two hires would replace the two that resigned in 2022.

There will be some other miscellaneous expenses including apparel, name tags, etc.

**City Goals Met By This Action:**

Recruit high quality staff, continue to train staff, and work to promote staff retention

**Options:**

The City Council may choose to:

1. Approve the hire of Firefighters Cindy Stearns and Dylan Kamp;
2. Approve the hire of Firefighters Cindy Stearns and Dylan Kamp, with noted changes;
3. Deny the hire of Firefighters Cindy Stearns and Dylan Kamp;
4. Table action on this item for more information.

**Recommendation/Action Requested:**

Staff recommends the City Council choose option 1) Approve the hire of Firefighters Cindy Stearns and Dylan Kamp.



## City of Osseo City Council Meeting Item

---

**Agenda Item:** Set Council Work Session for August 23

**Meeting Date:** August 8, 2022

**Prepared by:** Riley Grams, City Administrator

**Attachments:** None

---

Councilmembers Hultstrom and Johnson have called for a special Council work session on August 23, 2022, 6:00 PM in the Council Chambers at City Hall. The purpose is to discuss street and alley projects.

**Options:**

The City Council may choose to:

1. Approve the special Council work session for August 23, 2022;
2. Deny the special Council work session for August 23, 2022;
3. Table action on this item for more information.

**Recommendation/Action Requested:**

Staff recommends the City Council choose option 1) Approve the special Council work session for August 23, 2022.

## MINNESOTA LAWFUL GAMBLING

## LG220 Application for Exempt Permit

4/22

Page 1 of 4

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

**Application Fee (non-refundable)**

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

**ORGANIZATION INFORMATION**

Organization Name: FUR, FIB AND FEATHER

Previous Gambling Permit Number: X- 92469-19-010

Minnesota Tax ID Number, if any: G-499

Federal Employer ID Number (FEIN), if any: \_\_\_\_\_

Mailing Address: 5030 PAGE AVE NE

City: ST MICHAEL State: MN Zip: 55376 County: WRIGHT

Name of Chief Executive Officer (CEO): CHARLES J. VAN HEEL

CEO Daytime Phone: 612-396-7410 CEO Email: CVANHEEL@VAN TAGE-POINT-PARTNER.S.COM  
(permit will be emailed to this email address unless otherwise indicated below)

Email permit to (if other than the CEO): \_\_\_\_\_

**NONPROFIT STATUS**

Type of Nonprofit Organization (check one):

☐ Fraternal ☐ Religious ☐ Veterans ☒ Other Nonprofit Organization

**Attach a copy of one of the following showing proof of nonprofit status:**

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

☐ **A current calendar year Certificate of Good Standing**

Don't have a copy? Obtain this certificate from:

MN Secretary of State, Business Services Division  
60 Empire Drive, Suite 100  
St. Paul, MN 55103

Secretary of State website, phone numbers:

[www.sos.state.mn.us](http://www.sos.state.mn.us)

651-296-2803, or toll free 1-877-551-6767

☒ **IRS income tax exemption (501(c)) letter in your organization's name**

Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.

☐ **IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**

If your organization falls under a parent organization, attach copies of both of the following:

1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
2. the charter or letter from your parent organization recognizing your organization as a subordinate.

**GAMBLING PREMISES INFORMATION**

Name of premises where the gambling event will be conducted (for raffles, list the site where the drawing will take place): AMERICAN LEGION POST 172

Physical Address (do not use P.O. box): 260 4TH AVE SE

Check one:

☐ City: OSSEO MN Zip: 55303 County: HENNEPIN

☐ Township: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Date(s) of activity (for raffles, indicate the date of the drawing): 9-22-2022

Check each type of gambling activity that your organization will conduct:

☐ Bingo ☐ Paddlewheels ☐ Pull-Tabs ☐ Tipboards ☒ Raffle TOTAL VALUE \$2500 PER 2022

**Gambling equipment** for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to [www.mn.gov/gcb](http://www.mn.gov/gcb) and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

# LG220 Application for Exempt Permit

## LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)

CITY APPROVAL for a gambling premises located within city limits	COUNTY APPROVAL for a gambling premises located in a township
<input type="checkbox"/> The application is acknowledged with no waiting period. <input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city). <input type="checkbox"/> The application is denied.	<input type="checkbox"/> The application is acknowledged with no waiting period. <input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days. <input type="checkbox"/> The application is denied.
Print City Name: _____	Print County Name: _____
Signature of City Personnel: _____	Signature of County Personnel: _____
Title: _____ Date: _____	Title: _____ Date: _____
<div style="border: 1px solid black; padding: 10px; display: inline-block; width: 80%;"> <b>The city or county must sign before submitting application to the Gambling Control Board.</b> </div>	
<b>TOWNSHIP (if required by the county)</b> On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)	
Print Township Name: _____	
Signature of Township Officer: _____	
Title: _____ Date: _____	

## CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: Charles J Van Heel Date: 8-3-22  
(Signature must be CEO's signature; designee may not sign)

Print Name: CHARLES J VAN HEEL

## REQUIREMENTS

### Complete a separate application for:

- all gambling conducted on two or more consecutive days; or
- all gambling conducted on one day.

Only one application is required if one or more raffle drawings are conducted on the same day.

### Financial report to be completed within 30 days after the gambling activity is done:

A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.

Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).

## MAIL APPLICATION AND ATTACHMENTS

### Mail application with:

- \_\_\_\_\_ a copy of your proof of nonprofit status; and
- \_\_\_\_\_ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**. Make check payable to **State of Minnesota**.

**To:** Minnesota Gambling Control Board  
 1711 West County Road B, Suite 300 South  
 Roseville, MN 55113

### Questions?

Call the Licensing Section of the Gambling Control Board at 651-539-1900.

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the

application. Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Depart-

ment of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.

This form will be made available in alternative format (i.e. large print, braille) upon request.

An equal opportunity employer

**LG220 Application for Exempt Permit**

An exempt permit may be issued to a nonprofit organization that:

- conducts lawful gambling on five or fewer days, and
- awards less than \$50,000 in prizes during a calendar year.

If total raffle prize value for the calendar year will be \$1,500 or less, contact the Licensing Specialist assigned to your county by calling 651-539-1900.

**Application Fee (non-refundable)**

Applications are processed in the order received. If the application is postmarked or received 30 days or more before the event, the application fee is **\$100**; otherwise the fee is **\$150**.

Due to the high volume of exempt applications, payment of additional fees prior to 30 days before your event will not expedite service, nor are telephone requests for expedited service accepted.

**ORGANIZATION INFORMATION**

Organization Name: Northeast-Winslow Lewis Lodge 125

Previous Gambling Permit Number: X- 94783-21-001

Minnesota Tax ID Number, if any: \_\_\_\_\_

Federal Employer ID Number (FEIN), if any: 23-7141261

Mailing Address: PO BOX 231 214 Central Ave

City: Osseo State: MN Zip: 55369 County: Hennepin

Name of Chief Executive Officer (CEO): Larry Stelmach

CEO Daytime Phone: 763-234-7237 CEO Email: stellemacher@gmail.com

(permit will be emailed to this email address unless otherwise indicated below)

Email permit to (if other than the CEO): \_\_\_\_\_

**NONPROFIT STATUS**

Type of Nonprofit Organization (check one):

☒ Fraternal ☐ Religious ☐ Veterans ☐ Other Nonprofit Organization

**Attach a copy of one of the following showing proof of nonprofit status:**

(DO NOT attach a sales tax exempt status or federal employer ID number, as they are not proof of nonprofit status.)

☐ **A current calendar year Certificate of Good Standing**

Don't have a copy? Obtain this certificate from:

MN Secretary of State, Business Services Division  
60 Empire Drive, Suite 100  
St. Paul, MN 55103

Secretary of State website, phone numbers:  
[www.sos.state.mn.us](http://www.sos.state.mn.us)  
651-296-2803, or toll free 1-877-551-6767

☐ **IRS income tax exemption (501(c)) letter in your organization's name**

Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS toll free at 1-877-829-5500.

☒ **IRS - Affiliate of national, statewide, or international parent nonprofit organization (charter)**

If your organization falls under a parent organization, attach copies of both of the following:

1. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling; and
2. the charter or letter from your parent organization recognizing your organization as a subordinate.

**GAMBLING PREMISES INFORMATION**

Name of premises where the gambling event will be conducted

(for raffles, list the site where the drawing will take place): Northeast-Winslow Lewis Masonic Lodge 125

Physical Address (do not use P.O. box): \_\_\_\_\_

Check one:

☒ City: Osseo Zip: 55369 County: Hennepin

☐ Township: \_\_\_\_\_ Zip: \_\_\_\_\_ County: \_\_\_\_\_

Date(s) of activity (for raffles, indicate the date of the drawing): 12/19/2022

Check each type of gambling activity that your organization will conduct:

☐ Bingo ☐ Paddlewheels ☐ Pull-Tabs ☐ Tipboards ☒ Raffle

**Gambling equipment** for bingo paper, bingo boards, raffle boards, paddlewheels, pull-tabs, and tipboards must be obtained from a distributor licensed by the Minnesota Gambling Control Board. EXCEPTION: Bingo hard cards and bingo ball selection devices may be borrowed from another organization authorized to conduct bingo. To find a licensed distributor, go to [www.mn.gov/gcb](http://www.mn.gov/gcb) and click on **Distributors** under the **List of Licensees** tab, or call 651-539-1900.

**LOCAL UNIT OF GOVERNMENT ACKNOWLEDGMENT (required before submitting application to the Minnesota Gambling Control Board)**

<p><b>CITY APPROVAL</b></p> <p><b>for a gambling premises located within city limits</b></p> <p><input type="checkbox"/> The application is acknowledged with no waiting period.</p> <p><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days (60 days for a 1st class city).</p> <p><input type="checkbox"/> The application is denied.</p> <p>Print City Name: _____</p> <p>Signature of City Personnel: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p><b>COUNTY APPROVAL</b></p> <p><b>for a gambling premises located in a township</b></p> <p><input type="checkbox"/> The application is acknowledged with no waiting period.</p> <p><input type="checkbox"/> The application is acknowledged with a 30-day waiting period, and allows the Board to issue a permit after 30 days.</p> <p><input type="checkbox"/> The application is denied.</p> <p>Print County Name: _____</p> <p>Signature of County Personnel: _____</p> <p>Title: _____</p> <p>Date: _____</p> <p><b>TOWNSHIP (if required by the county)</b></p> <p>On behalf of the township, I acknowledge that the organization is applying for exempted gambling activity within the township limits. (A township has no statutory authority to approve or deny an application, per Minn. Statutes, section 349.213.)</p> <p>Print Township Name: _____</p> <p>Signature of Township Officer: _____</p> <p>Title: _____</p> <p>Date: _____</p>
---	--

**CHIEF EXECUTIVE OFFICER'S SIGNATURE (required)**

The information provided in this application is complete and accurate to the best of my knowledge. I acknowledge that the financial report will be completed and returned to the Board within 30 days of the event date.

Chief Executive Officer's Signature: \_\_\_\_\_

(Signature must be CEO's signature; designee may not sign)

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

Print Name: Larry Steilmach

**REQUIREMENTS**

**MAIL APPLICATION AND ATTACHMENTS**

<p><b>Complete a separate application for:</b></p> <ul style="list-style-type: none"> <li>• all gambling conducted on two or more consecutive days; or</li> <li>• all gambling conducted on one day.</li> </ul> <p>Only one application is required if one or more raffle drawings are conducted on the same day.</p> <p><b>Financial report to be completed within 30 days after the gambling activity is done:</b></p> <p>A financial report form will be mailed with your permit. Complete and return the financial report form to the Gambling Control Board.</p> <p>Your organization must keep all exempt records and reports for 3-1/2 years (Minn. Statutes, section 349.166, subd. 2(f)).</p>	<p><b>Mail application with:</b></p> <p>_____ a copy of your proof of nonprofit status; and</p> <p>_____ application fee (non-refundable). If the application is postmarked or received 30 days or more before the event, the application fee is <b>\$100</b>; otherwise the fee is <b>\$150</b>.</p> <p>Make check payable to <b>State of Minnesota</b>.</p> <p><b>To:</b></p> <p>Minnesota Gambling Control Board 1711 West County Road B, Suite 300 South Roseville, MN 55113</p> <p><b>Questions?</b></p> <p>Call the Licensing Section of the Gambling Control Board at 651-539-1900.</p>
--	--

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process the application.

Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided remains private, with the exception of your organization's name and address which will remain public. Private data about your organization are available to Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.



**DO  
MORE.**

# City of Osseo Audit Presentation

August 8, 2022

# Independent Auditor's Report

- Management is responsible for the financial statements
- Auditor is responsible to express an opinion on the financial statements
- Unmodified Opinion – best opinion an auditor is able to offer
- Provides assurance that the financial statements are fairly presented in all material respects

# Independent Auditor's Report

- Minnesota Legal Compliance Audit
  - No findings
- Internal Control Findings
  - Lack of segregation of accounting duties
  - Material audit adjustment
- Management Recommendation
  - Review implications of second mortgages

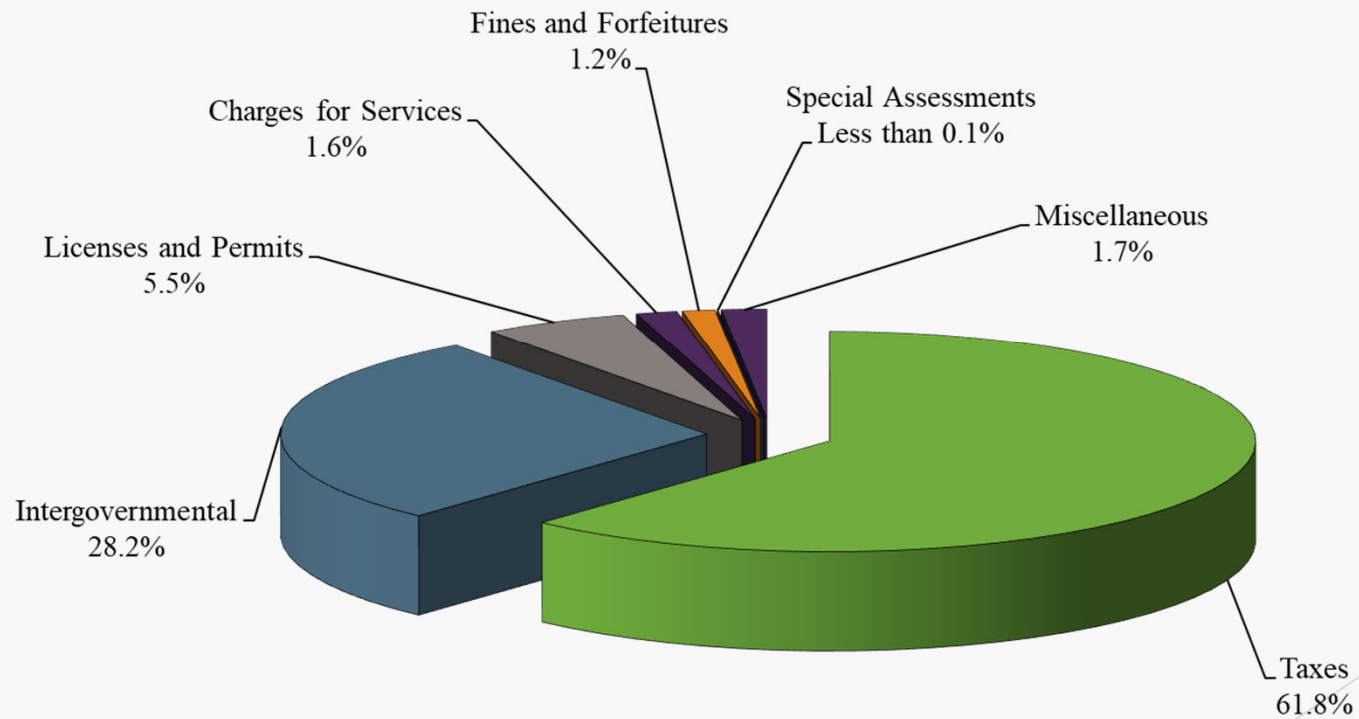
# General Fund Budget

- Revenue budgeted for \$2. million
- Expenditures budgeted for \$2.3 million
- Net Transfers Out budgeted for \$516 thousand
- Balanced budget

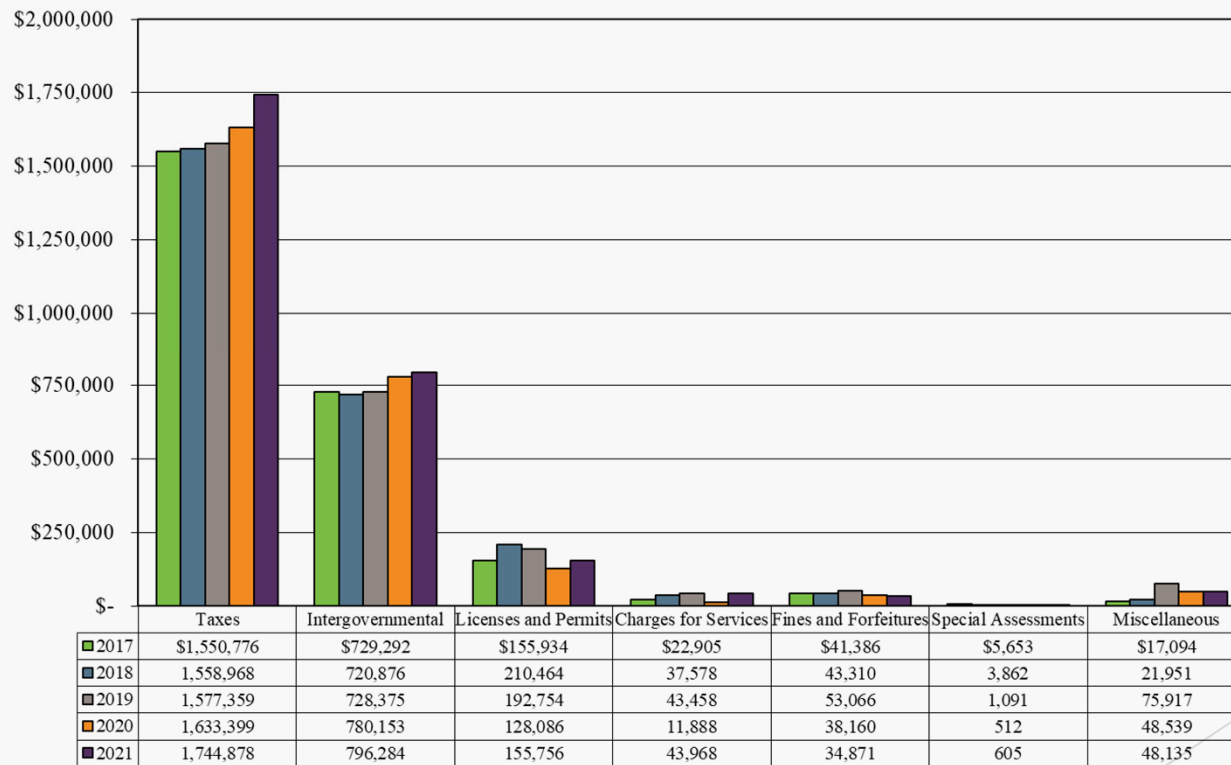
# General Fund Budget

- Actual Revenue was \$2.8 million or \$32 thousand over budget
- Expenditures were \$2.4 million or \$104 thousand over budget
- Net Transfers Out were \$516 thousand, as budgeted
- Fund Balance declined \$72 thousand to \$1.18 million

# General Fund 2021 Revenues

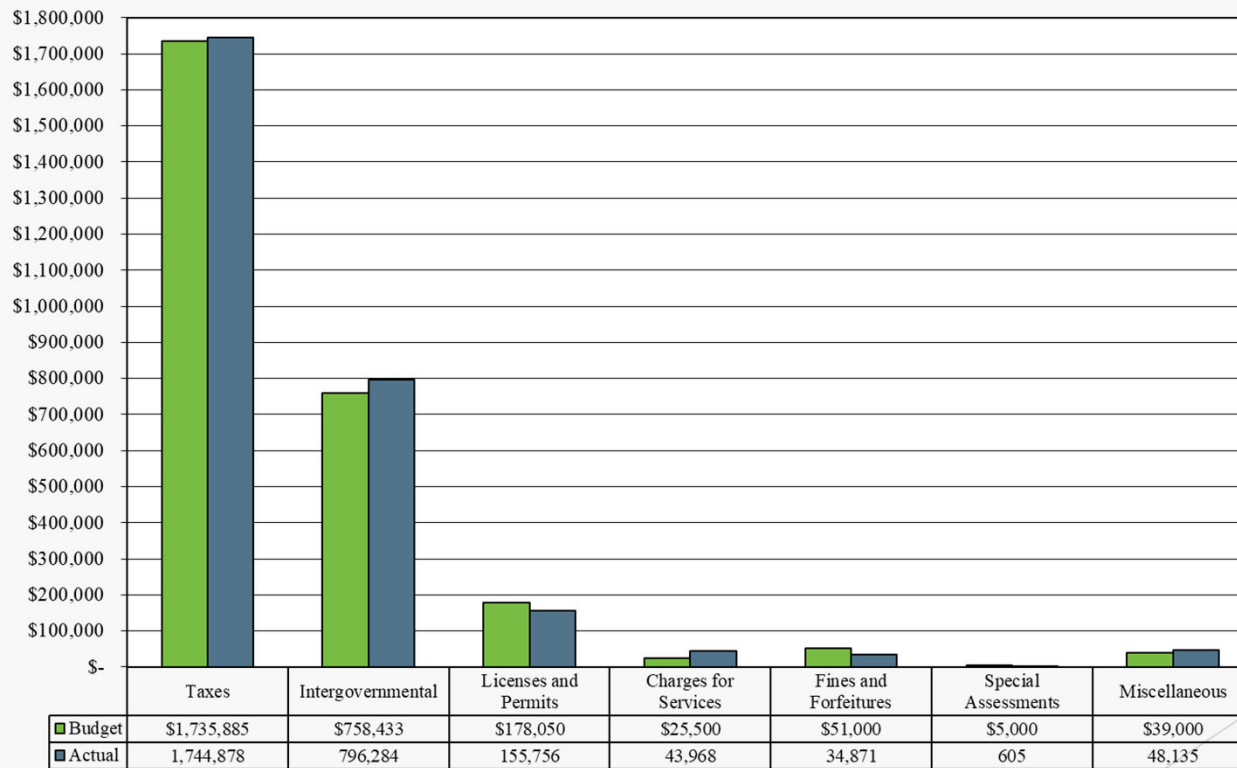


# General Fund 2021 Revenues

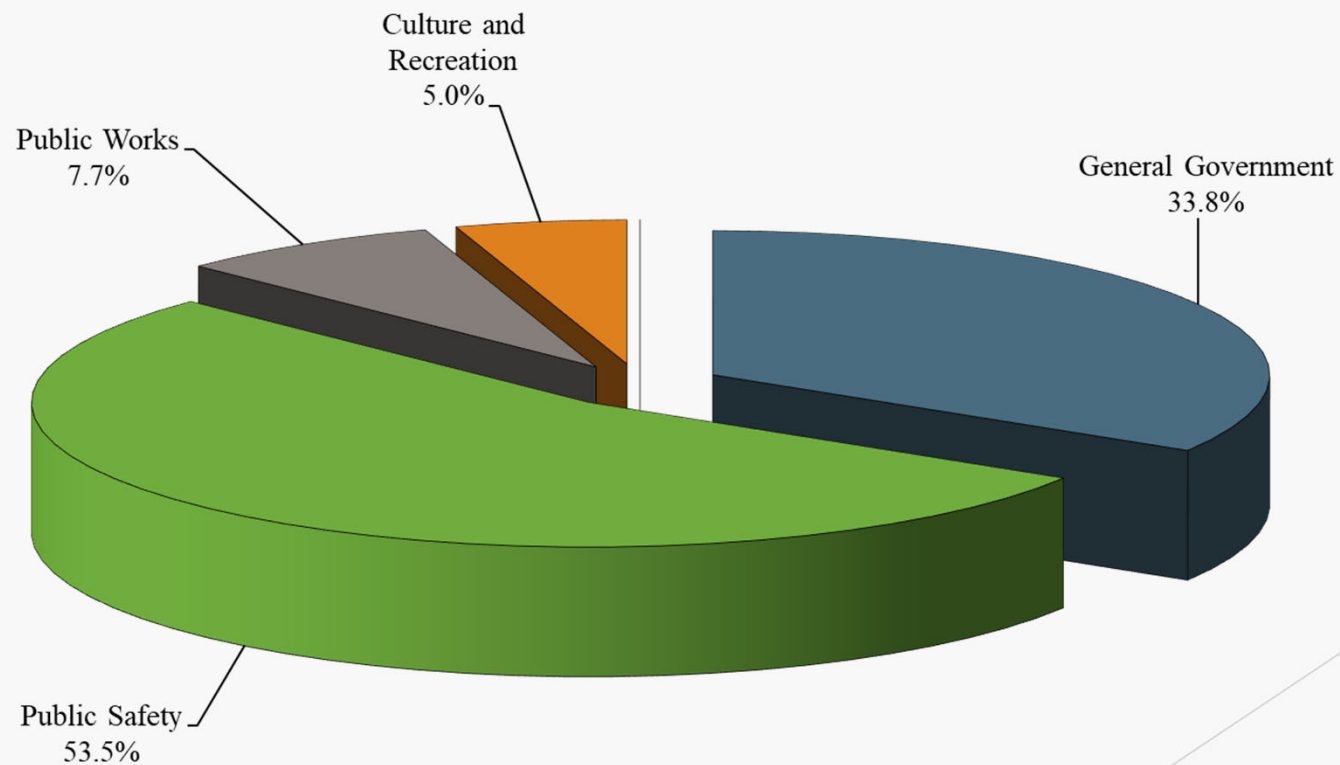


# General Fund

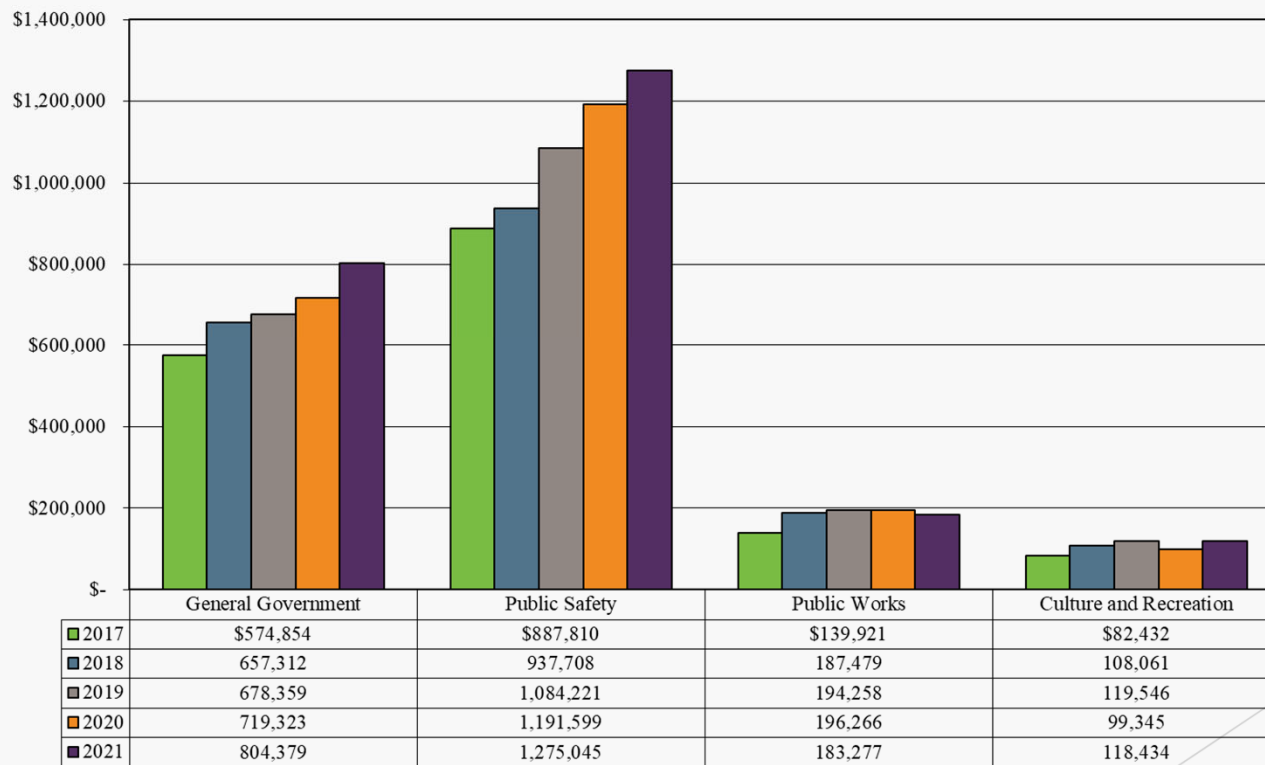
## Revenues - Budget to Actual



# General Fund 2021 Expenditures

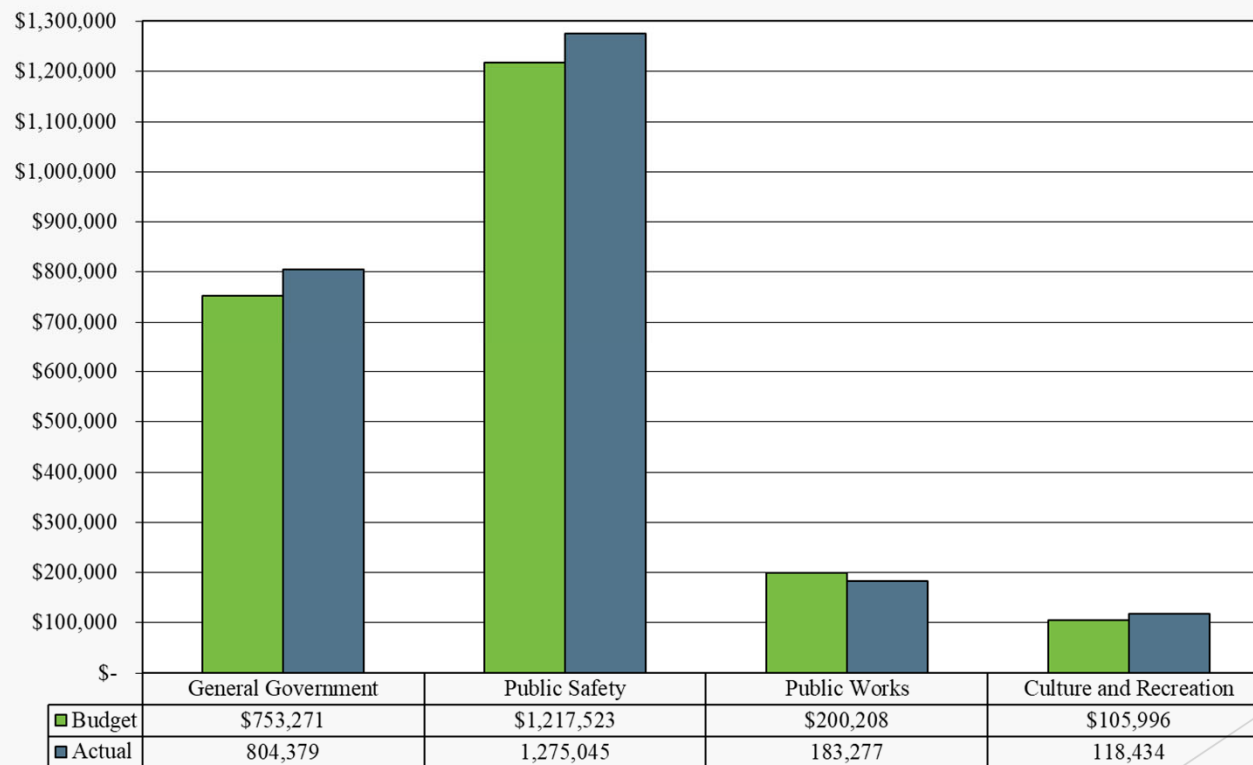


# General Fund Expenditures



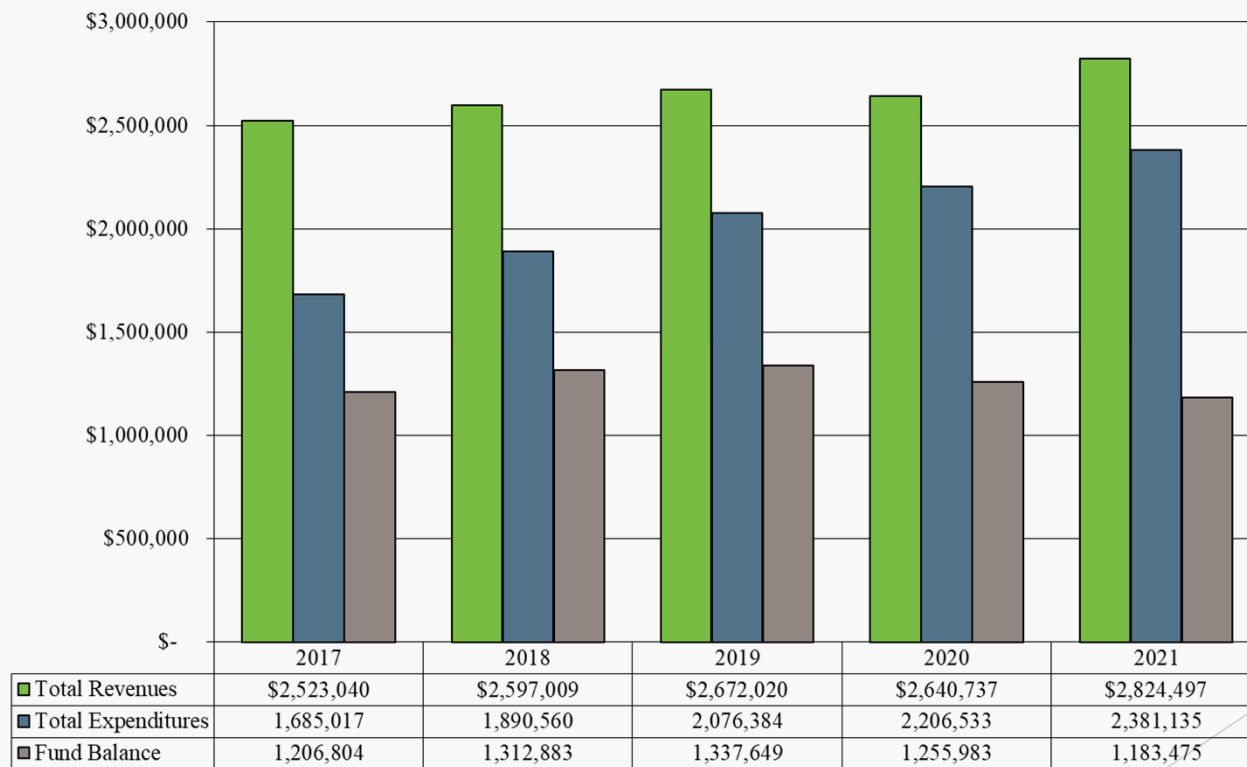
# General Fund

## Expenditures - Budget to Actual

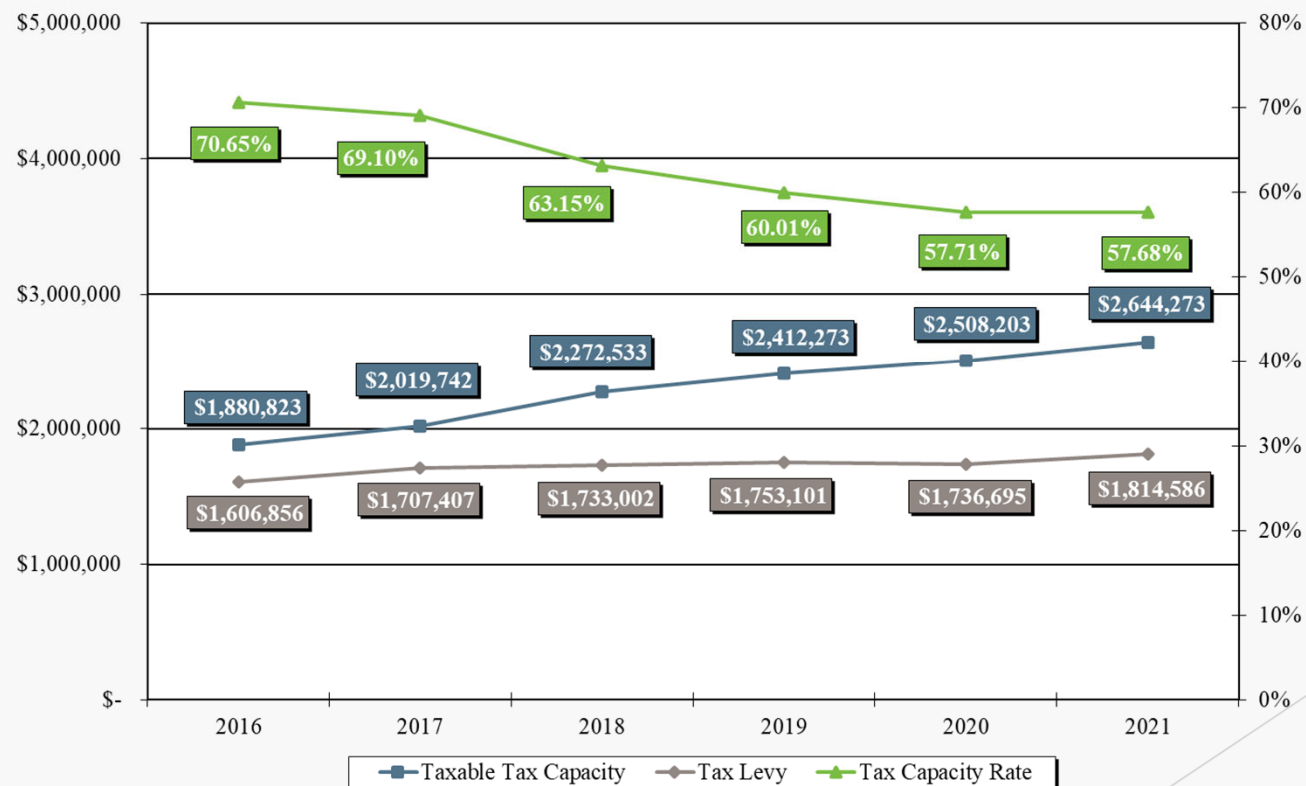


# General Fund

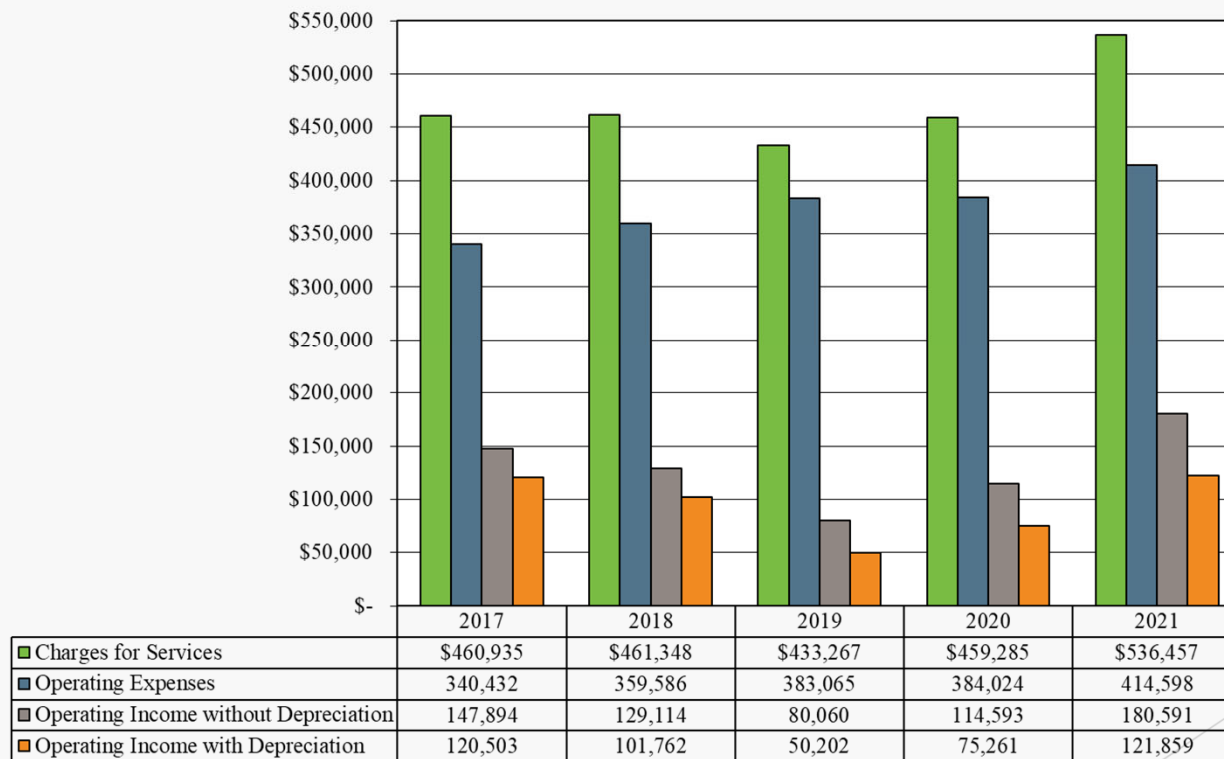
## Revenues, Expenditures, and Fund Balance



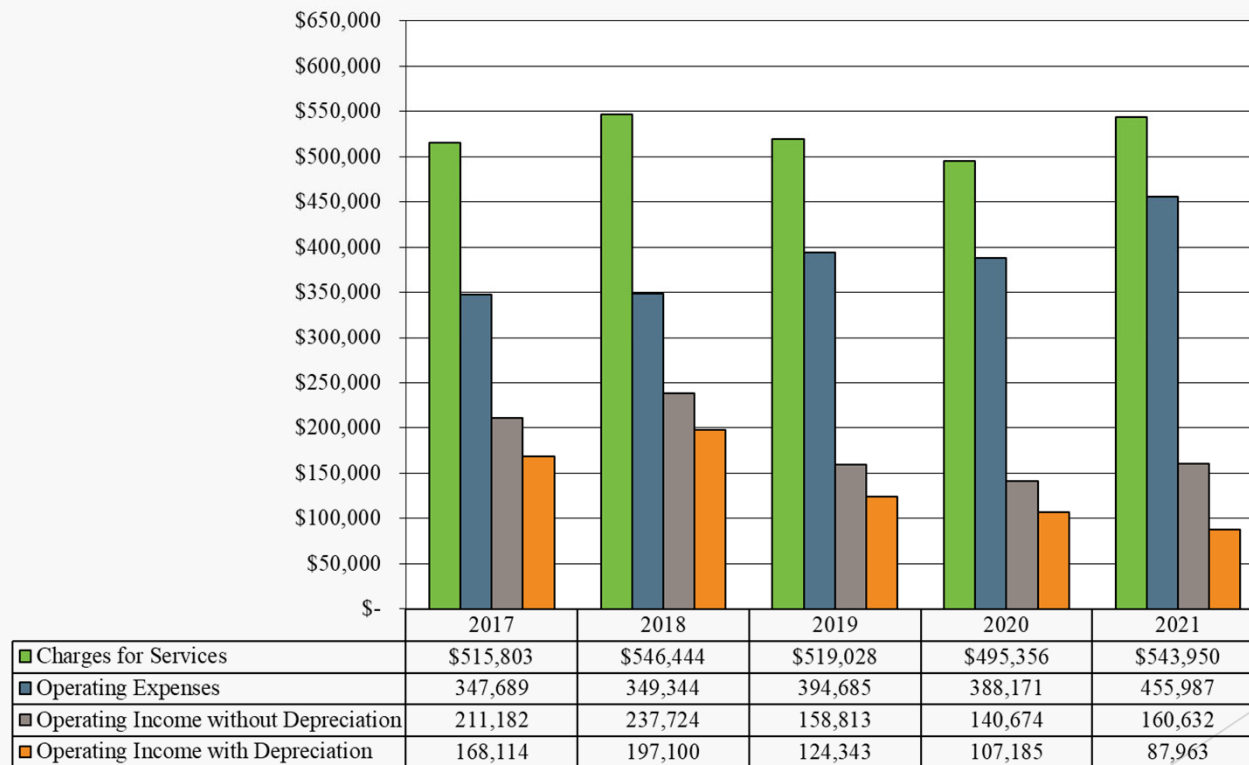
# Tax Capacity, Levy, and Rates



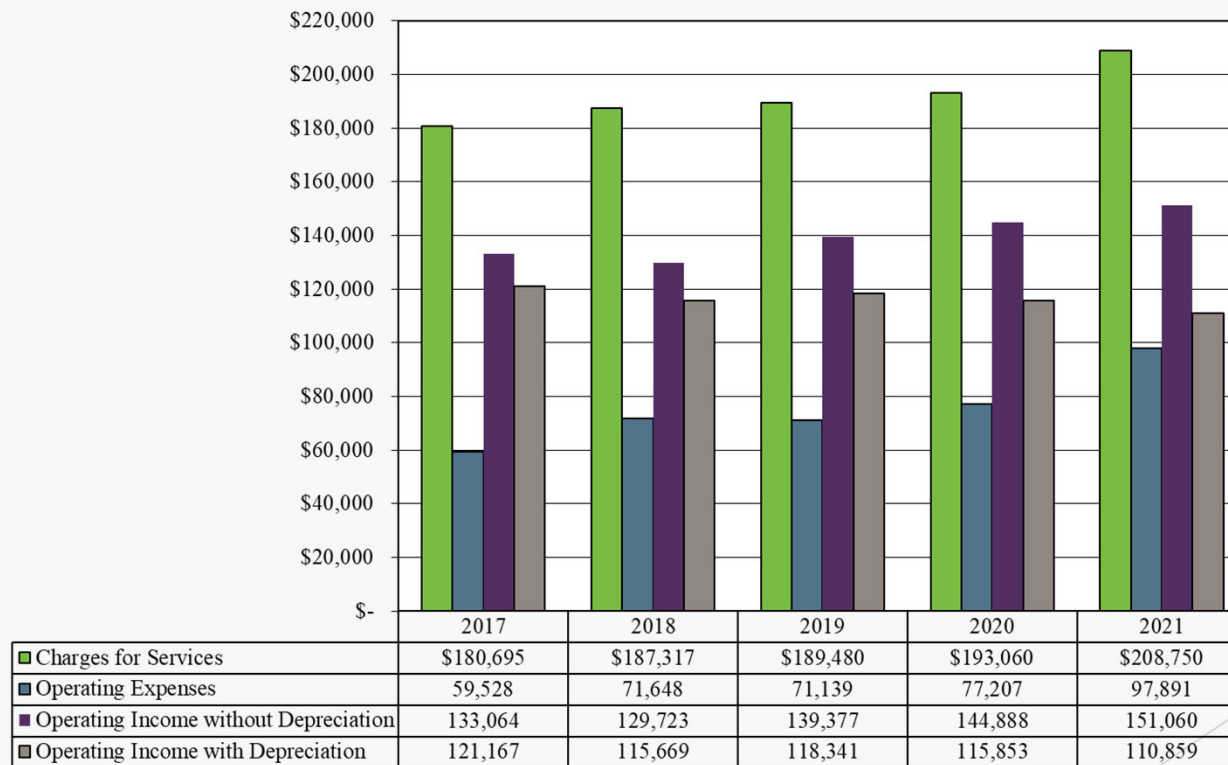
# Water Fund



# Sewer Fund



# Storm Water Fund



# QUESTIONS?

Janel Bitzan

320-650-0225

Janel.Bitzan@berganKDV.com



DO  
MORE.



LET'S DO MORE, TOGETHER.

**THANK YOU**

*BerganKDV is a leading professional services firm with a contagious culture; where growth is fostered and making a difference means something. Our values drive our decisions, and our passion is empowering people and creating a wow experience for our clients.*

*We are powered by people who do business the Midwest way delivering comprehensive business, financial and technology solutions including business planning and consulting, tax, assurance and accounting, technology, wealth management and turnaround management services. From tax reform to technology, we go beyond so you can...*

**DO MORE.**



**berganKDV**  
*bergankdv.com | #starthere*

**City of Osseo  
Hennepin County, Minnesota**

**Communications Letter**

**December 31, 2021**

**City of Osseo  
Table of Contents**

Report on Matters Identified as a Result of the Audit of the Basic Financial Statements	1
Material Weaknesses	3
Recommendation for Management	4
Required Communication	5
Financial Analysis	9
Emerging Issue	20

**Report on Matters Identified as a Result of  
the Audit of the Basic Financial Statements**

Honorable Mayor, Members  
of the City Council, and Management  
City of Osseo  
Osseo, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Osseo, Minnesota, as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

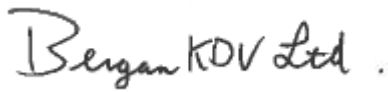
The material weakness identified is stated within this letter.

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.

During our audit, we also became aware of deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiency. They are described in the accompanying letter under Recommendations for Management.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated July 25, 2022, on such statements.

This communication, which is an integral part of our audit, is intended solely for the information and use of the Members of the City Council and management and others within the City, and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Bergan KDV Ltd." followed by a period.

Minneapolis, Minnesota  
July 25, 2022

## **City of Osseo Material Weaknesses**

### **Improve Segregation of Accounting Duties**

The City had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

This lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- The accountant enters utility billing receipts and makes adjustments to accounts. This individual also can receipt payments for utility bills and enter the receipts into the billing program, which upon exporting to the general ledger, is posted.
- The accountant can receipt payments, reconcile the daily receipt batch, and post the batch to the general ledger.
- The City's contracted accountant reconciles cash and has full general ledger access, including the ability to initiate and record journal entries without review.
- Journal entries are not always formally approved.
- The finance officer inputs timesheets, calculates payroll, generates payroll, and also has access to change pay rates in the system.

Management and Members of the City Council are aware of this condition and have taken certain steps to compensate for the lack of segregation but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the Members of the City Council must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

We recommend segregation or independent review be implemented whenever practical and cost effective.

### **Material Audit Adjustment**

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the City's existing internal control system and, therefore, could have resulted in material misstatements of the City's financial statements.

In order to ensure financial statements were free from material misstatements, audit adjustments were required to properly adjust utility receivables and revenue.

**City of Osseo  
Recommendation for Management**

**Review Implications on Second Mortgages**

Through further research of the mortgages, it was noted that no forgiveness provisions exist upon reaching 30 years, rather it appears collection could be compelled at that time. The City should further research the legal implications of these loans and their legal status as a lienholder as the city.

## **City of Osseo Required Communication**

We have audited the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021. Professional standards require that we advise you of the following matters related to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

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

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

## **City of Osseo Required Communication**

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- Misappropriation of assets and segregation of duties – Misappropriation of assets is considered a risk in substantially all engagements as assets may be misappropriated due to fraud or error. If duties cannot be appropriately segregated within the accounting and finance department, there is a risk of unauthorized disbursements being made from the entity. In addition, generally these results in less review taking place as transactions are recorded in the financial statements.
- Management override of controls – Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Improper revenue recognition – Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the governments operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.

### **Qualitative Aspects of the City's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements relate to:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Expense Allocation – The City is currently allocating certain costs among the programs and supporting services benefited. The costs are allocated based on management's estimates.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB, and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the City for post employment benefits.

## **City of Osseo Required Communication**

### **Qualitative Aspects of the City's Significant Accounting Practices (Continued)**

#### *Significant Accounting Estimates (Continued)*

Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

Bad Debt Expense – Percentage of likelihood of collectability is based on management's best estimates.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

#### *Financial Statement Disclosures*

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatement that we identified as a result of our audit procedures was brought to the attention of and corrected by management, utility billing receivables and revenue.

### **Disagreements with Management**

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

## **City of Osseo Required Communication**

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the City, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditor.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

## City of Osseo Financial Analysis

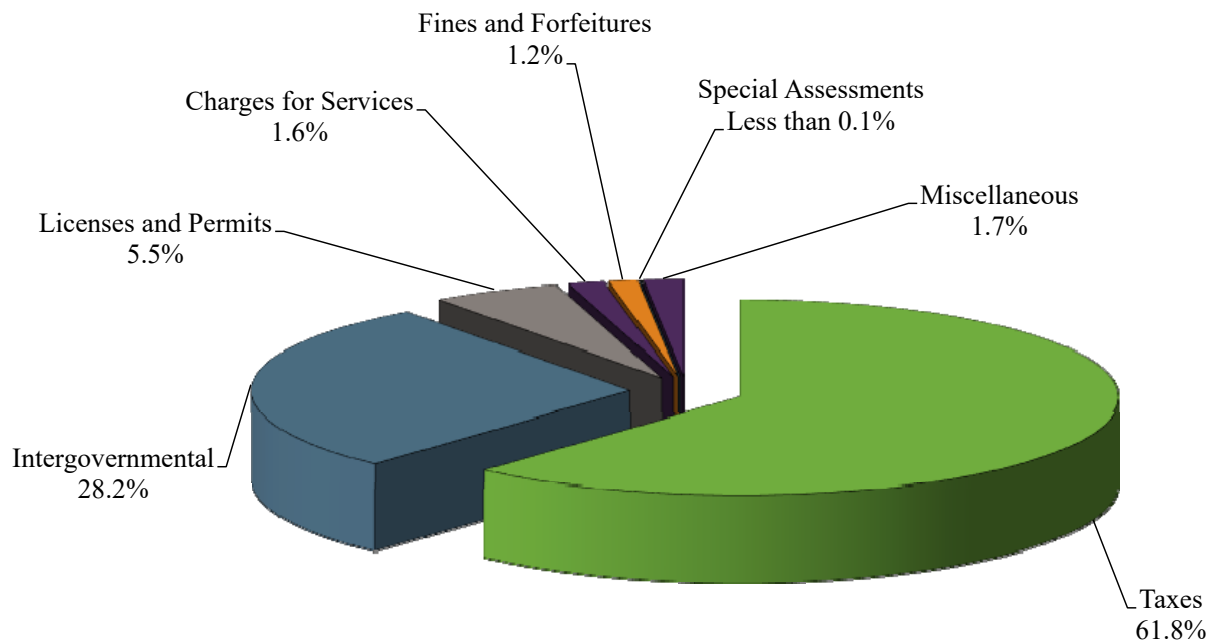
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

### General Fund Revenues

For the year ended December 31, 2021, revenues for the City's General Fund totaled \$2,824,497. This represents an increase of \$183,760, or 7.0%, compared to 2020. General Fund revenues allocated by source for 2021 are depicted in the following pie chart.

Tax revenues and Intergovernmental revenues made up a larger share of the 2021 General Fund revenue stream at 61.8% and 28.2% respectively. A levy increase for the General Fund and additional state aids in the form of Local Government Aid and Police aid contributed to the this. Also a factor was the increase in both Licenses & Permits and Charges for Services, indicative of an incline in development activity in relation to the prior year.

**2021 General Fund Revenues**

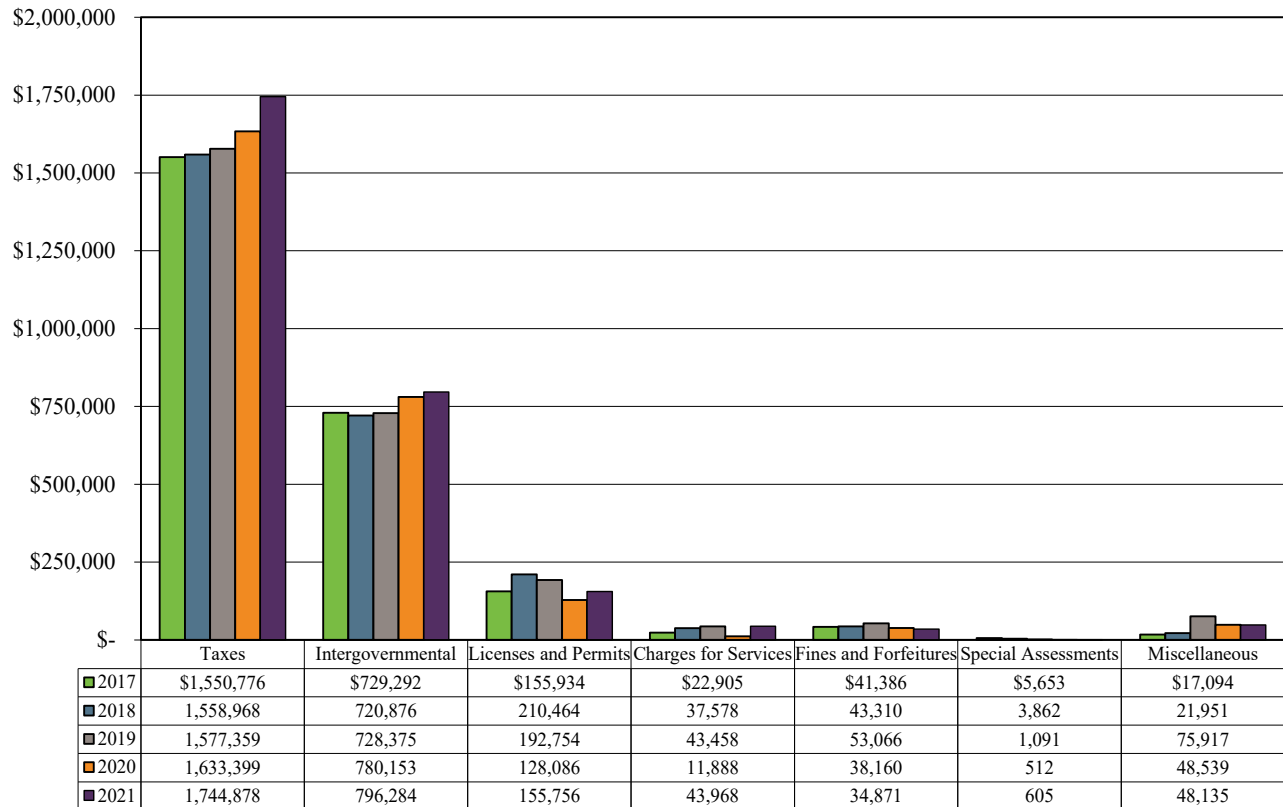


## City of Osseo Financial Analysis

### General Fund Revenues (Continued)

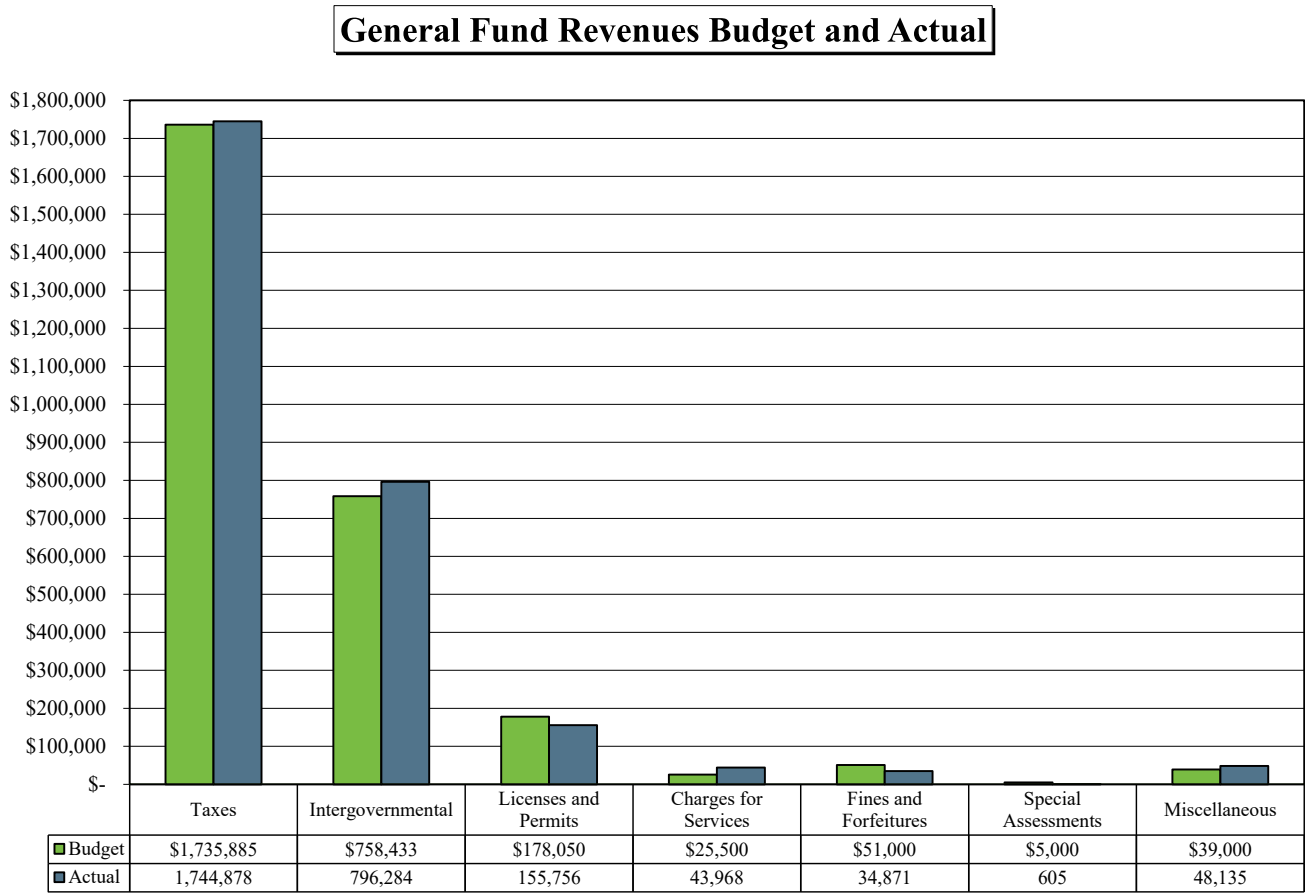
Trends for each of the City's major revenue classifications over the past five years are graphically portrayed in the bar chart below.

**General Fund Revenues**



## City of Osseo Financial Analysis

### General Fund Revenues – Budget and Actual



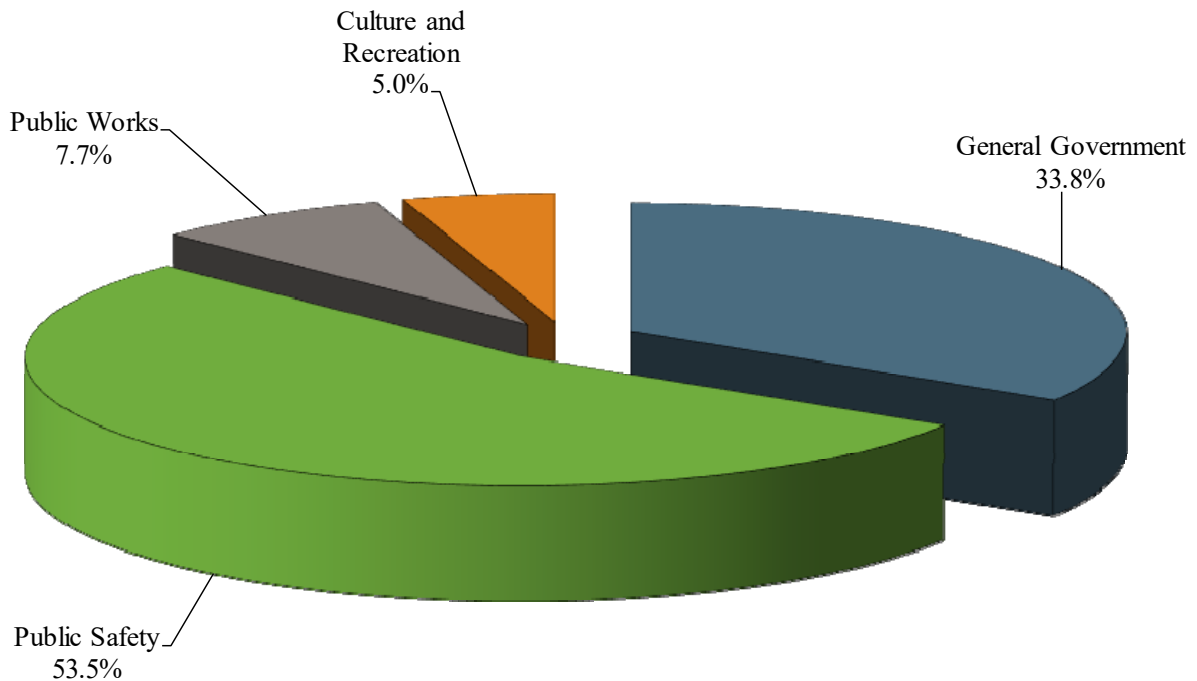
In total, the City's General Fund revenues were \$31,629 over budget. Intergovernmental revenue were \$37,851 over budget, police aid made up the biggest component of the variance.

## City of Osseo Financial Analysis

### General Fund Expenditures

The pie chart below and the graph on the following page present an allocation of General Fund expenditures by department. Total expenditures in 2021 were \$2,381,135. As the pie chart indicates, public safety comprised the largest percentage of General Fund expenditures at approximately 53.5%.

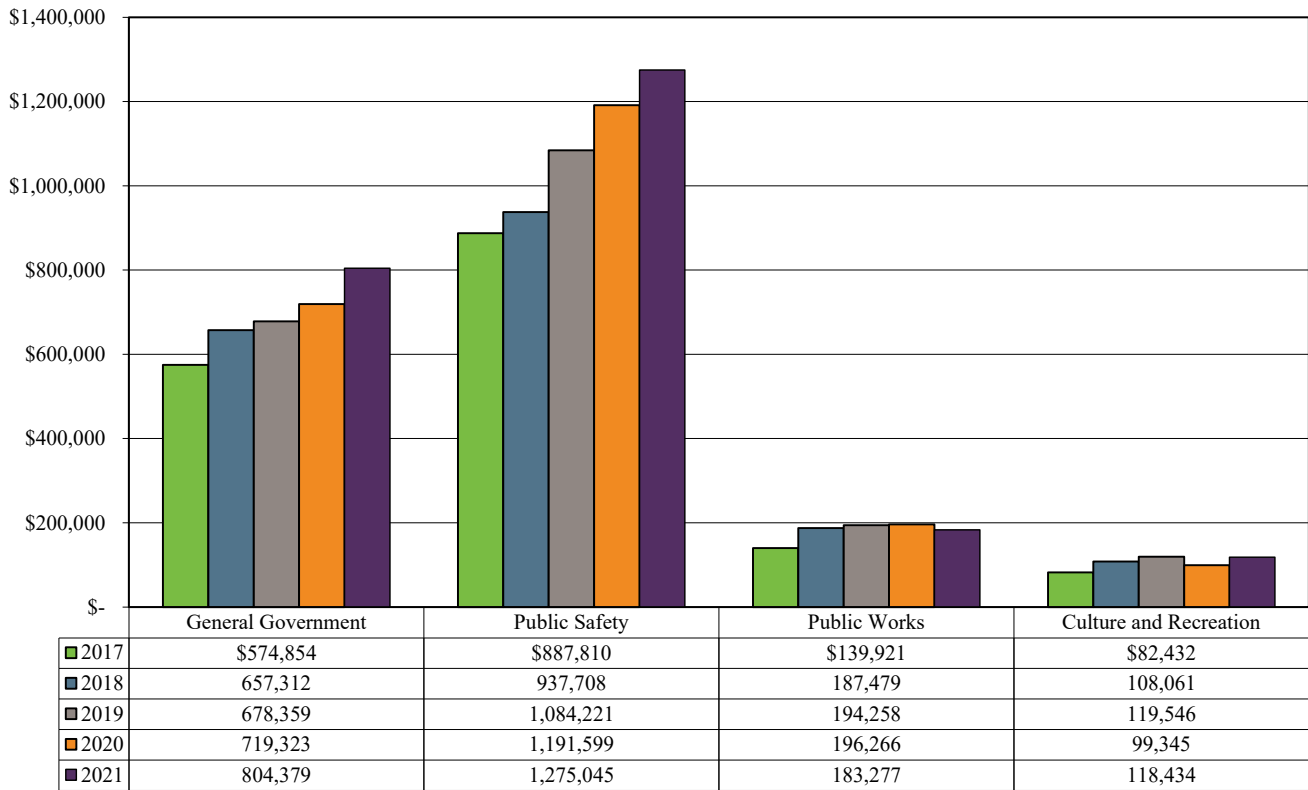
#### **2021 General Fund Expenditures**



# City of Osseo Financial Analysis

## General Fund Expenditures (Continued)

### General Fund Expenditures

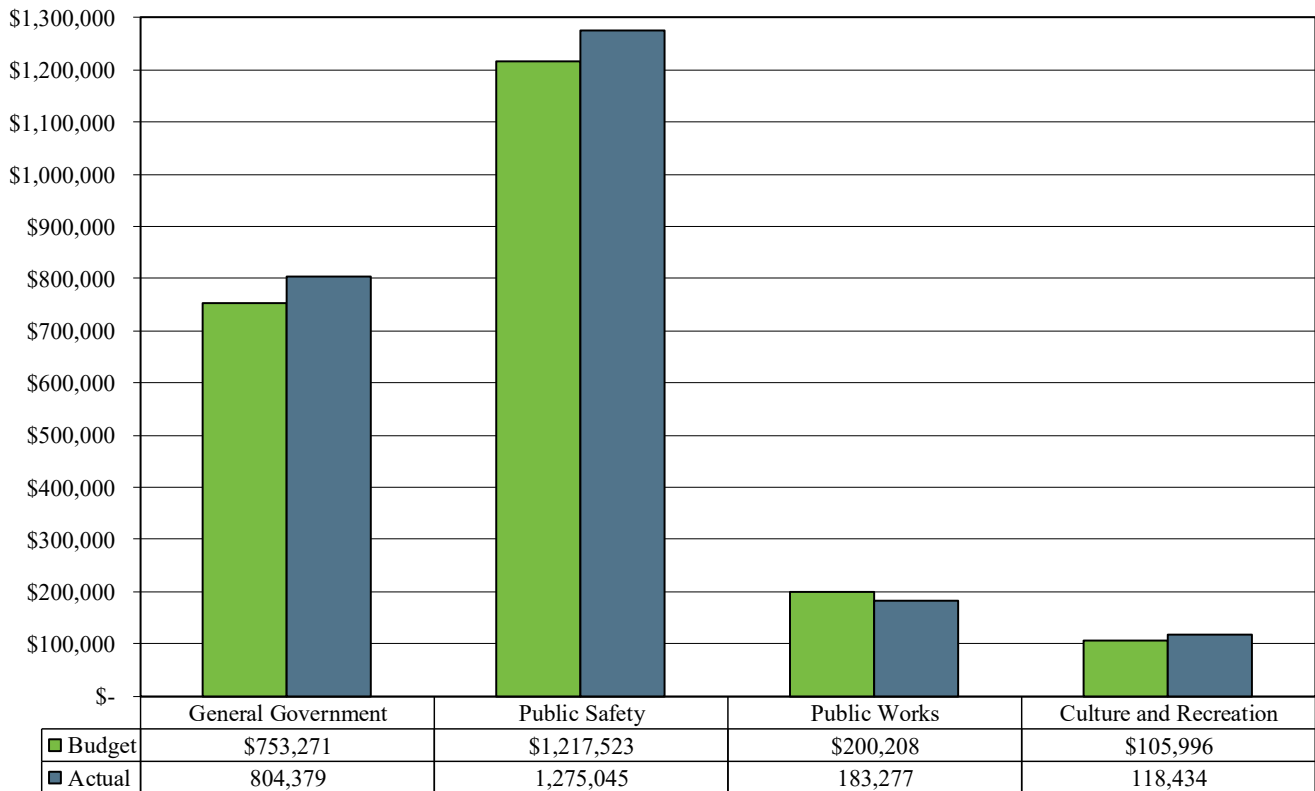


In total, General Fund expenditures increased \$174,602, or 7.9% from 2020. General government played the most significant role in the increase due to increase in wages and benefit costs. Public safety was almost as significant in the increase due to an additional police officer hired, software upgrades, and increased wages and benefit costs.

# **City of Osseo Financial Analysis**

## **General Fund Expenditures – Budget and Actual**

**General Fund Expenditures Budget and Actual**



In total, the City's expenditures were over budget by \$104,137, a variance of 4.4%. The largest variance was public safety which was over budget \$57,522 due to the City not budgeting for the additional officer hired and less overtime wages. General government was over budget \$51,108 largely due to software, professional services and wages being higher than anticipated.

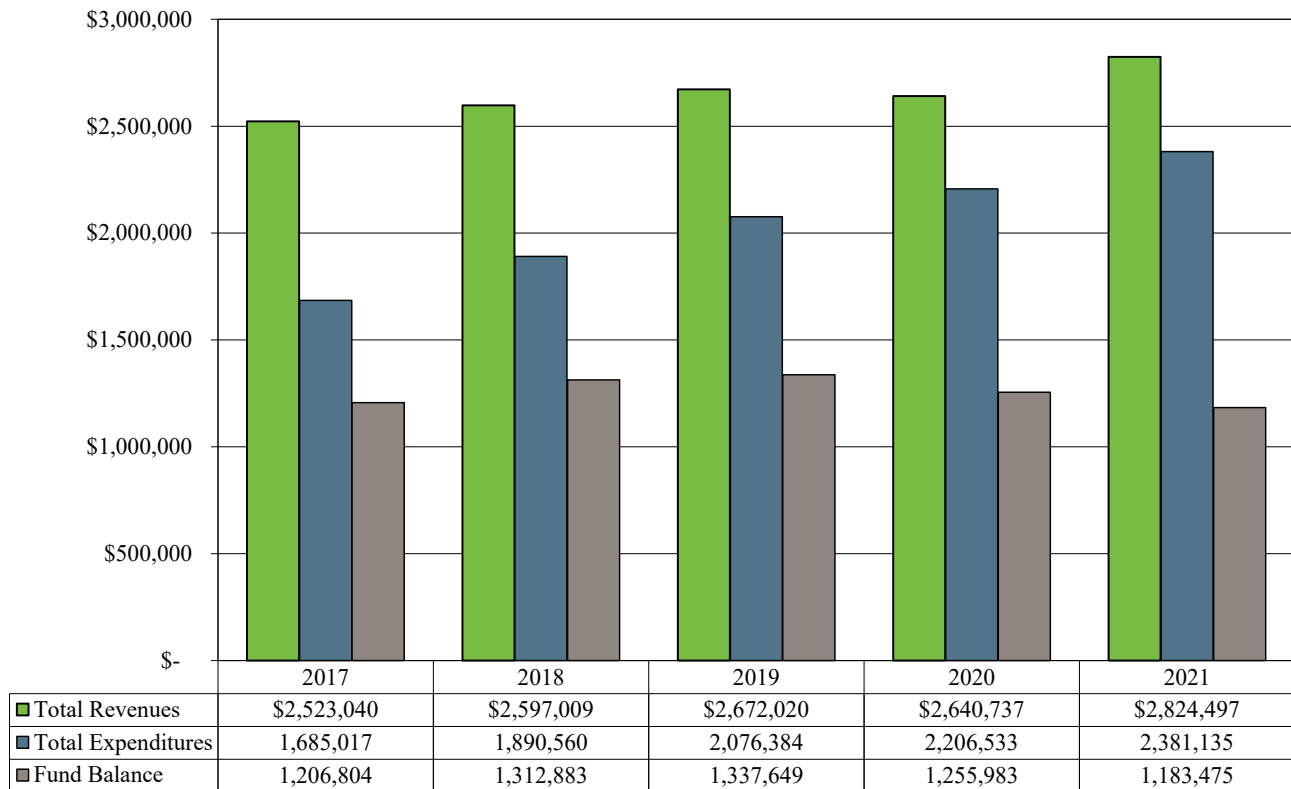
## City of Osseo Financial Analysis

### General Fund Revenues, Expenditures, and Fund Balance

As illustrated in the graph below, total revenues have exceeded total expenditures in the General Fund each of the last five years. The ending fund balance represents about six months of 2021 General Fund expenditures, excluding transfers out. It is important to carry over an adequate fund balance as the City relies on year-end fund balance to finance much of the subsequent year's expenditures, since Local Government Aid (LGA) and major property tax settlements are not received until May and June.

The City's fund balance policy is to have 40-50% of the subsequent year's budgeted expenditures in unassigned fund balance at year-end. The City's unassigned fund balance of \$1,170,205 at December 31, 2021 did not meet this goal. The fund balance represents 38.0% of 2022 budgeted expenditures.

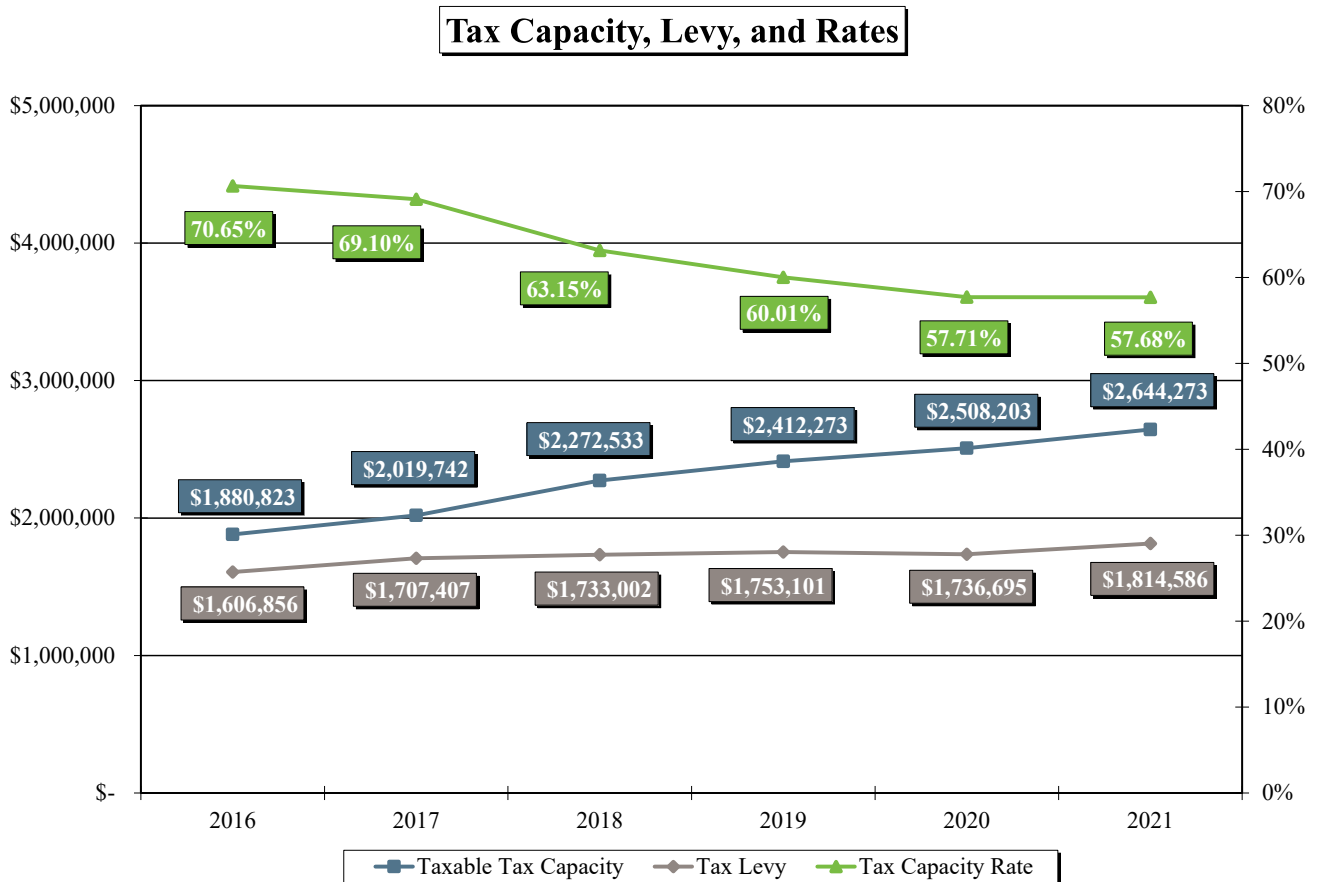
**General Fund Revenues, Expenditures, and Fund Balance**



## City of Osseo Financial Analysis

### Tax Capacity, Levy, and Rates

The graph below presents information relating to the City's tax levy, tax capacity, and rates.

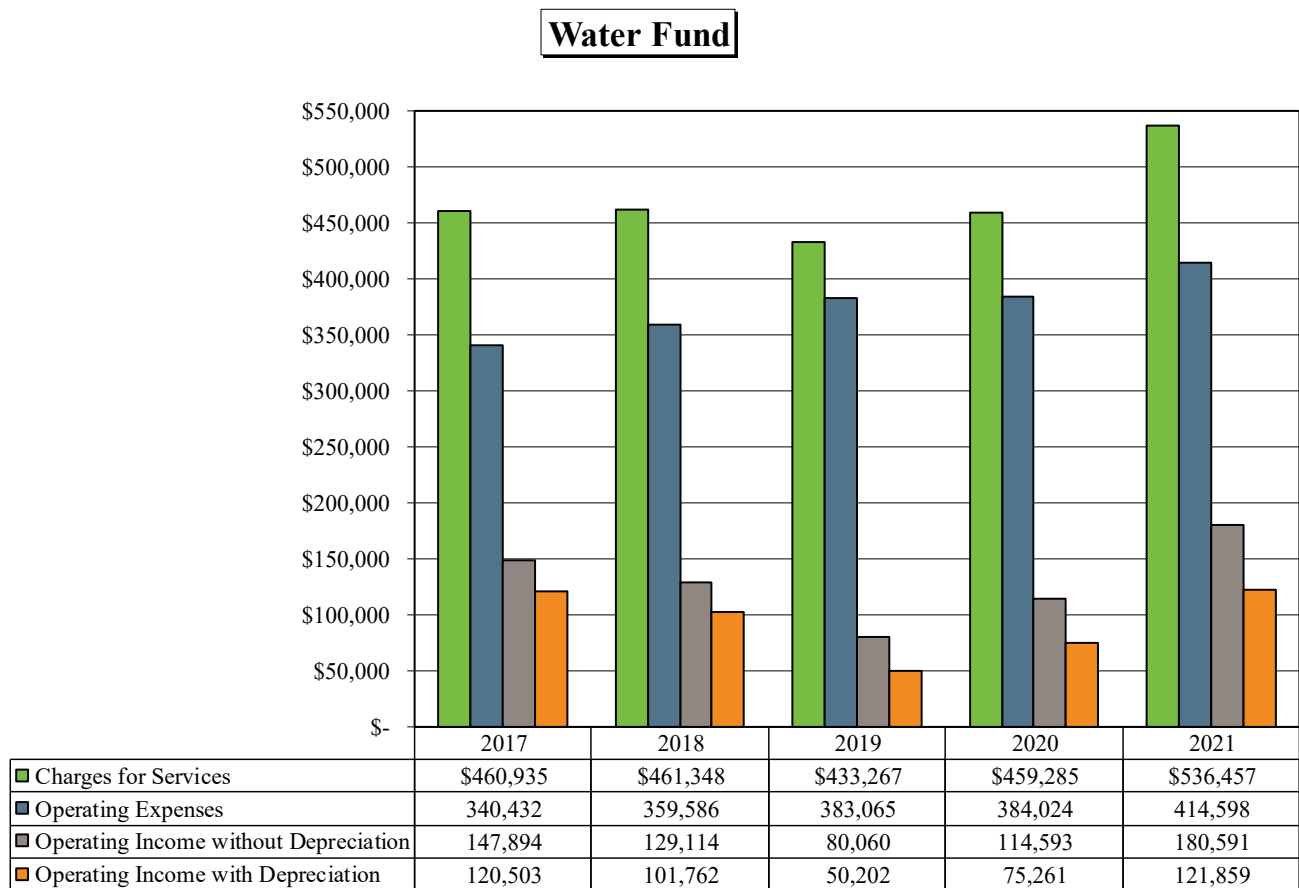


## City of Osseo Financial Analysis

### Water Fund

The graph below illustrates the operations of the Water Fund for the past five years.

The City's Water Fund had operating income of \$121,859 in 2021, with depreciation. Charges for services increased \$77,172 or 16.8% with increased usage and rates. Operating expenses increased \$30,574 or 8.0%. This was due to increased costs associated with purchasing water. After adding nonoperating activity and transfers out, the Water Fund experienced an increase in net position of \$119,138.



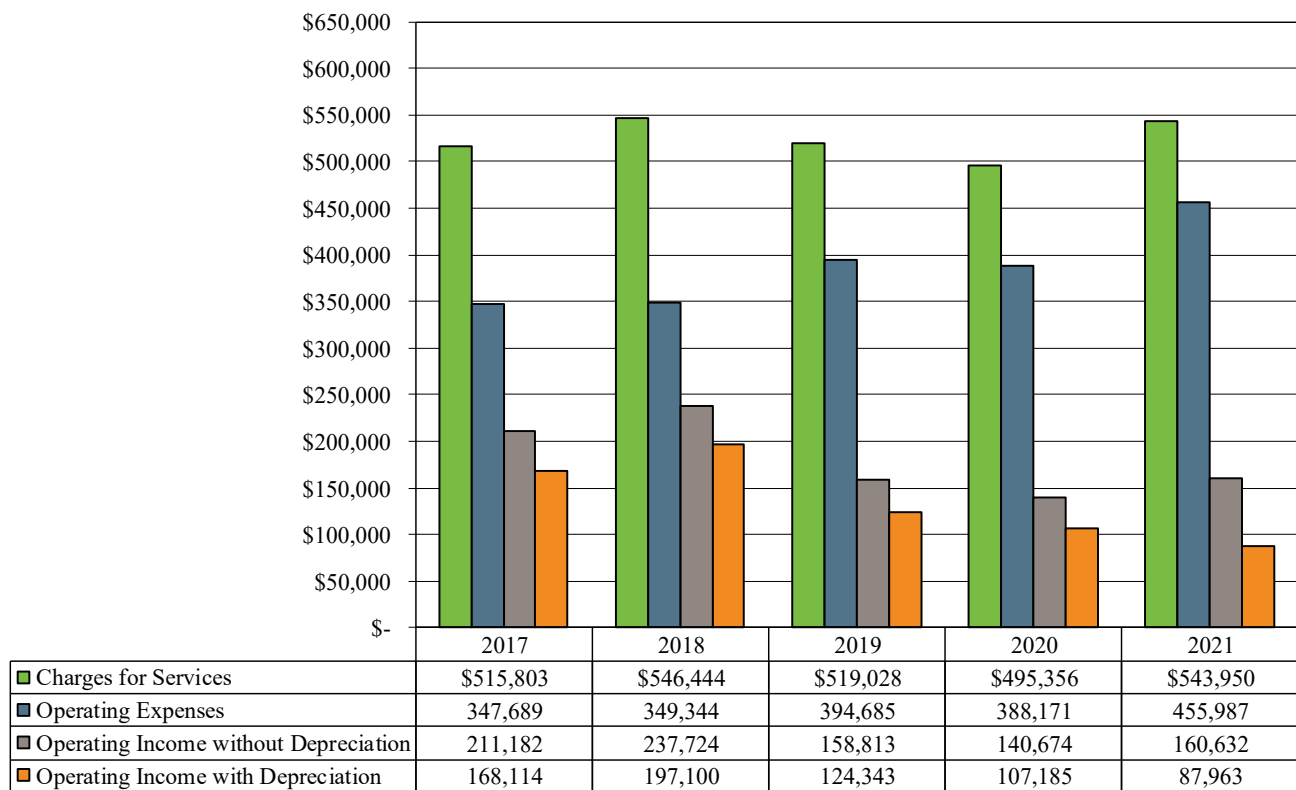
## City of Osseo Financial Analysis

### Sewer Fund

The graph below illustrates the operations of the Sewer Fund for the past five years.

The Sewer Fund had positive operations again in 2021 with the revenue increase exceeding the operating expense increase. The City's Sewer Fund had operating income of \$87,963 in 2021, with depreciation. Charges for services increased \$48,594 or 9.8% with increased usage and rates. Operating expenses increased \$67,816 or 17.5%. This was due to increased costs associated with repairs and maintenance and depreciation. After adding nonoperating activity and transfers out, the Sewer Fund experienced a decrease in net position of \$134,428. This fund also has significant debt service obligations. We recommend council continue to evaluate the performance of this fund and make adjustments as necessary.

### Sewer Fund

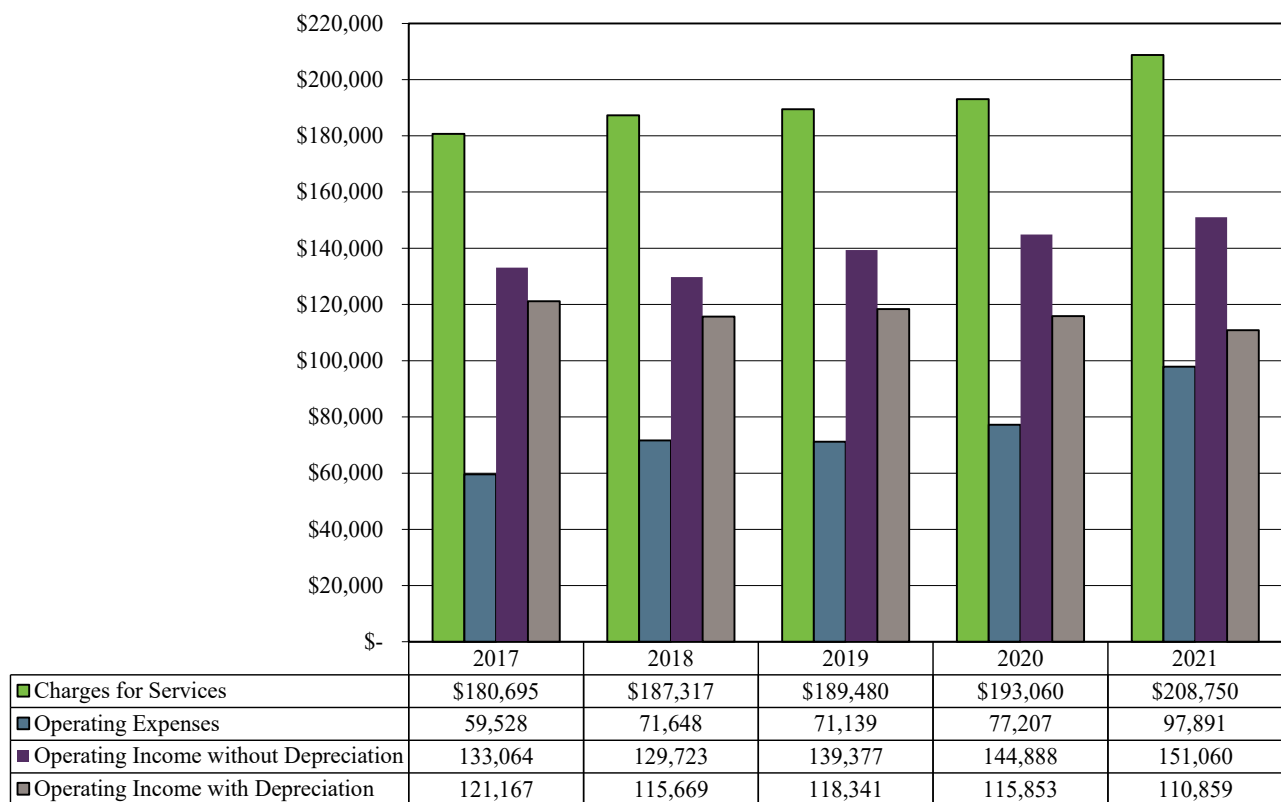


## City of Osseo Financial Analysis

### Storm Water Fund

The graph below illustrates the operations of the Storm Water Fund for the past five years.

The Storm Water Fund operating revenue stayed consistent, increasing 8.1% or \$15,690 from 2020. Operating expenses were up \$20,684 or 26.8% largely due to increased depreciation expense. Adding nonoperating revenues and expenses, and a transfers out, the Storm Water Fund experienced an increase in net position of \$38,612.



Enterprise funds may be used to account for any activity in which a fee is charged. It is not required to have the fee support the entire activity; however, the basic premise in establishing an enterprise fund is the activity will be operated similar to a business. Therefore, it is expected for the enterprise fund to at least be able to meet its current and future obligations.

We recommend the City continue to evaluate water, sewer, and storm water rates to continue generating sufficient operating income in the future.

## **City of Osseo Emerging Issue**

### **Executive Summary**

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant update includes:

- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following is an extensive summary of the current update. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss this issue with you further and its applicability to your City.

### **Accounting Standard Update – GASB Statement No. 87 – *Leases***

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' basic 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.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

**City of Osseo  
Emerging Issue**

**Accounting Standard Update – GASB Statement No. 87 – *Leases* (Continued)**

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to basic financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to basic financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after June 15, 2021.

Information provided above was obtained from [www.gasb.org](http://www.gasb.org).

**City of Osseo  
Hennepin County, Minnesota**

**Basic Financial Statements**

**December 31, 2021**

**City of Osseo  
Table of Contents**

<b>Elected Officials and Administration</b>	<b>1</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Management's Discussion and Analysis</b>	<b>5</b>
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet to the Statement of Net Position	
– Governmental Funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund	
Balances to the Statement of Activities – Governmental Funds	24
Statement of Revenues, Expenditures, and Changes in Fund Balance	
– Budget and Actual – General Fund	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Position	
– Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Notes to Basic Financial Statements	29
<b>Required Supplementary Information</b>	
Schedule of Changes in Total OPEB Liability and Related Ratios	68
Schedule of City's Proportionate Share of Net Pension Liability	
– General Employees Retirement Fund	69
Schedule of City's Proportionate Share of Net Pension Liability – Public Employees	
Police and Fire Retirement Fund	69
Schedule of City Contributions – General Employees Retirement Fund	70
Schedule of City Contributions – Public Employees Police and Fire Retirement Fund	70
Schedule of Changes in Net Pension Liability and Related Ratios	
– Fire Relief Association	71
Schedule of City Contributions and Non-Employer Contributing Entities	
– Fire Relief Association	72
Notes to Required Supplementary Information	73
<b>Supplementary Information</b>	
Detailed Schedule of Revenues, Expenditures, and Changes in Fund Balance	
– Budget and Actual – General Fund	82
Combining Balance Sheet – Nonmajor Governmental Funds	84

**City of Osseo  
Table of Contents**

**Supplementary Information (Continued)**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	
– Nonmajor Governmental Funds	90
Combining Balance Sheet – EDA Funds	98
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	
– EDA Funds	100

<b>Minnesota Legal Compliance</b>	103
-----------------------------------	-----

**City of Osseo  
Elected Officials and Administration  
December 31, 2021**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Duane Poppe	Mayor	December 31, 2022
Alicia Vickerman	Council Member	December 31, 2024
Harold E. Johnson	Council Member	December 31, 2024
Larry Stelmach	Council Member	December 31, 2022
Julianna Hultstrom	Council Member	December 31, 2022
<u>Administration</u>		
Riley Grams	City Administrator/ EDA Executive Director	Appointed

## Independent Auditor's Report

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

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

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Osseo as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Osseo's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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 City of Osseo as of December 31, 2021 and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

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

### Supplementary Information

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

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

A handwritten signature in dark ink that reads "Bergan KDV Ltd." followed by a period.

Minneapolis, Minnesota  
July 25, 2022

## **City of Osseo Management's Discussion and Analysis**

As management of the City of Osseo, 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 year ended December 31, 2021.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent year by \$14,672,335.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$5,827,391, a decrease of \$252,027.
- At the end of the current year, unassigned fund balance for the General Fund was \$1,170,205 or 39.71% of 2021 total General Fund expenditures and transfers out and 37.98% of the 2022 budgeted expenditures and transfers out.
- The net position of the governmental activities increased by \$161,107 and the net position of the business-type activities increased by \$23,322.
- On March 26, 2018, S&P Global Ratings raised its long-term rating to "AA" from "AA-1" on the City's existing general obligation bonds and the City continues to maintain that rating in 2021.
- The City issued \$760,000 G.O. Bonds to finance the 2020 street infrastructure improvements.
- The utility portion of the 2020 G.O. Bonds for the water, sewer and stormwater infrastructure improvements totaled \$2,825,000 with most of these improvements completed in 2021.
- The City also retired \$1,165,000 in scheduled bond principal in 2021. The City did not issue any bonds in 2021.

### **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 Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The Statement of Net Position presents information on the City's assets and deferred inflows and liabilities and deferred outflows, 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 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).

## **City of Osseo Management's Discussion and Analysis**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)**

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

The government-wide financial statements can be found on pages 15-17 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 funds of the City can be divided into two categories, governmental funds, and proprietary 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 the balances of spendable resources available at the end of the year. Such information may be useful in evaluating a City'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 of the City'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 adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund (page 25) to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-25 of this report.

#### **Proprietary Funds**

The City's enterprise (proprietary) 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, sewer, and storm water services.

## **City of Osseo Management's Discussion and Analysis**

### **FUND FINANCIAL STATEMENTS (CONTINUED)**

#### **Proprietary Funds (Continued)**

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 the water, sewer, and storm water services, all of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 26-28 of this report.

#### **Notes to 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 Financial Statements can be found on pages 29-66 of this report.

#### **Blended Component Unit**

The Osseo Economic Development Authority (EDA) has a seven-member governing body, with the majority of its membership being City Council members. Although legally separate, its financial activity is combined with the City as a blended component unit.

#### **Comparative Data**

The General Fund total revenues increased in 2021 by \$183,760. The general property tax revenue increased by \$108,855. Licenses and permits and charges for services increased by \$59,750 as these revenue sources have increased as the City moves past the impact of the pandemic. The General Fund expenditures increased by \$174,602 excluding transfers out. Budgeted transfers out totaled \$565,870 in both 2021 and 2020 in accordance with the City's long-term capital improvement plan. The overall General Fund Balance decreased \$72,508. The General Fund balance decrease was a result of contracted services and overtime that was not budgeted, but necessary, to fill in for temporarily vacant staff positions in the administrative and public safety departments.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,672,335 at the close of the most recent year.

The largest portion of the City's net position reflects its investment in its capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City 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 Osseo  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities**

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,298,889	\$ 8,756,761	\$ 4,999,015	\$ 6,346,362	\$ 13,297,904	\$ 15,103,123
Capital assets	12,815,210	13,392,838	3,994,498	2,416,479	16,809,708	15,809,317
Total assets	<u>\$ 21,114,099</u>	<u>\$ 22,149,599</u>	<u>\$ 8,993,513</u>	<u>\$ 8,762,841</u>	<u>\$ 30,107,612</u>	<u>\$ 30,912,440</u>
Deferred outflows of resources	<u>\$ 1,067,994</u>	<u>\$ 446,447</u>	<u>\$ 73,981</u>	<u>\$ 15,432</u>	<u>\$ 1,141,975</u>	<u>\$ 461,879</u>
Long-term liabilities outstanding	\$ 9,508,195	\$ 11,038,125	\$ 3,067,212	\$ 3,316,358	\$ 12,575,407	\$ 14,354,483
Other liabilities	2,003,820	1,880,970	606,065	179,010	2,609,885	2,059,980
Total liabilities	<u>\$ 11,512,015</u>	<u>\$ 12,919,095</u>	<u>\$ 3,673,277</u>	<u>\$ 3,495,368</u>	<u>\$ 15,185,292</u>	<u>\$ 16,414,463</u>
Deferred inflows of resources	<u>\$ 1,296,203</u>	<u>\$ 464,183</u>	<u>\$ 95,757</u>	<u>\$ 7,767</u>	<u>\$ 1,391,960</u>	<u>\$ 471,950</u>
Net position						
Net investment in capital assets	\$ 4,943,980	\$ 4,346,423	\$ 1,641,177	\$ 1,885,309	\$ 5,585,293	\$ 5,385,112
Restricted	4,760,951	4,539,190	-	-	4,760,951	4,539,190
Unrestricted	(331,056)	327,155	3,657,283	3,389,829	4,326,091	4,563,604
Total net position	<u>\$ 9,373,875</u>	<u>\$ 9,212,768</u>	<u>\$ 5,298,460</u>	<u>\$ 5,275,138</u>	<u>\$ 14,672,335</u>	<u>\$ 14,487,906</u>

In June 2012, the Governmental Accounting Standards Board (GASB 68) issued new public pension accounting rules that took effect in fiscal year 2015 for local and state governments. The "Net Pension Liability" is calculated by the Public Employees Retirement Association (PERA) actuary, and a pro-rata share of the liability is recorded on the City's Statement of Net Position. The City's share of the net pension liability is reported in footnote 10.

Governmental activities increased the City's net position by \$161,107 from \$9,212,768 to \$9,373,875.

**Business-Type Activities**

Business-type activities net position increased by \$23,322. The following highlights the change in the net position of the business accounts:

- The Water Fund charges for services increased by \$67,253 and operating expenses increased by \$30,574. The operating income of the Water Fund is \$121,859 in 2021. Other income includes antennae rental income totaling \$94,292 together with interest income totaling \$12,062. Net position in the water fund increased by \$119,138. Transfers out total \$39,401 and include the Water Fund contribution to the debt service of various bond issues over the past several years and contributions for future capital equipment needs.
- The Sewer Fund charges for services increased by \$58,297 and operating expenses increased by \$67,816. The operating income of \$87,963 together with interest income of \$1,746 accounted for an increase in the Sewer Fund net position but a loss on retired assets of \$70,823 and transfers out for contributions to debt service totaled \$125,220. The net position decreased by \$134,428.

**City of Osseo  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Business-Type Activities (Continued)**

- The Storm Water Fund charges for services increased by \$14,498 and operating expenses increased by \$20,684. The operating income totaled \$110,859. Transfers to other funds for debt service totaled \$67,489. The net position increase was \$38,612.
- The City completed a utility rate study in 2020 and rates were adjusted beginning January 1, 2021, to finance ongoing operations and the 2020 and 2021 improvements.
- Beginning in 2018, the City is allocating any portion of bonds issued that include utility (water, sewer, or storm water) improvements to the respective enterprise funds. In prior years, the City has reported the liability for the bond issue in the governmental funds and transferred monies as necessary to finance the enterprise portion of the debt.
- Transfers out total \$232,110 in 2021 and include the enterprise fund contributions for debt service on bonds issued prior to 2018 and financing for future utility fund capital equipment needs.
- Bonds were issued in 2020 and will be issued again in 2022 to complete all upgrades to the sanitary sewer lift stations and related technology, complete all City sewer lining projects, replace all water meters and upgrade the related meter reading software.

**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 316,717	\$ 237,490	\$ 1,388,086	\$ 1,240,725	\$ 1,704,803	\$ 1,478,215
Operating grants and contributions	295,925	366,452	-	-	295,925	366,452
Capital grants and contributions	308,052	465,490	-	-	308,052	465,490
General revenues						
Taxes	1,825,020	1,749,094	-	-	1,825,020	1,749,094
Grants and contributions not restricted to specific programs	1,664,365	1,605,443	-	-	1,664,365	1,605,443
Other	23,658	166,736	13,351	124,019	37,009	290,755
Total revenues	<u>4,433,737</u>	<u>4,590,705</u>	<u>1,401,437</u>	<u>1,364,744</u>	<u>5,835,174</u>	<u>5,955,449</u>
<b>Expenses</b>						
General government	876,485	856,476	-	-	876,485	856,476
Public safety	1,510,888	1,512,916	-	-	1,510,888	1,512,916
Public works	1,229,611	794,977	-	-	1,229,611	794,977
Culture and recreation	183,004	160,821	-	-	183,004	160,821
Economic development	461,623	452,964	-	-	461,623	452,964
Interest on long-term debt	243,129	283,681	-	-	243,129	283,681
Water	-	-	485,050	407,053	485,050	407,053
Sewer	-	-	554,904	459,423	554,904	459,423
Storm water	-	-	106,051	90,007	106,051	90,007
Total expenses	<u>4,504,740</u>	<u>4,061,835</u>	<u>1,146,005</u>	<u>956,483</u>	<u>5,650,745</u>	<u>5,018,318</u>
Increase in net position before transfers	(71,003)	528,870	255,432	408,261	184,429	937,131
Transfers	<u>232,110</u>	<u>232,982</u>	<u>(232,110)</u>	<u>(232,982)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	161,107	761,852	23,322	175,279	184,429	937,131
<b>Net Position</b>						
Beginning	<u>9,212,768</u>	<u>8,450,916</u>	<u>5,275,138</u>	<u>5,099,859</u>	<u>14,487,906</u>	<u>13,550,775</u>
Ending	<u>\$ 9,373,875</u>	<u>\$ 9,212,768</u>	<u>\$ 5,298,460</u>	<u>\$ 5,275,138</u>	<u>\$ 14,672,335</u>	<u>\$ 14,487,906</u>

**City of Osseo  
Management's Discussion and Analysis**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$5,827,391. Approximately 16.83%, or \$980,860 of this total amount constitutes unassigned fund balance. The unassigned fund balance includes the fund balance deficits in the 2020 and 2021 Improvement Project Capital Projects Fund of \$76,542 and \$111,483.

The restricted, committed, or assigned fund balances indicate that the expenditures are limited to the eligible expenditures imposed by other governing bodies, funds that are identified for use under the City's capital plans, or is already restricted for debt service.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements.

The proprietary funds current year net position increase of \$23,322 is primarily due to operating income of \$320,681 interest income of \$13,351, less transfers out totaling \$232,110.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund balance decreased by \$78,508 during the current year. Of the total fund balance of \$1,183,475, \$13,270 relates to prepaid items and is considered non-spendable and \$1,170,205 is unassigned and available for spending as of December 31, 2021.

The City's 2021 General Fund revenue includes \$6,149 of excess TIF revenue (reported as part of property tax revenue). General Fund property tax revenues were \$108,855 more than 2020. The City received \$155,756 in license and permit revenue compared to the estimated budget of \$178,050. The total General Fund actual revenue was \$31,629 more than anticipated. The General Fund expenditures totaled \$2,381,135 compared to a budgeted expenditure total of \$2,276,998. The variance is \$104,137 and is primarily due to staff turnover in both the administrative and public safety departments that was covered by overtime and contracted services.

# City of Osseo Management's Discussion and Analysis

## GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

The total fund balance at year end is 38.41%, just below the parameters of the City's policy of maintaining a fund balance that is approximately 40-50% of the subsequent year's budgeted expenditures. In accordance with the City's fund balance policy, the increase required to meet the minimum fund balance will be included in the next budget cycle.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, totaled \$16,809,708 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings, improvements, and machinery and equipment. The Street Management Plan started with the 2014 improvements and will continue thru 2023 to complete the infrastructure improvements throughout the entire City. The Street Management Plan includes capital and maintenance expenditure estimates through 2030. In addition, the City's 2020 bond issue (and the bonds to be issued in 2022) include the financing for the major utility infrastructure improvements capitalized in 2021. The net increase in business type capital assets totaled \$1,578,019 in the current year.

### Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 775,536	\$ 620,368	\$ 46,035	\$ 46,035	\$ 821,571	\$ 666,403
Construction in Progress	109,819	922,728	961,039	52,295	1,070,858	975,023
Infrastructure	15,743,462	14,858,108	3,912,082	3,969,168	19,655,544	18,827,276
Buildings and Building Improvements	4,286,101	4,286,101	-	-	4,286,101	4,286,101
Improvements Other than Buildings	469,634	469,634	-	-	469,634	469,634
Machinery and Equipment	2,382,790	2,584,829	1,054,607	469,388	3,437,397	3,054,217
Total Capital Assets	<u>\$ 23,767,342</u>	<u>\$ 23,741,768</u>	<u>\$ 5,973,763</u>	<u>\$ 4,536,886</u>	<u>\$ 29,741,105</u>	<u>\$ 28,278,654</u>

Additional information on the City's capital assets can be found in Note 6 on pages 40-41 of this report. Pages 40 and 41 include the allocation of depreciation expense to the various governmental activities.

### Long-Term Debt

At the end of the current year the City had total bonded debt, including the lease revenue bonds, of \$12,480,000. The G.O. Bonds and the G.O. Tax Increment Bonds are backed by the full faith and credit of the City. The revenue sources needed to finance the G.O. Bonds and G.O. Tax Increment Bonds include general property taxes, tax increments, special assessments, and contributions from the enterprise funds. The lease revenue bonds will be paid by the annual budget appropriations of the City Council.

**City of Osseo  
Management's Discussion and Analysis**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)**

**Long-Term Debt (Continued)**

	<b>Outstanding Debt</b>					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation (G.O.)	\$ 8,075,000	\$ 8,975,000	\$ 3,000,000	\$ 3,010,000	\$ 11,075,000	\$ 11,985,000
G.O. Tax Increment	515,000	720,000	-	-	515,000	720,000
Capital Lease Payable	890,000	940,000	-	-	890,000	940,000
Total	<u>\$ 9,480,000</u>	<u>\$ 10,635,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,010,000</u>	<u>\$ 12,480,000</u>	<u>\$ 13,645,000</u>

In March, 2018 Standard and Poor's (S & P) reviewed the City's rating of its long-term debt and increased the rating to AA from AA-1. The AA rating was reaffirmed with the issuance of the 2020 improvement bonds. The S & P report noted a strong economy along with the City's strong management with good financial policies, practices, and strong budgetary performance.

Additional information on the City's long-term debt can be found in Note 7 on pages 42-45.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

- The City's tax capacity valuation has increased again for 2021 general property taxes extending this trend over the past several years.
- The tax capacity rate has decreased from 77.83% in 2013 to an estimated 57.20% for property taxes payable in 2022.
- The 2022 General Fund budget is balanced with an estimated \$3,081,470 in revenue and expenditures budgeted.
- The City increased the utility rates in 2021 after completing a utility rate study. Rates were increased to finance ongoing operations and equipment and infrastructure improvements included in the 2020 bond issue.
- The City did not issue street/equipment/utility/alley reconstruction bonds in 2021. Bonds will be issued again in 2022 to continue its street and infrastructure improvements.
- The City completed the Central Avenue improvement project in 2021. The net cost to the City is approximately \$375,000 and was financed with resources available in the Streets Capital Projects Fund, an intergovernmental grant and an assessment against a benefitting property.
- With the completion of the projects financed by the bonds issued in 2020 and the bonds to be issued in 2022, the City will have completed the upgrade of all sewer lift stations and the related monitoring technology, completed the lining of all sewer lines, and completed the replacement of all water meters and upgraded the meter reading and billing software.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City at 415 Central Avenue, Osseo, Minnesota 55369.

## **BASIC FINANCIAL STATEMENTS**

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Osseo  
Statement of Net Position  
December 31, 2021**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (including cash and equivalents)	\$ 6,397,706	\$ 4,188,268	\$ 10,585,974
Property tax receivable	17,842	-	17,842
Accounts receivable	21,765	529,845	551,610
Interest receivable	166,163	-	166,163
Due from other governments	124,133	-	124,133
Due from other funds (internal balances)	(249,496)	249,496	-
Mortgages receivable	160,705	-	160,705
Special assessments receivable			
Delinquent	3,893	1,679	5,572
Deferred	1,499,849	14,227	1,514,076
Prepaid items	13,270	15,500	28,770
Net pension asset	143,059	-	143,059
Capital assets			
Land	775,536	46,035	821,571
Construction in progress	109,819	961,039	1,070,858
Capital assets being depreciated			
Infrastructure	15,743,462	3,912,082	19,655,544
Buildings	4,286,101	-	4,286,101
Improvements	469,634	-	469,634
Machinery and equipment	2,382,790	1,054,607	3,437,397
Less accumulated depreciation	(10,952,132)	(1,979,265)	(12,931,397)
Total capital assets	12,815,210	3,994,498	16,809,708
Total assets	21,114,099	8,993,513	30,107,612
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to fire relief pensions	25,546	-	25,546
Deferred outflows of resources related to city pensions	1,033,898	73,308	1,107,206
Deferred outflows of resources related to other post employment benefits	8,550	673	9,223
Total deferred outflows of resources	1,067,994	73,981	1,141,975
Total assets and deferred outflows of resources	\$ 22,182,093	\$ 9,067,494	\$ 31,249,587
<b>Liabilities</b>			
Accounts payable	\$ 372,732	\$ 301,056	\$ 673,788
Contracts payable	18,683	32,994	51,677
Salaries and benefits payable	58,751	17,899	76,650
Due to other governments	7	2,191	2,198
Interest payable	100,704	25,571	126,275
Unearned revenue	65,650	-	65,650
Bonds payable, net of premiums			
Due within one year	1,225,000	190,000	1,415,000
Due in more than one year	8,486,094	2,939,069	11,425,163
Compensated absences payable			
Due within one year	162,293	36,354	198,647
Due in more than one year	19,202	-	19,202
Total other post employment benefits (OPEB) liability	316,674	24,931	341,605
Net pension liability	686,225	103,212	789,437
Total liabilities	11,512,015	3,673,277	15,185,292
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to city pensions	1,246,971	95,757	1,342,728
Deferred inflows of resources related to fire relief pensions	49,232	-	49,232
Total deferred inflows of resources	1,296,203	95,757	1,391,960
<b>Net Position</b>			
Net investment in capital assets	4,943,980	1,641,177	5,585,293
Restricted for			
Park improvements	130,987	-	130,987
Debt service	3,739,280	-	3,739,280
Other purposes	890,684	-	890,684
Unrestricted	(331,056)	3,657,283	4,326,091
Total net position	9,373,875	5,298,460	14,672,335
Total liabilities, deferred inflows of resources, and net position	\$ 22,182,093	\$ 9,067,494	\$ 31,249,587

See notes to basic financial statements.

**City of Osseo  
Statement of Activities  
Year Ended December 31, 2021**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities			
General government	\$ 876,485	\$ 72,434	\$ 16,000
Public safety	1,510,888	167,588	259,723
Public works	1,229,611	-	-
Culture and recreation	183,004	76,695	20,202
Economic development	461,623	-	-
Interest and fiscal charges on long-term debt	243,129	-	-
Total governmental activities	<u>4,504,740</u>	<u>316,717</u>	<u>295,925</u>
Business-type activities			
Water	485,050	631,527	-
Sewer	554,904	543,950	-
Storm water	106,051	212,609	-
Total business-type activities	<u>1,146,005</u>	<u>1,388,086</u>	<u>-</u>
 Total governmental and business-type activities	 <u>\$ 5,650,745</u>	 <u>\$ 1,704,803</u>	 <u>\$ 295,925</u>
General revenues			
Property taxes			
Franchise taxes			
Tax increments			
State aids			
Investment earnings			
Other general revenue			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Net position - ending			

Program Revenues	Net (Expense) Revenues and Changes in Net Position		
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ -	\$ (788,051)	\$ -	\$ (788,051)
30,737	(1,052,840)	-	(1,052,840)
277,035	(952,576)	-	(952,576)
280	(85,827)	-	(85,827)
-	(461,623)	-	(461,623)
-	(243,129)	-	(243,129)
<u>308,052</u>	<u>(3,584,046)</u>	<u>-</u>	<u>(3,584,046)</u>
-	-	146,477	146,477
-	-	(10,954)	(10,954)
-	-	106,558	106,558
<u>-</u>	<u>-</u>	<u>242,081</u>	<u>242,081</u>
<u>\$ 308,052</u>	<u>(3,584,046)</u>	<u>242,081</u>	<u>(3,341,965)</u>
	1,825,020	-	1,825,020
	100,954	-	100,954
	899,933	-	899,933
	663,478	-	663,478
	(3,341)	13,351	10,010
	26,999	-	26,999
	<u>232,110</u>	<u>(232,110)</u>	<u>-</u>
	<u>3,745,153</u>	<u>(218,759)</u>	<u>3,526,394</u>
	161,107	23,322	184,429
	<u>9,212,768</u>	<u>5,275,138</u>	<u>14,487,906</u>
<u>\$ 9,373,875</u>	<u>\$ 5,298,460</u>	<u>\$ 14,672,335</u>	

**City of Osseo**  
**Balance Sheet - Governmental Funds**  
**December 31, 2021**

	General Fund (101, 200)	Debt Service 2016B G.O. Improvement Refunding Bonds (365)	Debt Service EDA Debt Service
<b>Assets</b>			
Cash and investments	\$ 1,265,421	\$ 301,769	\$ 552,595
Taxes receivable - delinquent	15,408	1,166	-
Special assessments receivable			
Delinquent	-	2,276	-
Deferred	1,931	523,268	-
Accounts receivable	21,765	-	-
Interest receivable	22,845	-	-
Due from other governments	8,133	-	-
Mortgages receivable	-	-	-
Prepaid items	13,270	-	-
	<u>\$ 1,348,773</u>	<u>\$ 828,479</u>	<u>\$ 552,595</u>
<b>Liabilities</b>			
Accounts payable	\$ 97,605	\$ -	\$ 112,333
Contracts payable	-	-	-
Salaries and benefits payable	58,655	-	-
Due to other funds	-	-	76,327
Due to other governments	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>156,260</u>	<u>-</u>	<u>188,660</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	9,038	711	-
Unavailable revenue - special assessments	-	523,268	-
Unavailable revenue - mortgages	-	-	-
Total deferred inflows of resources	<u>9,038</u>	<u>523,979</u>	<u>-</u>
<b>Fund Balances</b>			
Nonspendable	13,270	-	-
Restricted	-	304,500	363,935
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,170,205	-	-
Total fund balances	<u>1,183,475</u>	<u>304,500</u>	<u>363,935</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,348,773</u>	<u>\$ 828,479</u>	<u>\$ 552,595</u>

<u>Capital Projects</u>		
<u>Streets (130)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,094,566	\$ 3,183,355	\$ 6,397,706
-	1,268	17,842
-	1,617	3,893
46,554	928,096	1,499,849
-	-	21,765
-	143,318	166,163
100,000	16,000	124,133
-	160,705	160,705
-	-	13,270
<u>\$ 1,241,120</u>	<u>\$ 4,434,359</u>	<u>\$ 8,405,326</u>
\$ 19,315	\$ 143,479	\$ 372,732
11,887	6,796	18,683
-	96	58,751
-	173,169	249,496
-	7	7
-	65,650	65,650
<u>31,202</u>	<u>389,197</u>	<u>765,319</u>
-	926	10,675
46,554	928,096	1,497,918
-	304,023	304,023
<u>46,554</u>	<u>1,233,045</u>	<u>1,812,616</u>
-	-	13,270
-	2,740,219	3,408,654
-	62,584	62,584
1,163,364	198,659	1,362,023
-	(189,345)	980,860
<u>1,163,364</u>	<u>2,812,117</u>	<u>5,827,391</u>
<u>\$ 1,241,120</u>	<u>\$ 4,434,359</u>	<u>\$ 8,405,326</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Osseo**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2021**

Total fund balances - governmental funds	\$ 5,827,391
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of capital assets	23,767,342
Less accumulated depreciation	(10,952,132)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bond principal payable	(9,480,000)
Compensated absences payable	(181,495)
Total OPEB liability	(316,674)
Net pension liability	(686,225)
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and post employment benefits that are not recognized in the in the governmental funds.	
Deferred inflows of resources related to pensions	(1,296,203)
Deferred outflows of resources related to pensions	1,059,444
Deferred outflows of resources related to post employment benefits	8,550
Fire Relief Association net pension asset created through contributions to a defined benefit pension plan which is not recognized in the governmental funds.	143,059
Bond premiums are reported as a liability within the Statement of Net Position and are reported as an other financing source in the year the debt is issued within the governmental funds.	(231,094)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	10,675
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	1,497,918
Second mortgage principal and accrued interest	304,023
Governmental funds do not report a liability for accrued interest until due and payable.	(100,704)
Total net position - governmental activities	<u>\$ 9,373,875</u>

**City of Osseo**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2021**

		Debt Service	
		2016B G.O. Improvement	EDA Debt Service
	General Fund (101, 200)	Refunding Bonds (365)	
<b>Revenues</b>			
Taxes	\$ 1,643,924	\$ 111,044	\$ -
Tax increments	-	-	711,438
Franchise taxes	100,954	-	-
Special assessments	605	149,906	-
Licenses and permits	155,756	-	-
Intergovernmental	796,284	-	-
Charges for services	43,968	-	-
Fines and forfeitures	34,871	-	-
Miscellaneous			
Investment income	(2,109)	194	1,347
Contributions and donations	19,285	-	-
Other	30,959	-	-
Total revenues	<u>2,824,497</u>	<u>261,144</u>	<u>712,785</u>
<b>Expenditures</b>			
Current			
General government	804,379	-	-
Public safety	1,275,045	-	-
Public works	183,277	3,750	-
Culture and recreation	115,653	-	-
Economic development	-	-	287,687
Debt service			
Principal	-	240,000	95,000
Interest and other charges	-	65,575	19,413
Capital outlay			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	2,781	-	-
Total expenditures	<u>2,381,135</u>	<u>309,325</u>	<u>402,100</u>
Excess of revenues over (under) expenditures	443,362	(48,181)	310,685
<b>Other Financing Sources (Uses)</b>			
Transfers in	50,000	73,092	-
Transfers out	(565,870)	-	(169,012)
Total other financing sources (uses)	<u>(515,870)</u>	<u>73,092</u>	<u>(169,012)</u>
Net change in fund balances	(72,508)	24,911	141,673
<b>Fund Balances</b>			
Beginning of year	<u>1,255,983</u>	<u>279,589</u>	<u>222,262</u>
End of year	<u>\$ 1,183,475</u>	<u>\$ 304,500</u>	<u>\$ 363,935</u>

See notes to basic financial statements.

Capital Projects

<u>Streets (130)</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 82,813	\$ 1,837,781
-	188,495	899,933
-	-	100,954
8,599	201,656	360,766
-	-	155,756
146,143	104,634	1,047,061
-	29,755	73,723
-	7,630	42,501
(4,163)	1,390	(3,341)
-	90,666	109,951
-	32,219	63,178
<u>150,579</u>	<u>739,258</u>	<u>4,688,263</u>
-	-	804,379
-	73,266	1,348,311
-	390	187,417
-	44,606	160,259
-	173,890	461,577
-	820,000	1,155,000
-	191,270	276,258
-	181,183	181,183
367,748	72,319	440,067
-	155,168	157,949
<u>367,748</u>	<u>1,712,092</u>	<u>5,172,400</u>
(217,169)	(972,834)	(484,137)
386,474	1,062,555	1,572,121
<u>(357,054)</u>	<u>(248,075)</u>	<u>(1,340,011)</u>
<u>29,420</u>	<u>814,480</u>	<u>232,110</u>
(187,749)	(158,354)	(252,027)
<u>1,351,113</u>	<u>2,970,471</u>	<u>6,079,418</u>
<u>\$ 1,163,364</u>	<u>\$ 2,812,117</u>	<u>\$ 5,827,391</u>

**City of Osseo**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities - Governmental Funds**  
**Year Ended December 31, 2021**

Total net change in fund balances - governmental funds	\$ (252,027)
--	--------------

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

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

Capital outlays	379,928
Depreciation expense	(867,936)
Loss on disposal	(89,620)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	24,626
---	--------

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual Pension expense	87,145
--	--------

Total OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(45,780)
---	----------

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on the net position in the Statement of Activities.	1,155,000
--	-----------

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.	
Accrued interest payable	6,188
Amortization of bond premiums	26,941

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments deferred	(243,114)
Special assessments delinquent	(7,483)
Bad debt expense	

Delinquent property taxes receivable will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	(12,761)
---	----------

Change in net position - governmental activities	\$ 161,107
--	------------

**City of Osseo**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 1,635,385	\$ 1,643,924	\$ 8,539
Franchise taxes	100,500	100,954	454
Special assessments	5,000	605	(4,395)
Licenses and permits	178,050	155,756	(22,294)
Intergovernmental	758,433	796,284	37,851
Charges for services	25,500	43,968	18,468
Fines and forfeitures	51,000	34,871	(16,129)
Miscellaneous			
Investment income	17,500	(2,109)	(19,609)
Contributions and donations	8,000	19,285	11,285
Refunds and reimbursements	1,500	-	(1,500)
Other	12,000	30,959	18,959
Total revenues	<u>2,792,868</u>	<u>2,824,497</u>	<u>31,629</u>
<b>Expenditures</b>			
Current			
General government	753,271	804,379	51,108
Public safety	1,217,523	1,275,045	57,522
Public works	200,208	183,277	(16,931)
Culture and recreation	100,496	115,653	15,157
Capital outlay			
Culture and recreation	5,500	2,781	(2,719)
Total expenditures	<u>2,276,998</u>	<u>2,381,135</u>	<u>104,137</u>
Excess of revenues over (under) expenditures	515,870	443,362	(72,508)
<b>Other Financing Sources (Uses)</b>			
Transfers in	50,000	50,000	-
Transfers out	(565,870)	(565,870)	-
Total other financing sources (uses)	<u>(515,870)</u>	<u>(515,870)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(72,508)</u>	<u>\$ (72,508)</u>
<b>Fund Balance</b>			
Beginning of year		<u>1,255,983</u>	
End of year		<u>\$ 1,183,475</u>	

**City of Osseo**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2021**

	Water (601)	Sewer (602)	Storm Water (604)	Total
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 1,681,172	\$ 1,803,428	\$ 703,668	\$ 4,188,268
Special assessments receivable				
Delinquent	873	806	-	1,679
Deferred	5,521	5,221	3,485	14,227
Accounts receivable	156,331	310,735	62,779	529,845
Due from other funds	249,496	-	-	249,496
Prepaid items	-	15,500	-	15,500
Total current assets	<u>2,093,393</u>	<u>2,135,690</u>	<u>769,932</u>	<u>4,999,015</u>
Noncurrent assets				
Capital assets				
Land	46,035	-	-	46,035
Infrastructure	1,177,311	2,000,348	734,423	3,912,082
Machinery and equipment	419,918	411,370	223,319	1,054,607
Construction in progress	30,514	930,525	-	961,039
Total capital assets	<u>1,673,778</u>	<u>3,342,243</u>	<u>957,742</u>	<u>5,973,763</u>
Less accumulated depreciation	<u>(607,061)</u>	<u>(1,226,365)</u>	<u>(145,839)</u>	<u>(1,979,265)</u>
Net capital assets	<u>1,066,717</u>	<u>2,115,878</u>	<u>811,903</u>	<u>3,994,498</u>
Total assets	<u>3,160,110</u>	<u>4,251,568</u>	<u>1,581,835</u>	<u>8,993,513</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows of resources related to pensions	32,541	32,541	8,226	73,308
Deferred outflows of resources related to post employment benefits	290	305	78	673
Total assets and deferred outflows of resources	<u>32,831</u>	<u>32,846</u>	<u>8,304</u>	<u>73,981</u>
	<u>\$ 3,192,941</u>	<u>\$ 4,284,414</u>	<u>\$ 1,590,139</u>	<u>\$ 9,067,494</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
Accounts payable	\$ 31,950	\$ 265,283	\$ 3,823	\$ 301,056
Contracts payable	-	32,994	-	32,994
Salaries and benefits payable	8,620	8,620	659	17,899
Interest payable	5,521	15,846	4,204	25,571
Due to other governments	2,191	-	-	2,191
Bonds payable, due within one year	42,778	119,592	27,630	190,000
Compensated absences payable	16,571	16,571	3,212	36,354
Total current liabilities	<u>107,631</u>	<u>458,906</u>	<u>39,528</u>	<u>606,065</u>
Noncurrent liabilities				
Bonds payable, net of premiums	697,095	1,961,471	470,503	3,129,069
Compensated absences	16,571	16,571	3,212	36,354
Total OPEB liability	10,724	11,301	2,906	24,931
Net pension liability	45,815	45,815	11,582	103,212
Less amount due within one year	<u>(59,349)</u>	<u>(136,163)</u>	<u>(30,842)</u>	<u>(226,354)</u>
Total noncurrent liabilities	<u>710,856</u>	<u>1,898,995</u>	<u>457,361</u>	<u>3,067,212</u>
Total liabilities	<u>818,487</u>	<u>2,357,901</u>	<u>496,889</u>	<u>3,673,277</u>
Deferred inflows of resources related to pensions				
Deferred inflows of resources related to pensions	42,506	42,506	10,745	95,757
<b>Net Position</b>				
Net investment in capital assets	613,741	613,191	414,245	1,641,177
Unrestricted	1,718,207	1,270,816	668,260	3,657,283
Total net position	<u>2,331,948</u>	<u>1,884,007</u>	<u>1,082,505</u>	<u>5,298,460</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,192,941</u>	<u>\$ 4,284,414</u>	<u>\$ 1,590,139</u>	<u>\$ 9,067,494</u>

See notes to basic financial statements.

**City of Osseo**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position - Proprietary Funds**  
**Year Ended December 31, 2021**

	Water (601)	Sewer (602)	Storm Water (604)	Total
Operating revenues				
Charges for services	\$ 524,971	\$ 540,955	\$ 206,747	\$ 1,272,673
Permits, hookup fees, and penalties	11,486	2,995	2,003	16,484
Total operating revenues	<u>536,457</u>	<u>543,950</u>	<u>208,750</u>	<u>1,289,157</u>
Operating expenses				
Wages and salaries	84,781	89,343	22,976	197,100
Employee benefits	22,655	23,216	7,754	53,625
Materials and supplies	(2,540)	13,816	1,629	12,905
Repairs and maintenance	2,438	42,625	1,421	46,484
Professional services	27,875	24,537	18,795	71,207
Insurance	2,467	3,989	965	7,421
Utilities	3,421	10,558	1,298	15,277
Depreciation	58,732	72,669	40,201	171,602
Other	10,122	4,211	2,852	17,185
Service charges	204,647	171,023	-	375,670
Total operating expenses	<u>414,598</u>	<u>455,987</u>	<u>97,891</u>	<u>968,476</u>
Operating income	121,859	87,963	110,859	320,681
Nonoperating revenues/(expenses)				
Investment income	12,062	1,746	(457)	13,351
Loss on sale of asset	(61,552)	(70,823)	-	(132,375)
Interest and fiscal agent fees	(8,900)	(28,094)	(8,160)	(45,154)
Other income	95,070	-	3,859	98,929
Total nonoperating revenues	<u>36,680</u>	<u>(97,171)</u>	<u>(4,758)</u>	<u>(65,249)</u>
Income before transfers	158,539	(9,208)	106,101	255,432
Transfers out	<u>(39,401)</u>	<u>(125,220)</u>	<u>(67,489)</u>	<u>(232,110)</u>
Change in net position	119,138	(134,428)	38,612	23,322
Net position				
Beginning of year	<u>2,212,810</u>	<u>2,018,435</u>	<u>1,043,893</u>	<u>5,275,138</u>
End of year	<u>\$ 2,331,948</u>	<u>\$ 1,884,007</u>	<u>\$ 1,082,505</u>	<u>\$ 5,298,460</u>

**City of Osseo**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2021**

	Water (601)	Sewer (602)	Storm Water (604)	Total
<b>Cash Flows - Operating Activities</b>				
Receipts from customers and users	\$ 499,318	\$ 376,609	\$ 207,143	\$ 1,083,070
Payments to suppliers	(241,089)	(17,588)	(25,634)	(284,311)
Payments to employees	(113,804)	(118,365)	(31,662)	(263,831)
Miscellaneous revenue	52,527	-	3,859	56,386
Net cash flows - operating activities	<u>196,952</u>	<u>240,656</u>	<u>153,706</u>	<u>591,314</u>
<b>Cash Flows - Noncapital</b>				
<b>Financing Activities</b>				
Payments to/from other funds	42,508	-	-	42,508
Transfer to other funds	(39,401)	(125,220)	(67,489)	(232,110)
Net cash flows - noncapital financing activities	<u>3,107</u>	<u>(125,220)</u>	<u>(67,489)</u>	<u>(189,602)</u>
<b>Cash Flows - Capital and Related</b>				
<b>Financing Activities</b>				
Principal Paid on Debt	(3,982)	(9,090)	(11,785)	(24,857)
Interest and fiscal charges paid on debt	(10,851)	(33,483)	(9,044)	(53,378)
Acquisition of capital assets	(441,303)	(1,407,699)	-	(1,849,002)
Net cash flows - capital and related financing activities	<u>(456,136)</u>	<u>(1,450,272)</u>	<u>(20,829)</u>	<u>(1,927,237)</u>
<b>Cash Flows - Investing Activities</b>				
Interest and dividends received	<u>12,062</u>	<u>1,746</u>	<u>(457)</u>	<u>13,351</u>
Net change in cash and cash equivalents	(244,015)	(1,333,090)	64,931	(1,512,174)
<b>Cash and Cash Equivalents</b>				
January 1	<u>1,925,187</u>	<u>3,136,518</u>	<u>638,737</u>	<u>5,700,442</u>
December 31	<u>\$ 1,681,172</u>	<u>\$ 1,803,428</u>	<u>\$ 703,668</u>	<u>\$ 4,188,268</u>
<b>Reconciliation of Operating Income to Net Cash Flows - Operating Activities</b>				
Operating income	\$ 121,859	\$ 87,963	\$ 110,859	\$ 320,681
Adjustments to reconcile operating income to net cash flows - operating activities				
Miscellaneous revenue	52,527	-	3,859	56,386
Depreciation expense	58,732	72,669	40,201	171,602
Accounts receivable	(42,008)	(172,954)	(2,534)	(217,496)
Prepaid items	-	(1,248)	-	(1,248)
Special assessments receivable	4,869	5,613	927	11,409
Accounts payable	6,414	256,879	1,326	264,619
Due to other governmental units	927	(2,460)	-	(1,533)
Salaries payable	3,237	3,237	(755)	5,719
Net pension expense	(8,054)	(8,054)	(1,850)	(17,958)
Compensated absences payable	(2,561)	(2,561)	1,145	(3,977)
Total OPEB liability	1,010	1,572	528	3,110
Total adjustments	<u>75,093</u>	<u>152,693</u>	<u>42,847</u>	<u>270,633</u>
Net cash flows - operating activities	<u>\$ 196,952</u>	<u>\$ 240,656</u>	<u>\$ 153,706</u>	<u>\$ 591,314</u>

See notes to basic financial statements.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Osseo is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is financially accountable.

The financial statements present the City and its component unit. The City includes all funds, account groups, 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 the significance of their operational or financial relationships with the City.

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

As a result of applying the component unit definition criteria above, a certain organization has been defined and is presented in this report as a Blended Component Unit and reported as if it were part of the City.

**1. Blended Component Unit**

The Osseo Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Osseo EDA is reported as if it were part of the primary government because the governing body is substantively the same as the City Council and management of the City has operational responsibility for activities of the EDA. Separate financial statements are not prepared for the Osseo 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 activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-Wide and Fund Financial Statements (Continued)**

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

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

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

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

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

**Description of Funds:**

**Major Governmental Funds:**

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

2016B G.O. Improvement Refunding Bonds – This fund accounts for the resources accumulated and payments made for principal and interest on this bond issue.

EDA Debt Service – This fund accounts for resources accumulated and payments made for principal and interest on EDA debt issuances.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

**Description of Funds: (Continued)**

Major Governmental Funds: (Continued)

Streets Capital Projects Fund – This fund accounts for resources accumulated and payments related to the City's streets.

Proprietary Funds:

Water Fund – This fund accounts for the operations of the City's water utility.

Sewer Fund – This fund accounts for the operations of the City's sewer utility.

Storm Water Fund – This fund accounts for the operations of the City's storm water utility.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances. The City and EDA Component Unit's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**1. Deposits and Investments (Continued)**

*Minnesota Statutes* authorize the City and EDA Component Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

Certain investments for the City and the EDA Component Unit are reported at fair value as disclosed in Note 3. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**2. Receivables and Payables**

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Hennepin County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expenditure at the time of consumption.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**4. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost greater than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Infrastructure	15-100
Structures and improvements	25-50
Equipment	3-5
Public improvements	20-40

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one item that qualifies for reporting in this category. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and mortgage receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**6. Compensated Absences**

Employees earn paid time off (PTO) based upon the number of completed years of service. The City compensates employees for unused PTO upon termination of employment, up to a maximum of 840 hours. Employees are also entitled to payment on an annual basis for each hour of accrued PTO over the maximum accrual of 840 hours.

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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.

**8. 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 the relief association and additions to/deductions from PERA's and the relief association's fiduciary net position have been determined on the same basis as they are reported by PERA and the relief association except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**9. Fund Balance**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**9. Fund Balance (Continued)**

**a. Classification (Continued)**

- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the City Council (highest level of decision making authority) through resolution and that remain binding unless removed by the City Council by subsequent formal action.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed and include all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The City Council has delegated authority to assign and remove fund balance assignments to the City Administrator.
- **Unassigned Fund Balance** – 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, and then use unrestricted resources as they are needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order: committed, assigned, and unassigned.

**b. Minimum Fund Balance**

The City's target General Fund balance is to maintain an unrestricted General Fund balance of 40-50% of the subsequent year's budgeted operating expenditures. If the General Fund balance falls below 40% of the following fiscal year's budget, the City shall include a one-time budget adjustment in that following fiscal year's budget to increase the General Fund balance to 40% of that following fiscal year's budget.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity  
(Continued)**

**9. Fund Balance (Continued)**

**c. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. A reclassification of \$999,864 was made between this net position class and unrestricted net position in the total column of the Statement of Net Position to recognize the portion of debt attributable to capital assets donated from governmental activities to business-type activities. Net position is reported as restricted in the government-wide financial statement when there are limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**E. Use of Estimates**

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

**F. Budgetary Information**

1. In August of each year City staff submits to the City Council a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General Fund. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted. Formal budgets are not adopted for Special Revenue Funds.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Budgetary Information (Continued)**

7. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balances**

At December 31, 2021, the following City Funds reported deficit fund balances:

	<u>Deficit Fund Balance</u>
Nonmajor Governmental Funds	
Special Revenue Fund	
Twins Grant	\$ 726
Capital Projects Fund	
Hennepin County Corridor Planning	594
2021 Alley Project	111,483
2020 Improvement Project	76,542

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Cash balances of the City's and Component Unit's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as "cash and cash equivalents" or "investments". For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

**A. Deposits**

**Custodial Credit Risk – Deposits:** This is the risk that in the event of a bank failure, the City's and EDA Component Unit's deposits may not be returned to it. The City has a policy that requires the City's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2021, the City's bank balance of \$6,812,191 was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. The book balance as of December 31, 2021, was \$6,796,846 for deposits.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments**

Investment Type	Investment Maturities			
	Fair Value	Less than One Year	1-5 Years	6-10 Years
Brokered money market accounts	\$ 7,248	\$ 7,248	\$ -	\$ -
Brokered certificates of deposit	3,781,670	766,191	2,918,757	96,722
Total	<u>\$ 3,788,918</u>	<u>\$ 773,439</u>	<u>\$ 2,918,757</u>	<u>\$ 96,722</u>

Concentration of Credit Risk: The City's and Component Unit's investment policy states the City will diversify its investments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. As of December 31, 2021, the City's investments follow the guidelines stated in its investment policy. No single investment was over 5% of the portfolio.

Credit Risk: The City's investment policy limits investments to those specified in the above statutes. Money market mutual funds and the rest of the City and Component Unit's investments were not rated by a credit rating agency.

Custodial Credit Risk – Investments: for an investment, this is the risk in the event of the failure of the counterparty the City or Component Unit will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City and Component Unit's policy states all investments must be fully insured and registered in the name of the City. Some City Securities held by the City's broker-dealer are not registered to the City, but are held in an insured account. The account is insured up to \$500,000 SIPC insurance and the broker-dealer provides an additional aggregate insurance policy for all of its customers as a group, not individually. It is unknown what portion of this policy is applicable to the City's portfolio.

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

- \$3,781,670 of investments are valued using a matrix pricing model (Level 2 inputs)

Summary of cash deposits and investments as of December 31, 2021, were as follows:

Cash on hand	\$ 210
Deposits	6,796,846
Investments	<u>3,788,918</u>
Total deposits and investments	<u>\$ 10,585,974</u>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Deposits and investments are presented in the December 31, 2021, basic financial statements as follows:

Statement of Net Position

Cash and investments	\$ 10,585,974
----------------------	---------------

**NOTE 4 – INTERFUND ASSETS/LIABILITIES**

Fund	Due from Other Funds	Due to Other Funds
EDA Debt Service	\$ -	\$ 76,327
Nonmajor Governmental Funds	-	173,169
Water Fund	249,496	-
Total	\$ 249,496	\$ 249,496

Interfund activity exists to help with project costs and to cover deficit cash balances and will be repaid as funds become available.

**NOTE 5 – INTERFUND TRANSFERS**

Transfers Out	Transfers In				Total
General Fund	2016B G.O. Improvement Refunding Bonds	Streets	Nonmajor Governmental Funds		
General Fund	\$ -	\$ -	\$ 272,025	\$ 293,845	\$ 565,870
EDA Debt Service	-			169,012	169,012
Streets	-	-	-	357,054	357,054
Nonmajor governmental funds	50,000	-	114,449	83,626	248,075
Water	-	32,813	-	6,588	39,401
Sewer	-	405	-	124,815	125,220
Storm Water	-	39,874	-	27,615	67,489
Total	\$ 50,000	\$ 73,092	\$ 386,474	\$ 1,062,555	\$ 1,572,121

The above transfers were made for the following reasons: debt service agreements, capital asset purchases, closing of funds, capital contributions, and operating transfers.

**City of Osseo**  
**Notes to Financial Statements**

**NOTE 6 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 620,368	\$ 155,168	\$ -	\$ 775,536
Construction in progress	922,728	72,445	885,354	109,819
Total capital assets not being depreciated	<u>1,543,096</u>	<u>227,613</u>	<u>885,354</u>	<u>885,355</u>
Capital assets being depreciated				
Infrastructure	14,858,108	885,354	-	15,743,462
Buildings	4,286,101	-	-	4,286,101
Improvements	469,634	-	-	469,634
Machinery and equipment	2,584,829	152,315	354,354	2,382,790
Total capital assets being depreciated	<u>22,198,672</u>	<u>1,037,669</u>	<u>354,354</u>	<u>22,881,987</u>
Total capital assets, cost	<u>23,741,768</u>	<u>1,265,282</u>	<u>1,239,708</u>	<u>23,767,342</u>
Less accumulated depreciation for				
Infrastructure	6,799,933	524,187	-	7,324,120
Buildings	1,874,602	122,539	-	1,997,141
Improvements	176,242	17,607	-	193,849
Machinery and equipment	1,498,153	203,603	264,734	1,437,022
Total accumulated depreciation	<u>10,348,930</u>	<u>867,936</u>	<u>264,734</u>	<u>10,952,132</u>
Total capital assets being depreciated, net	<u>11,849,742</u>	<u>169,733</u>	<u>89,620</u>	<u>11,929,855</u>
Governmental activities capital assets, net	<u>\$ 13,392,838</u>	<u>\$ 397,346</u>	<u>\$ 974,974</u>	<u>\$ 12,815,210</u>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 46,035	\$ -	\$ -	\$ 46,035
Construction in progress	52,295	1,328,662	419,918	961,039
Total capital assets not being depreciated	98,330	1,328,662	419,918	1,007,074
Capital assets being depreciated				
Infrastructure and improvements	3,969,168	141,964	199,050	3,912,082
Machinery and equipment	469,388	831,288	246,069	1,054,607
Total capital assets being depreciated	4,438,556	973,252	445,119	4,966,689
Total capital assets, cost	4,536,886	2,301,914	865,037	5,973,763
Less accumulated depreciation for				
Infrastructure and improvements	1,932,168	87,583	128,227	1,891,524
Machinery and equipment	188,239	84,019	184,517	87,741
Total accumulated depreciation	2,120,407	171,602	312,744	1,979,265
Total capital assets being depreciated, net	2,318,149	801,650	132,375	2,987,424
Business-type activities capital assets, net	<u>\$ 2,416,479</u>	<u>\$ 2,130,312</u>	<u>\$ 552,293</u>	<u>\$ 3,994,498</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 87,036
Public safety	169,222
Public works	592,344
Park and recreation	19,334
Total depreciation expense - governmental activities	<u>\$ 867,936</u>
Business-type activities	
Water	\$ 58,732
Sewer	72,669
Storm water	40,201
Total depreciation expense - business-type activities	<u>\$ 171,602</u>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT**

**A. General Obligation Bonds**

The City issues general obligation (G.O.) bonds to provide financing for tax increment projects and infrastructure improvements. Debt service is covered respectively by tax increments and special assessments against benefited properties with any shortfalls being paid from general taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year serial bonds with equal debt service payments each year.

**B. Components of Long-Term Liabilities**

Long-term indebtedness of the City listed below were issued to finance acquisition and construction of capital improvements or to refinance (refund) previous bond issues.

	Interest Rate	Final Maturity	Original Issue	Current Amount Retired	Principal Outstanding	Due Within One Year
Governmental activities						
G.O. Bonds						
G.O. Capital Improvement, 2010A	0.75%-3.40%	2022	\$ 1,955,000	\$ 185,000	\$ 190,000	\$ 190,000
G.O. Improvement, 2012A	2.00%-2.60%	2028	505,000	30,000	215,000	30,000
G.O. Improvement, 2014	0.55%-4.00%	2030	1,010,000	80,000	540,000	80,000
G.O. Street Reconstruction Bonds, 2015A	2.00%-2.50%	2026	1,610,000	160,000	840,000	160,000
G.O. Bonds, 2016A	1.86%-2.08%	2032	1,285,000	80,000	985,000	80,000
G.O. Improvement Refunding Bonds, 2016B	1.66%-1.77%	2030	3,250,000	240,000	2,545,000	250,000
G.O. Bonds, 2017A	1.40%-3.00%	2033	700,000	40,000	580,000	40,000
G.O. Bonds, 2018A	2.30%-3.20%	2034	805,000	45,000	715,000	45,000
G.O. Improvement Bonds, 2019A	1.30%-2.25%	2035	745,000	40,000	705,000	40,000
G.O. Improvement Bonds, 2020A	2.00%-2.10%	2036	760,000	-	760,000	45,000
Total G.O. Bonds			12,625,000	900,000	8,075,000	960,000
Public Project Lease Revenue Bonds, 2014A	1.50%-4.00%	2035	1,150,000	50,000	890,000	50,000
G.O. Tax Increment Refunding, 2011A	3.00%-3.375%	2022	1,665,000	160,000	170,000	170,000
G.O. Tax Increment, 2014B	2.25%-3.65%	2028	550,000	45,000	345,000	45,000
Total G.O. Tax Increment bonds			2,215,000	205,000	515,000	215,000
Unamortized bond premiums					231,094	-
Compensated absences					181,495	162,293
Total governmental activities long-term liabilities					\$ 9,892,589	\$ 1,387,293
Business-type activities						
G.O. Bonds						
G.O. Bonds, 2017A	1.40%-3.00%	2033	\$ 205,000	\$ 10,000	\$ 175,000	\$ 10,000
G.O. Improvement Bonds, 2020A	2.00%-2.10%	2041	2,825,000	-	2,825,000	180,000
Total G.O. Bonds			3,030,000	10,000	3,000,000	190,000
Unmortized bond premiums					129,069	-
Compensated absences					36,354	36,354
Total business type activities long-term liabilities					\$ 3,165,423	\$ 226,354

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**C. Changes in Long-Term Liabilities**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
G.O. Bonds	\$ 8,975,000	\$ -	\$ 900,000	\$ 8,075,000	\$ 960,000
Revenue Bonds	940,000	-	50,000	890,000	50,000
G.O. Tax Increment Bonds	720,000	-	205,000	515,000	215,000
Unamortized bond premiums	258,035	-	26,941	231,094	-
Compensated absences	206,121	129,534	154,160	181,495	162,293
Total governmental activities long-term liabilities	<u>\$ 11,099,156</u>	<u>\$ 129,534</u>	<u>\$ 1,336,101</u>	<u>\$ 9,892,589</u>	<u>\$ 1,387,293</u>
Business type activities					
G.O. Bonds	\$ 3,010,000	\$ -	\$ 10,000	\$ 3,000,000	\$ 190,000
Unamortized bond premiums	143,926	-	14,857	129,069	-
Compensated absences	40,331	17,873	21,850	36,354	36,354
Total business-type activities long-term liabilities	<u>\$ 3,194,257</u>	<u>\$ 17,873</u>	<u>\$ 46,707</u>	<u>\$ 3,165,423</u>	<u>\$ 226,354</u>

The General Fund and Proprietary Funds typically liquidate the liabilities related to compensated absences.

**D. Annual Debt Service Obligations**

The annual requirements to amortize all debt outstanding other than compensated absences are as follows:

Year Ending December 31,	Governmental Activities			
	General Obligation Bonds		Tax Increment Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 960,000	\$ 180,372	\$ 215,000	\$ 14,051
2023	805,000	153,598	45,000	9,776
2024	825,000	139,168	45,000	8,269
2025	845,000	118,900	50,000	6,678
2026	815,000	99,466	50,000	4,927
2027-2031	2,930,000	268,980	110,000	4,015
2032-2036	895,000	37,074	-	-
Total	<u>\$ 8,075,000</u>	<u>\$ 997,558</u>	<u>\$ 515,000</u>	<u>\$ 47,716</u>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**D. Annual Debt Service Obligations (Continued)**

Year Ending December 31,	Governmental Activities			
	Public Revenue Bonds-EDA		Total	
	Principal	Interest	Principal	Interest
2022	\$ 50,000	\$ 32,875	\$ 1,225,000	\$ 227,298
2023	50,000	31,375	900,000	194,749
2024	55,000	29,800	925,000	177,237
2025	55,000	27,944	950,000	153,522
2026	55,000	25,881	920,000	130,274
2027-2031	320,000	93,925	3,360,000	366,920
2032-2036	305,000	25,100	1,200,000	62,174
2036	-	-	-	-
Total	<u>\$ 890,000</u>	<u>\$ 266,900</u>	<u>\$ 9,480,000</u>	<u>\$ 1,312,174</u>

Year Ending December 31,	Business-Type Activities	
	General Obligation Bonds	
	Principal	Interest
2022	\$ 190,000	\$ 59,500
2023	205,000	55,580
2024	210,000	51,430
2025	210,000	47,230
2026	220,000	42,931
2027-2031	1,039,999	145,875
2032-2036	544,999	67,251
2037-2041	380,002	20,158
Total	<u>\$ 3,000,000</u>	<u>\$ 489,955</u>

**Pay-As-You-Go TIF Notes**

The City has issued TIF notes for various economic development purposes within the City. These issuances represent notes for which the City has no obligation for debt payment beyond the resources provided by tax increment revenues collected, as incorporated within the debt documents. At December 31, 2021, there were two TIF notes outstanding.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

**F. Conduit Debt**

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2021, the City's conduit debt consisted of the following:

Health Care Facility Revenue Note	\$ 4,876,881
Commerical Development Revenue Note	<u>2,683,708</u>
Total	<u><u>\$ 7,560,589</u></u>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 8 – FUND BALANCES/NET POSITION**

**A. Fund Balance**

Fund balances are classified as follows to reflect the limitations and restrictions of the respective funds. Fund balances of the City are comprised of the following components:

	General Fund	2016B G.O. Improvement Refunding Bonds	EDA Debt Service	Streets	Nonmajor Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 13,270	\$ -	\$ -	\$ -	\$ -	\$ 13,270
Restricted						
Debt service	-	304,500	363,935	-	1,718,548	2,386,983
Park improvements	-	-	-	-	130,987	130,987
Hennepin County Tree Grant	-	-	-	-	1,840	1,840
Comp plan grant	-	-	-	-	9,143	9,143
Police forfeiture	-	-	-	-	17,308	17,308
Trolley	-	-	-	-	1,030	1,030
Healthy Community Grant	-	-	-	-	10,412	10,412
Fire equipment	-	-	-	-	45,000	45,000
Fire apparatus	-	-	-	-	322,858	322,858
Economic development	-	-	-	-	483,093	483,093
Total restricted	-	304,500	363,935	-	2,740,219	3,408,654
Committed						
Community fund	-	-	-	-	13,760	13,760
Heritage preservation	-	-	-	-	11,633	11,633
Cable access fees	-	-	-	-	37,191	37,191
Total committed	-	-	-	-	62,584	62,584
Assigned						
Streets	-	-	-	1,163,364	-	1,163,364
Equipment	-	-	-	-	15,931	15,931
Facilities improvements	-	-	-	-	182,728	182,728
Total assigned	-	-	-	1,163,364	198,659	1,362,023
Unassigned	1,170,205	-	-	-	(189,345)	980,860
Total fund balance	\$ 1,183,475	\$ 304,500	\$ 363,935	\$ 1,163,364	\$ 2,812,117	\$ 5,827,391

**B. Net Position**

Restricted net position is comprised of the total restricted fund balances in the governmental funds plus the effect of the conversion to the government-wide net position.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 9 – RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state, which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2021 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2021, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 10 – PENSION PLANS**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2021, was \$91,591. The components of pension expense are noted in the following plan summaries.

The General Fund, Water, Sewer, and Storm Water Funds typically liquidate the liability related to pensions.

**Public Employees' Retirement Association**

**A. Plan Description**

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

**General Employees Retirement Plan**

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

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**A. Plan Description (Continued)**

Public Employees Police and Fire Plan

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

**B. Benefits Provided**

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

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**B. Benefits Provided (Continued)**

Police and Fire Plan Benefits

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$54,025. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$112,051. The City's contributions were equal to the required contributions as set by state statute.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$384,340 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$11,769.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0090%, at the end of the measurement period and 0.0088% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 384,340
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>11,769</u>
Total	<u><u>\$ 396,109</u></u>

For the year ended December 31, 2021, the City recognized pension expense of \$19,252 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$950 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,309	\$ 11,731
Changes in actuarial assumptions	234,669	8,313
Net collective difference between projected and actual investment earnings	-	333,760
Changes in proportion	8,994	2,774
Contributions paid to PERA subsequent to the measurement date	27,013	-
	<hr/>	<hr/>
Total	\$ 272,985	\$ 356,578
	<hr/>	<hr/>

The \$27,013 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ (16,531)
2023	(3,002)
2024	(286)
2025	(90,787)
	<hr/>
Total	\$ (110,606)
	<hr/>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

**Police and Fire Fund Pension Costs**

At December 31, 2021, the City reported a liability of \$405,097 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0531% at the end of the measurement period and 0.0480% for the beginning of the period.

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

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized pension expense of \$14,528 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$3,357 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$4,779 for the year ended December 31, 2021, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**D. Pension Costs (Continued)**

Police and Fire Fund Pension Costs (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 75,585	\$ -
Changes in actuarial assumptions	602,409	171,902
Net collective difference between projected and actual investment earnings	-	787,494
Changes in proportion	100,201	26,754
Contributions paid to PERA subsequent to the measurement date	56,026	-
	<u>\$ 834,221</u>	<u>\$ 986,150</u>
Total		

The \$56,026 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expense Amount
2022	\$ (224,443)
2023	(27,388)
2024	(32,915)
2025	(66,290)
2026	143,081
	<u>\$ (207,955)</u>
Total	

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**E. Long-Term Expected Return on Investment**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

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

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

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

**General Employees Fund**

**Changes in Actuarial Assumptions**

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

**Changes in Plan Provisions**

- There have been no changes since the previous valuation.

**Police and Fire Fund**

**Changes in Actuarial Assumptions**

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**F. Actuarial Methods and Assumptions (Continued)**

Police and Fire Fund (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**H. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 783,858	\$ 384,340	\$ 56,512
	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 1,296,507	\$ 405,097	\$ (325,639)

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Public Employees' Retirement Association (Continued)**

**I. Pension Plan Fiduciary Net Position**

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

**Defined Benefit Pension Plan – Volunteer Fire Fighter's Relief Association**

**A. Plan Description**

The Osseo Firefighter's Relief Association is the administrator of a single employer defined benefit pension plan established to provide benefits for members of the Osseo Fire Department per *Minnesota State Statutes*.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Osseo Firefighter's Association, 415 Central Avenue, Osseo, MN 55369 or by calling (763) 424-5444.

**B. Benefits Provided**

Volunteer firefighters of the City are members of the Osseo Fire Fighter's Relief Association. Full retirement benefits are payable to members who have reached age 50 and have completed 15 years of service for monthly service pension, or 10 years of service for lump sum service pension. Partial benefits are payable to members who have reached 50 and have completed 10 years of service. Disability benefits and widow and children's survivor benefits are also payable to members or their beneficiaries based upon requirements set forth in the bylaws. These benefit provisions and all other requirements are consistent with enabling state statutes.

**C. Members Covered by Benefit Terms**

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	-
Inactive members entitled to but not yet receiving benefits	2
Active members	19
	<hr/>
Total	21
	<hr/> <hr/>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter’s Relief Association (Continued)**

**D. Contributions**

*Minnesota Statutes* Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from State aids are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a ten year period. The City’s obligation is the financial requirement for the year less state aids. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The Association is comprised of volunteers: therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). During the year, the City recognized as revenue and as an expenditure an on behalf payment of \$17,727 made by the State of Minnesota for the Relief Association.

**E. Net Pension Liability**

The City’s net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

*Actuarial Assumptions*

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 %
Investment rate of return	4.25 %, net of pension plan investment expense, including inflation

The value of death benefits is similar to the value of the retirement pension. Because of low retirement ages, the plan assumes no pre-retirement mortality. Post-retirement mortality does not apply as the benefit structure and form of payment do not reflect lifetime benefits.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter’s Relief Association (Continued)**

**E. Net Pension Liability (Continued)**

*Actuarial Assumptions (Continued)*

The long-term return on assets has been set based on the plan’s target investment allocation along with long-term return expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of the measurement date are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30.87 %	4.76 %
International equity	25.44	5.41
Fixed income	18.8	2.01
Real estate	0.66	4.53
Cash	24.23	0.74
	<hr/>	
Total	<u>100.0 %</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 4.25%. 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 Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter’s Relief Association (Continued)**

**F. Changes in the Net Pension Liability**

*Discount Rate (Continued)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2020	\$ 241,988	\$ 408,556	\$ (166,568)
Changes for the year			
Service cost	14,959	-	14,959
Interest cost	12,205	-	12,205
Changes of assumptions	4,641	-	4,641
State contributions	-	20,724	(20,724)
Municipal contributions	-	-	-
Other additions	-	146	(146)
Change in benefit terms	56,692	-	56,692
Administrative expense	-	(900)	900
Net changes	88,497	64,988	23,509
Balances at December 31, 2021	<u>\$ 330,485</u>	<u>\$ 473,544</u>	<u>\$ (143,059)</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City, calculated using the discount rate of 4.25%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25%) or 1-percentage-point higher (5.25%) than the current rate:

	1% Decrease in Discount Rate (3.25%)	Current Discount Rate (4.25%)	1% Increase in Discount Rate (5.25%)
City's net pension liability (asset)	<u>\$ (131,172)</u>	<u>\$ (143,059)</u>	<u>\$ (154,601)</u>

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued relief association financial report.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter’s Relief Association (Continued)**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended December 31, 2020, the City recognized pension expense of \$57,811. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 22,730
Changes in actuarial assumptions	7,819	-
Net difference between projected and actual earnings on pension plan investments	-	26,502
Contributions paid to the Association subsequent to the measurement date	17,727	-
Total	<u>\$ 25,546</u>	<u>\$ 49,232</u>

The \$17,727 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	
2023	\$ (7,987)
2024	(4,986)
2025	(13,722)
2026	(6,831)
Thereafter	(1,756)
Total	<u>(6,131)</u>
	<u>\$ (41,413)</u>

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 10 – PENSION PLANS (CONTINUED)**

**Defined Benefit Pension Plan – Volunteer Fire Fighter’s Relief Association (Continued)**

**H. Payable to the Pension Plan**

Required and actual employer contributions to the plan during 2021 were \$0. In addition, the City passes through state aid allocated to the plan in accordance with state statutes. For 2021, the state aid was \$17,727. Members of the Association are not allowed to make voluntary contributions to the plan.

Members are not vested in their accounts until they attain 10 years of active service, at which time they become 60% vested. Thereafter, the vested portion of their accounts increases by 5% annually until they achieve 100% vesting after having served for 20 years.

Plan provisions were established and may only be amended by amendments to the Association bylaws which require a majority vote by the Board of Trustees.

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN**

**A. Plan Description**

The City provides a single-employer defined benefit healthcare plan to eligible retirees (as required by *Minnesota Statute* 471.61) and police or firefighters disabled in the line of duty (as required by *Minnesota Statute* 299A.465). The City will contribute 65% of the cost of health insurance premiums per month for those who have retired with at least 12 years of continuous service and have reached the age of 50. The City contribution applies only to the cost of individual coverage for the retiree and ceases upon the retiree reaching age 65. As of December 31, 2019, there was one retiree participating in the City's group health plan.

**B. Benefits Provided**

There is no implicit rate subsidy for the City since age-based premiums are paid for health insurance. This results in the City's OPEB liability being only the direct subsidy payments made towards retiree health insurance premiums

**C. Contributions**

The City makes direct subsidy payments towards retiree health insurance premiums. For the year 2021, the City contributed \$11,945.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**D. Members**

As of December 31, 2019, the following were covered by the benefit terms:

Active employees or beneficiaries currently receiving benefits	10
Active employees entitled to but waiving receiving benefit payments	5
Retirees electing coverage	1
	<hr/>
Total	<hr/> <hr/> 16

**E. Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Investment rate of return	2.00%, net of investment expense
Inflation	2.50%
Healthcare cost trend increases	6.7% initially, decreasing to an ultimate rate of 3.8%
Mortality assumption	RP 2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments.

The actuarial assumptions used in the December 31, 2019, valuation was based on the results of an actuarial experience study for the period January 1, 2019 – December 31, 2019.

The discount rate used to measure the total OPEB liability was 2.00% based on 20 year municipal G.O. AA Index Bonds.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**F. Total OPEB Liability**

The City's total OPEB liability of \$341,606 was measured as of December 31, 2019, and was determined by an actuarial valuation as of December 31, 2019.

	Total OPEB Liability
Balances at January 1, 2020	\$ 294,707
Changes for the year	
Service cost	24,662
Interest	8,618
Changes of assumptions	24,824
Differences between expected and actual economic experience	740
Benefit payments	(11,945)
Net changes	46,899
Balances at December 31, 2021	\$ 341,606

Changes of assumptions and other inputs reflect a change in the discount rate from 2.75% in 2020 to 2.00% in 2021.

**G. OPEB Liability Sensitivity**

The following presents the City's total OPEB liability calculated using the discount rate of 2.00% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability/(Asset)		
1% decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% increase in Discount Rate (3.00%)
\$ 377,391	\$ 341,606	\$ 308,876

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)**

**G. OPEB Liability Sensitivity (Continued)**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability/(Asset)		
1% decrease in Trend Rate (5.7% decreasing to 2.8%)	Current Trend Rate (6.7% decreasing to 3.8%)	1% increase in Trend Rate (7.7% decreasing to 4.8%)
\$ 292,377	\$ 341,606	\$ 399,442

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020, the City recognized OPEB expense of \$46,898. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 9,223	\$ -
Total	<u>\$ 9,223</u>	<u>\$ -</u>

The \$9,223 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

**NOTE 12 – TAX INCREMENT FINANCING**

The City has entered into five Tax Increment Financing agreements which meet the criteria for disclosure under *Governmental Accounting Standards Board Statement No. 77 Tax Abatement Disclosures*. The City's authority to enter into these agreements comes from *Minnesota Statute 469*. The City entered into these agreements for the purpose of economic development.

Under each agreement, the City and developer agree on an amount of development costs to be reimbursed to the developer by the City through tax revenues from the additional taxable value of the property generated by the development (tax increment). A "pay-as-you-go" note is established for this amount, on which the City makes payments for a fixed period of time with available tax increment revenue after deducting for certain administrative costs.

**City of Osseo**  
**Notes to Basic Financial Statements**

**NOTE 12 – TAX INCREMENT FINANCING (CONTINUED)**

During the year ended December 31, 2021, the City generated \$899,933 in tax increment revenue and made \$428,259 in payments to developers.

**NOTE 13 – COMMITMENTS**

The City has entered into the following contract for construction:

<u>Project</u>	<u>Contract Amount</u>	<u>Expended through 12/31/21</u>	<u>Commitment</u>
Lift stations and SCADA improvements	\$ 1,299,300	\$ 631,488	\$ 667,812

In 2022 the City has approved bids for the 2022 Alley Reconstruction project for \$663,060 and the 2022 Sewer Lining Project for \$809,324.

**NOTE 14 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 87, Leases 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. This statement will be effective for the year ending December 31, 2022.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Osseo**  
**Schedule of Changes in Total OPEB Liability**  
**and Related Ratios**

	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Total OPEB Liability				
Service cost	\$ 13,643	\$ 15,998	\$ 15,947	\$ 24,662
Interest	8,258	7,994	9,088	8,618
Differences between expected and actual experience	-	-	9,776	740
Changes of assumptions	11,216	(9,541)	35,956	24,824
Benefit payments	(9,660)	(11,737)	(10,161)	(11,945)
Net change in total OPEB liability	<u>23,457</u>	<u>2,714</u>	<u>60,606</u>	<u>46,899</u>
Beginning of year	<u>207,930</u>	<u>231,387</u>	<u>234,101</u>	<u>294,707</u>
End of year	<u>\$ 231,387</u>	<u>\$ 234,101</u>	<u>\$ 294,707</u>	<u>\$ 341,606</u>
Covered payroll	\$ 1,079,576	\$ 1,027,560	\$ 1,305,259	\$ 1,212,685
Total OPEB liability as a percentage of covered payroll	21.43%	22.78%	22.58%	28.19%

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

**City of Osseo**  
**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**General Employees Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0067%	\$ 347,229	\$ -	\$ -	\$ 385,040	90.18%	78.19%
2016	0.0079%	641,441	8,374	649,815	490,693	130.72%	68.91%
2017	0.0082%	523,483	6,545	530,028	525,307	99.65%	75.90%
2018	0.0090%	499,283	16,386	515,669	602,507	82.87%	79.53%
2019	0.0088%	486,532	14,999	501,531	620,267	78.44%	80.23%
2020	0.0088%	527,600	16,321	543,921	626,627	84.20%	79.06%
2021	0.0090%	384,340	11,769	396,109	647,067	59.40%	87.00%

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

**Schedule of City's Proportionate Share**  
**of Net Pension Liability**  
**Public Employees Police and Fire Retirement Fund**  
**Last Ten Years**

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0370%	\$ 420,407	N/A	\$ 420,407	\$ 329,346	127.65%	86.61%
2016	0.0440%	1,765,797	N/A	1,765,797	420,920	419.51%	63.88%
2017	0.0400%	540,048	N/A	540,048	408,716	132.13%	85.43%
2018	0.0424%	448,124	N/A	448,124	446,370	100.39%	88.84%
2019	0.0460%	483,506	N/A	483,506	474,572	101.88%	89.26%
2020	0.0480%	628,371	\$ 14,896	643,267	530,282	118.50%	87.19%
2021	0.0531%	405,097	18,431	423,528	627,706	64.54%	93.66%

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

**City of Osseo  
Schedule of City Contributions -  
General Employees Retirement Fund  
Last Ten Years**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 27,183	\$ 27,183	\$ -	\$ 362,440	7.5%
2016	36,551	36,551	-	487,347	7.5%
2017	35,995	35,995	-	479,933	7.5%
2018	44,164	44,164	-	588,853	7.5%
2019	47,668	47,668	-	635,573	7.5%
2020	46,638	46,638	-	621,840	7.5%
2021	54,025	54,025	-	720,333	7.5%

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

**Schedule of City Contributions -  
Public Employees Police and Fire Retirement Fund  
Last Ten Years**

<u>Fiscal Year Ending December 31,</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the Statutorily Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>City's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2015	\$ 67,659	\$ 67,659	\$ -	\$ 417,648	16.20%
2016	69,638	69,638	-	429,864	16.20%
2017	73,661	73,661	-	454,698	16.20%
2018	72,946	72,946	-	450,284	16.20%
2019	82,367	82,367	-	485,941	16.95%
2020	105,014	105,014	-	593,299	17.70%
2021	112,051	112,051	-	633,056	17.70%

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

**City of Osseo**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios - Fire Relief Association**

	Measurement Date						
	2014	2015	2016	2017	2018	2019	2020
Total pension liability (TPL)							
Service cost	\$ -	\$ 13,749	\$ 14,869	\$ 15,278	\$ 19,095	\$ 19,620	\$ 14,959
Interest	-	14,653	13,960	13,212	12,276	12,721	12,205
Differences between expected and actual experience	-	-	-	(13,350)	-	(16,784)	-
Changes of assumptions	-	-	-	4,416	-	770	4,641
Changes of benefit terms	-	-	-	-	-	-	56,692
Benefit payments, including refunds or member contributions	-	(31,640)	(53,800)	(33,172)	-	(45,058)	-
Net change in total pension liability	-	(3,238)	(24,971)	(13,616)	31,371	(28,731)	88,497
Beginning of year	-	281,173	277,935	252,964	239,348	270,719	241,988
End of year	\$ -	\$ 277,935	\$ 252,964	\$ 239,348	\$ 270,719	\$ 241,988	\$ 330,485
Plan fiduciary net position (FNP)							
Contributions - employer	\$ -	\$ 23,341	\$ 14,230	\$ 16,428	\$ 15,546	\$ 16,052	\$ 20,724
Net investment income	-	(16,397)	15,092	34,081	(24,520)	51,586	45,018
Benefit payments, including refunds of member contributions	-	(31,640)	(53,800)	(33,172)	-	(45,058)	-
Administrative expense	-	(1,775)	(100)	(2,650)	(7,661)	(900)	(900)
Other	-	-	-	-	-	-	146
Net change in plan fiduciary net position	-	(26,471)	(24,578)	14,687	(16,635)	21,680	64,988
Beginning of year	-	439,873	413,402	388,824	403,511	386,876	408,556
End of year	\$ -	\$ 413,402	\$ 388,824	\$ 403,511	\$ 386,876	\$ 408,556	\$ 473,544
Net pension liability (NPL)	\$ -	\$ (135,467)	\$ (135,860)	\$ (164,163)	\$ (116,157)	\$ (166,568)	\$ (143,059)
Plan fiduciary net position as a percentage of the total pension liability	0.0%	148.7%	153.7%	168.6%	142.9%	168.8%	143.3%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section require a ten-year presentation, but does not require retroactive reporting. Information prior to 2015 is not available. Additional years will be reported as they become available.

**City of Osseo**  
**Schedule of City Contributions**  
**and Non-Employer Contributing**  
**Entities - Fire Relief Association**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Employer								
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the SDC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-employer								
2% aid	<u>\$ 13,578</u>	<u>\$ 14,282</u>	<u>\$ 14,230</u>	<u>\$ 14,987</u>	<u>\$ 15,546</u>	<u>\$ 16,052</u>	<u>\$ 16,919</u>	<u>\$ 17,727</u>
Covered employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

The City implemented the provisions of Governmental Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. The schedules within the Required Supplementary Information section require a ten-year presentation, but does not require retroactive reporting. Information prior to 2014 is not available. Additional years will be reported as they become available.

**City of Osseo**  
**Notes to Required Supplementary Information**

**General Employees Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

**City of Osseo**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2019 Changes (Continued)**

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

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

**City of Osseo**  
**Notes to Required Supplementary Information**

**General Employees Fund (Continued)**

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**City of Osseo**  
**Notes to Required Supplementary Information**

**Police And Fire Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The inflation assumption was changed from 2.5% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.0%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety mortality table. The mortality improvement scale was changed from MP-2019 to MP-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes resulted in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes resulted in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates resulted in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2016 to MP-2017.

**City of Osseo**  
**Notes to Required Supplementary Information**

**Police And Fire Fund (Continued)**

**2018 Changes (Continued)**

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**City of Osseo**  
**Notes to Required Supplementary Information**

**Police And Fire Fund (Continued)**

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The single discount rate changed from 7.90% to 5.60%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**City of Osseo**  
**Notes to Required Supplementary Information**

**Volunteer Fire Fighter's Relief Association**

**2021 Changes**

Changes in Actuarial Assumptions

- The discount rate decreased from 4.75% to 4.24%.

Changes in Plan Provisions

- The lump sum multiplier was changed from \$1,600 to \$2,000.

**2020 Changes**

Changes in Actuarial Assumptions

- The mortality assumptions were updated from the rates used in the July 1, 2017, PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2019, PERA Police and Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.75% to 2.5%.

Changes in Plan Provisions

- None

**2019 Changes**

Changes in Actuarial Assumptions

- None

Changes in Plan Provisions

- None

**City of Osseo**  
**Notes to Required Supplementary Information**

**Post Employment Health Care Plan**

**2021 Changes**

Changes in Actuarial Assumptions

- The Discount rate decreased from 2.75% to 2.00%

**2020 Changes**

Changes in Actuarial Assumptions

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience, including an adjustment to reflect age/gender based risk scores published by the Society of Actuaries.
- Salary increase rates were updated from the rates used in the 7/1/2017 PERA General Employees Plan and 7/1/2017 Police & Fire Plan valuations to the rates used in the 7/1/2019 Police & Fire Plan valuations to the rates used in the 7/1/2019 valuations.
- Mortality rates were updated from the RP-2014 tables to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 Police & Fire Plan actuarial valuations.
- The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward looking market expectations.

Changes in Plan Provisions

- Retiree premiums were updated to current levels.

**2019 Changes**

Changes in Actuarial Assumptions

- The Discount rate increased from 3.31% to 3.71%

**2018 Changes**

Changes in Plan Provisions

- The City switched from age-based rates to a blended rate for health insurance
- The City implemented GASB 75 in 2018

Changes in Actuarial Assumptions

- The Discount rate decrease from 3.81% to 3.31%

There are no assets accumulated in a trust for Other Postemployment Benefits.

## **SUPPLEMENTARY INFORMATION**

**City of Osseo**  
**Detailed Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 1,635,385	\$ 1,643,924	\$ 8,539
Franchise taxes	100,500	100,954	454
Special assessments	5,000	605	(4,395)
Licenses and permits	178,050	155,756	(22,294)
Intergovernmental revenue			
Local government aid	649,597	649,597	-
PERA aid	836	-	(836)
Fire aid	25,500	30,631	5,131
Police aid	76,000	104,279	28,279
Other grants and aids	6,500	11,777	5,277
Total intergovernmental revenue	<u>758,433</u>	<u>796,284</u>	<u>37,851</u>
Charges for services			
General government	13,000	14,300	1,300
Public safety	-	26	26
Culture and recreation	12,500	29,642	17,142
Total charges for services	<u>25,500</u>	<u>43,968</u>	<u>18,468</u>
Fines and forfeitures	<u>51,000</u>	<u>34,871</u>	<u>(16,129)</u>
Miscellaneous revenues			
Investment income	17,500	(2,109)	(19,609)
Contributions and donations	8,000	19,285	11,285
Refunds and reimbursements	1,500	-	(1,500)
Other	12,000	30,959	18,959
Total miscellaneous revenues	<u>39,000</u>	<u>48,135</u>	<u>9,135</u>
Total revenues	<u>2,792,868</u>	<u>2,824,497</u>	<u>31,629</u>
<b>Expenditures</b>			
General government			
Mayor and council	41,232	34,923	(6,309)
Administrative and finance	366,252	387,008	20,756
Other general government	345,787	382,448	36,661
Total general government	<u>753,271</u>	<u>804,379</u>	<u>51,108</u>
Public safety			
Police			
Current	1,031,695	1,116,060	84,365
Fire			
Current	155,428	150,992	(4,436)

**City of Osseo**  
**Detailed Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2021**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
<b>Expenditures (Continued)</b>			
Public safety (continued)			
Building inspections			
Current	\$ 30,400	\$ 7,993	\$ (22,407)
Total public safety	<u>1,217,523</u>	<u>1,275,045</u>	<u>57,522</u>
Public works			
Streets and highways			
Street maintenance and storm sewers	<u>200,208</u>	<u>183,277</u>	<u>(16,931)</u>
Culture and recreation			
Current	100,496	115,653	15,157
Capital outlay	<u>5,500</u>	<u>2,781</u>	<u>(2,719)</u>
Total culture and recreation	<u>105,996</u>	<u>118,434</u>	<u>12,438</u>
Total expenditures	<u>2,276,998</u>	<u>2,381,135</u>	<u>104,137</u>
Excess of revenues over (under) expenditures	515,870	443,362	(72,508)
<b>Other Financing Sources (Uses)</b>			
Transfers in	50,000	50,000	-
Transfers out	<u>(565,870)</u>	<u>(565,870)</u>	<u>-</u>
Total other financing sources (uses)	<u>(515,870)</u>	<u>(515,870)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>(72,508)</u>	<u>\$ (72,508)</u>
<b>Fund Balance</b>			
Beginning of year		<u>1,255,983</u>	
End of year		<u>\$ 1,183,475</u>	

**City of Osseo  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2021**

	Special Revenue				
	Police Forfeiture (116)	Trolley (204)	Park Improvement (205)	EDA General	CHec - Healthy Communities Grant (241)
<b>Assets</b>					
Cash and investments	\$ 17,308	\$ 1,065	\$ 131,545	\$ 312,549	\$ 10,412
Taxes receivable - delinquent	-	-	-	-	-
Special assessments receivable					
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Interest receivable	-	-	-	143,318	-
Due from other governments	-	-	-	-	-
Mortgages receivable	-	-	-	160,705	-
Total assets	<u>\$ 17,308</u>	<u>\$ 1,065</u>	<u>\$ 131,545</u>	<u>\$ 616,572</u>	<u>\$ 10,412</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
Accounts payable	\$ -	\$ 35	\$ 455	\$ 214	\$ -
Contracts payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Due to other governments	-	-	7	-	-
Salaries and benefits payable	-	-	96	-	-
Total liabilities	<u>-</u>	<u>35</u>	<u>558</u>	<u>214</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - property taxes	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-
Unavailable revenue - mortgages	-	-	-	304,023	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>304,023</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	17,308	1,030	130,987	312,335	10,412
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>17,308</u>	<u>1,030</u>	<u>130,987</u>	<u>312,335</u>	<u>10,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,308</u>	<u>\$ 1,065</u>	<u>\$ 131,545</u>	<u>\$ 616,572</u>	<u>\$ 10,412</u>

Special Revenue

Cable TV (240)	Community Fund (250, 251, 252, 253, 254, 255, 256, 257, 258)	Heritage Preservation (260)	Comp Plan Grant (150)	Hennepin County Tree Assessment Grant (242)	COVID-19 Aid (230)	Twins Grant (244)	Special Revenue Total
\$ 37,191	\$ 13,760	\$ 11,633	\$ -	\$ 1,840	\$ 101,950	\$ -	\$ 639,253
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	16,000	-	-	-	143,318
-	-	-	-	-	-	-	16,000
-	-	-	-	-	-	-	160,705
<u>\$ 37,191</u>	<u>\$ 13,760</u>	<u>\$ 11,633</u>	<u>\$ 16,000</u>	<u>\$ 1,840</u>	<u>\$ 101,950</u>	<u>\$ -</u>	<u>\$ 959,276</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,300	\$ -	\$ 37,004
-	-	-	-	-	-	-	-
-	-	-	6,857	-	-	726	7,583
-	-	-	-	-	65,650	-	65,650
-	-	-	-	-	-	-	7
-	-	-	-	-	-	-	96
-	-	-	6,857	-	101,950	726	110,340
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	304,023
-	-	-	-	-	-	-	304,023
-	-	-	9,143	1,840	-	-	483,055
37,191	13,760	11,633	-	-	-	-	62,584
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(726)	(726)
<u>37,191</u>	<u>13,760</u>	<u>11,633</u>	<u>9,143</u>	<u>1,840</u>	<u>-</u>	<u>(726)</u>	<u>544,913</u>
<u>\$ 37,191</u>	<u>\$ 13,760</u>	<u>\$ 11,633</u>	<u>\$ 16,000</u>	<u>\$ 1,840</u>	<u>\$ 101,950</u>	<u>\$ -</u>	<u>\$ 959,276</u>

**City of Osseo  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2021**

	Debt Service			
	2018A Improvement Bonds (309, 310)	2019 Improvement Bonds (311, 312)	2017A Improvement Bonds (308)	2010A Refunding Bonds (380)
<b>Assets</b>				
Cash and investments	\$ 204,207	\$ 13,522	\$ 119,014	\$ 193,431
Taxes receivable - delinquent	-	-	-	1,268
Special assessments receivable				
Delinquent	-	272	153	-
Deferred	154,975	148,308	120,440	-
Interest receivable	-	-	-	-
Due from other governments	-	-	-	-
Mortgages receivable	-	-	-	-
Total assets	<u>\$ 359,182</u>	<u>\$ 162,102</u>	<u>\$ 239,607</u>	<u>\$ 194,699</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned Revenue	-	-	-	-
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	-	926
Unavailable revenue - special assessments	154,975	148,308	120,440	-
Unavailable revenue - mortgages	-	-	-	-
Total deferred inflows of resources	<u>154,975</u>	<u>148,308</u>	<u>120,440</u>	<u>926</u>
<b>Fund Balances</b>				
Restricted	204,207	13,794	119,167	193,773
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>204,207</u>	<u>13,794</u>	<u>119,167</u>	<u>193,773</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 359,182</u>	<u>\$ 162,102</u>	<u>\$ 239,607</u>	<u>\$ 194,699</u>

2012A Improvement Bonds (371)	2014A Improvement Bond (301)	Police Building Debt Service Fund (395)	2015A Improvement Bonds (305)	2016A Improvement Bonds (306, 307)	2020 Improvement Bonds (313)	Debt Service Total
\$ 81,319	\$ 114,734	\$ 122,161	\$ 221,372	\$ 472,928	\$ 173,901	\$ 1,716,589
-	-	-	-	-	-	1,268
-	-	-	-	1,192	-	-
64,578	63,134	-	-	190,903	185,758	1,617
-	-	-	-	-	-	928,096
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 145,897</u>	<u>\$ 177,868</u>	<u>\$ 122,161</u>	<u>\$ 221,372</u>	<u>\$ 665,023</u>	<u>\$ 359,659</u>	<u>\$ 2,647,570</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	926
64,578	63,134	-	-	190,903	185,758	928,096
-	-	-	-	-	-	-
<u>64,578</u>	<u>63,134</u>	<u>-</u>	<u>-</u>	<u>190,903</u>	<u>185,758</u>	<u>929,022</u>
81,319	114,734	122,161	221,372	474,120	173,901	1,718,548
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>81,319</u>	<u>114,734</u>	<u>122,161</u>	<u>221,372</u>	<u>474,120</u>	<u>173,901</u>	<u>1,718,548</u>
\$ 145,897	\$ 177,868	\$ 122,161	\$ 221,372	\$ 665,023	\$ 359,659	\$ 2,647,570

**City of Osseo  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2021**

	Capital Projects			
	Police Equipment (115)	Fire Equipment (120)	Facilities Fund (135)	Equipment Fund (110)
<b>Assets</b>				
Cash and investments	\$ 11,492	\$ 5,271	\$ 227,728	\$ 323,983
Taxes receivable - delinquent	-	-	-	-
Special assessments receivable				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Interest receivable	-	-	-	-
Due from other governments	-	-	-	-
Mortgages receivable	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 11,492</u>	<u>\$ 5,271</u>	<u>\$ 227,728</u>	<u>\$ 323,983</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Accounts payable	\$ 832	\$ -	\$ -	\$ 1,125
Contracts payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned Revenue	-	-	-	-
Due to other governments	-	-	-	-
Salaries and benefits payable	-	-	-	-
Total liabilities	<u>832</u>	<u>-</u>	<u>-</u>	<u>1,125</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Unavailable revenue - mortgages	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	-	-	45,000	322,858
Committed	-	-	-	-
Assigned	10,660	5,271	182,728	-
Unassigned	-	-	-	-
Total fund balances	<u>10,660</u>	<u>5,271</u>	<u>227,728</u>	<u>322,858</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,492</u>	<u>\$ 5,271</u>	<u>\$ 227,728</u>	<u>\$ 323,983</u>

Capital Projects					
Hennepin County Corridor Planning (243)	2021 Alley Project (410 & 412)	2020 Improvement Project (409)	EDA Capital Projects	Capital Projects Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 259,039	\$ 827,513	\$ 3,183,355
-	-	-	-	-	1,268
-	-	-	-	-	1,617
-	-	-	-	-	928,096
-	-	-	-	-	143,318
-	-	-	-	-	16,000
-	-	-	-	-	160,705
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,039</u>	<u>\$ 827,513</u>	<u>\$ 4,434,359</u>
\$ -	\$ 16,237	\$ -	\$ 88,281	\$ 106,475	\$ 143,479
-	-	6,796	-	6,796	6,796
594	95,246	69,746	-	165,586	173,169
-	-	-	-	-	65,650
-	-	-	-	-	7
-	-	-	-	-	96
<u>594</u>	<u>111,483</u>	<u>76,542</u>	<u>88,281</u>	<u>278,857</u>	<u>389,197</u>
-	-	-	-	-	926
-	-	-	-	-	928,096
-	-	-	-	-	304,023
-	-	-	-	-	1,233,045
-	-	-	170,758	538,616	2,740,219
-	-	-	-	-	62,584
-	-	-	-	198,659	198,659
(594)	(111,483)	(76,542)	-	(188,619)	(189,345)
<u>(594)</u>	<u>(111,483)</u>	<u>(76,542)</u>	<u>170,758</u>	<u>548,656</u>	<u>2,812,117</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,039</u>	<u>\$ 827,513</u>	<u>\$ 4,434,359</u>

**City of Osseo**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Special Revenue				
	Police Forfeiture (116)	Trolley (204)	Park Improvement (205)	EDA General	CHeC - Healthy Communities Grant (241)
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	25	29,730	-	-
Fines and forfeitures	7,630	-	-	-	-
Miscellaneous					
Investment income	29	-	171	(189)	-
Contributions and donations	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>7,659</u>	<u>25</u>	<u>29,901</u>	<u>(189)</u>	<u>-</u>
<b>Expenditures</b>					
Current					
Public safety	2,220	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	506	20,939	-	-
Economic development	-	-	-	18,143	-
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay					
Public safety	75	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	155,168	-	-
Total expenditures	<u>2,295</u>	<u>506</u>	<u>176,107</u>	<u>18,143</u>	<u>-</u>
Excess of revenues over (under) expenditures	5,364	(481)	(146,206)	(18,332)	-
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	34,586	-	-
Transfers out	-	-	-	(40,000)	-
sources (uses)	<u>-</u>	<u>-</u>	<u>34,586</u>	<u>(40,000)</u>	<u>-</u>
Net change in fund balances	5,364	(481)	(111,620)	(58,332)	-
<b>Fund Balances</b>					
Beginning of year	<u>11,944</u>	<u>1,511</u>	<u>242,607</u>	<u>370,667</u>	<u>10,412</u>
End of year	<u>\$ 17,308</u>	<u>\$ 1,030</u>	<u>\$ 130,987</u>	<u>\$ 312,335</u>	<u>\$ 10,412</u>

Special Revenue

Cable TV (240)	Community Fund (250, 251, 252, 253, 254, 255, 256, 257, 258)	Heritage Preservation (260)	Comp Plan Grant (150)	Hennepin County Tree Assessment Grant (242)	COVID-19 Aid (230)	Twins Grant (244)	Special Revenue Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	16,000	4,677	83,957	-	104,634
-	-	-	-	-	-	-	29,755
-	-	-	-	-	-	-	7,630
83	-	5	-	-	-	-	99
-	14,200	-	-	-	-	-	14,200
26,879	3,303	1,300	-	-	-	-	31,482
<u>26,962</u>	<u>17,503</u>	<u>1,305</u>	<u>16,000</u>	<u>4,677</u>	<u>83,957</u>	<u>-</u>	<u>187,800</u>
-	-	-	-	-	66,018	-	68,238
-	-	-	-	-	-	-	-
-	20,602	(100)	-	-	-	2,659	44,606
-	-	-	-	-	-	-	18,143
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	75
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	155,168
<u>-</u>	<u>20,602</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>66,018</u>	<u>2,659</u>	<u>286,230</u>
26,962	(3,099)	1,405	16,000	4,677	17,939	(2,659)	(98,430)
-	-	-	-	-	-	-	34,586
(10,000)	-	-	-	-	-	-	(50,000)
<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,414)</u>
16,962	(3,099)	1,405	16,000	4,677	17,939	(2,659)	(113,844)
20,229	16,859	10,228	(6,857)	(2,837)	(17,939)	1,933	658,757
<u>\$ 37,191</u>	<u>\$ 13,760</u>	<u>\$ 11,633</u>	<u>\$ 9,143</u>	<u>\$ 1,840</u>	<u>\$ -</u>	<u>\$ (726)</u>	<u>\$ 544,913</u>

**City of Osseo**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Debt Service			
	2018A Improvement Bonds (309, 310)	2019 Improvement Bonds (311, 312)	2017A Improvement Bonds (308)	2010A Refunding Bonds (380)
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 82,813
Tax increments	-	-	-	-
Special assessments	30,753	32,317	29,384	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment income	931	14	77	(244)
Contributions and donations	-	-	-	-
Other	-	-	-	-
Total revenues	<u>31,684</u>	<u>32,331</u>	<u>29,461</u>	<u>82,569</u>
<b>Expenditures</b>				
Current				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	45,000	40,000	40,000	185,000
Interest and other charges	25,255	13,460	15,815	10,013
Capital outlay				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>70,255</u>	<u>53,460</u>	<u>55,815</u>	<u>195,013</u>
Excess of revenues over (under) expenditures	(38,571)	(21,129)	(26,354)	(112,444)
<b>Other Financing Sources (Uses)</b>				
Transfers in	63,897	-	15,215	100,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>63,897</u>	<u>-</u>	<u>15,215</u>	<u>100,000</u>
Net change in fund balances	25,326	(21,129)	(11,139)	(12,444)
<b>Fund Balances</b>				
Beginning of year	<u>178,881</u>	<u>34,923</u>	<u>130,306</u>	<u>206,217</u>
End of year	<u>\$ 204,207</u>	<u>\$ 13,794</u>	<u>\$ 119,167</u>	<u>\$ 193,773</u>

Debt Service

2011A Refunding Bonds (385)	2012A Improvement Bonds (371)	2014A Improvement Bond (301)	Police Building Debt Service Fund (395)	2015A Improvement Bonds (305)	2016A Improvement Bonds (306, 307)	2020 Improvement Bonds (313)	Debt Service Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,813
-	-	-	-	-	-	-	-
-	19,773	14,891	-	-	30,805	43,733	201,656
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(101)	(46)	(46)	(259)	327	290	943
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	19,672	14,845	(46)	(259)	31,132	44,023	285,412
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
160,000	30,000	30,000	50,000	160,000	80,000	-	820,000
9,013	6,188	11,750	34,125	20,174	27,987	17,490	191,270
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169,013	36,188	41,750	84,125	180,174	107,987	17,490	1,011,270
(169,013)	(16,516)	(26,905)	(84,171)	(180,433)	(76,855)	26,533	(725,858)
169,013	11,715	26,626	83,625	167,005	95,670	35,944	768,710
-	-	-	-	-	-	-	-
169,013	11,715	26,626	83,625	167,005	95,670	35,944	768,710
-	(4,801)	(279)	(546)	(13,428)	18,815	62,477	42,852
-	86,120	115,013	122,707	234,800	455,305	111,424	1,675,696
\$ -	\$ 81,319	\$ 114,734	\$ 122,161	\$ 221,372	\$ 474,120	\$ 173,901	\$ 1,718,548

**City of Osseo**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Capital Projects			
	Police Equipment (115)	Fire Equipment (120)	Facilities Fund (135)	Equipment Fund (110)
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax increments	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous				
Investment income	-	-	709	(662)
Contributions and donations	8,618	37,848	-	30,000
Other	-	-	-	737
Total revenues	<u>8,618</u>	<u>37,848</u>	<u>709</u>	<u>30,075</u>
<b>Expenditures</b>				
Current				
Public safety	5,276	(248)	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
Public safety	6,623	34,813	-	139,672
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>11,899</u>	<u>34,565</u>	<u>-</u>	<u>139,672</u>
Excess of revenues over (under) expenditures	(3,281)	3,283	709	(109,597)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	127,660	131,464
Transfers out	-	-	(83,625)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>44,035</u>	<u>131,464</u>
Net change in fund balances	(3,281)	3,283	44,744	21,867
<b>Fund Balances</b>				
Beginning of year	<u>13,941</u>	<u>1,988</u>	<u>182,984</u>	<u>300,991</u>
End of year	<u>\$ 10,660</u>	<u>\$ 5,271</u>	<u>\$ 227,728</u>	<u>\$ 322,858</u>

2018 Alley Improvement (406)	2018 Street Improvement (405)	2019 Improvement Project (407, 408)	Hennepin County Corridor Planning (243)	2021 Alley Project (410 & 412)	2020 Improvement Project (409)	EDA Capital Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	188,495
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	301
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,796</u>
-	-	-	-	-	-	-
-	-	-	-	390	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	155,747
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	61,091	11,228	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,481</u>	<u>11,228</u>	<u>155,747</u>
-	-	-	-	(61,481)	(11,228)	33,049
-	-	135	-	-	-	-
(11,897)	(64,190)	(38,363)	-	-	-	-
<u>(11,897)</u>	<u>(64,190)</u>	<u>(38,228)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(11,897)	(64,190)	(38,228)	-	(61,481)	(11,228)	33,049
<u>11,897</u>	<u>64,190</u>	<u>38,228</u>	<u>(594)</u>	<u>(50,002)</u>	<u>(65,314)</u>	<u>137,709</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (594)</u>	<u>\$ (111,483)</u>	<u>\$ (76,542)</u>	<u>\$ 170,758</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Osseo**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended December 31, 2021**

	Capital Projects Total	Total Nonmajor Governmental Funds
<b>Revenues</b>		
Taxes	\$ -	\$ 82,813
Tax increments	188,495	188,495
Special assessments	-	201,656
Intergovernmental	-	104,634
Charges for services	-	29,755
Fines and forfeitures	-	7,630
Miscellaneous		
Investment income	348	1,390
Contributions and donations	76,466	90,666
Other	737	32,219
Total revenues	<u>266,046</u>	<u>739,258</u>
<b>Expenditures</b>		
Current		
Public safety	5,028	73,266
Public works	390	390
Culture and recreation	-	44,606
Economic development	155,747	173,890
Debt service		
Principal	-	820,000
Interest and other charges	-	191,270
Capital outlay		
Public safety	181,108	181,183
Public works	72,319	72,319
Culture and recreation	-	155,168
Total expenditures	<u>414,592</u>	<u>1,712,092</u>
Excess of revenues over (under) expenditures	(148,546)	(972,834)
<b>Other Financing Sources (Uses)</b>		
Transfers in	259,259	1,062,555
Transfers out	(198,075)	(248,075)
Total other financing sources (uses)	<u>61,184</u>	<u>814,480</u>
Net change in fund balances	(87,362)	(158,354)
<b>Fund Balances</b>		
Beginning of year	<u>636,018</u>	<u>2,970,471</u>
End of year	<u>\$ 548,656</u>	<u>\$ 2,812,117</u>

**City of Osseo  
Combining Balance Sheet -  
EDA Funds  
December 31, 2021**

	General Fund	Debt Service		
	Economic Development Authority (801)	TIF 2-4 Bell Tower TIF (817)	TIF 2-9, 5 Central (836)	Total
<b>Assets</b>				
Cash and investments	\$ 312,549	\$ 383,255	\$ 169,340	\$ 552,595
Mortgages receivable	160,705	-	-	-
Interest receivable	143,318	-	-	-
Total assets	<u>\$ 616,572</u>	<u>\$ 383,255</u>	<u>\$ 169,340</u>	<u>\$ 552,595</u>
<b>Liabilities</b>				
Accounts payable	\$ 214	\$ 9,517	\$ 102,816	\$ 112,333
Due to other funds	-	-	76,327	76,327
Total liabilities	<u>214</u>	<u>9,517</u>	<u>179,143</u>	<u>188,660</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - mortgages	<u>304,023</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	312,335	373,738	-	373,738
Unassigned	-	-	(9,803)	(9,803)
Total fund balances	<u>312,335</u>	<u>373,738</u>	<u>(9,803)</u>	<u>363,935</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 616,572</u>	<u>\$ 383,255</u>	<u>\$ 169,340</u>	<u>\$ 552,595</u>

Capital Projects				
TIF 2-5 Realife Co-op (806)	TIF 2-6 Celtic Crossing Condos (819)	TIF 2-8 Lancor Lyndes Inn (825)	Total	Total EDA Funds
\$ 87,157	\$ 91,230	\$ 80,652	\$ 259,039	\$ 1,124,183
-	-	-	-	160,705
-	-	-	-	143,318
<u>\$ 87,157</u>	<u>\$ 91,230</u>	<u>\$ 80,652</u>	<u>\$ 259,039</u>	<u>\$ 1,428,206</u>
\$ 48,517	\$ 21,103	\$ 18,661	\$ 88,281	\$ 200,828
-	-	-	-	76,327
<u>48,517</u>	<u>21,103</u>	<u>18,661</u>	<u>88,281</u>	<u>277,155</u>
-	-	-	-	304,023
38,640	70,127	61,991	170,758	856,831
-	-	-	-	(9,803)
<u>38,640</u>	<u>70,127</u>	<u>61,991</u>	<u>170,758</u>	<u>847,028</u>
<u>\$ 87,157</u>	<u>\$ 91,230</u>	<u>\$ 80,652</u>	<u>\$ 259,039</u>	<u>\$ 1,428,206</u>

**City of Osseo**  
**Combining Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances - EDA Funds**  
**Year Ended December 31, 2021**

	Special Revenue	Debt Service		
	Economic Development Authority (801)	TIF 2-4 Bell Tower TIF (817)	TIF 2-9, 5 Central (836)	Total
<b>Revenues</b>				
Tax increments	\$ -	\$ 284,151	\$ 427,287	\$ 711,438
Miscellaneous				
Investment income	(189)	1,347	-	1,347
Total revenues	(189)	285,498	427,287	712,785
<b>Expenditures</b>				
Current				
Economic development	18,143	17,436	270,251	287,687
Debt service				
Principal	-	-	95,000	95,000
Interest and other charges	-	-	19,413	19,413
Total expenditures	18,143	17,436	384,664	402,100
Excess of revenues over (under) expenditures	(18,332)	268,062	42,623	310,685
<b>Other Financing Sources (Uses)</b>				
Transfers out	(40,000)	(169,012)	-	(169,012)
Total other financing sources (uses)	(40,000)	(169,012)	-	(169,012)
Net change in fund balances	(58,332)	99,050	42,623	141,673
<b>Fund Balances</b>				
Beginning of year	370,667	274,688	(52,426)	222,262
End of year	\$ 312,335	\$ 373,738	\$ (9,803)	\$ 363,935

Capital Projects				
TIF 2-5 Realife Co-op (806)	TIF 2-6 Celtic Crossing Condos (819)	TIF 2-8 Lancor Lyndes Inn (825)	Total	Total EDA Funds
\$ 105,223	\$ 44,704	\$ 38,568	\$ 188,495	\$ 899,933
301	-	-	301	1,459
<u>105,524</u>	<u>44,704</u>	<u>38,568</u>	<u>188,796</u>	<u>901,392</u>
95,866	41,219	18,662	155,747	461,577
-	-	-	-	95,000
-	-	-	-	19,413
<u>95,866</u>	<u>41,219</u>	<u>18,662</u>	<u>155,747</u>	<u>575,990</u>
9,658	3,485	19,906	33,049	325,402
-	-	-	-	(209,012)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,012)</u>
9,658	3,485	19,906	33,049	116,390
28,982	66,642	42,085	137,709	730,638
<u>\$ 38,640</u>	<u>\$ 70,127</u>	<u>\$ 61,991</u>	<u>\$ 170,758</u>	<u>\$ 847,028</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**Minnesota Legal Compliance**

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Osseo  
Osseo, 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 Osseo, Minnesota as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 25, 2022.

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

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

*Bergan KDV Ltd.*

Minneapolis, Minnesota  
July 25, 2022



## City of Osseo City Council Meeting Item

---

**Agenda Item:** Confirm EDA Actions of August 8, 2022

**Meeting Date:** August 8, 2022

**Prepared by:** Riley Grams, City Administrator

**Attachments:** None

---

The EDA took the following actions at their regular meeting on August 8, 2022:

- 1) Received an update on the Smally Business Saturday event
- 2) Approved EDA accounts payable

**Options:**

The City Council may choose to:

1. Approve the EDA actions of August 8, 2022;
2. Deny the EDA actions of August 8, 2022;
3. Table action on this item for more information.

**Recommendation/Action Requested:**

Staff recommends the City Council choose option 1) Approve the EDA actions of August 8, 2022.



## Investment Advisory Services

---

# Our Team: Your Advisory & Client Service Team

---



**Brian Reilly, CFA**  
Investments President  
[breilly@ehlers-inc.com](mailto:breilly@ehlers-inc.com)  
651-697-8541



**Ryan Miles, CPFIM**  
Managing Director  
[rmiles@ehlers-inc.com](mailto:rmiles@ehlers-inc.com)  
651-697-8590



**Tami Olszewski, CPFIM**  
Senior Investment Advisor  
[tolszewski@ehlers-inc.com](mailto:tolszewski@ehlers-inc.com)  
262-796-6189



**Dawn Lawson, CCM**  
Senior Client Service Advisor  
[dlawson@ehlers-inc.com](mailto:dlawson@ehlers-inc.com)  
262-796-6174



**Cliff Janney**  
Client Service Advisor  
[breilly@ehlers-inc.com](mailto:breilly@ehlers-inc.com)  
651-697-8528

# About Ehlers' Investments

---

- SEC Registered Investment Adviser (est. 2007)
- More than \$1.95 billion Assets Under Management
- 175+ clients & 300+ Separately Managed Accounts
- Focus = Client-centric Fixed Income Solutions

**Bond Proceeds &  
Escrow Bidding  
Agent**

**Investable Cash  
Assets**

**Banking Services  
Evals & RFPs**

# Fully Integrated Services

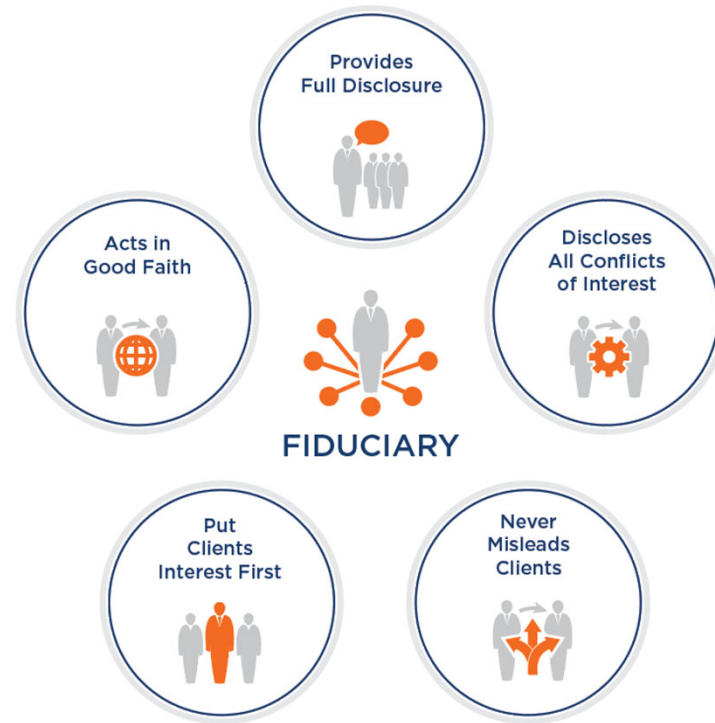
---



# What is a Registered Investment Advisor?

---

- Your investment fiduciary
  - ✓ Duty of loyalty
  - ✓ Duty of care
  - ✓ Place your interests ahead of our own
- Extension of your staff
- Always your partner



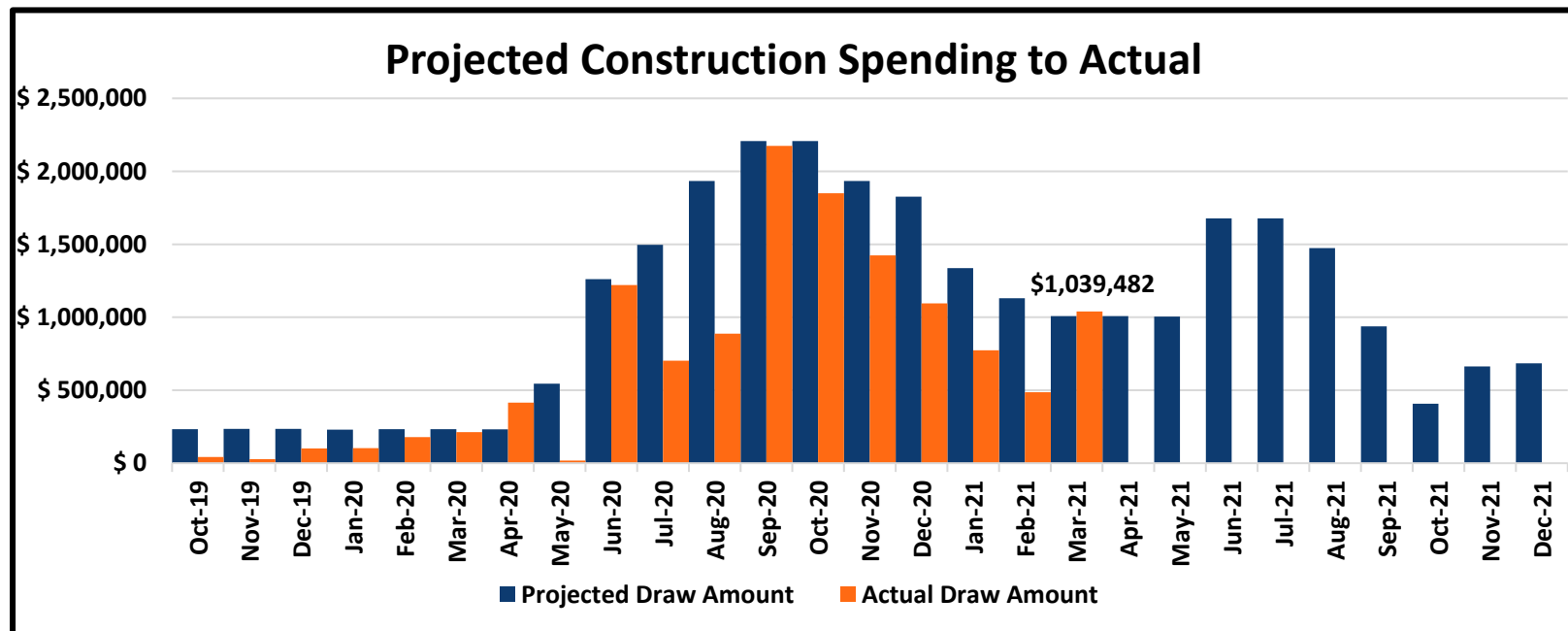
# Our Process

---



# Fixed Income Laddered Strategy

Full Investment Options Utilized



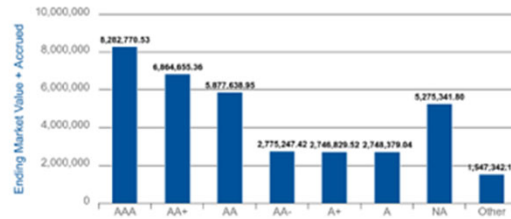
# Robust Analysis & Reporting



Risk Summary - Fixed Income  
06/01/2020 - 06/21/2020

Sales Demo Account 1 (161815)  
Dated: 06/22/2020

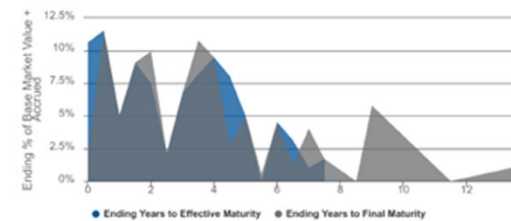
Exposure - Credit Rating



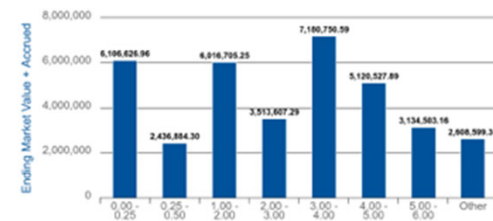
Credit Duration Heat Map

Rating	0-1	1-2	2-3	3-4	4-5	5-7	7-10	10-15	15-30
AAA	11.259%	3.727%	1.363%	3.744%	0.000%	2.840%	0.000%	0.000%	0.000%
AA	11.273%	5.037%	1.552%	6.353%	11.322%	6.827%	0.000%	0.000%	0.000%
A	1.124%	1.440%	4.888%	7.789%	5.666%	0.000%	0.000%	0.000%	0.000%
BBB	0.000%	2.844%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
BB	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
B	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CCC	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
CC	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
C	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
NA	5.526%	3.610%	2.157%	1.416%	5.193%	0.700%	0.000%	0.000%	0.000%

Time to Maturity



Exposure - Duration



## Delivering Client Value

---

Time savings for highest  
& best use of staff time

Service continuity with  
Ehlers' Municipal  
Advisor & your team

Easy to use reporting  
tools & generation

Best price execution on  
all transactions

Fiduciary relationship

Cash flow forecasting &  
planning

# Important Disclosures

---

Ehlers is the joint marketing name of the following affiliated businesses (collectively, the “Affiliates”): Ehlers & Associates, Inc. (“EA”), a municipal advisor registered with the Municipal Securities Rulemaking Board (“MSRB”) and the Securities and Exchange Commission (“SEC”); Ehlers Investment Partners, LLC (“EIP”), an SEC registered investment adviser; and Bond Trust Services Corporation (“BTS”), a holder of a limited banking charter issued by the State of Minnesota.

Where an activity requires registration as a municipal advisor pursuant to Section 15B of the Exchange Act of 1934 (Financial Management Planning and Debt Issuance & Management), such activity is or will be performed by EA; where an activity requires registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (Investments and Treasury Management), such activity is or will be performed by EIP; and where an activity requires licensing as a bank pursuant to applicable state law (paying agent services shown under Debt Issuance & Management), such activity is or will be performed by BTS. Activities not requiring registration may be performed by any Affiliate.

This communication does not constitute an offer or solicitation for the purchase or sale of any investment (including without limitation, any municipal financial product, municipal security, or other security) or agreement with respect to any investment strategy or program. This communication is offered without charge to clients, friends, and prospective clients of the Affiliates as a source of general information about the services Ehlers provides. This communication is neither advice nor a recommendation by any Affiliate to any person with respect to any municipal financial product, municipal security, or other security, as such terms are defined pursuant to Section 15B of the Exchange Act of 1934 and rules of the MSRB. This communication does not constitute investment advice by any Affiliate that purports to meet the objectives or needs of any person pursuant to the Investment Advisers Act of 1940 or applicable state law.



## INVESTMENT ADVISORY AGREEMENT

\_\_\_\_\_  
Client

This Agreement is entered into as of the Effective Date (described below) between Ehlers Investment Partners, LLC (referred to as “Advisor,” or “we,” “us,” or “our”), and the municipal government entity named above (referred to as “Client,” “you” or “your”). The parties agree as follows:

### 1) THE PROGRAM; ADVISOR AND AFFILIATES; RECEIPT OF DOCUMENTS; QUESTIONS AND RISKS

- a) Advisor and Advisor’s Affiliates. Advisor is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). Advisor previously conducted business under the name “BBE Community Investment Partners, LLC.” Advisor provides municipal governments a program of investment management services which includes cash flow analysis and forecasting, and related services known as investment advisory services (the “Program”), including the following (all the “Services”):
  - i) Assisting Client in establishing investment objectives, consistent with Client's risk tolerance, financial needs and goals, and Client’s Investment Policy Statement (as described below);
  - ii) Assisting Client in establishing asset allocation mix based on Client's financial position, cash flow, risk preference, time horizon, and the Investment Policy Statement;
  - iii) Setting up a Client safekeeping account ("Program Account"), as defined below, with a qualified bank, brokerage firm or other financial institution (“Custodian”).
  - iv) Assisting Client in transfer of assets to and from Program Accounts, as directed by Client, for safekeeping;
  - v) Implementing trades and account management, as described in paragraphs 4 and 5;
  - vi) As requested by Client, preparing periodic performance reports regarding the Program Account;
  - vii) Meeting with Client, as needed, for updates of ongoing investment planning and portfolio review;
  - viii) At the direction of Client, contracting with third-parties to provide money market mutual funds, certificates of deposit (collateralized or uncollateralized) and other securities, as applicable; and
  - ix) With direction from Client, preparing a cash flow forecast to aid in determining funds available for investment.
- b) Agreement Governs Services and Program. Client’s participation in the Program, the Services, and the management of Program Account will be governed by the terms of this Agreement.
- c) Advisor’s Affiliated Companies. Advisor is one of the affiliated financial services companies comprising the Ehlers Companies, which also include Bond Trust Service Corporation, which provides paying agent services, and Ehlers & Associates, a registered municipal advisor, which provides municipal advisory services to government and not for profit entities. It is not anticipated that one of these affiliates will provide services for Client under this Agreement. If Adviser determines to engage the services of a company affiliated with it in providing advisory services to Client pursuant to this Agreement, Advisor will disclose such engagement to Client and Client may instruct Adviser to terminate such relationship at any time. Advisor, Bond Trust Service Corporation, and Ehlers & Associates do not share fees except through common ownership of Ehlers Companies.
- d) Program Account and Custodian. You will or have established the Program Account (defined below) with the Custodian (identified below) who will hold and maintain the Program Assets (defined below) in your name. You have or will identify the initial assets that will comprise the Program Assets, either on Exhibit

A attached hereto and incorporated herein by this reference or on forms now or hereafter supplied by Advisor or Custodian.

- e) Receipt of Documents. You acknowledge you have received and had the opportunity to review and ask our investment adviser representative assigned to your account (the “Representative”) questions about the following documents:
  - (i) our Brochure, Form ADV Part 2A (the “Brochure”),
  - (ii) the Brochure Supplement for our Representative (the “Brochure Supplement”),
  - (iii) our Notice of Privacy Policies summarizing our policies regarding your personal information, and
  - (iv) a copy of this Agreement.
- f) Opportunity to Discuss Questions. You have had the opportunity to discuss with the Representative:
  - (i) the anticipated types of investments in which the Program Account will invest, which shall be permitted investments under applicable state statute or client-specified investment policy;
  - (ii) the investment strategy (the “Strategy”) the Representative expects to use in managing the Program Assets;
  - (iii) the risks of the Program, these and types of investments;
  - (iv) the fees you will pay and the other expenses the Program Account will incur in the Program; and
  - (v) the circumstances where we have economic incentives and conflicts of interests to place our interests ahead of yours.
- g) Acceptance of Risk. You acknowledge and agree that the Program Account will be managed by Advisor and Representative on a non-discretionary basis: You acknowledge you understand and agree to accept the risks, fees, costs, and conflicts of interest associated with this Agreement and your participation in the Program.

## **2) CUSTODIAN, ACCESS TO ACCOUNT INFORMATION, THE PROGRAM ACCOUNT, AND THE PROGRAM ASSETS**

- a) Custodian and Program Account. To participate in the Program, your assets must be maintained in account(s) under your name (the “Program Account”) with one or more qualified custodians (collectively, if more than one, the “Custodian”). Your account with the Custodian will be governed by separate agreements between you and the Custodian, and you will be solely responsible for negotiating the terms of such agreements. The Program Account will bear the fees and expenses of the Custodian and of transactions for the Program Assets, according to your agreement with the Custodian. These costs will be separate from and in addition to the Advisory Fees your account pays.
  - (i) The Custodian will send you at least quarterly a statement for the Program Account reflecting the Program Assets received or disbursed by the Custodian, the amount of fees or expenses paid from the Program Account, the transactions occurring with respect to the Program Account, and a summary of the Program Account’s positions and values, as of the end and for the period covered by such statement. You authorize the Custodian to send copies of its statements and confirmations of transactions to us and your Representative, along with an indication that the statements have been sent to you, and to permit us and the Representative to electronically view and download Program Account information. You grant us unrestricted access to your account information.
- b) Program Assets. The “Program Assets” refer, collectively, to the assets maintained by the Custodian for the Program Account, including without limitation, the income, gains, and additions thereto, as reflected on the Custodian’s records from time to time. An asset becomes a Program Asset as of the date the asset is

posted by the Custodian to the Program Account (which may be different than the trade date or settlement date).

- (i) We will not manage or be responsible for taking any action with respect to an asset unless and until it becomes a Program Asset, even if such asset is otherwise held or maintained by the Custodian. You shall be solely responsible for the investment and reinvestment of your assets, and you will bear the risk of market fluctuations and any decline (or increase) in value, until such assets have become Program Assets.
- (ii) Client acknowledges that during the term of this Agreement, there will be periods of time when neither Client nor Advisor will be able to effect transactions for Client's assets (such as, for example, when an asset is being transferred, purchased, exchanged, or redeemed), or when Program Assets will be subject to limitations or restrictions on transfer, purchase, exchange, or redemption imposed by a mutual fund company or other issuer, and Client agrees to bear the risk of market fluctuations and any decline (or increase) in value during such periods.

### 3) THE PROGRAM AND THE PROGRAM ACCOUNT

#### a) Suitability Information.

- (i) Representative will assist Client in completing an account profile to collect information regarding the Client's financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the Program Account (all the "Suitability Information"), as well as any reasonable investment restrictions the Client wishes to impose.
- (ii) Representative will assist Client to develop an investment policy statement (the "IPS") which summarizes a range of factors affecting the recommendations Advisor makes for the Program Account, which may include, initial asset classes and allocation targets, minimum quality and duration standards, risk tolerance and volatility limits, diversification requirements, and expectations for account rebalancing to maintain designated targets. However, Client recognizes there will be times when, in Advisor's judgment, deviation or modification from any guideline, policy, target, or minimum standard, limit, requirement, or expectation contained in the IPS is appropriate, and Client hereby agrees, consents, and ratifies each such deviation or modification.

#### b) Program Account. Advisor will provide continuous and regular investment management services with respect to the Program Assets. Client may at any time deposit additional funds and/or securities with Custodian so as to increase the Program Account. Client may also withdraw funds or securities from the Program Account by giving notice to Advisor and Custodian. Client can choose to engage Advisor to provide investment advisory services on a discretionary or non-discretionary basis.

- i) Discretionary. By electing discretion, Client grants Advisor full authority to buy, sell, or otherwise effect investment transactions involving the Program Assets in the Program Account. Clients who engage Advisor on a discretionary basis may, at any time, request reasonable restrictions, in writing, and subject to review and approval, Advisor will accommodate such requests.(i.e. limit the types/amounts of particular securities purchased for the Account, exclude the ability to purchase securities with specific investment ratings, etc.)
- ii) Non-Discretionary. By electing to engage Advisor on a non-discretionary basis, Advisor shall not exercise discretion with respect to the Account or transactions. Advisor will make investment recommendations, based upon the needs of the Client, as to specific cash and security investments the Program Account may purchase or sell, guided by the Suitability Information, Investment Policy Statement, applicable State Statutes and information provided to Advisor from time to time, and if such recommendations are accepted by the Client, Advisor is responsible for arranging or effecting the purchase or sale of such investments.

#### 4) ADVISOR'S AUTHORITY.

- a) Authority to Act for Client and the Program Account. In the performance of Advisor's responsibilities under this Agreement:
- (i) Client authorizes Advisor and Representative, at Client's risk:
    - (A) to issue instructions or orders to Custodian: to purchase, sell, exchange, redeem, or otherwise effect transactions involving the Program Assets, as they deem necessary or proper to manage the Program Account consistent with the Suitability Information;
    - (B) to transfer Program Assets to one or more accounts maintained at a qualified custodian with an accountholder registration identical to the Program Account (each a "Transferee Account"), which Client must specifically identify (e.g., by name of qualified custodian, account registration, and account number); provided,
      - (1) if the Transferee Account is intended to be a Program Account, Client has designated it as such on forms as Advisor or Custodian request, and furnished a copy of this Agreement to its Custodian, in which case Advisor is specifically empowered to transfer assets to and from such Program Account, as necessary, consistent with its management responsibilities; or
      - (2) if the Transferee Account is not a Program Account, Client has authorized Advisor in writing to make specific transfer(s) to (but not from) the Transferee Account and a copy of that authorization is provided to the qualified custodian; and
    - (C) to perform acts necessary or convenient for the efficient management or administration of the account or performance of Advisor's obligations under this Agreement; provided, in no event shall Advisor have such authority as to constitute actual or constructive custody of the Program Assets (other than the authority with respect to the payment of the Advisory fees);
    - (D) provided, Advisor shall not have any authority: to obtain possession of the Program Assets (except in payment of the Advisory Fees, as provided below); or to cause the transfer or distribution of any of the Program Assets out of a Program Account (other than in connection with usual trading or transactions for the Program Account), except to an account with a qualified custodian with an accountholder registration identical to the Program Account; and
  - (ii) Client specifically agrees that all authority granted in this Agreement to act on behalf of Client and the Program Account is granted solely to Advisor, and the descriptions of authority that refer to the Representative are limited to authority Advisor grants to Representative to provide investment advisory services on Advisor's behalf for Client and the Program Account. Advisor may limit or terminate any authority granted to a Representative in our discretion; and all such authority to act terminates immediately upon Advisor's termination of such authority.
- b) Evidence of Advisor's Authority. Advisor may provide a copy of this Agreement to any Custodian, broker, or other third-party, as evidence of Advisor's authority to act for you and the Program Account.
- c) Reliance on Suitability Information and Investment Policy Statement. Client shall provide Advisor with accurate, complete, and current Suitability Information and Investment Policy Statement necessary for Advisor to manage the Program Assets and provide the services pursuant to this Agreement.
- (i) Client acknowledges the Representative and Advisor have and will rely on the Suitability Information and Investment Policy Statement in making investment recommendations for the Program Account. Client agrees to notify Representative and Advisor promptly, in writing, of changes in the Suitability Information and Investment Policy Statement, such as any new or changed information regarding Client's financial condition or needs, tolerance for risk, investment time horizon, or investment objective, or changes in the Client's asset allocation targets, or investment restrictions, or other matters, as expressed in the Investment Policy Statement, or any other matter that would be material to the investment advice or other services Advisor provides for Client.

- (ii) Client agrees that neither Representative nor Advisor, nor any of Advisor's directors, officers, employees, or agents will be responsible or liable as a result of Client's failure to provide Advisor with timely, accurate, and complete Suitability Information, or to notify Advisor of any new or changed information, as described in the preceding paragraph. Client agrees to hold all of Advisor and Advisor's affiliates, and all of such persons harmless and to indemnify each of them for any loss, liability, damage or expense (including without limitation, reasonable attorneys' fees) incurred by any of them, arising from or related to Client's failure to ensure that the Suitability Information or Investment Policy Statement is timely, accurate and complete, or Client's failure to notify Advisor of any new or changed information that would be material to the investment advice or other services Advisor provides.

(A) Client is not waiving any right or remedy Client would have against Advisor or Representative under the Investment Advisers Act of 1940 or other federal securities laws.

- d) No Guarantees Regarding Profits or Limitation of Losses. Advisor cannot guarantee that participation in the Program will be profitable or that Client losses will be limited. Client agrees to bear the risk of losses resulting from investing the Program Assets in the Program.
- e) Tax Consequences. Client acknowledges that Advisor is not acting as a tax accountant or lawyer for Client, and neither Advisor nor Representative has provided Client with any tax opinions or legal advice with respect to the Program. The purchase, sale, exchange, and redemption of Program Account investments will generally be treated as taxable events. Client has consulted its tax advisor or otherwise understands the potential tax consequences of the Program.

## 5) EXECUTION OF ACCOUNT TRANSACTIONS

- a) Brokerage Discretion. Client agrees each portfolio manager for the Program Account (whether a Representative or Advisor's Investment Committee) is granted the authority to effect transactions with or through a broker-dealer selected in the portfolio manager's discretion, which may be the Custodian or a broker-dealer affiliated with the Custodian.
- b) DVP Transactions. Advisor shall instruct the brokers and dealers that execute orders for the Account to send Client all transaction confirmations and that all transactions must be completed using delivery vs. payment (DVP), and except as provided below with respect to Aggregation of Orders and Block Trading, all transactions for the Account shall be effected independently of transactions for Advisor's other clients.
- c) Instructions by Advisor's Authorized Personnel. Instructions of Advisor to Custodian shall be made in writing or, at the option of Advisor, shall be made orally and confirmed in writing as soon as practical thereafter; provided that all such instructions, written or oral, shall be issued only by persons designated from time to time by Advisor in a written instrument delivered to Custodian. Client shall provide, or instruct Custodian to provide, to Advisor such periodic reports concerning the status of the Account as Advisor may reasonably request.
- d) Selection of Brokers. In selecting brokers, the portfolio manager will consider the full range and quality of the broker's services, including, among other things, execution capability, cost, financial responsibility, responsiveness, and the value of research and other services; provided, the manager will not recommend a broker solely on the basis of the lowest possible commission cost, but rather, Advisor will determine whether the broker has the ability to provide the best overall qualitative execution considering all factors, including services that benefit our firm.

## 6) AGGREGATION OF ORDERS AND BLOCK TRADING

- a) Authority, But No Obligation, to Engage in Block Trading. Client hereby grants each portfolio manager for the Program Account the authority, but Client relieves them of any obligation, to aggregate orders for

the Program Account with orders for other accounts for the purpose of “block trading.” Client acknowledges that if orders for the Program Account are not aggregated with other orders into block orders, Client will not receive the benefits of potentially lower transaction costs, timelier or better execution, volume discounts, or other efficiencies that might be obtained by accounts whose orders are aggregated. Client authorizes and directs Advisor to instruct all firms executing orders for Client to forward confirmations of those transactions to Custodian and Advisor.

- b) Average Price Account. Although the practices of portfolio managers may vary, block orders, if any, are typically effected through an “average price account” or similar account such that transactions for accounts participating in the order are averaged as to price and transaction costs. If a portfolio manager cannot obtain complete execution of the entire aggregated order at prices or for transaction costs that the portfolio manager believes are desirable, the portfolio manager will allocate the securities or proceeds of the orders that were executed among the participating accounts according to the portfolio manager’s internal order allocation procedures. Such allocations must be consistent with its fiduciary duty to manage accounts fairly and non-preferentially over time, to the extent within its reasonable control.

## **7) ADVISORY FEES AND OTHER EXPENSES OF THE ACCOUNT, PROGRAM ASSETS, AND PROGRAMS**

- a) Advisory Fee Rates. For the term of this Agreement, you agree to pay or cause to be paid in arrears, the Advisory Fees calculated according to the terms of paragraph (b) and the attached Schedule of Fees.
- b) Advisory Fees Payable Monthly in Arrears. Advisory Fees are calculated and payable monthly in arrears according to the Fee Schedule as attached hereto or subsequently amended, based on the average daily market value of Program Assets. Advisor will provide to Client an accounting for fees owed no later than the 10th business day of each month for services billed for the previous month (or as of the last day of the term of this Agreement). Payments for services are due 30 days from invoice date. Client may authorize electronic payment of Advisory Fees. Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.
  - (i) The Advisory Fees do not include the additional costs Client will incur for mutual funds, ETF’s, and other investment companies (such as 12b-1 Fees); the Brokerage and Investment Expenses; and any Custodial Expenses, as described in our Brochure; and any other costs not strictly included in the Advisory Fee.
  - (ii) Except as provided below, the value of the Program Assets shall be determined by reference to the valuations provided by or available from the Custodian (including without limitation, through any electronic system made available to Advisor). If the last trading day of a calendar month or other period for which Advisor calculate Advisory Fees is different than the last day of a Custodian’s reporting or statement period, Advisor may value Program Assets maintained by the Custodian as of the close of the Custodian’s reporting or statement period, as Advisor shall select on a consistent basis for each Custodian.
- c) Deduction and Payment of the Advisory Fees from the Program Account. Unless Client instructs on the Schedule of Fees that all fee payments will be made by it directly to Advisor, all Advisory Fee payments will be made by deduction from the Program Account immediately upon presentation of Advisor’s fee invoice to the Custodian. Custodian is authorized and directed to deduct the Advisory Fees directly from the Program Account and pay the Advisory Fees to Advisor when due, according to Advisor’s instructions, without prior notice to or further consent from Client. Client agrees to provide Custodian with such additional documentation as Advisor or Custodian requests authorizing and directing the Custodian to deduct the Advisory Fees from the Program Account and to pay the Advisory Fees to Advisor when due. Client authorizes Advisor to manage the Program Account to provide sufficient cash will be available in the Program Account to pay the Advisory Fees; however, in the event available cash is not sufficient at the time Advisory Fees are payable, Client agrees to authorize promptly the liquidation of securities in an amount sufficient to pay the Advisory Fees.

## 8) OTHER DIRECT AND INDIRECT EXPENSES

- a) Additional Fees and Expenses. Client understands that in addition to the Advisory Fees, the Program Account will also incur the following direct and indirect fees and expenses:
- (i) costs of transactions placed through the Custodian or other brokers: the Program Account will be responsible for brokerage commissions, sales charges, ticket charges, exchange fees, redemption fees, mark-ups, mark-downs, and dealer spreads paid to or received by any broker in connection with transactions involving the Program Assets; fees for floor brokerage, electronic transaction networks, and exchanges; fees and expenses pursuant to a Custodial Agreement or any agreement with a broker, including without limitation, fees or expenses for postage, deliveries, additional services, wire transfers, taxes; and other third-party expenses with respect to the Program Assets or the Account;
  - (ii) custodial charges: the Program Account will be responsible for any charges imposed by the Custodian for services in maintaining custody and delivering the Program Assets, according to Client's separate agreement with the Custodian;
  - (iii) mutual fund and other investment company charges: the Program Account will be responsible for the fees and expenses that are deducted from the net asset value of mutual funds, money market funds, and other investment company securities held by the Program Account (and which constitute indirect expenses of the Program Account), including without limitation, internal operating and investment expenses of such funds or marketing and distribution fees (known as "12b-1 Fees"), servicing fees, sub-accounting fees, internal fund management fees; and
  - (iv) short-term trading or redemption fees: the Program Account will be responsible for the fees imposed by mutual funds or variable annuities for short-term trading or early redemptions or exchanges made within short periods of time (typically 1% - 2% of the amount originally invested).
- b) Availability of Lower Cost Services. You acknowledge that the Advisory Fees and other expenses charged to or borne by the Program Account may be higher than the fees and expenses charged for advisory programs or services offered through other investment advisors for similar products and services. You acknowledge that you can purchase mutual funds directly from a mutual fund company or through a broker of your choosing without participation in the Program; however, in that event you would not receive the benefit of our advice, which is intended to select and manage suitable investments for the Program Account.
- c) Additions and Withdrawals of Program Assets. Subject to the Program's Terms and Conditions, the procedures of the Custodian, and to usual and customary securities settlement procedures, you may make additions to and withdrawals of Program Assets from the Program Account at any time; provided, we may exercise our right to terminate this Agreement and close the Program Account if the value falls below the minimum account size stated in this Agreement.

## 9) MINIMUM ACCOUNT SIZE; MINIMUM FEE

- a) No Minimum Account Size. We do not require a minimum account size.
- b) No Minimum Fees. We do not charge a minimum fee.

## 10) NON-EXCLUSIVE RELATIONSHIP

You acknowledge and agree that we may provide investment advisory services to other clients and receive fees for such services. The advice given and the actions taken with respect to such other clients, or with respect to accounts owned or controlled by us, the Representative, members, directors, officers, employees or agents may differ from advice given or the timing and nature of actions taken with respect to your account. You further recognize that transactions in a specific security may not be accomplished for all of our accounts at the same time or at the same price. You acknowledge that in managing the Program Account, we may purchase or sell securities in which we, the Representative, or our officers, directors, employees, or agents have or may acquire, directly or indirectly, a position or interest.

## 11) PROXY VOTING

We shall not have any obligation or authority to take any action or render any advice with respect to the voting of proxies for securities held for the Program Account. You (or the plan fiduciary in the case of an Account subject to the provisions of the Employee Retirement Income Security Act of 1974 [“ERISA”]) expressly retain the authority and responsibility for voting all proxies, and we are expressly precluded from rendering any advice or taking any action with respect to the voting of any proxies.

## 12) ASSIGNMENT

This Agreement shall be binding on Client’s successors, administrators, and permitted assigns. We may not assign (as that term is defined under the Investment Advisers Act of 1940, as amended) this Agreement without your consent. Your consent to an assignment may be oral, and may be obtained through “negative consent” (among other permissible methods) in a manner consistent with our understanding of guidance of the Securities and Exchange Commission or its Staff.

## 13) TERM AND TERMINATION

- a) Agreement in Effect as of Effective Date. This Agreement shall be in effect as of the Effective Date and shall continue until terminated by either party at any time without penalty upon written 30 days’ written notice to the other party. Such termination shall not, however, affect liabilities or obligations incurred or arising prior to such termination.
- b) Client Responsibility Upon Termination. Upon termination of this Agreement, you shall have the exclusive responsibility for managing your assets, and we shall have no further obligation to act or provide advice with respect to the Program Account or your assets. After this Agreement has been terminated: you will be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by any broker-dealer; you will be responsible for monitoring all transactions and assets; and we shall not have any obligation to monitor or make recommendations with respect to the account or those assets.
- c) Refund Upon Termination. Recognizing that Advisory Fees are payable in arrears, if you terminate this Agreement within five (5) business days of the Effective Date, and for some reason you have prepaid any Advisory Fees, you shall receive a full refund thereof. Alternatively, if this Agreement is terminated more than five (5) business days after the Effective Date, and for some reason you have prepaid any Advisory Fees, any prepaid Advisory Fees (if any) shall be applied to the prorated Advisory Fees payable for the last calendar month based on the number of days this Agreement was in effect during such month and the unearned portion shall be refunded to you within 30 days, and the Program Account shall be charged for any balance due. Upon termination of this Agreement, the Program Account will be charged the customary fees and commissions charged by Custodian and the Custodian’s fees for its services with respect to closing the Program Account and holding, transferring or liquidating the Program Assets.

## 14) REPRESENTATIONS

Each individual acting on behalf of a municipality, corporation, partnership or limited liability company (each of which is referred to as a “person”) represents that the execution of this Agreement has been duly authorized by appropriate action of the governing body of such person, and that such individual has full power and authority to enter into this Agreement on behalf of such person; (ii) the terms hereof do not violate any agreement or obligation by which such individual or person is bound, whether arising by contract, operation of law, or otherwise; (iii) this Agreement has been duly authorized by such person and shall be binding according to its terms; and agrees to advise Advisor of any material change in such individual’s authority or the propriety of maintaining the Program Account. Client shall deliver to Advisor evidence of any such individual’s authority to act on behalf of Client, as Advisor or any Custodian shall request from time to time.

## 15) RISK AND LIABILITY

- a) Risk of Loss. Client recognizes that there may be loss or decline in the value of any of the Program Assets. Client represents that neither Advisor, nor Advisor's affiliates or anyone associated with Advisor (including without limitation Representative, or any directors, officers, employees or agents) has made any guarantee, either oral or written, that the Program Account's investment objectives will be achieved. Neither Advisor nor any of its affiliates or such persons shall be liable for any loss incurred by reason of any act or omission by Custodian, or a third party. Nothing in this Agreement shall constitute a waiver or limitation of any rights that you may have under applicable state or federal law, including without limitation the state and federal securities laws.
- b) Errors and Omissions Insurance. Advisor shall provide and maintain at its own expense during the term of this Agreement Errors and Omissions Insurance or Professional Liability Insurance covering the negligent acts, errors or omissions in the performance of professional services. Failure on the part of Advisor to produce or maintain the insurance shall constitute a material breach of contract upon which Client may immediately terminate this Agreement.

## 16) LEGAL PROCEEDINGS

Neither Advisor nor anyone associated with Advisor or Advisor's affiliates (including without limitation Representative) shall render advice or take any action with respect to legal proceedings involving or related to any of the Program Assets, or the issuers thereof, including without limitation, bankruptcies or class action lawsuits. You hereby expressly retain the right and obligation to take all action necessary to file responses, proofs of claim, or pleadings, and take all other actions related to any such proceeding.

## 17) NOTICES AND DOCUMENTS

- a) Any notice or document (including an executed counterpart of this Agreement) required or permitted by this Agreement shall be sufficient if made in writing, signed by the communicator, and sent by pre-paid first-class United States Mail or by pre-paid overnight delivery through a national delivery service, or transmitted by facsimile transmission to the addressee.
  - (i) Any notice or document which is mailed shall be deemed to have been given on the third business day after the date of mailing; provided, an executed counterpart of this Agreement shall be deemed to have been given on the date of mailing; and
  - (ii) Any such notice or document which is transmitted by facsimile or by pre-paid overnight delivery through a national delivery service shall be deemed to have been given on the business day following the business day on which it is transmitted or deposited with the national delivery service; provided, an executed counterpart of this Agreement shall be deemed to have been given on the date of transmission or deposit with the delivery service;
  - (iii) All notices or communications to Advisor shall be sent to Advisor's principal business location, or to the facsimile number at its principal business location, addressed to the attention of the President, as shown on the front of this Brochure.
  - (iv) All notices or communications to the client will be sent to the address or facsimile number for client, as shown on Advisor's records pertaining to client or the Program Account.
- b) If client consents to electronic delivery of Electronic Communications, as described below, the parties may use such methods to deliver notices and documents required or permitted by this Agreement (including an executed counterpart of this Agreement), in addition to the methods described in subparagraph (a) above. In that event, delivery of the notice or document shall occur upon the recipient's actual receipt of the Electronic Communication (for example, a text message, or email message actually received in the recipient's agreed email account); or notice of availability of the Electronic Communication (for example, notice that a message or attachment is available on Advisor's website) in a manner consistent with such paragraph.

## 18) CONSENT TO ELECTRONIC DELIVERY

- a) You hereby agree that if you provide us an Email Address (on the Signature Page to this Agreement or in any subsequent communication), we may, but we are not required to, deliver electronically to you, and you hereby consent to receive electronically, instead of receiving paper documents, any or all of the Electronic Communications (described below), on the terms and conditions described in this paragraph and in the Terms And Conditions For Electronic Delivery, which is incorporated herein by this reference. The agreements and consents in this paragraph are referred to as the “Consent.”
- b) The “Electronic Communications” means all disclosures, notices, and other communications relating to the account established between Client and Advisor pursuant to this Agreement (including an executed counterpart of this Agreement), or otherwise related to Advisor’s obligations or position as Client’s investment adviser, other than any document Client has specifically requested to be delivered in paper form. Client agrees that the following documents and all annual amendments and any notices related to them may be treated as Electronic Communications and may be delivered to Client electronically, in Advisor’s discretion:

Form ADV, Part 2A Brochure and Part 2B Brochure Supplement for Representatives and other Supervised Persons; Summary of Material Changes to the Brochure; Notice of Privacy Policies; annual amendment of any of such documents; any disclosure, notice, consent, “negative consent,” or document that Advisor (or any successor) is required or permitted to provide or deliver in connection with any business reorganization, sale, transfer, or assignment; and any other disclosure, notice, consent, “negative consent,” or document that Advisor (or any successor or affiliate) is required or permitted to provide or deliver to Client under the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, the Investment Advisers Act of 1940, or the Rules of the Securities and Exchange Commission.

- c) The Consent is effective on the Effective Date and will remain in effect until you or we revoke it. Each person included as a “Client” may revoke or restrict the Consent at any time as to such person and receive in paper form any or all documents required to be provided to such person in paper form, by written notice sent to the following address: **Ehlers Investment Partners, LLC, Attention: Compliance, 3060 Centre Pointe Drive, Roseville, MN 55113 (the “Notice Address”).** The legal effectiveness and validity of an Electronic Communication that was valid and proper when delivered shall not be affected by any subsequent revocation or restriction of the Consent, or subsequent request for delivery of paper copies of Electronic Communications.
- d) You may also request paper copies of any Electronic Communication without revoking the Consent by written request to the Notice Address. We may charge a reasonable fee for paper copies of any Electronic Communication otherwise deliverable to you electronically; provided, we shall not charge any fee for delivery of the Brochure, summary of material changes to the Brochure, Brochure Supplement, Notice of Privacy Policy, or any other document we are required by law to provide to you without charge.

## 19) GOVERNING LAW

This Agreement and all the terms herein shall be construed and governed according to the laws of the State of \_\_\_\_\_, without giving effect to principles of conflict of laws, provided that there is no inconsistency with federal laws.

## 20) ENTIRE AGREEMENT

This Agreement (including without limitation the exhibits to this Agreement) represents the parties’ entire understanding with regard to the matters specified herein, and no other agreements, covenants, representations, or warranties, express or implied, oral or written, have been made by any party to the other party concerning the subject matter of this Agreement. This Agreement supersedes all prior understandings and agreements between Client and Advisor relating to the subject matter of this Agreement.

## **21) SEVERABILITY**

The provisions of this Agreement shall be severable. If any part of this Agreement is found to be invalid or unenforceable by statute, rule, regulation, decision of a tribunal, or otherwise, such finding shall not affect the validity or enforceability of the remainder of this Agreement.

## **22) AMENDMENTS**

We shall have the right to amend this Agreement by modifying or rescinding any of its provisions (including without limitation, the Fee Schedule and Advisory Fees) or by adding new provisions; and any such modification, rescission, or new provision shall be effective as of the first day of the first calendar quarter beginning 30 days or more after we notify you, unless you terminate this Agreement prior to such effective date.

## **23) PRE-DISPUTE ARBITRATION AGREEMENT**

**Any controversy or dispute that may arise concerning the Account, any transaction in or for the Account, or the construction, performance or breach of this Agreement shall be settled by arbitration. Any arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association, and its Supplementary Procedures for Securities Arbitration; and the arbitration panel shall consist of at least three individuals, with at least one panelist having knowledge of investment advisory activities. Judgment upon the award may be entered into by any court, state, or federal, having jurisdiction.**

**The parties agree that any arbitration proceeding shall be held in Waukesha, Wisconsin, or as close thereto as reasonably possible, as determined by the Commercial Arbitration Rules of the American Arbitration Association, and its Supplementary Procedures for Securities Arbitration.**

- **Arbitration is final and binding on all parties.**
- **The parties are waiving their right to seek remedies in court, including the right to a jury trial, except to the extent such a waiver would violate applicable law.**
- **Pre-arbitration discovery is generally more limited than and different from court proceedings.**
- **The arbitrators' award is not required to include factual findings or legal reasoning and any party's right to appeal or seek modification of rulings by the arbitrators is strictly limited.**
- **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.**
- **No person shall bring a putative or certified class action to arbitration, nor seek to enforce any pre-dispute arbitration agreement against any person who has initiated in court a putative class action, or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until: (a) the class certification is denied; (b) the class is decertified; or (c) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated.**
- **The agreement to arbitrate does not entitle Client to obtain arbitration of claims that would be barred by the relevant statute of limitations if such claims were brought in a court of competent jurisdiction. If at the time a demand for arbitration is made or an election or notice of intention to arbitrate is served, the claims sought to be arbitrated would have been barred by the relevant statute of limitations or other time bar, any party to this Agreement may assert the limitations as a bar to the arbitration by applying to any court of competent jurisdiction. Client expressly agrees that any issues relating to the application of a statute of limitations or other time bar are referable to such a court. The failure to assert such bar by application to a court, however, shall not preclude its assertion before the arbitrators.**

#### **24) MISCELLANEOUS**

All paragraph headings are for convenience of reference only, do not form part of this Agreement, and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement may be executed in counterparts, each of which shall be deemed an original, and shall be binding on the parties as if executed in one document.

#### **25) THE EFFECTIVE DATE; THE PARTIES**

Once this Agreement has been executed on behalf of Adviser and Client, the “Effective Date” shall occur on the earlier of (i) the date a fully executed counterpart of this Agreement is deemed to be received by the other party following mailing, facsimile transmission, deposit with national delivery service, or electronic transmission by the last party to execute this Agreement, pursuant to paragraph 17; (ii) the date the last party to execute this Agreement otherwise communicates acceptance of this Agreement to the other party (which may be oral); or (iii) the date Advisor begins to provide advisory services pursuant to this Agreement.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK – SIGNATURE PAGE FOLLOWS]



## SIGNATURE PAGE

**CLIENT ACKNOWLEDGES RECEIPT OF A COPY OF THIS AGREEMENT, INCLUDING THE PRE-DISPUTE ARBITRATION CLAUSE AT PARAGRAPH 23 BEGINNING ON PAGE 11.**

Each person executing this Agreement on behalf of Client acknowledges they have received, read, and understand this Agreement and the Program.

**CLIENT:**

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Title or Capacity


\_\_\_\_\_  
Taxpayer Identification Number

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State ZIP

**Date of Execution:** \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**EHLERS INVESTMENT PARTNERS, LLC**  
**3060 Centre Pointe Drive, Roseville, MN 55113**

By:   
\_\_\_\_\_  
Ryan Miles, Managing Director-Investments

**Date of Execution:** \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**CLIENT:**

\_\_\_\_\_  
Client Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Title or Capacity

\_\_\_\_\_  
Taxpayer Identification Number

\_\_\_\_\_  
Street Address *(only if different from first Client)*

\_\_\_\_\_  
City State ZIP

**Date of Execution:** \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**NAME OF REPRESENTATIVE:**

**NAME OF INITIAL CUSTODIAN:**

**Email Address for Electronic Communications:** \_\_\_\_\_

By providing an Email Address above, Client consents to the terms of paragraph 18 of the Advisory Agreement and the accompanying **TERMS AND CONDITIONS FOR ELECTRONIC DELIVERY**, and agrees that Advisor may, but is not required to, deliver **Electronic Communications** to Client at or through the Email Address for all accounts Client establishes with Advisor, until such consent is revoked, as provided in the Advisory Agreement.



## EXHIBIT TO INVESTMENT ADVISORY AGREEMENT TERMS AND CONDITIONS FOR ELECTRONIC DELIVERY

*(Except as provided below, terms used in this Exhibit have the same meanings as provided in the Advisory Agreement to which this Exhibit is an exhibit.)*

Client agrees Advisor may deliver Electronic Communications to Client using any method or technology now or hereafter permissible pursuant to rules or guidance of the Securities and Exchange Commission or its Staff. This currently includes using any of the following:

**Email:** Advisor may send an electronic mail message (“email”) to the email address designated by Client in the Advisory Agreement or in any separate communication from Client to Advisor (the “Email Address”), and Advisor may attach Electronic Communications to the email or may include in the email a hypertext link with the Internet address (URL) where the Electronic Communication can be accessed, or

**Website Communications:** Advisor may notify Client, by paper document or by an email sent to the Email Address, that an Electronic Communication is available for electronic delivery (download) from a Website identified in such notice, and will provide instructions explaining the delivery process. Client may be required to establish an account, UserID, and password to access or download the Electronic Communication.

Client acknowledges that technical or other problems may result in Client not receiving Electronic Communications from Advisor. Client agrees that if a hypertext link to an Electronic Communication does not work or if Client is otherwise unable to access or download an Electronic Communication, Client will notify Advisor in writing at the Notice Address and request a paper copy of the Electronic Communication.

Client agrees to access and review promptly Electronic Communications sent to the E-Mail Address and, if applicable, through any account for Client on Advisor’s or a Custodian’s Website, to ensure Client is aware of time-sensitive information. Client agrees to notify Advisor, in writing (written or electronic), of any discrepancies within ten business days after Advisor sends an email or makes other Electronic Communication available to Client.

Each Electronic Communication (and the information therein) shall be deemed to be accurate and true unless Client notifies Advisor, in writing, of any discrepancy within such ten-day period. Client’s notices of discrepancies shall be sent to Advisor at the Notice Address and must include the name(s) of the account holder(s) of the Account to which such discrepancy pertains.

Client understands and agrees that Client is responsible for establishing and maintaining the Email Address and access

to the Internet. Advisor is not responsible for Client’s access or lack of access to the Email Address or the Internet. It is Client’s obligation to notify Advisor of Client’s Email Address, and of any changes to or problems with the Email Address. Advisor may take up to ten business days to take action in response to Client’s notice of a change to or problems with the Email Address. All notices regarding the Email Address must be in writing and sent to Advisor at the Notice Address. Advisor will deliver paper copies of Electronic Communications in the event it becomes aware that the Email Address is not valid or accessible.

Client understands and agrees that Advisor may include Client’s personal financial information in Electronic Communications, even though there is a risk of disclosure to or receipt by unintended third parties. Advisor will implement reasonable precautions to ensure the integrity, confidentiality, and security of Electronic Communications. Client acknowledges that the Internet is not a secure communications network. Electronic Communications are not encrypted. If Client uses an email address provided by or through an employer or third-party, such employer or third-party, any of their employees, or other persons may have access to Client’s Electronic Communications. There is a risk that Electronic Communications may be delivered to an incorrect email address or intercepted by third parties. Unauthorized parties may access communications transmitted over the Internet.

After Advisor has sent or made an Electronic Communication available to Client, Client shall be responsible for maintaining the confidentiality of such Electronic Communication (and any personal financial information therein). Client is responsible for preventing unauthorized access to the Electronic Communications through Client’s computer and through unauthorized use of Client’s UserID or password. Advisor is not liable for unauthorized access to Electronic Communications, or Client’s personal financial information arising from or as a result of third parties obtaining access to Client’s computer, Client’s UserID or password, or the Email Address. Client agrees to notify Advisor immediately if Client suspects or becomes aware of any unauthorized access to Electronic Communications, or Client’s personal financial information.

Advisor will provide Electronic Communications free of charge. However, Client may incur costs to third parties (such as Internet Service Providers and email service providers) in connection with accessing the Internet, establishing and maintaining the Email Address, or

downloading, printing or storing Electronic Communications.

Client is responsible for having any necessary hardware, software or other technology to access the Internet, the Email Address, and the Electronic Communications. To receive Electronic Communications, Client will need: a personal computer with appropriate browser software installed, such as Microsoft Internet Explorer© 9.0 or higher (available free of charge at [www.microsoft.com](http://www.microsoft.com)) or equivalent, capable of accessing the Internet and viewing web pages; a connection to the Internet via an Internet Service Provider or similar facility; a monitor; and a valid and accessible Email Address. To retain Electronic Communications, Client will need a printer (for printed copies), or hard drive or other electronic storage device with sufficient free space to download and store the Electronic Communications. Client may download and save, or print the Electronic Communications. Client is solely responsible for performing such downloads, for storing and protecting downloaded Electronic Communications, and for the costs of printing paper copies. Electronic Communications may be formatted in Adobe Acrobat's portable document format ("PDF"), hypertext mark-up language ("HTML") or other file formats Advisor deems appropriate. In order to view or print documents

provided in PDF, Client must obtain Adobe Acrobat Reader© 6.0 or higher, which is available free of charge at Adobe's website (located at [www.adobe.com](http://www.adobe.com)) and install it on Client's computer. If Advisor changes to a format other than HTML or PDF, it will provide reasonable advance notice of any new hardware and software requirements for accessing and retaining the information, and access to appropriate software and technical assistance, if necessary, with respect to such change.

Client agrees that Electronic Communications delivered to Client by any of the methods permitted under the Consent will be treated as having been delivered to Client when Advisor sends or makes the Electronic Communication available to Client, regardless of when Client actually accesses the Electronic Communication.

Client may use email to deliver instructions or orders, to request or authorize any financial transaction, or to provide any notice that requires real-time communication or written authorization, whether required by law, rules of any exchange or regulatory body, or Advisor's policies. However, any instruction, request, order, authorization, or notice sent by Client via e-mail may not be effective or processed by Advisor; and Advisor shall not be responsible for any loss or damage arising from or as a result of any such item not being effective or processed.

**Resolution No. 2022-xx**

**APPROVAL TO OPEN AN INVESTMENT ACCOUNT WITH  
PERSHING, AND ENGAGE EHLERS AS INVESTMENT ADVISOR**

**WHEREAS**, the 2022A bond proceeds should be placed in a separate account for regulatory compliance purposes; and

**WHEREAS**, Ehlers, recommends opening a new brokerage account for such purpose; and

**WHEREAS**, Ehlers, as the City's investment fiduciary will help manage and advise the City on the investment of these funds in accordance with the City's Investment Policy and State Statute

**WHEREAS**, the Finance Committee and City staff support Ehlers' recommendation and agree that a separate account for the 2022A proceeds is in the best interest of the City.

**NOW THEREFORE, BE IT RESOLVED**, by the City Council of the City of Osseo, that it hereby approves engagement of Ehlers to open a Pershing Institutional brokerage account, owned by the City of Osseo, for the 2022A bond proceeds and aid the City in the management of these investments and future investments as the City deems necessary.



## City of Osseo City Council Meeting Item

---

**Agenda Item:** Approve 2022 IT Upgrades

**Meeting Date:** August 8, 2022

**Prepared by:** Riley Grams, City Administrator

**Attachments:** Element Proposals

---

**Policy Consideration:**

Consider approving the attached proposals from Element Technologies for the 2022 City of Osseo IT upgrade package.

**Background:**

The Risk Management Committee (Mayor Poppe and Councilmember Stelmach) and staff met with the City's IT consultant (Element Technologies) on Friday, July 29 to discuss the proposed 2022 technology upgrades. Element proposed the following upgrades for the City:

- 1) Replace two computers used by the Police Department (booking room computer and laptop used by entire Department for presentations and Reserves) and Felicia Wallgren portable laptop. Total cost is \$6,258.04. These computers need to be replaced as they are aging and susceptible to warranty issues and security risks.
- 2) CrowdStrike Falcon Prevent antivirus software systems. Cost is a one-time fee of \$150, then then \$7/user/month across the City's entire system, totaling \$266 per month. Osseo has CrowdStrike Falcon Prevent on all endpoint machines. Falcon Prevent is the name of the Next-Gen Antivirus product from CrowdStrike; this system will act if it detects malicious code executing on a device with its software. Like many other products in the market today, there is a base service and additional services that one can add on. We are proposing increasing the functionalities (with an associated cost) with the addons that we've tested and experienced in action firsthand. These two additional products are Falcon Insight, an End Point Detection and Response (EDR) solution, and Falcon OverWatch, a Managed Threat Hunting service. Yes, the word "Managed" here means technical specialists at CrowdStrike will perform analysis in the customer environment. Hackers and bad actors are often good at evading standard security technologies. The CrowdStrike OverWatch team continuously hunts, investigates, and advises on sophisticated threat activity in customer environments. This team can be considered "active auditors" of executable code that can further help identify issues within a network.
- 3) Replace the Police Department Server. Cost is \$19,428.47 for the server and components, and a monthly cost of \$80 for monthly storage space. Currently, the PD Server is out of warranty. If there is any hardware failure, the manufacturer (Dell) will not perform onsite service. Unfortunately, if something were to break, we would have to rely on third-party parts resellers in hopes of restoring the lost capabilities. Without a warranty, there is a risk in attempting a repair. For this reason, we are recommending a replacement server.

Additionally, there are no offsite backups currently for the PD Server. For this reason, we have included Veeam as a part of the quote. Veeam will allow us to back up server images locally and offsite.

- 4) Veeam Backup for City Servers. Total cost is \$2,961.26 and a monthly cost of \$130/mo for data storage. Currently, the city servers are being backed up in the cloud, but these are "file-only" backups. This means that in the event of a local disaster, you would retain your files on the City server. Still, say a disaster scenario were to occur; Brad and other technology personnel might take the majority of a week attempting to rebuild user accounts, user account permissions, group permissions, file share access, etc. For this reason, we suggest that server images be backed up locally and replicated offsite. Then, in the event of a disaster, we can restore the image from the local storage (if unaffected by the same disaster) or cloud storage to get the organization back up and running. Redundancy and replication are vital elements in disaster recovery/business continuity scenarios.
- 5) Mimecast Email Encryption. Total cost is \$150 with a \$2/month reoccurring cost. The Police Department has requested the ability to send encrypted emails when necessary, due to the sometimes sensitive nature of the data in Police Department emails.

The Risk Management Committee has recommended that these proposals be forwarded to the City Council for consideration, and recommends their approval.

The total cost of the 2022 IT upgrades will be paid out of the City's Cable Fund. Currently the Cable Fund has a balance of \$70,070.

**City Goals Met By This Action:**

Stay current with new technologies in all areas of City services

**Options:**

The City Council may choose to:

1. Approve the attached proposals for the 2022 IT upgrades;
2. Approve the attached proposals for the 2022 IT upgrades, with noted changes/as amended;
3. Deny approval of the 2022 IT upgrades;
4. Table action on this item for more information.

**Recommendation/Action Requested:**

Staff recommends the City Council choose option 1) Approve the attached proposals for the 2022 IT upgrades.

**Next Step:**

If approved, Staff will process and complete the proposals and coordinate with Element Technologies to implement the upgrades.



ESTIMATE

Invoice to Follow

PCs and Laptops - 2022

Estimate #ELE008299 v1

## Prepared For:

## City of Osseo

Riley Grams  
415 Central Ave  
Osseo, MN 55369

P: (763) 425-3861

E: RGrams@ci.osseo.mn.us

## Prepared By:

## Element Technologies, LLC

Chris Johnson  
4470 W. 78th Street Circle #200  
Bloomington, MN 55435

P: (612) 876-5432

E: sales@ele-ment.com

## Date Issued:

07.13.2022

## Expires:

07.31.2022

Qty	Backups	Price	Ext. Price
1	<b>OptiPlex 7090 Small Form Factor</b> OptiPlex 7090 Small Form Factor BTX 10th Gen Intel® Core™ i5-10505 (12 MB cache, 6 cores, 12 threads, 3.20 to 4.60 GHz Turbo, 65W) Windows 10 Pro (Windows 11 Pro license included), English, French, Spanish 16 GB, 2 x 8 GB, DDR4 256 GB, M.2 2230, PCIe NVMe, SSD, Class 35 Intel Wi-Fi 6 AX201, Dual-band 2x2 802.11ax with MU-MIMO + Bluetooth 5.1 with Internal Antenna Intel® Integrated Graphics Basic Onsite Service 36 Months, 36 Month(s)	\$1,109.00	\$1,109.00
2	<b>Dell Latitude 5520 BTX Base</b> Dell Latitude 5520 BTX Base 11th Generation Intel Core i5-1145G7 (4 Core, 8 MB Cache, up to 4.4GHz, vPro®) Windows 10 Pro (Windows 11 Pro license included), English, French, Spanish 16 GB, 1 x 16 GB, DDR4, 3200 MHz 256 GB, M.2, PCIe NVMe, SSD, Class 35 15.6" FHD (1920x1080) Non-Touch, Anti-Glare, 250nits, WLAN/WWAN, HD+IR Camera Single Pointing Backlit English US Keyboard and 10 Key Numpad Intel® Wi-Fi 6 AX201 2x2 .11ax 160MHz + Bluetooth 5.2 4 Cell, 63 Wh, ExpressCharge™ Capable 3 Years Hardware Warranty with Onsite/In-Home Service after Remote Diagnosis 3-year Accidental Damage Service	\$1,899.52	\$3,799.04
9	<b>Installation Remote / Onsite Service</b> Estimated Installation Remote / Onsite Service Labor (Labor total is estimated. Actual hours will be billed)	\$150.00	\$1,350.00
Subtotal			<b>\$6,258.04</b>

Quote Summary		Amount
Backups		\$6,258.04
Total:		<b>\$6,258.04</b>

PRICES SUBJECT TO CHANGE - PRICES BASED UPON TOTAL PURCHASE - ALL DELIVERY, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED - WE SHALL NOT BE LIABLE FOR ANY LOSS OF PROFITS, BUSINESS, GOODWILL, DATA, INTERRUPTION OF BUSINESS, NOR FOR INCIDENTAL OR CONSEQUENTIAL MERCHANTABILITY OR FITNESS OF PURPOSE, DAMAGES RELATED TO THIS AGREEMENT. The fees and costs relating to Technology Consulting Services are not predictable. ELEMENT makes no commitment to Client concerning the maximum fees and costs that may be necessary to perform Technology Consulting Services. Any estimate of fees and costs that ELEMENT may have discussed with Client represents only an estimate of such fees and costs.

Please sign and fax to 952-943-1982 or email reply confirming order to sales@ele-ment.com

Pricing is valid for 14 days unless otherwise stipulated.



ESTIMATE

Invoice to Follow

Acceptance

Element Technologies, LLC

City of Osseo

Chris Johnson

Signature / Name

07/13/2022

Date

Signature / Name

Initials

Date



ESTIMATE

Invoice to Follow

## CrowdStrike Complete Suite Upgrade

Estimate #ELE008291 v1

## Prepared For:

## City of Osseo

Riley Grams  
415 Central Ave  
Osseo, MN 55369

P: (763) 425-3861

E: RGrams@ci.osseo.mn.us

## Prepared By:

## Element Technologies, LLC

Chris Johnson  
4470 W. 78th Street Circle #200  
Bloomington, MN 55435

P: (612) 876-5432

E: sales@ele-ment.com

## Date Issued:

07.13.2022

## Expires:

07.31.2022

Qty	Products	Recurring	Ext. Recurring	Price	Ext. Price
38	<b>CrowdStrike Complete Suite</b> CrowdStrike Complete Suite - Prevent - Falcon Control & Respond - Insight EDR - Falcon Spotlight Vulnerability Management - Threat Graph Standard - Overwatch - Charged per endpoint per year	\$7.00	\$266.00	\$0.00	\$0.00
1	<b>Installation Remote / Onsite Service</b> Estimated Installation Remote / Onsite Service Labor (Labor total is estimated. Actual hours will be billed)	\$0.00	\$0.00	\$150.00	\$150.00
Recurring Subtotal					<b>\$266.00</b>
Subtotal					<b>\$150.00</b>

Quote Summary		Recurring	One-Time
Products		\$266.00	\$150.00
Total:		<b>\$266.00</b>	<b>\$150.00</b>

PRICES SUBJECT TO CHANGE - PRICES BASED UPON TOTAL PURCHASE - ALL DELIVERY, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED - WE SHALL NOT BE LIABLE FOR ANY LOSS OF PROFITS, BUSINESS, GOODWILL, DATA, INTERRUPTION OF BUSINESS, NOR FOR INCIDENTAL OR CONSEQUENTIAL MERCHANTABILITY OR FITNESS OF PURPOSE, DAMAGES RELATED TO THIS AGREEMENT. The fees and costs relating to Technology Consulting Services are not predictable. ELEMENT makes no commitment to Client concerning the maximum fees and costs that may be necessary to perform Technology Consulting Services. Any estimate of fees and costs that ELEMENT may have discussed with Client represents only an estimate of such fees and costs.

Please sign and fax to 952-943-1982 or email reply confirming order to sales@ele-ment.com

Pricing is valid for 14 days unless otherwise stipulated.



ESTIMATE

Invoice to Follow

Acceptance

Element Technologies, LLC

City of Osseo

Chris Johnson

Signature / Name

07/13/2022

Date

Signature / Name

Initials

Date



## ESTIMATE

## Invoice to Follow

New Server &amp; Licensing for PD

Estimate #ELE008296 v1

## Prepared For:

## City of Osseo

Riley Grams  
415 Central Ave  
Osseo, MN 55369

P: (763) 425-3861

E: RGrams@ci.osseo.mn.us

## Prepared By:

## Element Technologies, LLC

Chris Johnson  
4470 W. 78th Street Circle #200  
Bloomington, MN 55435

P: (612) 876-5432

E: sales@ele-ment.com

## Date Issued:

07.13.2022

## Expires:

07.31.2022

Qty	Backups	Recurring	Ext. Recurring	Price	Ext. Price
1	<b>StarTech.com 22U Server Rack Cabinet with secure locking door - 4 Post Adjustable Depth (5.5" to 28.7") - 1768 lb capacity - 19 inch Portable Network Equipment Enclosure on wheels/casters (RK2236BKF) - rack - 22U</b> StarTech.com 22U Server Rack Cabinet with secure locking door - 4 Post Adjustable Depth (5.5" to 28.7") - 1768 lb capacity - 19 inch Portable Network Equipment Enclosure on wheels/casters (RK2236BKF) - Rack - 22U	\$0.00	\$0.00	\$837.32	\$837.32
1	<b>PowerEdge R440 Server</b> PowerEdge R440 Server 2.5" Chassis with up to 8 Hot Plug Hard Drives, PERC/HBA11 (2) Intel Xeon Silver 4215 2.5G, 8C/16T, 9.6GT/s, 11M Cache, Turbo, HT (85W) DDR4-2400 (4) 16GB RDIMM, 3200MT/s, Dual Rank, 64GB Total RAM PERC H350 Adapter LP (2) 300GB 15K RPM SAS 12Gbps 512n 2.5in Hot-plug Hard Drive, RAID 1 300GB Usable for OS (3) 900GB 15K RPM SAS 12Gbps 512n 2.5in Hot-plug Hard Drive, RAID 5 1.8TB Usable for VMs iDRAC9,Enterprise On-Board Broadcom 5720 Dual Port 1Gb LOM Dual, Hot Plug, Redundant Power Supply (1+1), 550W (2) NEMA 5-15P to C13 Wall Plug, 125 Volt, 15 AMP, 10 Feet (3m), Power Cord, North America LCD Bezel for x4 and x8 chassis ReadyRails Sliding Rails With Cable Management Arm Keyboard and Optical Mouse, USB, Black, English Basic Next Business Day, 60 Month(s)	\$0.00	\$0.00	\$8,609.99	\$8,609.99
2	<b>Windows Server 2022 Standard - 16 Core License Pack - 2 VMs of coverage</b> Windows Server 2022 Standard - 16 Core License Pack (Perpetual) - 2 VMs of coverage	\$0.00	\$0.00	\$1,060.00	\$2,120.00
1	<b>BUFFALO TS3420RN Series - NAS server</b> BUFFALO TS3420RN Series - NAS server - 4 bays - 8 TB - rack-mountable - SATA6Gb/s - HDD 2 TB x 4 - RAID 0, 1, 5, 6, 10 - RAM 1 GB - 2.5 Gigabit Ethernet - iSCSI support	\$0.00	\$0.00	\$870.74	\$870.74



ESTIMATE

Invoice to Follow

Qty	Backups	Recurring	Ext. Recurring	Price	Ext. Price
1	<b>APC Smart-UPS SMT1500RM2UC - UPS - 1 kW - 1440 VA - with APC SmartConnect</b> APC Smart-UPS SMT1500RM2UC - UPS (rack-mountable) - AC 120 V - 1 kW - 1440 VA - 1 x battery - USB, serial - output connectors: 6 - 2U - black - with APC SmartConnect	\$0.00	\$0.00	\$990.42	\$990.42
2	<b>Backup &amp; Replication Enterprise Plus for Hyper-V</b> Backup & Replication Enterprise Plus - Monthly Recurring cost	\$15.00	\$30.00	\$0.00	\$0.00
1	<b>RocVault Cloud Backup</b> RocVault Cloud Backup - Integrates with Veeam technology to offer an easy and cost-effective cloud solution for your offsite backup and archiving needs. - \$50 per TB of data stored per month	\$50.00	\$50.00	\$0.00	\$0.00
40	<b>Installation Remote / Onsite Service</b> Estimated Installation Remote / Onsite Service Labor (Labor total is estimated. Actual hours will be billed)	\$0.00	\$0.00	\$150.00	\$6,000.00
Recurring Subtotal				<b>\$80.00</b>	
Subtotal				<b>\$19,428.47</b>	

Quote Summary	Recurring	One-Time
Backups	\$80.00	\$19,428.47
Total:	<b>\$80.00</b>	<b>\$19,428.47</b>

PRICES SUBJECT TO CHANGE - PRICES BASED UPON TOTAL PURCHASE - ALL DELIVERY, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED - WE SHALL NOT BE LIABLE FOR ANY LOSS OF PROFITS, BUSINESS, GOODWILL, DATA, INTERRUPTION OF BUSINESS, NOR FOR INCIDENTAL OR CONSEQUENTIAL MERCHANTABILITY OR FITNESS OF PURPOSE, DAMAGES RELATED TO THIS AGREEMENT. The fees and costs relating to Technology Consulting Services are not predictable. ELEMENT makes no commitment to Client concerning the maximum fees and costs that may be necessary to perform Technology Consulting Services. Any estimate of fees and costs that ELEMENT may have discussed with Client represents only an estimate of such fees and costs.

Please sign and fax to 952-943-1982 or email reply confirming order to sales@ele-ment.com  
Pricing is valid for 14 days unless otherwise stipulated.

Acceptance

Element Technologies, LLC

City of Osseo

Chris Johnson

Signature / Name

07/13/2022

Date

Signature / Name

Initials

Date



## ESTIMATE

## Invoice to Follow

## Veeam Backups for City Servers

Estimate #ELE008294 v1

## Prepared For:

## City of Osseo

Riley Grams  
415 Central Ave  
Osseo, MN 55361

P: (763) 425-3861

E: RGrams@ci.osseo.mn.us

## Prepared By:

## Element Technologies, LLC

Chris Johnson  
4470 W. 78th Street Circle #200  
Bloomington, MN 55435

P: (612) 876-5432

E: sales@ele-ment.com

## Date Issued:

07.13.2022

## Expires:

07.31.2022

Qty	Backups	Recurring	Ext. Recurring	Price	Ext. Price
2	<b>Backup &amp; Replication Enterprise Plus for Hyper-V</b> Backup & Replication Enterprise Plus - Monthly Recurring cost	\$15.00	\$30.00	\$0.00	\$0.00
2	<b>RocVault Cloud Backup</b> RocVault Cloud Backup - Integrates with Veeam technology to offer an easy and cost-effective cloud solution for your offsite backup and archiving needs. - \$50 per TB of data stored per month	\$50.00	\$100.00	\$0.00	\$0.00
1	<b>Windows Server 2022 Standard - 16 Core License Pack - 2 VMs of coverage</b> Windows Server 2022 Standard - 16 Core License Pack (Perpetual) - 2 VMs of coverage	\$0.00	\$0.00	\$1,060.00	\$1,060.00
1	<b>BUFFALO TS3420DN Series - NAS server - 8 TB</b> BUFFALO TS3420DN Series - NAS server - 4 bays - 8 TB - SATA 6Gb/s - HDD 2 TB x 4 - RAID 0, 1, 5, 6, 10 - RAM 1 GB - 2.5 Gigabit Ethernet - iSCSI support	\$0.00	\$0.00	\$701.26	\$701.26
8	<b>Installation Remote / Onsite Service</b> Estimated Installation Remote / Onsite Service Labor (Labor total is estimated. Actual hours will be billed)	\$0.00	\$0.00	\$150.00	\$1,200.00
Recurring Subtotal					<b>\$130.00</b>
Subtotal					<b>\$2,961.26</b>

Quote Summary		Recurring	One-Time
Backups		\$130.00	\$2,961.26
Total:		<b>\$130.00</b>	<b>\$2,961.26</b>

PRICES SUBJECT TO CHANGE - PRICES BASED UPON TOTAL PURCHASE - ALL DELIVERY, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED - WE SHALL NOT BE LIABLE FOR ANY LOSS OF PROFITS, BUSINESS, GOODWILL, DATA, INTERRUPTION OF BUSINESS, NOR FOR INCIDENTAL OR CONSEQUENTIAL MERCHANTABILITY OR FITNESS OF PURPOSE, DAMAGES RELATED TO THIS AGREEMENT. The fees and costs relating to Technology Consulting Services are not predictable. ELEMENT makes no commitment to Client concerning the maximum fees and costs that may be necessary to perform Technology Consulting Services. Any estimate of fees and costs that ELEMENT may have discussed with Client represents only an estimate of such fees and costs.

Please sign and fax to 952-943-1982 or email reply confirming order to sales@ele-ment.com

Pricing is valid for 14 days unless otherwise stipulated.



ESTIMATE

Invoice to Follow

Acceptance

Element Technologies, LLC

City of Osseo

Chris Johnson

Signature / Name

07/13/2022

Date

Signature / Name

Initials

Date

**ESTIMATE****Invoice to Follow****Mimecast Email Encryption**

Estimate #ELE008209 v1

**Prepared For:****City of Osseo**Riley Grams  
415 Central Ave  
Osseo, MN 55369**P:** (763) 425-3861**E:** RGrams@ci.osseo.mn.us**Prepared By:****Element Technologies, LLC**Chris Johnson  
4470 W. 78th Street Circle #200  
Bloomington, MN 55435**P:** (612) 876-5432**E:** sales@ele-ment.com**Date Issued:****06.06.2022****Expires:****06.20.2022**

Qty	Products	Recurring	Ext. Recurring	Price	Ext. Price
1	<b>Element Email Encryption</b> Email encryption for outbound emails.  - Charged per user per month	\$2.00	\$2.00	\$0.00	\$0.00
1	<b>Installation Remote / Onsite Service</b> Estimated Installation Remote / Onsite Service Labor (Labor total is estimated. Actual hours will be billed)	\$0.00	\$0.00	\$150.00	\$150.00
Recurring Subtotal					<b>\$2.00</b>
Subtotal					<b>\$150.00</b>

Quote Summary		Recurring	One-Time
Products		\$2.00	\$150.00
Total:		<b>\$2.00</b>	<b>\$150.00</b>

PRICES SUBJECT TO CHANGE - PRICES BASED UPON TOTAL PURCHASE - ALL DELIVERY, TRAINING OR CONSULTING SERVICES TO BE BILLED AT PUBLISHED RATES FOR EACH ACTIVITY INVOLVED - WE SHALL NOT BE LIABLE FOR ANY LOSS OF PROFITS, BUSINESS, GOODWILL, DATA, INTERRUPTION OF BUSINESS, NOR FOR INCIDENTAL OR CONSEQUENTIAL MERCHANTABILITY OR FITNESS OF PURPOSE, DAMAGES RELATED TO THIS AGREEMENT. The fees and costs relating to Technology Consulting Services are not predictable. ELEMENT makes no commitment to Client concerning the maximum fees and costs that may be necessary to perform Technology Consulting Services. Any estimate of fees and costs that ELEMENT may have discussed with Client represents only an estimate of such fees and costs.

Please sign and fax to 952-943-1982 or email reply confirming order to sales@ele-ment.com

Pricing is valid for 14 days unless otherwise stipulated.

**Acceptance****Element Technologies, LLC****City of Osseo**

Chris Johnson

Signature / Name

06/06/2022

Date

Signature / Name

Initials

Date



## City of Osseo City Council Meeting Item

---

**Agenda Item:** Discuss THC Regulations/Moratorium Ordinance

**Meeting Date:** August 8, 2022

**Prepared by:** Riley Grams, City Administrator

**Attachments:** Memo from City Attorney Tietjen  
Draft Moratorium Ordinance

---

**Policy Consideration:**

Discuss options available to the Council regarding THC products and potential regulations.

**Background:**

New legislation passed that allows retailers to sell legalized THC products in the State of Minnesota. Beginning on July 1, MN retailers may sell certain products containing delta-9 THC. After the new legislation was enacted, Staff met with City Attorney Mary Tietjen to discuss regulation options available to the City and the City Council should consider these options and direct staff accordingly. Options include:

- 1) Do nothing and allow any and all sales of THC products in the City.
- 2) Ban the sales of THC products in the City. This would require additional legal work.
- 3) Create a licensing procedure, similar to tobacco and/or liquor sales.
- 4) Regulate via zoning. This would involve changing local zoning code to allow THC sales in certain zones within the City, and determining if THC sales would be a permitted or conditional use within that zone.

The City Council also has the option to establish a temporary moratorium on the sale of THC products to allow the City and Staff additional time to research options and provide information to the Council for consideration. City Attorney Tietjen's office as drafted a moratorium ordinance (attached in the packet) should the Council want to consider that route at this time. The Council may choose to complete the first reading, waive the second reading, and adopt the moratorium immediately.

Attorney Tietjen provided the attached memo that outlines in more detail the options available to the Council regarding THC product sales.

**Recommendation/Action Requested:**

Staff recommends the City Council discuss the available options and direct Staff accordingly. If a temporary moratorium is the preferred option, the Council must motion and second to pass the attached draft ordinance, and waive the second hearing.



Offices in  
Minneapolis  
Saint Paul  
St. Cloud

Fifth Street Towers  
150 South Fifth Street, Suite 700  
Minneapolis, MN 55402  
(612) 337-9300 telephone  
(612) 337-9310 fax  
kennedy-graven.com  
Affirmative Action, Equal Opportunity Employer

---

To: Riley Grams, City Administrator  
Shane Mikkelsen, Chief of Police  
Joe Amerman, Community Management Coordinator

From: Mary Tietjen, City Attorney  
Joseph L. Sathe, Assistant City Attorney

Date: August 3, 2022

Re: Regulation of THC Products

---

This memorandum provides information on ways a city can potentially regulate the newly legalized products that contain up to 5mg of tetrahydrocannabinol (“THC”) derived from certified hemp. We have addressed local government enforcement of the requirements of the law legalizing these products, Minnesota Statutes, section 151.72 (the “Act”), in a separate memo.

## **I. BACKGROUND**

Beginning on July 1, 2022, it became legal to sell certain products containing delta-9 THC (“THC Products”) in Minnesota. The Act allows THC Products to be sold if certain requirements are met including that there are not more than 5mg of THC per dose and 50mg of THC per container; the purchaser is at least 21 years old; and the products are not marketed towards children.

The Minnesota Board of Pharmacy (“Board”) is the state agency with oversight of THC Products.

There is currently no state-level license required in order to sell THC Products and the Board does not test or approve products prior to their sale.<sup>1</sup>

## **II. LOCAL REGULATION**

The Act neither explicitly allows nor explicitly prohibits local regulation of the sale of THC Products. Therefore, to determine whether a municipality can regulate the sale of THC Products, the municipality must have the authority to regulate the sale of THC products and must not be preempted by state law.

A municipality could rely upon its general police and general welfare power to regulate the sale of THC products. The two most applicable avenues through which the municipality can regulate the sale of THC Products is through its licensing or zoning authority.

### ***A. The Act Does Not Expressly Preempt Local Regulation***

---

<sup>1</sup> [Hemp Derived Products Frequently Asked Questions](#), page 5

The Act does not expressly require a city to allow the sale of THC Products, nor does it restrict a city's ability to regulate such facilities through additional zoning or licensing requirements. Nevertheless, a city cannot enact a local regulation if it conflicts with state law or if the state law fully occupies a particular field of legislation so that there is no room for local regulation.

Any local regulations must not create an irreconcilable conflict with state law, but instead must be merely additional and complementary or in aid and furtherance of the Act. Also, local regulations must not exceed a city's lawful licensing or zoning powers.

Two recent Minnesota Supreme Court cases indicate a deference for local ordinances that provide greater protections than state statutes.<sup>2</sup> Additional licensing and zoning requirements adopted for the purpose of protecting the general welfare and ensuring the sale of THC Products are being conducted in accordance with the Act, including that THC Products are not being sold to individuals under the age of 21, for example, would be considered greater protections than those included in the Act.

### ***B. Licensing***

A city may license a business or activity, either (1) when expressly allowed to do so by state statute; or (2) when implied by statute, such as when a license is necessary for a city to perform its general statutory powers (like preventing public nuisance or protecting the general welfare).

Since there is no express authority for a city to license a business selling THC Products a city must look to an implied authority. The authority granted under the "general welfare" clause allows a city to provide "for the suppression of vice and immorality, the prevention of crime, the protection of public and private property, the benefit of residence, trade, and commerce, and the promotion of health, safety, order, convenience, and the general welfare by such ordinances not inconsistent with the Constitution and laws of the United States or of this state as it shall deem expedient."<sup>3</sup>

The Act contains very little regulatory structure, consumer protection, or general control of the sale of THC Products. Cities very clearly have an interest in ensuring the THC Products are being sold in the manner provided for in the Act, and individual cities may each want to study the impact of the sale of THC Products in each community and determine what additional regulation is warranted to protect the general welfare of the city.

A licensing ordinance must be reasonable in its terms and conditions and cannot place unnecessary, unreasonable, or oppressive restrictions that conflict with the state or federal constitution. A licensing ordinance could include application requirements such as:

- terms;
- qualifications;
- bond and insurance requirements;

---

<sup>2</sup> See *Minnesota Chamber of Commerce v. City of Minneapolis*, 944 N.W.2d 441 (Minn. 2020); and *Graco v City of Minneapolis*, 937 N.W.2d. 756 (Minn. 2020).

<sup>3</sup> Minn. Stat. 412.221, subd. 32

- hours of operation;
- reasons for denial, including no criminal conviction or license revocations related to controlled substances;
- revocation and suspension of license;
- transferability; license fees;
- limiting the number of licenses;
- Requiring licensees to ID purchasers;
- Requiring THC products to be sold from behind a counter; and
- Identify how the city will conduct compliance checks.

### *C. Zoning*

Zoning controls generally relate to uses of property and not the sale of individual products, so using the city’s zoning authority alone may not be an effective way to regulate the sale of THC Products. However, cities may use a combination of zoning and licensing provisions to regulate the sale of THC Products.

#### *i. Outright Prohibition*

A city could probably prohibit the sale of THC Product sales if it defines such sale as a “use” in its zoning ordinance and has legitimate planning and zoning grounds for the ban. There is no “right” to sell THC Products and cities have broad discretion in establishing zoning requirements. An outright ban would likely need to be combined with other general business regulations (e.g., licensing) since the sale of THC Products is currently not a primary use of land but can be sold at any retail store.

#### *ii. Expressly Authorize THC Product Sales*

A city could expressly authorize THC Product sales at dedicated locations, establish the sale of THC Products as a permitted or conditional use, and consider imposing additional regulations on those operations that it does authorize.

Some examples of zoning-type regulations might include:

- Restricting such uses to certain zoning districts;
- Capping the total number of THC-related land uses within the City or within certain zoning districts;
- Requiring that THC-related facilities not produce noxious odors;
- Requiring a minimum distance from certain land uses such as schools, child-care facilities; places of worship and other religious institutions; health care practitioners. and chemical dependency, alcohol and drug treatment facilities;
- Requiring a minimum distance between other THC-related uses;
- Requiring a minimum distance from liquor stores and bars; and
- Additional restrictions on signage and advertising.

Instead of including these traditional zoning provisions in the zoning code, a city could consider including similar provisions as part of a licensing regulatory scheme (e.g., only issue a license to

an THC Product business that is located within particular zoning districts). This approach would be more appropriate if a city chooses not to require THC Product sales at dedicated business locations.

### **III. MORATORIUM/INTERIM ORDINANCE**

A city may establish a moratorium on the sale of THC Products.

Cities have the authority to place moratoria on zoning matters for up to one year under Minnesota Statutes, section 462.355, subd. 4. Cities have also relied on the city's police power to enact moratoria on activities to be licensed by the city so long as the moratorium is limited in duration and enacted in good faith and without discrimination.<sup>4</sup>

Before adopting a moratorium, a city should first decide that it wants to regulate the sale of THC Products in some manner. A moratorium would be for the purpose of studying licensing or zoning regulations related to the sale of THC Products and prohibiting such sales in the city until the study is completed.

### **IV. CONCLUSIONS**

The state law legalizing the sale of THC Products includes minimal regulation and cities are left to establish individual regulations that can be tailored to the local needs of the community. Cities can rely on implied authority granted through its general welfare and police powers to regulate the sale of THC Products even though the Act does not contain express authority for such regulation.

A city could choose to use its licensing and/or zoning authority to restrict the sale of THC Products, and/or could issue a moratorium on the sale of THC Products to study the impacts of THC Product sales and develop appropriate regulations.

A comprehensive approach to regulating THC Products could include both licensing and zoning aspects to ensure sales are in compliance with state law and any locally established regulations as well as regulating where within the city products can be sold.

It is also important to keep in mind that the Minnesota Legislature may act, either during a special or regular session, to regulate the sale of THC Products which could impact how a city is able to regulate THC products.

---

<sup>4</sup> *Almquist v. Town of Marshan*, 245 N.W.2d 819 (Minn. 1976).

**CITY OF OSSEO**  
**HENNEPIN COUNTY, MINNESOTA**  
**ORDINANCE NO. 2022 -xx**

**AN INTERIM ORDINANCE IMPOSING A MORATORIUM ON THE SALE OF CANNABIS PRODUCTS  
AND AUTHORIZING STUDIES REGARDING SUCH PRODUCTS**

THE CITY COUNCIL OF THE CITY OF OSSEO ORDAINS:

**Section 1. Legislative Findings and Authority**

- (A) There is a great deal of uncertainty regarding the effect of Minnesota Laws 2022, Chapter 98 amending Minnesota Statutes, section 151.72 (the “Act”) to allow the sale of edible cannabinoid products (“Cannabis Products”).
- (B) Because the proposal to allow the sale of Cannabis Products received little publicity until the Act went into effect on July 1, 2022, the City of Osseo did not have an opportunity to study and consider the potential impacts of the Act or to engage in policy discussions regarding the potential regulation of the sale of Cannabis Products in the City.
- (C) The Act authorizes the Minnesota Board of Pharmacy to enforce the Act, but the Act does not provide for any licensing of businesses that manufacture Cannabis Products or of businesses that sell Cannabis Products and is also silent regarding the enactment of local regulations related to Cannabis Products.
- (D) The Act does not expressly prohibit or limit local regulations, but the regulations established in the Act clearly do not constitute the Legislature having occupied the field of regulation regarding the sale of Cannabis Products.
- (E) The City Council finds the uncertainties associated with the sale of Cannabis Products, as well as the options of local regulation, strongly suggests the need for a study to develop information the City Council may use related to potential regulation of the sale of Cannabis Products through the adoption of licensing and zoning controls.
- (F) Pursuant to Minnesota Statutes, section 462.355, subdivision 4(a), the City Council is authorized to adopt an interim ordinance “to regulate, restrict, or prohibit any use . . . within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.”

- (G) The City Council is also authorized as part of its general police powers to adopt business licensing requirements related to the sale of Cannabis Products.
- (H) The Minnesota Supreme Court in *Almquist v. Town of Marshan*, 245 N.W.2d 819 (Minn. 1976) upheld the enactment of a moratorium despite the lack of express statutory authority as being a power inherent in a broad grant of power to municipalities. The enactment of business licensing requirements is based on a city's police powers, which is the broadest grant of power to cities. Inherent in that broad grant of authority is the power to place a temporary moratorium on a business to study and potentially implement licensing regulations on that business.
- (I) There are both licensing and zoning issues associated with the sale of Cannabis Products. The City Council determines that it needs time to study the matter and to consider the development and adoption of appropriate local regulations. To protect the planning process and the health, safety, and welfare of the residents while the City conducts its study and the City Council engages in policy discussions regarding possible regulations, the City Council determines it is in the best interests of the City to impose a temporary moratorium on the sale of Cannabis Products.

**Section 2. Definitions.** For the purposes of this Ordinance, the following words, terms, and phrases shall have the meanings given them in this section.

- (A) "Act" means 2022 Minnesota Session Laws, Chapter 98 (H.F. No. 4065), amending Minnesota Statutes, section 151.72.
- (B) "Cannabis Products" means Edible Cannabinoid Product and any other product that became lawful to sell for the first time in Minnesota effective July 1, 2022, as a result of the adoption of the Act.
- (C) "Edible Cannabinoid Product" has the same meaning given the term in Minnesota Statutes, section 151.72, subdivision 1(c).

**Section 3. Study.** The City Council authorizes and directs the city administrator to conduct a study regarding Cannabis Products and provide a report to the City Council on the potential regulations relating to the sale of such products. The report shall include recommendations on whether the City Council should adopt regulations and, if so, the recommended types of regulations. The study shall consider, but is not limited to, the following:

- (A) The potential impacts of the sale of Cannabis Products within the City;
- (B) Licensing the sale of Cannabis Products and related regulations; and
- (C) Zoning regulations related to the sale and distribution of Cannabis Products.

**Section 4. Moratorium.** A moratorium is imposed within the City regarding the sale of Cannabis Products. No business, person, or entity may sell Cannabis Products to the public within the jurisdictional boundaries of the City during the period that this Ordinance is in effect. The City shall not accept, process, or act on any application, site plan, building permit, or zoning or other approval for a business proposing to engage in the sale of Cannabis Products during the period that this Ordinance is in effect.

**Section 5. Exceptions.** The moratorium imposed by this Ordinance does not apply to the sale of medical cannabis or hemp products that were lawful to sell prior to the effective date of the Act.

**Section 6. Enforcement.** Violation of this Ordinance is a misdemeanor. In addition, the City may enforce this Ordinance by mandamus, injunction, or other appropriate civil remedy in any court of competent jurisdiction.

**Section 7. Effective Date and Term.** This Ordinance is effective upon adoption and publication in the City's official newspaper. This Ordinance shall remain in effect for one year after its effective date, or until the City Council expressly repeals it or until the effective date of an ordinance amending the City Code to address Cannabis Products, whichever occurs first.

**Section 8. Severability.** Every section, provision, and part of this Ordinance is declared severable from every other section, provision, and part of this Ordinance. If any section, provision, or part of this Ordinance is held to be invalid by a court of competent jurisdiction, such judgment shall not invalidate any other section, provision, or part of this Ordinance.

*Passed in regular session of the City Council of the City of Osseo, Minnesota held on the 8<sup>th</sup> day of August, 2022.*

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2022 by the City Council of the City of Osseo.

ATTEST:

\_\_\_\_\_  
Duane Poppe, Mayor

\_\_\_\_\_  
Katrina Jones, City Clerk

First Reading: August 8, 2022

Second Reading: \_\_\_\_\_, 2022 (or note that 2<sup>nd</sup> reading was waived on 8/4/22)

Published: \_\_\_\_\_, 2022, *Osseo-Maple Grove Press*



Osseo, MN

# Pending Expense Approval Report

By Vendor Name

APPKT00039

Payable Dates 07/11/2022 - 08/04/2022

Vendor Name	Payable Number	Description (Item)	Account Name	Account Number	Amount
<b>Vendor: Adams Pest Control Inc</b>					
Adams Pest Control Inc	3505012	2Q22 Pest Control Service	Operations	101-41700-211	133.37
<b>Vendor Adams Pest Control Inc Total:</b>					<b>133.37</b>
<b>Vendor: Amazon Capital Services, Inc</b>					
Amazon Capital Services, Inc	1MN1-NJ39-DY1L	FD Vacuum cleaner brush	Operations	101-41920-211	20.99
Amazon Capital Services, Inc	1QC9-FQ9C-3PLP	FD Trash & Recycling bags	Operations	101-41920-211	26.92
<b>Vendor Amazon Capital Services, Inc Total:</b>					<b>47.91</b>
<b>Vendor: American Legal Publishing Corp</b>					
American Legal Publishing Cor	18280	2022-2023 Internet Renewal 8/27/22-8/27/23	Recording Services	101-41000-307	450.00
<b>Vendor American Legal Publishing Corp Total:</b>					<b>450.00</b>
<b>Vendor: Banyon Data Systems Inc</b>					
Banyon Data Systems Inc	163077	Payroll/UB/Pay Dir Deposit Support	Software	101-41550-309	1,035.00
Banyon Data Systems Inc	163077	Payroll/UB/Pay Dir Deposit Support	Office Operations	601-49400-201	197.50
Banyon Data Systems Inc	163077	Payroll/UB/Pay Dir Deposit Support	Office Operations	602-49400-201	197.50
<b>Vendor Banyon Data Systems Inc Total:</b>					<b>1,430.00</b>
<b>Vendor: Canon Financial Services, Inc.</b>					
Canon Financial Services, Inc.	28854799	3Q22 Copier Contract Charge - Admin	Leases/Rentals	101-41110-410	346.92
<b>Vendor Canon Financial Services, Inc. Total:</b>					<b>346.92</b>
<b>Vendor: Comcast</b>					
Comcast	Jul 27, 2022	Aug 2022 City Hall Service	Operations	101-41700-211	20.01
Comcast	Jul 24, 2022	August 2022 City Hall Service	Telecommunications	101-41700-321	376.72
Comcast	7/24/22	August 2022 Public Works Service	Telecommunications	101-42000-321	183.01
<b>Vendor Comcast Total:</b>					<b>579.74</b>
<b>Vendor: Concrete Idea Inc.</b>					
Concrete Idea Inc.	July 19, 2022 WSB	2022 Alley Reconstruction Project Pay Voucher No 1	Street Improvement	412-42000-529	230,711.15
<b>Vendor Concrete Idea Inc. Total:</b>					<b>230,711.15</b>
<b>Vendor: ECM Publishers Inc</b>					
ECM Publishers Inc	902118	Ad Number 1242375 Notice of Filing Dates	Operations	101-41410-211	73.40
ECM Publishers Inc	903101	Ad Number 1244028 Accuracy Test	Operations	101-41410-211	45.88
<b>Vendor ECM Publishers Inc Total:</b>					<b>119.28</b>
<b>Vendor: Eftps - Fit And Fica</b>					
Eftps - Fit And Fica	INV0000075	Federal Tax	Federal Withholding	101-21701	4,735.24
Eftps - Fit And Fica	INV0000075	Medicare	Fica Withholding	101-21703	1,602.00
Eftps - Fit And Fica	INV0000075	Social Security	Fica Withholding	101-21703	5,182.10
<b>Vendor Eftps - Fit And Fica Total:</b>					<b>11,519.34</b>
<b>Vendor: Fire Instruction Rescue Educat</b>					
Fire Instruction Rescue Educat	5651	7/7/22 Incident Command Hwy Scene Safety Training	Fire Training - Reimbursable	101-41920-261	550.00
Fire Instruction Rescue Educat	5663	7/21/22 Call the Mayday RIT Scenario training FD	Fire Training - Reimbursable	101-41920-261	550.00
<b>Vendor Fire Instruction Rescue Educat Total:</b>					<b>1,100.00</b>

**Pending Expense Approval Report**
**Packet: APPKT00039 Payable Dates: 07/11/2022 - 08/04/2022**

Vendor Name	Payable Number	Description (Item)	Account Name	Account Number	Amount
<b>Vendor: Further</b>					
Further	INV0000071	Employee HSA	Employee H.S.A Contribution	101-21711	1,131.93
<b>Vendor Further Total:</b>					<b>1,131.93</b>
<b>Vendor: Gary A Groen, Cpa</b>					
Gary A Groen, Cpa	7/31/22	July 2022 Financial Consulting	Financial Services	101-41550-300	2,400.00
<b>Vendor Gary A Groen, Cpa Total:</b>					<b>2,400.00</b>
<b>Vendor: Gopher State One Call Inc</b>					
Gopher State One Call Inc	2070661	July 2022 Utility Locate Servic	Other Professional Services	601-49400-310	27.69
Gopher State One Call Inc	2070661	July 2022 Utility Locate Servic	Other Professional Services	602-49400-310	27.66
<b>Vendor Gopher State One Call Inc Total:</b>					<b>55.35</b>
<b>Vendor: Health Strategies</b>					
Health Strategies	122941	Preplacement Med Exam & testing D Kamp & C Stearns	Personnel/Recruitment	101-41920-355	806.00
<b>Vendor Health Strategies Total:</b>					<b>806.00</b>
<b>Vendor: Henn Co Property Tax</b>					
Henn Co Property Tax	0722-88	Annual Special Assessments Billing	Assessing Service	101-41110-308	853.00
<b>Vendor Henn Co Property Tax Total:</b>					<b>853.00</b>
<b>Vendor: Icma Retirement Corporation</b>					
Icma Retirement Corporation	INV0000070	DFC - ICMA	Deffered Comp	101-21705	400.00
<b>Vendor Icma Retirement Corporation Total:</b>					<b>400.00</b>
<b>Vendor: Innovative Office Solutions</b>					
Innovative Office Solutions	IN3873939	Expandable Wallet Letter size folder	Operations	101-41110-211	5.43
Innovative Office Solutions	IN3878440	3 3-ring 3" binders	Operations	101-41110-211	27.66
Innovative Office Solutions	IN3874152	Pocket folders/Election	Operations	101-41410-211	16.40
<b>Vendor Innovative Office Solutions Total:</b>					<b>49.49</b>
<b>Vendor: Judy McElroy</b>					
Judy McElroy	July 23, 2022	Refund Community Center deposit 7/23/22	Community Center Deposits	101-22001	250.00
<b>Vendor Judy McElroy Total:</b>					<b>250.00</b>
<b>Vendor: Kennedy &amp; Graven, Chartered</b>					
Kennedy & Graven, Chartered	168563	June 2022 Civil Legal Services	Legal Service - Civil	101-41500-304	1,504.00
Kennedy & Graven, Chartered	168563	June 2022 Civil Legal Services	Legal Service - Civil	101-41500-304	216.00
Kennedy & Graven, Chartered	168563	June 2022 Civil Legal Services	Legal Service - Civil	101-41500-304	70.56
Kennedy & Graven, Chartered	168563	June 2022 Civil Legal Services	Legal Service - Civil	101-41500-304	1,422.00
<b>Vendor Kennedy &amp; Graven, Chartered Total:</b>					<b>3,212.56</b>
<b>Vendor: Law Enforce Labor Service</b>					
Law Enforce Labor Service	August 2022	August 2022 Police Union Due	Dues/Membership	101-41900-255	390.00
<b>Vendor Law Enforce Labor Service Total:</b>					<b>390.00</b>
<b>Vendor: MacQueen Emergency</b>					
MacQueen Emergency	PO2093	Captain Shield for M. Cogswel	Uniforms/Gear	101-41920-218	66.62
<b>Vendor MacQueen Emergency Total:</b>					<b>66.62</b>
<b>Vendor: Melissa Baxter-Jensen</b>					
Melissa Baxter-Jensen	7/27/22	Refund Community Center Deposit 7/27/22	Community Center Deposits	101-22001	250.00
<b>Vendor Melissa Baxter-Jensen Total:</b>					<b>250.00</b>
<b>Vendor: Minute Maker Secretarial</b>					
Minute Maker Secretarial	M1524	July 11 City Council Meeting Minutes	Recording Services	101-41000-307	190.50
Minute Maker Secretarial	M1532	July 13 PSAC & July 25 WS & City Council meetings	Recording Services	101-41000-307	227.00
Minute Maker Secretarial	M1532	July 13 PSAC & July 25 WS & City Council meetings	Recording Services	101-41900-307	227.00
<b>Vendor Minute Maker Secretarial Total:</b>					<b>644.50</b>

**Pending Expense Approval Report**
**Packet: APPKT00039 Payable Dates: 07/11/2022 - 08/04/2022**

Vendor Name	Payable Number	Description (Item)	Account Name	Account Number	Amount
<b>Vendor: Minuteman Press</b>					
Minuteman Press	32655	2Q22 Utility bill mailing services	Other Professional Services	601-49400-310	124.75
Minuteman Press	32655	2Q22 Utility bill mailing services	Postal/Delivery Service	601-49400-322	125.39
Minuteman Press	32655	2Q22 Utility bill mailing services	Other Professional Services	602-49400-310	124.74
Minuteman Press	32655	2Q22 Utility bill mailing services	Postal/Delivery Service	602-49400-322	125.39
Minuteman Press	32655	2Q22 Utility bill mailing services	Other Professional Services	604-49400-310	124.74
Minuteman Press	32655	2Q22 Utility bill mailing services	Postal/Delivery Service	604-49400-322	125.38
<b>Vendor Minuteman Press Total:</b>					<b>750.39</b>
<b>Vendor: Mn Dept Of Revenue</b>					
Mn Dept Of Revenue	CM0000006	State Tax	State Withholding	101-21702	-173.38
Mn Dept Of Revenue	INV0000076	State Tax	State Withholding	101-21702	2,641.08
<b>Vendor Mn Dept Of Revenue Total:</b>					<b>2,467.70</b>
<b>Vendor: Msrs Dfc/Hcsp</b>					
Msrs Dfc/Hcsp	INV0000072	DFC-MSRS (Empower)	Deffered Comp	101-21705	375.00
Msrs Dfc/Hcsp	INV0000073	Employee HSA	Hcsp	101-21712	525.63
<b>Vendor Msrs Dfc/Hcsp Total:</b>					<b>900.63</b>
<b>Vendor: NAPA - Cottens Osseo</b>					
NAPA - Cottens Osseo	254046	FD Truck cleaner supplies	Vehicle Repairs/Maintenance	101-41920-217	8.98
<b>Vendor NAPA - Cottens Osseo Total:</b>					<b>8.98</b>
<b>Vendor: Pera</b>					
Pera	CM0000004	PERA	Pera	101-21704	-366.57
Pera	INV0000074	PERA	Pera	101-21704	4,644.51
Pera	INV0000074	PEPFF	Pera	101-21704	7,015.17
<b>Vendor Pera Total:</b>					<b>11,293.11</b>
<b>Vendor: Prime Advertising &amp; Design</b>					
Prime Advertising & Design	82104	August 2022 Monthly Website Hosting	Software	101-41515-309	100.00
<b>Vendor Prime Advertising &amp; Design Total:</b>					<b>100.00</b>
<b>Vendor: Revolutionary Sports, LLC</b>					
Revolutionary Sports, LLC	262	Six Sports Instruction classes June 20 - July 18	Programming	101-42301-312	5,310.00
<b>Vendor Revolutionary Sports, LLC Total:</b>					<b>5,310.00</b>
<b>Vendor: Sawyer's Dream</b>					
Sawyer's Dream	Aug 18, 2022	Sawyer's Dream 8/18/22 Performance MMIP	Operations	253-42400-211	800.00
<b>Vendor Sawyer's Dream Total:</b>					<b>800.00</b>
<b>Vendor: Sipe Bros. Inc.</b>					
Sipe Bros. Inc.	7/31/22 STMT	Fire Dept/Public Works Fuel charges	Fuel - Vehicle/Equipment	101-41920-216	183.98
Sipe Bros. Inc.	7/31/22 STMT	Fire Dept/Public Works Fuel charges	Fuel - Vehicle/Equipment	101-42000-216	344.84
<b>Vendor Sipe Bros. Inc. Total:</b>					<b>528.82</b>
<b>Vendor: Sloth Inspections Inc</b>					
Sloth Inspections Inc	July 31, 2022	July 2022 Electrical Inspection Svcs	Electrical Inspections Payable	101-20221	745.60
<b>Vendor Sloth Inspections Inc Total:</b>					<b>745.60</b>
<b>Vendor: Swank Motion Pictures Inc</b>					
Swank Motion Pictures Inc	RG 3215520	DVD Ghostbusters Afterlife 7/26/22	Operations	253-42400-211	495.00
<b>Vendor Swank Motion Pictures Inc Total:</b>					<b>495.00</b>

Pending Expense Approval Report

Packet: APPKT00039 Payable Dates: 07/11/2022 - 08/04/2022

Vendor Name	Payable Number	Description (Item)	Account Name	Account Number	Amount
<b>Vendor: Tokle Inspection Inc</b>					
Tokle Inspection Inc	July 31, 2022	July 2022 Electrical Inspection Svcs	Electrical Inspections Payable	101-20221	124.00
<b>Vendor Tokle Inspection Inc Total:</b>					<b>124.00</b>
<b>Vendor: U.S. BANK EQUIPMENT FINANCE</b>					
U.S. BANK EQUIPMENT FINAN	477549414	July 2022 Public Works copier lease	Operations	101-42000-211	74.42
<b>Vendor U.S. BANK EQUIPMENT FINANCE Total:</b>					<b>74.42</b>
<b>Vendor: Van Iwaarden Associates</b>					
Van Iwaarden Associates	April 5, 2022 letter	Actuarial Consult Svc through Mar 2022 FY2021	Financial Services	101-41550-300	1,100.00
<b>Vendor Van Iwaarden Associates Total:</b>					<b>1,100.00</b>
<b>Vendor: Walters Recycling &amp; Refuse, Inc.</b>					
Walters Recycling & Refuse, In	6290834	3Q22 Trash/Recycling 417 1st Ave NE	Rental Property Expenses	205-42350-801	73.19
<b>Vendor Walters Recycling &amp; Refuse, Inc. Total:</b>					<b>73.19</b>
<b>Vendor: WSB &amp; Associates Inc</b>					
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	101-41650-303	43.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Other Professional Services	101-41920-310	1,740.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	130-42000-303	2,442.40
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	130-42000-303	1,465.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	130-42000-303	750.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	409-42000-303	1,129.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	412-42000-303	5,738.50
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	412-42000-303	34,893.25
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Infrastructure	602-11101	4,397.50
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Infrastructure	602-11101	1,961.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	602-49400-303	560.00
WSB & Associates Inc	6/30/22	June 2022 Engineering Servic	Engineering Service	604-49400-303	131.75
<b>Vendor WSB &amp; Associates Inc Total:</b>					<b>55,251.40</b>
<b>Grand Total:</b>					<b>336,970.40</b>

## Report Summary

## Fund Summary

Fund	Expense Amount
101 - GENERAL FUND	50,221.92
130 - PAVEMENT MANAGEMENT	4,657.40
205 - PARK DEDICATION	73.19
253 - MUSIC/MOVIES IN THE PARK	1,295.00
409 - 2020 STREET IMPROVEMENT	1,129.00
412 - 2022-23 Alley & Street Projects	271,342.90
601 - WATER FUND	475.33
602 - SEWER FUND	7,393.79
604 - STORM WATER FUND	381.87
<b>Grand Total:</b>	<b>336,970.40</b>

## Account Summary

Account Number	Account Name	Expense Amount
101-20221	Electrical Inspections Pa	869.60
101-21701	Federal Withholding	4,735.24
101-21702	State Withholding	2,467.70
101-21703	Fica Withholding	6,784.10
101-21704	Pera	11,293.11
101-21705	Deffered Comp	775.00
101-21711	Employee H.S.A Contrib	1,131.93
101-21712	Hcsp	525.63
101-22001	Community Center Depo	500.00
101-41000-307	Recording Services	867.50
101-41110-211	Operations	33.09
101-41110-308	Assessing Service	853.00
101-41110-410	Leases/Rentals	346.92
101-41410-211	Operations	135.68
101-41500-304	Legal Service - Civil	3,212.56
101-41515-309	Software	100.00
101-41550-300	Financial Services	3,500.00
101-41550-309	Software	1,035.00
101-41650-303	Engineering Service	43.00
101-41700-211	Operations	153.38
101-41700-321	Telecommunications	376.72
101-41900-255	Dues/Membership	390.00
101-41900-307	Recording Services	227.00
101-41920-211	Operations	47.91
101-41920-216	Fuel - Vehicle/Equipmen	183.98
101-41920-217	Vehicle Repairs/Mainten	8.98
101-41920-218	Uniforms/Gear	66.62
101-41920-261	Fire Training - Reimburse	1,100.00
101-41920-310	Other Professional Servi	1,740.00
101-41920-355	Personnel/Recruitment	806.00
101-42000-211	Operations	74.42
101-42000-216	Fuel - Vehicle/Equipmen	344.84
101-42000-321	Telecommunications	183.01
101-42301-312	Programming	5,310.00
130-42000-303	Engineering Service	4,657.40
205-42350-801	Rental Property Expense	73.19
253-42400-211	Operations	1,295.00
409-42000-303	Engineering Service	1,129.00
412-42000-303	Engineering Service	40,631.75
412-42000-529	Street Improvement	230,711.15
601-49400-201	Office Operations	197.50
601-49400-310	Other Professional Servi	152.44
601-49400-322	Postal/Delivery Service	125.39
602-11101	Infrastructure	6,358.50

**Account Summary**

Account Number	Account Name	Expense Amount
602-49400-201	Office Operations	197.50
602-49400-303	Engineering Service	560.00
602-49400-310	Other Professional Servi	152.40
602-49400-322	Postal/Delivery Service	125.39
604-49400-303	Engineering Service	131.75
604-49400-310	Other Professional Servi	124.74
604-49400-322	Postal/Delivery Service	125.38
	<b>Grand Total:</b>	<b>336,970.40</b>

**Project Account Summary**

Project Account Key	Expense Amount
**None**	336,970.40
<b>Grand Total:</b>	<b>336,970.40</b>

## Dirty Shorts Brass Band



## Encanto



**Tuesday, August 9 at 7 pm & Dusk**

Thankstoourdonors:

Osseo Lions

Osseo Fire Dept Relief Assn

Osseo Maple Grove Hockey Assn

American Legion Post 172

Boerboom Park  
416 Central Avenue  
Osseo, MN 55369

*Music and Movie in the Park*

Concession sales  
thanks to the Osseo Lions

Weather-related cancellations at 763-425-2624 or [www.DiscoverOsseo.com](http://www.DiscoverOsseo.com)



## Sawyer's Dream



## Peter Rabbit 2



**Tuesday, August 16 at 7 pm & Dusk**  
*Music and Movie in the Park*

Thanks to our donors:

Osseo Lions  
American Legion Post 172  
Osseo Maple Grove Hockey Assn  
Osseo Fire Relief Association

Weather-related cancellations at 763-425-2624 or  
[www.DiscoverOsseo.com](http://www.DiscoverOsseo.com)

Boerboom Park  
416 Central Avenue  
Osseo, MN 55369

Concession sales  
thanks to the Osseo Lions



# OSSEO FARMERS MARKET OPENS JULY 12



**TUESDAYS THROUGH SEPTEMBER**  
**3 - 7 PM**

Central Avenue & 5<sup>th</sup> Street NE by Boerboom Veterans Park  
416 Central Avenue

[DiscoverOsseo.com](http://DiscoverOsseo.com)