



City of Ham Lake

Minnesota

**Annual Comprehensive Financial Report For
the Fiscal Year Ended**

December 31, 2021

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**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
OF THE
CITY OF HAM LAKE,
MINNESOTA**

For the Year Ended

December 31, 2021

Prepared by

THE DEPARTMENT OF FINANCE
AND ADMINISTRATION

MEMBER OF GOVERNMENT FINANCE OFFICERS ASSOCIATION
OF THE UNITED STATES AND CANADA

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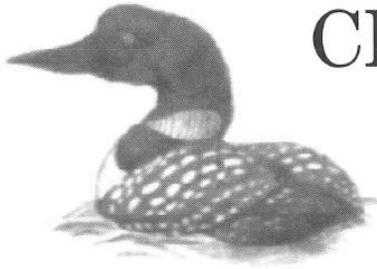
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INTRODUCTORY SECTION



CITY OF HAM LAKE

15544 Central Avenue NE
Ham Lake, Minnesota 55304
(763) 434-9555
Fax: (763) 434-9599

May 2, 2022

To the Honorable Mayor, City Council Members, and Citizens of the City of Ham Lake:

Minnesota statutes require that each city issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP). Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report for the City of Ham Lake for the fiscal year ended December 31, 2021.

Management assumes full responsibility for the completeness and reliability of the information presented in this report, based upon a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The Management's Discussion and Analysis (MD&A) immediately follows the auditor's report. It provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Ham Lake was incorporated in 1973 and operates as a home-rule charter city. The City Charter was adopted in 1982. The form of government established by the City Charter is the Mayor-Council Plan. All powers of the City are vested in the Council, except as otherwise provided by law or the charter. The Council is composed of a Mayor and four Council Members who are elected at large and have a term of four years.

Profile of the Government (Continued)

The City provides basic governmental services to its residents and businesses, including public safety, construction and maintenance of local streets, neighborhood parks and trails, and general administrative services. Police protection is provided through a contract with the Anoka County Sheriff. Fire protection is provided by a paid-on-call fire department, with a full-time Fire Chief, operating out of two fire stations. The City does not provide municipal water and sewer services.

The annual budget serves as the foundation for the City of Ham Lake's financial planning and control. The Administrator and Finance Director work with department heads to develop a proposed budget, which they present to the City Council. The City Council holds budget meetings and adopts a proposed budget in September. Budget discussions continue, a public hearing is held in early December, the final property tax levy is certified, and the Council adopts a final budget no later than December 31, the close of the City's fiscal year. Any variations from the adopted budget require approval of the Council.

Local Economy

The City of Ham Lake is located in Anoka County, approximately 20 miles north of Minneapolis and St. Paul. The City of Ham Lake occupies approximately 36 square miles. Ham Lake has an estimated population of 16,464 with 5,718 households.

The major transportation route is Trunk Highway 65, a four-lane highway which runs north and south through the City. Three major county roads serve as minor arterials, bringing traffic from the east and the west to Highway 65. The majority of the City's commercial development lies along the Highway 65 corridor. The City is a member of the North Trunk Highway 65 Corridor Coalition. The mission of the coalition is to enhance safety and manage congestion to support economic development along the North TH 65 interregional corridor.

The City's economy remained strong in 2021, as evidenced by continued development and building activity. The City issued 67 new home permits with valuations totaling \$18,113,015 and 3 new commercial building permit with valuation totaling \$5,962,887.

Residents of Ham Lake are not dependent upon any major local employers due to the City's proximity to Minneapolis and St. Paul and the greater metropolitan area. The unemployment rate for Anoka County was 3.6 percent at the end of 2021, compared to 2.6 percent for the State of Minnesota and 3.7 percent for the United States.

Long-Term Financial Planning

The City has a 5-year capital improvement plan which is updated annually. It is used to plan financially for future replacement of capital assets. The City transfers cash from the General Fund to the capital equipment funds each year so that sufficient funds are available to replace vehicles and most other capital assets without issuing debt. The City also has a pavement management plan which is reviewed and updated at least annually. It is used to plan financially for future street improvement projects and overlays. The City has a policy of levying for street overlays and reconstructions, thereby eliminating the need for special assessments and bonding to fund street projects. There has been a couple of

The City owes \$900,000 on a general obligation capital improvement bond which was issued in 2010 for the purpose of constructing additions to Fire Station 1 and the Public Works Building. The City owes \$87,948 to the City of Circle Pines for a general obligation capital note which was issued in 2016 for the purpose of financing the acquisition of capital equipment by the North Metro Telecommunications Commission. Repayment of this note is being made from franchise fees received from North Metro Telecommunications Commission. The City has no plans at this time for issuing additional debt.

Long-Term Financial Planning

The City's finances were last reviewed by Moody's Investor Service in 2017, and the City's bond rating was upgraded from Aa2 to Aa1. According to the press release, the rating reflects "a very healthy financial position as indicated by current fund balance and liquidity, as well as a recent operating trend that positions the city for ongoing fiscal stability. The rating also recognizes the city's low debt and pension burdens." For more information on the City's long-term debt, please see Note 5 of the Notes to the Financial Statements.

Relevant Financial Policies

The City has a fund balance policy which states that the City will strive to maintain an unassigned general fund balance in the range of 35 to 50 percent of the next year's budgeted expenditures, including transfers. This will assist in maintaining an adequate level of fund balance to provide for cash flow requirements until the next property tax settlement is received in June of the following year. The unassigned fund balance for the General Fund at the end of 2021 was \$3,655,305, which equals 58.00 percent of the budgeted 2022 General Fund expenditures, including transfers.

The City has an investment policy which establishes the objectives and specific guidelines that are used in the investment of City funds. Safety of principal is the foremost objective of the investment policy. The other objectives are liquidity to meet operating requirements, obtaining a reasonable rate of return, and investing for the betterment of the local economy or local entities when possible. The investment policy states that the City will only invest in federal securities, bonds and notes issued by U.S. Government instrumentalities, certificates of deposit which are FDIC insured or otherwise collateralized by the investment institution, money market funds and government investment pools whose portfolios consist of investments allowed by Minnesota statute, and interest bearing checking and savings accounts. The investment policy also addresses internal control and reporting requirements.

The City subscribes to the "pooled cash" concept of investing, which means that all funds with cash balances participate in an investment pool. This pooled cash concept provides for investing greater amounts at more favorable rates. Interest earnings are then allocated monthly to the participating funds. For further information on the City's deposits and investments, please see Note 2 of the Notes to the Financial Statements.

The City has a policy on securities for performance and maintenance obligations. The only acceptable forms of securities are cash deposits and letters of credit. The policy addresses how the City shall handle cash deposits and requires that City staff use a rating system to investigate the financial condition of any institution that issues a letter of credit, prior to acceptance of the letter of credit and prior to any renewals.

The City has a policy on fixed assets with a \$5,000 threshold for capitalizing assets.

The City has an internal control policy. The small size of City staff makes it difficult to maintain complete segregation of duties, so the policy contains compensating procedures to minimize the City's exposure to loss of assets from theft or misuse.

The City adopted Technology Use and Access Policies in 2016 for the purpose of maintaining security of the City's information technology network.

The City also has policies for purchasing, use of credit cards, write-off of accounts receivable, travel by elected officials and employees, payment for professional dues and memberships, and attendance at seminars and conferences. The purpose of these policies is to ensure that the City operates within legal limits for expenditure of public funds.

Relevant Financial Policies (Continued)

2021 Accomplishments:

- Updated the Internal Control, Cell Phone, and Vehicle Policies
- Started Online Permitting access for the more common permits
- Launched a new City Website
- Hired a New Fire Chief and an addition Building Inspector
- Remodeled the Sheriff Station
- Completed Street Improvement projects for Aberdeen, 144th-145th, Soderville Drive, 155th – Naples, Lexington
- Built new dug out covers for Lion's and Ham Lake Parks.
- Reconstructed Tennis Court and added Pickleball as an option
- Constructed Playground for Red Fox Hollow
- Updated City Hall landscaping
- Successfully re-negotiated the Ham Lake Hauler contract
- Moved Street Lighting Fees to be an assessed fee
- Implemented a new Account Receivable Module
- Purchased various vehicles and equipment to help with City Operations
- Continued planning for future road construction projects

Future plans:

- Administer a Small Business/Non-Profit grant program with American Rescue Plan Act funding
- Continue to come up with the most efficient way to send American Rescue Plan Act Funding
- Build and equip Fire Station #3
- Replace Pitcher's mound at Soderville Park
- Replace electronic city sign
- Replace roof on City Hall and Fire Station 2
- Replace Utility Two for the Fire Department
- Repair and upgrade sirens
- Replace several Public Works vehicles and various equipment
- Continue overlay of City streets per the City's road rehabilitation plan
- Upgrade Path on Lexington Ave at Broadway
- Continue working with Anoka County and the Minnesota Department of Transportation to improve safety and traffic congestion issues along Highway 65, including construction of frontage roads.

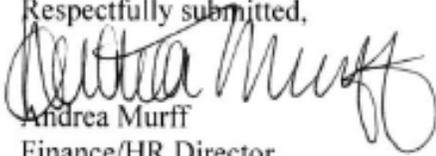
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ham Lake for its annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the thirteenth consecutive year that the City has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

City management would like to express our appreciation to City Staff for their dedicated service and support throughout the year as well as to thank the Mayor and City Council for their continued interest and support in planning and conducting the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,

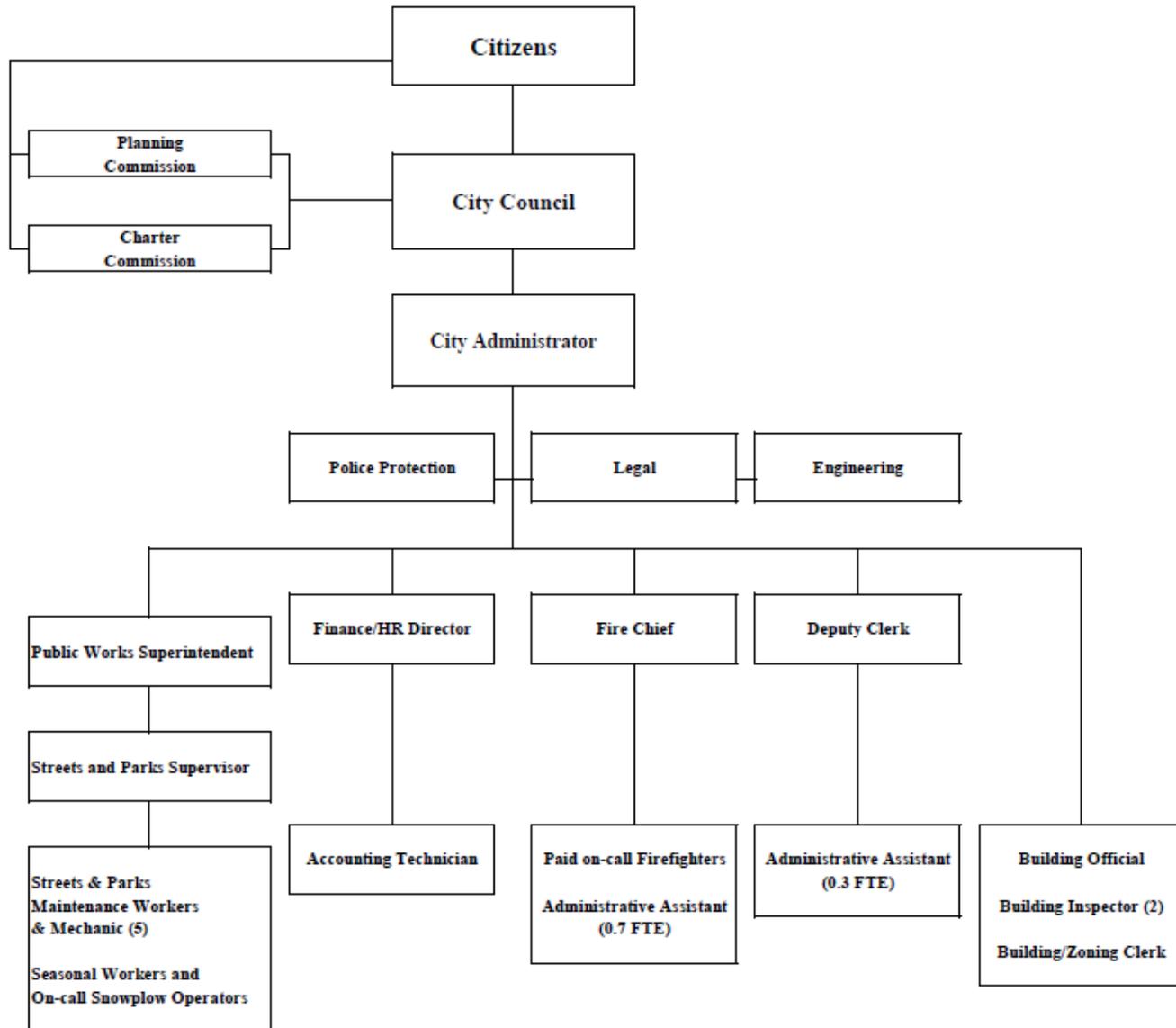
A handwritten signature in black ink, appearing to read "Andrea Murff". The signature is written in a cursive style with a large, looping initial "A".

Andrea Murff
Finance/HR Director

**City of Ham Lake
Elected Officials and Administration
December 31, 2021**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Mike Van Kirk	Mayor	December 31, 2022
Brian Kirkham	Council Member	December 31, 2022
Gary Kirkeide	Council Member	December 31, 2024
Jesse Wilken	Council Member	December 31, 2024
Jim Doyle	Council Member	December 31, 2022
<u>Administration</u>		
Denise Webster	City Administrator	Appointed
Dawnette Shimek	City Clerk	Appointed
Andrea Murff	Finance Director/HR Director	Appointed
Michael Raczkowski	Fire Chief	Appointed
John Witkowski	Public Works Superintendent	Appointed

**CITY OF HAM LAKE, MINNESOTA
ORGANIZATIONAL CHART
December 31, 2021**





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ham Lake
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Ham Lake
Ham Lake, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ham Lake, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Ham Lake'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, each major fund, and the aggregate remaining fund information of the City of Ham Lake, Minnesota, as of December 31, 2021, and the respective changes in financial position thereof 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Ham Lake 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 Ham Lake'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 the City of Ham Lake'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 the City of Ham Lake's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ham Lake'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 Ham Lake's basic financial statements. The combining and individual nonmajor fund financial statements 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 comparing¹⁷ and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

BerganKDV, Ltd.

Minneapolis, Minnesota
April 25, 2022

City of Ham Lake Management's Discussion and Analysis

As management of the City of Ham Lake, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$72,698,239 (net position). Of this amount, \$ 8,434,770 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$7,638,844 as a result of revenues in excess of expenses.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$9,071,150 a decrease of \$221,672 in comparison with the prior year. Approximately 17.8 percent of this total amount, \$1,563,480, is either nonspendable or restricted for specific purposes. The remaining fund balance was committed by City Council, assigned or unassigned.
- At the end of the current fiscal year, unrestricted fund balance for the General fund was \$3,572,304 or 80.5 percent of 2021 General fund expenditures and 72.1 percent of the 2022 General fund budget.
- The City's total long-term debt decreased \$187,920 during the current fiscal year. The key factor of this decrease was due to regularly scheduled principal payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**City of Ham Lake
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Figure 1
Required Components of the
City's Annual Financial Report**

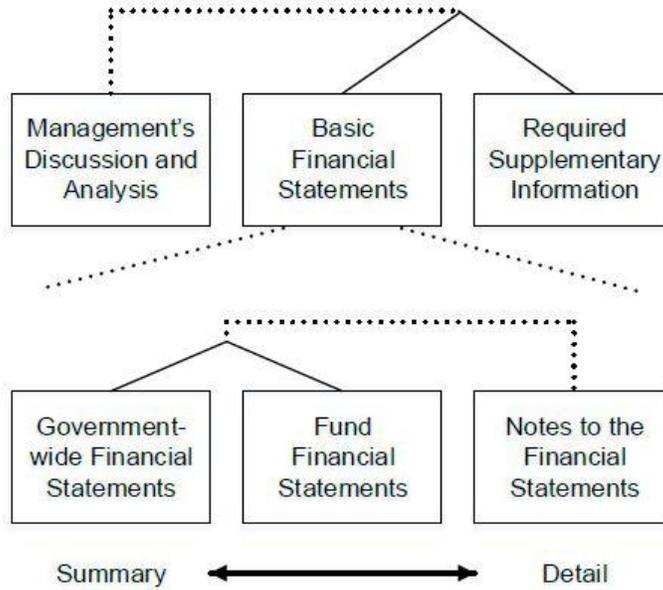


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**City of Ham Lake
Management's Discussion and Analysis**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

	Government-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire City government and the City's component units	The activities of the City, such as police, fire and parks
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows or resources that come due during the year or soon thereafter; no capital assets included
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, economic development, and interest on long-term debt.

City of Ham Lake Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements. (Continued).

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. Financial information for this *component unit* is not reported separately from the financial information presented for the primary government itself.

The government-wide financial statements start on page 33 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 government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be shown as one category: governmental funds.

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

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

The City maintains 26 individual governmental funds. The Debt Service funds consists of 2 sub-funds, there is 11 Capital Project funds, and there are 12 Special Revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Developer Escrow Deposits, Equipment and Building fund, and Revolving Street fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for the General fund. Budgetary comparison statements have been provided for the General fund to demonstrate compliance with their budget.

The basic governmental fund financial statements start on page 36 of this report.

City of Ham Lake Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 45 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 97 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,698,239 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (87.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, (\$64,263,469) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,434,770) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all categories of net position.

**City of Ham Lake
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Ham Lake's Summary of Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Assets			
Current and other assets	\$ 14,263,144	\$ 12,825,073	\$ 1,438,071
Capital Assets	63,785,095	56,834,236	6,950,859
Total Assets	<u>78,048,239</u>	<u>69,659,309</u>	<u>8,388,930</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pension	<u>731,917</u>	<u>248,329</u>	<u>483,588</u>
Liabilities			
Noncurrent liabilities outstanding	1,467,288	1,803,946	(336,658)
Other liabilities	<u>2,465,000</u>	<u>1,222,194</u>	<u>1,242,806</u>
Total Liabilities	<u>3,932,288</u>	<u>3,026,140</u>	<u>906,148</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	1,041,132	418,545	622,587
Deferred inflows of resources related to grants	<u>1,108,497</u>	<u>1,403,558</u>	<u>(295,061)</u>
Total Deferred Inflows of Resources	<u>2,149,629</u>	<u>1,822,103</u>	<u>327,526</u>
Net Position			
Net investment in capital Assets	62,797,147	55,774,236	7,022,911
Restricted for			
Debt Service	264,470	130,172	134,298
Capital Projects	1,011,834	-	1,011,834
Lawful Gambling	119,078		119,078
Recycling Program	70,940		70,940
Other purposes	-	152,992	(152,992)
Unrestricted	<u>8,434,770</u>	<u>9,001,995</u>	<u>(567,225)</u>
Total Net Position	<u>\$ 72,698,239</u>	<u>\$ 65,059,395</u>	<u>\$ 7,638,844</u>

**City of Ham Lake
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities increased the City's net position by \$7,638,844. Key elements of this increase are as follows:

City of Ham Lake's Changes in Net Position

	Governmental Activities		
	2021	2020	Increase (Decrease)
Revenues			
Program Revenues			
Charges for services	\$ 1,060,057	\$ 916,460	\$ 143,597
Operating Grants and contributions	363,997	290,673	73,324
Capital grants and contributions	6,801,898	4,938,644	1,863,254
General Revenues			
Taxes			
Property Taxes	5,228,297	5,069,275	159,022
Miscellaneous Taxes	91,554	111,032	(19,478)
Intergovernmental Revenues Not Restricted to Specific Programs	2,130	1,248,252	(1,246,122)
Interest and investment income	(3,841)	139,105	(142,946)
Other general revenue	7,293	51,085	(43,792)
Gain on sale of capital assets	83,182	24,410	58,772
Total Revenues	<u>13,634,567</u>	<u>12,788,936</u>	<u>845,631</u>
Expenditures			
General government	1,129,663	1,230,678	(101,015)
Public Safety	2,228,626	3,088,727	(860,101)
Public works	2,149,396	2,453,992	(304,596)
Culture and recreation	382,414	466,934	(84,520)
Economic development	70,709	38,695	32,014
Interest and fiscal charges	34,915	43,402	(8,487)
Total Expenditures	<u>5,995,723</u>	<u>7,322,428</u>	<u>(1,326,705)</u>
Change in Net Position	7,638,844	5,466,508	2,172,336
Net Position, January 1	<u>65,059,395</u>	<u>59,592,887</u>	<u>5,466,508</u>
Net Position, December 31	<u>\$ 72,698,239</u>	<u>\$ 65,059,395</u>	<u>\$ 7,638,844</u>

**City of Ham Lake
Management's Discussion and Analysis**

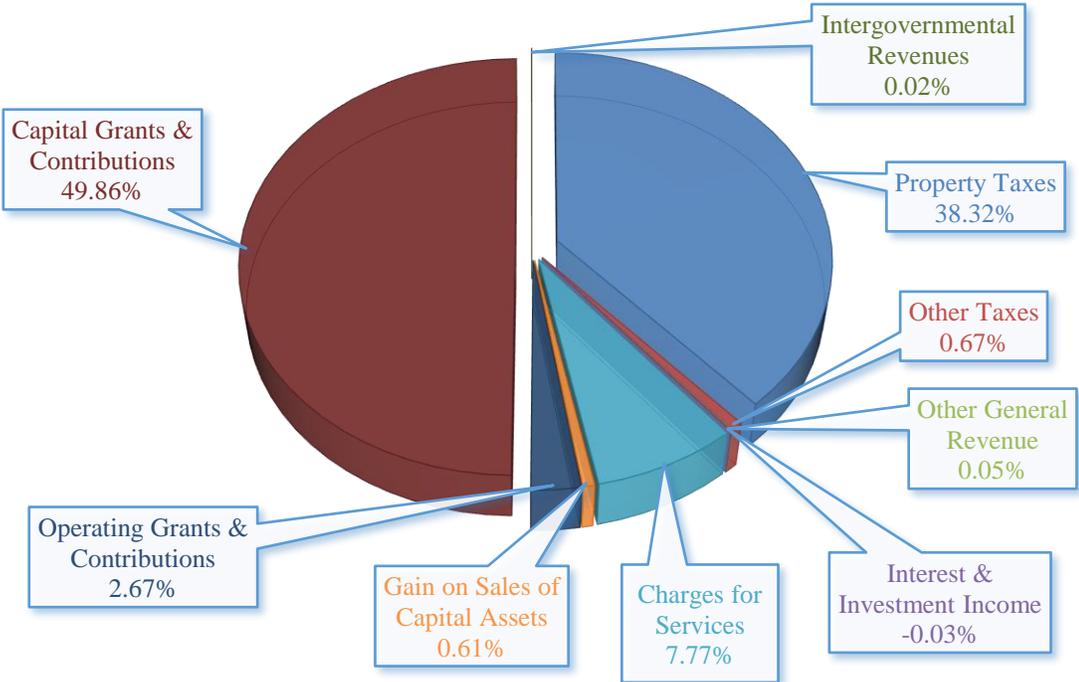
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following graph depicts various governmental activities and shows the program revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



**City of Ham Lake
Management's Discussion and Analysis**

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

Governmental Funds. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 9,071,150, a decrease of \$221,672 in comparison with the prior year. Approximately 38.7 percent of this total amount, \$ 3,512,944, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is either 1) nonspendable (\$84,115), 2) restricted (\$1,479,365), 3) committed (\$862,887) or 4) assigned (\$3,131,839) for specific purposes.

The General fund had a total fund balance of \$3,655,305 at the current year end. The fund balance of the City's General fund decreased \$163,585 during the current fiscal year. See the below "General Fund Budgetary Highlights" for more detail information.

The Developer Escrow Deposits fund has a fund balance of \$0, since this account only holds deposits from developers and other planning permitting activity.

The Equipment and Building fund has a fund balance of \$2,202,292. The fund balance decreased \$4,446 during the current fiscal year due to capital outlay expenditures exceeding the budgeted transfers from the general fund.

The Revolving Street fund has a fund balance of \$929,547, all of which is assigned for future capital acquisition and construction of municipal buildings and equipment. The fund balance increased \$31,362 during the current fiscal year. This increase is due to a large transfer of \$550,470 from the general fund in addition to the budgeted transfers, however it was offset by the high capital outlay expenditures for the various projects.

General Fund Budgetary Highlights

Actual revenues were \$223,249 over budget and expenditures were \$71,837 under budget; along with transfers and other financing sources, the end result was a decrease in fund balance of \$163,585.

Revenue highlights include:

- Licenses and permits were \$143,778 in excess of budget due to more development within the City than anticipated and more Right of Way permits being issued.
- General property taxes were \$31,224 over budget due to the collections of subsequent years.
- State Aid for the was over budget at \$26,534 due to not budgeting for Fire Training reimbursements (\$18,236), receiving more \$8,298 more in Fire Relief Aid than was anticipated.
- Other revenues ended over budget by \$25,654 due to receiving a larger than anticipated dividend from the League of Minnesota Cities Insurance Trust.
- Investment income came in \$13,227 below budget. The City anticipated a receiving \$10,000 in investment, however, the market value of certificates of deposit deteriorated as interest rates began to drop and the City's investment ended up losing \$3,227 in value.

**City of Ham Lake
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

General Fund Budgetary Highlights (Continued)

Expenditure highlights include:

- Public Safety ended 2021 over budget at \$71,812 this was due to the following factors:
 - Having the old Fire Chief come on board part-time to have train the new Fire Chief as well as hire a part-time Fire inspector.
 - Higher costs in personnel testing and recruitment due to new recruits and SCBA exams.
 - Offering more training opportunities in Emergency Medical Response, Fire Inspection, and Haz Mat.
 - Hiring a full-time a Building Inspector opposed to the budgeted part-time intern, which created higher wage and benefit costs.
- Parks and recreation was under budget \$73,906. This favorable result was from less seasonal employees being hired and less time used to maintain the parks during the summer due to drought conditions.
- General Government was also under budget \$56,949. This was due to the following factors:
 - Personal services such as wages and benefits came in lower than anticipated for the Administration and Planning Departments.
 - Engineering and Attorney services were less than anticipated.
 - Training costs were lower due to training becoming more remote than in previous years.
 - There were also no equipment purchase as planned.

Overall, the General Fund saw a decrease in its fund balance. This was driven by a large one time transfer of \$550,470 from the General Fund to the Revolving Street fund. The excess revenue and conservative spending helped offset this large transfer.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$63,785,095 (net of accumulated depreciation).

Major public project capital asset events during the current fiscal year were as follows:

- Completion of the 2021 Street Improvement projects
- Purchase of land and easements for street improvement projects
- Purchase of land for Hidden Forest East Park
- Installation of Park Equipment at Red Fox Hollow
- Reconstruction of Tennis Court at Lion's Park
- Remodel of Sheriff's Office
- Purchase of vehicles for Building Department, Fire Department, and Public Works

Additional information on the City's capital assets can be found in Note 4 starting on page 58 of this report.

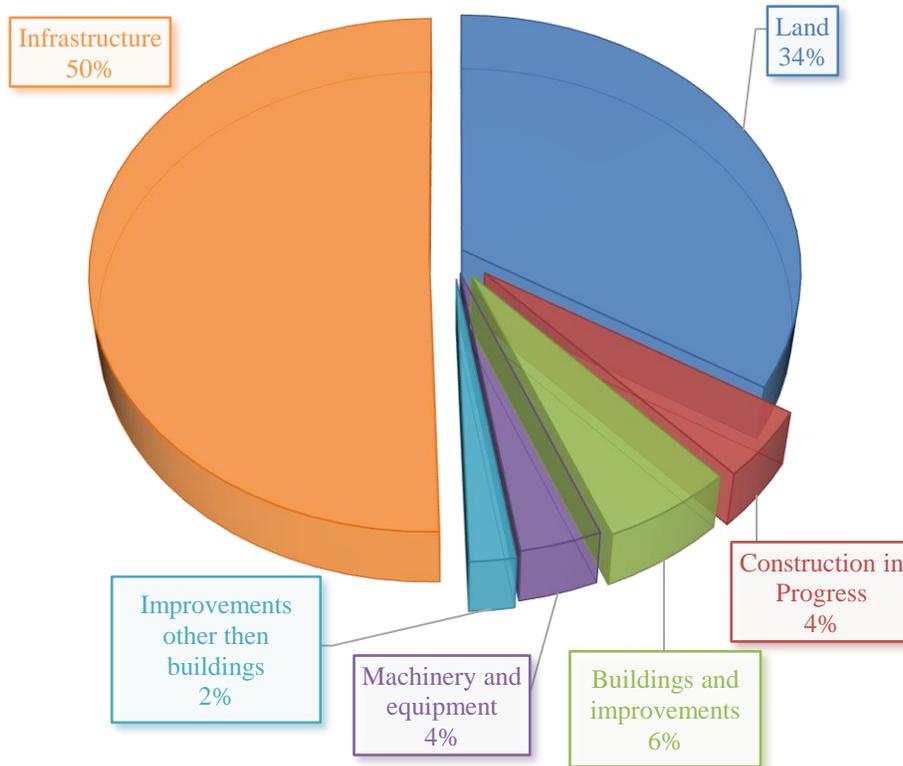
**City of Ham Lake
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets. (Continued)

**City of Ham Lake's Capital Assets
(Net of Depreciation)**

	Governmental Activities		
	2021	2020	Increase (Decrease)
Land	\$21,471,088	\$17,470,982	\$ 4,000,106
Construction in Progress	2,802,900	4,048,320	(1,245,420)
Buildings and improvements	3,689,622	3,809,326	(119,704)
Machinery and equipment	2,289,601	2,360,193	(70,592)
Improvements other than buildings	1,295,948	1,191,336	104,612
Infrastructure	32,235,936	27,954,079	4,281,857
Total	\$63,785,095	\$56,834,236	\$ 6,950,859



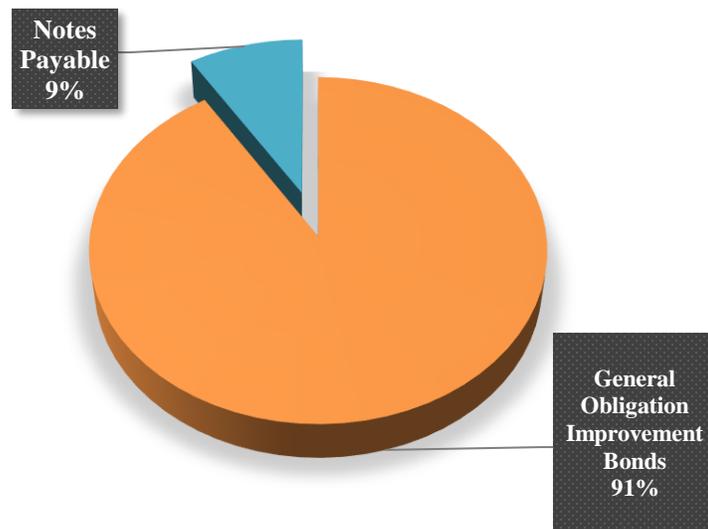
**City of Ham Lake
Management's Discussion and Analysis**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$900,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City. The City also had a capital note payable outstanding at the end of the current fiscal year of \$87,948.

City of Ham Lake's Outstanding Debt

	Governmental Activities		
	2021	2020	Increase (Decrease)
General Obligation Improvement Bonds	\$ 900,000	\$ 1,060,000	\$ (160,000)
Notes Payable	87,948	115,868	(27,920)
Total	\$ 987,948	\$ 1,175,868	\$ (187,920)



The City's total debt decreased \$187,920 during the current fiscal year due to annually scheduled debt payments.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$63,322,164. The City is under the statutory debt limit as of December 31, 2021.

Additional information on the City's long-term debt can be found in Note 6 starting on page 59 of this report.

**City of Ham Lake
Management's Discussion and Analysis**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- In March 2020, the nation went into a State of Emergency due to the Coronavirus. The Federal Government has tried to alleviate some of the issues of economic contraction and hardships the caused by the virus by developing various stimulus packages. The latest funding is from the American Rescue Plan Act. The City will receive \$1.8 million and has received the first half of its funding. The final half will scheduled to come the summer of 2022. The funds need to be obligated by 2024 and expended by 2026. The City currently has set aside \$400,000 of the funding for a Small Business/Non-Profit Grant program and will continue to work on finding the most efficient way to use these funds.
- The City's Tax Levy will increased 7.33% to \$5,391,443 in 2022. However, due to a higher tax capacity due to more development the tax capacity rate decreased 0.50 percent to 21.45 percent.
- The City will receive \$151,000 in Local Government Aid in 2022.
- The Federal Reserve has started to increase interest rates and will continue to so for 2022 to help combat the historically high inflation.

All of these factors were considered in the preparation of the City's budget for the 2022 year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Ham Lake, Finance Department, 15544 Central Avenue NE, Ham Lake, Minnesota 55304.

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BASIC FINANCIAL STATEMENTS

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**City of Ham Lake
Statement of Net Position
December 31, 2021**

	Governmental Activities
Assets	
Cash and investments	\$ 12,018,366
Receivables	
Accounts receivable	139,549
Accrued interest receivable	6,316
Taxes receivable	139,708
Special assessments receivable	1,025,594
Due from other governments	72,916
Prepaid items	84,115
Net pension asset - Fire Relief Association	776,580
Capital assets not being depreciated	
Land	21,471,088
Construction in progress	2,802,900
Capital assets net of accumulated depreciation	
Buildings	3,689,622
Improvements other than buildings	1,295,948
Infrastructure	32,235,936
Machinery and equipment	2,289,601
Total assets	78,048,239
Deferred outflows of resources related to pensions	
Deferred outflows of resources related to pensions	731,917
Total assets and deferred outflows of resources	\$ 78,780,156
Liabilities	
Salaries and benefits payable	\$ 47,369
Accounts payable	450,764
Accrued interest payable	13,043
Due to other governments	26,869
Deposits payable	706,636
Unearned revenue	931,447
Other liabilities	4,703
Bond principal payable	
Payable within one year	198,618
Payable after one year	789,330
Compensated absences payable	
Payable within one year	85,551
Payable after one year	13,741
Net pension liability - payable after one year	664,217
Total liabilities	3,932,288
Deferred inflows of resources related to pensions	
Deferred inflows of resources related to pensions	1,041,132
Grants received for subsequent years	1,108,497
Total deferred inflows of resources	2,149,629
Net Position	
Net investment in capital assets	62,797,147
Restricted for	
Debt service	264,470
Capital projects	1,011,834
Lawful gambling	119,078
Recycling program	70,940
Unrestricted	8,434,770
Total net position	72,698,239
Total liabilities, deferred inflows of resources, and net position	\$ 78,780,156

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**City of Ham Lake
Statement of Activities
Year Ended December 31, 2021**

Functions/Programs	Expenses	Program Services		Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental activities					
General government	\$ 1,129,663	\$ 326,571	\$ 89,513	\$ -	\$ (713,579)
Public safety	2,228,626	607,248	131,534	-	(1,489,844)
Public works	2,149,396	123,013	142,950	6,672,862	4,789,429
Community development	70,709	-	-	-	(70,709)
Parks and recreation	382,414	3,225	-	129,036	(250,153)
Interest on long-term debt	34,915	-	-	-	(34,915)
Total governmental activities	<u>\$ 5,995,723</u>	<u>\$ 1,060,057</u>	<u>\$ 363,997</u>	<u>\$ 6,801,898</u>	<u>2,230,229</u>
General revenues					
Taxes					
					5,018,776
					209,521
					62,821
					28,733
					2,130
					(3,841)
					7,293
					83,182
					<u>5,408,615</u>
					7,638,844
					<u>65,059,395</u>
					<u>\$ 72,698,239</u>

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

	<u>General Fund</u>	<u>Developer Escrow Deposits</u>	<u>Equipment and Building</u>	<u>Revolving Street</u>
Assets				
Cash and investments	\$ 4,460,424	\$ 711,053	\$ 2,429,390	\$ 2,144,952
Accounts receivable	26,288	-	-	11,080
Accrued interest receivable	2,567	-	1,333	1,153
Taxes receivable	139,708	-	-	-
Special assessments receivable	-	-	-	942,449
Due from other funds	59,080	-	-	-
Due from other governments	1,606	-	-	-
Prepaid items	83,001	-	-	-
	<u>\$ 4,772,674</u>	<u>\$ 711,053</u>	<u>\$ 2,430,723</u>	<u>\$ 3,099,634</u>
Liabilities				
Salaries and benefits payable	\$ 47,078	\$ -	\$ -	\$ -
Accounts payable	70,569	4,417	228,431	117,426
Due to other funds	-	-	-	-
Due to other governments	23,210	-	-	-
Deposits payable	-	706,636	-	-
Unearned revenue	928,687	-	-	-
Other liabilities	4,703	-	-	-
Total liabilities	<u>1,074,247</u>	<u>711,053</u>	<u>228,431</u>	<u>117,426</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes	43,122	-	-	-
Unavailable revenue - special assessments	-	-	-	944,164
Unavailable revenue - other	-	-	-	1,108,497
Total deferred inflows of resources	<u>43,122</u>	<u>-</u>	<u>-</u>	<u>2,052,661</u>
Fund Balances				
Nonspendable	83,001	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	2,202,292	929,547
Unassigned	3,572,304	-	-	-
Total fund balances	<u>3,655,305</u>	<u>-</u>	<u>2,202,292</u>	<u>929,547</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,772,674</u>	<u>\$ 711,053</u>	<u>\$ 2,430,723</u>	<u>\$ 3,099,634</u>

Other Governmental Funds	Total Governmental Funds
\$ 2,272,547	\$ 12,018,366
102,181	139,549
1,263	6,316
-	139,708
83,145	1,025,594
-	59,080
71,310	72,916
1,114	84,115
<u>\$ 2,531,560</u>	<u>\$ 13,545,644</u>
\$ 291	\$ 47,369
29,921	450,764
59,080	59,080
3,659	26,869
-	706,636
2,760	931,447
-	4,703
<u>95,711</u>	<u>2,226,868</u>
-	43,122
83,145	1,027,309
68,698	1,177,195
<u>151,843</u>	<u>2,247,626</u>
1,114	84,115
1,479,365	1,479,365
862,887	862,887
-	3,131,839
(59,360)	3,512,944
<u>2,284,006</u>	<u>9,071,150</u>
<u>\$ 2,531,560</u>	<u>\$ 13,545,644</u>

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

Total fund balances - governmental funds	\$ 9,071,150
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	79,713,195
Less accumulated depreciation	(15,928,100)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds and notes payable	(987,948)
Compensated absences payable	(99,292)
Net pension liability	(664,217)
Net pension assets created through non-employer contributions to defined benefit pension plans are not recognized in the governmental funds.	776,580
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred outflows of resources related to pensions	731,917
Deferred inflows of resources related to pensions	(1,041,132)
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	43,122
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Special assessments receivable	1,027,309
Park dedication receivable	68,698
Governmental funds do not report a liability for accrued interest due and payable.	<u>(13,043)</u>
Total net position - governmental activities	<u>\$ 72,698,239</u>

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

	General Fund	Developer Escrow Deposits	Equipment and Building	Revolving Street
Revenues				
Property taxes	\$ 5,067,295	\$ -	\$ -	\$ -
Miscellaneous taxes	-	-	-	-
Special assessments	-	-	-	98,632
Licenses and permits	592,028	-	-	-
Intergovernmental	177,827	-	5,000	1,000,961
Charges for services	145,197	134,836	-	-
Fines and forfeitures	26,530	-	-	-
Investment income	(3,227)	-	(2,183)	(262)
Other revenues	45,418	-	-	33,115
Total revenues	<u>6,051,068</u>	<u>134,836</u>	<u>2,817</u>	<u>1,132,446</u>
Expenditures				
Current				
General government	980,327	134,836	-	-
Public safety	2,134,209	-	-	-
Public works	1,006,550	-	-	600
Economic development	-	-	-	-
Park and recreation	230,816	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay				
General government	314	-	35,526	-
Public safety	12,167	-	150,297	-
Public works	-	-	355,622	2,500,954
Economic development	-	-	-	-
Park and recreation	-	-	-	-
Total expenditures	<u>4,364,383</u>	<u>134,836</u>	<u>541,445</u>	<u>2,501,554</u>
Excess of revenues over (under) expenditures	1,686,685	-	(538,628)	(1,369,108)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	83,182	-
Transfers in	1,200	-	451,000	1,400,470
Transfers out	(1,851,470)	-	-	-
Total other financing sources (uses)	<u>(1,850,270)</u>	<u>-</u>	<u>534,182</u>	<u>1,400,470</u>
Net change in fund balances	(163,585)	-	(4,446)	31,362
Fund Balances				
Beginning of year	<u>3,818,890</u>	<u>-</u>	<u>2,206,738</u>	<u>898,185</u>
End of year	<u>\$ 3,655,305</u>	<u>\$ -</u>	<u>\$ 2,202,292</u>	<u>\$ 929,547</u>

Other Governmental Funds	Total
\$ 209,521	\$ 5,276,816
91,554	91,554
-	98,632
-	592,028
85,960	1,269,748
94,124	374,157
-	26,530
1,831	(3,841)
204,770	283,303
<u>687,760</u>	<u>8,008,927</u>
30,220	1,145,383
25,000	2,159,209
167,118	1,174,268
28,295	28,295
7,042	237,858
187,920	187,920
37,148	37,148
6,000	41,840
-	162,464
-	2,856,576
42,414	42,414
240,406	240,406
<u>771,563</u>	<u>8,313,781</u>
(83,803)	(304,854)
-	83,182
-	1,852,670
(1,200)	(1,852,670)
<u>(1,200)</u>	<u>83,182</u>
(85,003)	(221,672)
<u>2,369,009</u>	<u>9,292,822</u>
<u>\$ 2,284,006</u>	<u>\$ 9,071,150</u>

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

Net change in fund balances - governmental funds \$ (221,672)

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

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

Capital outlays	3,477,229
Depreciation expense	(1,502,790)
Loss on disposal	(33,492)
Contributed assets	5,009,912

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no effect on net position in the Statement of Activities. 187,920

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 2,233

Compensated absences are recognized when paid in the governmental funds but recognized when incurred in the Statement of Activities. (9,961)

Governmental funds recognized pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	196,919
State aid	2,130

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments deferred	575,715
Park dedication	3,220

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 delinquent	<u>(48,519)</u>
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Change in net position - governmental activities \$ 7,638,844

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

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Property taxes	\$ 5,036,071	\$ 5,067,295	\$ 31,224
Licenses and permits	448,250	592,028	143,778
Intergovernmental	151,000	177,827	26,827
Charges for services	126,293	145,197	18,904
Fines and forfeitures	30,000	26,530	(3,470)
Investment income	10,000	(3,227)	(13,227)
Other revenues	26,205	45,418	19,213
Total revenues	<u>5,827,819</u>	<u>6,051,068</u>	<u>223,249</u>
Expenditures			
Current			
General government	1,020,590	980,327	(40,263)
Public safety	2,025,564	2,134,209	108,645
Public works	996,344	1,006,550	10,206
Park and recreation	286,222	230,816	(55,406)
Capital outlay			
General government	17,000	314	(16,686)
Public safety	49,000	12,167	(36,833)
Public works	23,000	-	(23,000)
Park and recreation	18,500	-	(18,500)
Total expenditures	<u>4,436,220</u>	<u>4,364,383</u>	<u>(71,837)</u>
Excess of revenues over expenditures	1,391,599	1,686,685	295,086
Other Financing Sources (Uses)			
Transfers in	1,200	1,200	-
Transfers out	(1,301,000)	(1,851,470)	(550,470)
Total other financing sources (uses)	<u>(1,299,800)</u>	<u>(1,850,270)</u>	<u>(550,470)</u>
Net change in fund balance	<u>\$ 91,799</u>	<u>(163,585)</u>	<u>\$ (255,384)</u>
Fund Balance			
Beginning of year		<u>3,818,890</u>	
End of year		<u>\$ 3,655,305</u>	

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City of Ham Lake
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Ham Lake is a charter city governed by an elected mayor and four City Council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of 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, certain organizations have been defined and are presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as listed below and on the following page.

1. Blended Component Unit

The Ham Lake Economic Development Authority (EDA) was organized in 1998 for the purpose of promoting economic development in the Ham Lake area. The EDA shall consist of five members, who shall be the incumbent Mayor and four incumbent City Council members of the Ham Lake City Council. Officers of the EDA shall include an Assistant Treasurer and Secretary, who shall be paid employees of the City, to be appointed annually by the EDA.

A component unit is a legally separate entity, so there is a basic assumption it should be presented separately (discretely) from the primary government. However, a blended component unit functions as an integral part of the primary government and is presented as though it were a fund of the primary government.

The Ham Lake EDA meets the requirements for a blended component unit because it has a shared governing body with the primary government. The City also has operational responsibilities of the EDA. Therefore, it is presented as a governmental fund in the financial statements of the City.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures

The City has agreements with governmental and other entities which provide reduced costs, better service and additional benefits to the participants. These programs which the City participates in are listed as follows:

a. North Metro Telecommunications Commission

In 1983, the City adopted an ordinance establishing a franchise for a cable communications system. The City and neighboring municipalities formed the North Metro Telecommunications Commission (the "Commission"). The purpose of this organization is to monitor the operations and activities of cable communications of the member municipalities. The Commission also provides coordination, administration, and enforcement of the franchises for the cable communication system.

The City receives a portion of the franchise fees, which are reported in the Cable Television Special Revenue Fund. These revenues are committed for cable television related purchases. Financial statements for the Commission can be obtained by writing to: North Metro Telecommunications Commission, 12520 Polk Street NE, Blaine, Minnesota 55434.

b. Senior Housing Project

In March 1996, the City entered into a joint powers agreement with the Anoka County Housing and Redevelopment Authority (HRA) for the construction of a senior housing facility. The City was required to purchase two parcels of land and convey title for those parcels to the Anoka County HRA at the closing of the bond sale. The City also incurred development costs for the project. The bonds were sold by the Anoka County HRA and backed by the general obligation of the City. The Anoka County HRA holds title to the land on which the facility is built and shall not transfer ownership of the land to any other entity except in accordance with the provisions of a right of first refusal in favor of the City.

Requests for the financial statements of the Anoka County HRA should be addressed to Jerry Soma, County Administrator, Anoka County, 2100 3rd Avenue, Anoka, Minnesota 55303.

c. Anoka County Fire Protection Council

In December 2014, the City of Ham Lake entered into a joint powers agreement with the Cities of Anoka, Champlin, Andover, Bethel, Centerville, Lino Lakes, Circle Pines, Coon Rapids, Columbia Heights, East Bethel, Fridley, Hilltop, Lexington, Nowthen, Oak Grove, Ramsey, St. Francis, Spring Lake Park, Blaine, Mounds View, and the Township of Linwood to form the Anoka County Fire Protection Council (ACFPC). The purpose of the ACFPC is to join together to improve the efficiency and effectiveness of fire and emergency services to the public within the geographic service area of the Members. Specifically, ACFPC will cooperatively address the Members' long-term needs for fire-fighting and emergency equipment, fire records data systems, fire-fighter and EMS training, fire prevention, fire inspection, fire-related public education, and other fire- and emergency-related essentials.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

2. Joint Ventures (Continued)

a. Anoka County Fire Protection Council (Continued)

Requests for financial information of the ACFPC should be addressed to Spring Lake Fire Dept., Inc., 1710 County Hwy 10, Spring Lake Park, MN 55432.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues.

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

Separate financial statements are provided for governmental funds. Major individual governmental 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. 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.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property 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.

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

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

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

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

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

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

Description of Funds:

Major Governmental Funds:

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

City of Ham Lake
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)

Developer Escrow Deposits Fund – This fund is used to pay development costs incurred by the City and also to maintain deposits from homeowners pending establishment of turf and paving of driveways.

Equipment and Building Fund – This fund accounts for the resources accumulated and payments made for the acquisition and construction of municipal buildings and equipment.

Revolving Street Fund – This fund is a capital project fund which accounts for resources accumulated and payments made for construction of municipal streets.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

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 such investments are allocated on the basis of applicable participation by each of the funds.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Certain investments for the City are reported at fair value as disclosed in NOTE 4. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Ham Lake
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)

The City adopted an investment policy to address custodial credit risk, credit risk, concentration of credit risk, and interest rate risk. The policy states the City will invest in certificates of deposit, money market funds, interest bearing checking and saving accounts and government bonds, notes, bills, and mortgages.

In accordance with GASB Statement No. 79, the Minnesota Municipal Investment Pool securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption.

2. Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, July, and December each year.

Delinquent taxes receivable includes the past six years of uncollected property taxes. Delinquent taxes have been offset by a deferred inflow of resources for those amounts not received within 60 days of year end.

3. Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. All accounts are considered collectible at year end. Therefore, there has been no allowance for doubtful accounts established.

4. Special Assessments

Special Assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

**City of Ham Lake
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. 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 of the City are accounted for using the consumption method.

6. Assets Held for Resale

This asset represents an asset owned by the City with the intent to sell. It is recorded at the lesser of historical cost or net realizable value.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an estimated useful life in excess of one year and with an initial, individual cost of more than \$5,000. 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.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

Property, plant, and equipment of the City are depreciated using the straight-line method over the estimated useful lives as listed below.

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Improvements other than Buildings	40
Buildings	40
Machinery Equipment and Vehicles	5-20

City of Ham Lake
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)**

8. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred outflows of resources related to pensions, is reported only in the Statement of Net Position. This item results from various estimate differences that will be amortized and recognized over future years and current year pension contributions made subsequent to the measurement date.

9. Compensated Absences

It is the City's policy to permit employees to accumulate a portion of earned but unused vacation and sick pay benefits. Accumulated vacation and sick pay are accrued when incurred in the government-wide financial statements. In the case of an employee leaving, the General fund would typically be responsible for liquidation of the liability.

10. Postemployment Benefits Other Than Pensions

Under *Minnesota Statute* 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. It was determined, in accordance with GASB Statement 75, at December 31, 2021, that the City has a zero liability.

11. Long-term Obligations

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

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

City of Ham Lake
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)**

12. Pensions

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

13. Deferred Inflows of Resources

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 presents deferred inflows of resources on the Governmental Funds Balance Sheet as unavailable revenue and grants for subsequent years. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, park dedication, and grants for subsequent years from the Municipal State Aid Street program as timing requirements for revenue recognition have not yet been met. 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 Governmental Funds Balance Sheet and Statement of Net Position for grants for subsequent years from the Municipal State Aid Street program. The City presents deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

14. Fund Balance

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

- Nonspendable Fund Balances – Amounts that cannot be spent because they are not in spendable form, such as prepaid items.
- Restricted Fund Balances – Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

City of Ham Lake
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)**

14. Fund Balance (Continued)

- Committed Fund Balances – Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.
- Assigned Fund Balances – Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General Fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General Fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator and/or Finance Director and requires approval from the City Council.
- Unassigned Fund Balances – The residual classification for the General Fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The City has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 35-50 percent of the next year's budgeted expenditures, including transfers.

15. Net Position

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

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

City of Ham Lake
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)**

15. Net Position (Continued)

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.

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. Budgets are 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, Special Revenue Funds, Capital Project Funds (excluding the Developer Escrow Deposits Fund), and Debt Service Funds.
7. Budgeted amounts are as originally adopted or as amended by the City Council. There were no budget amendments made during 2021. Budgeted expenditure appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance

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

Non-major governmental fund	
Ham Laker	\$ (58,246)

City of Ham Lake
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City'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 investments". For purposes of identifying risk of investing public funds, the balances are summarized on the following pages.

A. Deposits

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. In accordance with *Minnesota Statutes* and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

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

At December 31, 2021, the City's carrying amount of deposits was \$3,308,845 and the bank balance was \$3,356,758. The entire bank balance was covered by Federal depository insurance or by collateral held by the City's agent in the City's name.

B. Investments

As of December 31, 2021, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Rating (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Investments at amortized costs						
Minnesota Municipal Money Market Fund	N/A	less than 1 year	\$ 6,259,204	\$ -	\$ -	\$ -
Investments at fair value						
Brokered Certificate of Deposit	N/A	less than 1 year	746,439	-	746,439	-
Brokered Certificate of Deposit	N/A	1 to 5 years	1,467,046	-	1,467,046	-
Brokered Certificate of Deposit	N/A	6 to 10 years	236,732	-	236,732	-
Total investments			<u>\$ 8,709,421</u>	<u>\$ -</u>	<u>\$ 2,450,217</u>	<u>\$ -</u>

- (1) Ratings are provided by various credit ratings agencies, where applicable, to indicate associate credit risk.
- (2) Interest rate risk is disclosed using the segmented time distribution method.
- N/A Indicates not applicable or available

City of Ham Lake
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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

- \$6,259,204 of investments are valued using amortized cost
- \$2,450,217 of investments are valued using a matrix pricing model (Level 2 inputs)

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

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. *Minnesota Statutes* 118A.04-05 limits investments that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits its investments to those specified in these Statutes. The City's investments are not rated.

Custodial Credit Risk – Investments: This is the risk that in the event of the failure of the counter-party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, the City will minimize custodial credit risk on bank deposits by obtaining collateral for all uninsured amounts on deposit. The City further restricts the type of collateral to be used to secure deposits to obligations that are directly or indirectly backed by the United States of America. The policy states the City will minimize custodial credit risk by requiring that brokers only be permitted to obtain investments of the City and hold them to the extent that there is SIOB and excess SIPC coverage available.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of a city's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Concentration of credit risk does not apply to investments which are explicitly guaranteed by the U.S. government or to nonnegotiable certificates of deposit (bank CDs). The City minimizes concentration of credit risk by diversifying investments. The City minimized concentration of credit risk through primarily investing in investments guaranteed by the U.S. government and 4M pooled investments. Individual brokered certificates of deposit were all under 5% of the City's total investment portfolio.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City also permits no more than 20% of the total investments to extend beyond 5 years and in no circumstances should any extend beyond 10 years.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

A reconciliation of cash and investments as shown on the financial statements for the City follows:

	Primary Government
Carrying amount of deposits	\$ 3,308,845
Investments	8,709,421
Cash on hand	100
Total	\$ 12,018,366
As reported on the financial statements Statement of Net Position	\$ 12,018,366

NOTE 4 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 17,470,982	\$ 4,000,106	\$ -	\$ 21,471,088
Construction in progress	4,048,320	2,899,570	(4,144,990)	2,802,900
Total capital assets not being depreciated	21,519,302	6,899,676	(4,144,990)	24,273,988
Capital assets being depreciated				
Buildings	6,170,487	32,589	-	6,203,076
Improvements other than buildings	2,373,773	178,128	(61,442)	2,490,459
Infrastructure	34,699,440	5,209,588	-	39,909,028
Machinery and equipment	6,730,805	312,150	(206,311)	6,836,644
Total capital assets being depreciated	49,974,505	5,732,455	(267,753)	55,439,207
Less accumulated depreciation				
Buildings	(2,361,161)	(152,293)	-	(2,513,454)
Improvements other than buildings	(1,182,437)	(70,036)	57,962	(1,194,511)
Infrastructure	(6,745,361)	(927,731)	-	(7,673,092)
Machinery and equipment	(4,370,612)	(352,730)	176,299	(4,547,043)
Total accumulated depreciation	(14,659,571)	(1,502,790)	234,261	(15,928,100)
Total capital assets being depreciated, net	35,314,934	4,229,665	(33,492)	39,511,107
Governmental activities capital assets, net	\$ 56,834,236	\$ 11,129,341	\$ (4,178,482)	\$ 63,785,095

City of Ham Lake
Notes to Basic Financial Statements

NOTE 4 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General Government	\$ 82,012
Public Safety	203,013
Public Works	1,092,258
Parks and Recreation	<u>125,507</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 1,502,790</u></u>

NOTE 5 – INTERFUND ACTIVITY

A. Transfers

Transfers during the year ended December 31, 2021, were as follows:

Fund	Transfers In			Total
	General	Equipment and Building	Revolving Street	
Transfers out				
General	\$ -	\$ 451,000	\$ 1,400,470	\$ 1,851,470
Nonmajor governmental	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>1,200</u>
 Total	 <u><u>\$ 1,200</u></u>	 <u><u>\$ 451,000</u></u>	 <u><u>\$ 1,400,470</u></u>	 <u><u>\$ 1,852,670</u></u>

For the year ended December 31, 2021, the City made the following transfers:

- The General Fund transferred \$451,000 to the Equipment and Building Fund and \$1,400,470 to the Revolving Street Fund for capital financing and operations.
- The Lodging Tax Fund transferred \$1,200 to the General Fund for lodging tax.

B. Due To/Due From

For the year ended December 31, 2021, the City had an amount of \$59,080 due to the General Fund from the Ham Laker Fund to cover the fund's cash deficit.

NOTE 6 – LONG TERM DEBT

A. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental-type activities.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 6 – LONG TERM DEBT (CONTINUED)

A. General Obligation Bonds (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City has the following general obligation debt.

Description	Authorized and issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds					
G.O Capital Improvement					
Plan Bonds, Series 2010A	\$ 1,540,000	2.0-3.50 %	8/1/2010	2/1/2026	\$ 900,000
Capital Notes, Series 2016A	197,534	2.0	4/14/2016	2/1/2026	87,948
Total G.O. Bonds					<u>\$ 987,948</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2022	\$ 198,618	\$ 28,753	\$ 227,371
2023	204,316	22,896	227,212
2024	210,014	16,651	226,665
2025	185,000	9,889	194,889
2026	190,000	3,325	193,325
Total	<u>\$ 987,948</u>	<u>\$ 81,514</u>	<u>\$ 1,069,462</u>

B. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Bonds payable	\$ 1,175,868	\$ -	\$ (187,920)	\$ 987,948	\$ 198,618
Compensated absences payable	89,331	99,292	(89,331)	99,292	85,551
Total	<u>\$ 1,265,199</u>	<u>\$ 99,292</u>	<u>\$ (277,251)</u>	<u>\$ 1,087,240</u>	<u>\$ 284,169</u>

**City of Ham Lake
Notes to Basic Financial Statements**

NOTE 7 – FUND BALANCE

Fund Balance Classifications

The following is a summary of the components of fund balance:

	General	Developer Escrow Deposits	Equipment and Building	Revolving Street	Other Governmental Funds	Total
Nonspendable						
Prepaid items	\$ 83,001	\$ -	\$ -	\$ -	\$ 1,114	\$ 84,115
Restricted for						
Park and trails	\$ -	\$ -	\$ -	\$ -	\$ 1,011,834	\$ 1,011,834
Lawful gambling	-	-	-	-	119,078	119,078.00
Recycling program	-	-	-	-	70,940	70,940.00
Debt Service	-	-	-	-	277,513	277,513.00
Total restricted	\$ -	\$ -	\$ -	\$ -	\$ 1,479,365	\$ 1,479,365
Committed to						
Cable television	\$ -	\$ -	\$ -	\$ -	\$ 439,580	\$ 439,580
Future drainage	-	-	-	-	122,556	122,556
Street lighting	-	-	-	-	160,659	160,659
Oak wilt	-	-	-	-	11,349	11,349
EDA	-	-	-	-	125,586	125,586
Lodging taxes	-	-	-	-	3,157	3,157
Total committed	\$ -	\$ -	\$ -	\$ -	\$ 862,887	\$ 862,887
Assigned to						
Capital projects	\$ -	\$ -	\$ 2,202,292	\$ 929,547	\$ -	\$ 3,131,839
Unassigned	\$ 3,572,304	\$ -	\$ -	\$ -	\$ (59,360)	\$ 3,512,944

NOTE 8 – PENSION PLANS

The City participates in various pension plans, total pension expense for the year ended December 31, 2021, was \$(75,800). The components of pension expense are noted in the following plan summaries.

The General Fund typically liquidates the liability related to the pensions.

Public Employees' Retirement Association (Continued)

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.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

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 Ham Lake
Notes to Basic Financial Statements

NOTE 8 – 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 6.5% of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2021, were \$84,278. 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 \$19,098. The City's contributions were equal to the required contributions as set by state statute.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 8 – 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 \$640,567 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 \$19,488.

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 0.0150% at the end of the measurement period and 0.0131% for the beginning of the period.

City's proportionate share of the net pension liability	\$ 640,567
State of Minnesota's proportionate share of the net pension liability associated with the City	19,488
	19,488
Total	\$ 660,055
	660,055

For the year ended December 31, 2021, the City recognized pension expense of \$30,980 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,572 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 Ham Lake
Notes to Basic Financial Statements

NOTE 8 – 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and Actual experience	\$ 3,516	\$ 19,315
Changes in actuarial assumptions	391,116	12,465
Net collective difference between projected and actual investment earnings	-	561,911
Changes in proportion	85,434	13,842
Contributions to GERS subsequent to the measurement date	<u>42,139</u>	<u>-</u>
Total	<u>\$ 522,205</u>	<u>\$ 607,533</u>

The \$42,139 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:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (9,463)
2023	12,572
2024	20,736
2025	<u>(151,312)</u>
Total	<u>\$ (127,467)</u>

City of Ham Lake
Notes to Basic Financial Statements

NOTE 8 – 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 \$23,650 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 0.0031% at the end of the measurement period and 0.0004% 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 \$(23,577) for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$200 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 \$279 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 Ham Lake
Notes to Basic Financial Statements

NOTE 8 – 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
Difference between expected and actual experience	\$ 5,890	\$ -
Changes in actuarial assumptions	35,170	48,970
Net collective difference between projected and actual investment earnings	-	53,698
Changes in proportion	38,477	84,648
Contributions to PEPFF subsequent to the measurement date	9,549	-
Total	\$ 89,086	\$ 187,316

The \$9,549 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 Ended December 31,</u>	Pension Expense Amount
2022	\$ (63,348)
2023	(19,368)
2024	(18,932)
2025	(19,761)
2026	13,630
Total	\$ (107,779)

**City of Ham Lake
Notes to Basic Financial Statements**

NOTE 8 – 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
	<hr/>	
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 Ham Lake
Notes to Basic Financial Statements

NOTE 8 – 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 Ham Lake
Notes to Basic Financial Statements**

NOTE 8 – 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 <u>(5.5%)</u>	Current Discount Rate <u>(6.5%)</u>	1% Increase in Discount Rate <u>(7.5%)</u>
City's proportionate share of the General Employees Fund net pension liability	\$ 1,306,430	\$ 640,567	\$ 94,186
City's proportionate share of the Police and Fire Fund net pension liability	\$ 75,691	\$ 23,650	\$ (19,011)

**City of Ham Lake
Notes to Basic Financial Statements**

NOTE 8 – 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.

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

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses; therefore, there is no future liability to the City. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% (.25%) of the assets in each member's account annually.

Pension expense for the year is equal to the contributions made. Total contributions made by the City during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 514	\$ 514	5%	5%	5%

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

A. Plan Description

All members of the Ham Lake Fire Department (the Department) are covered by a defined benefit plan administered by the Ham Lake Fire Relief Association (the Association). As of December 31, 2020, the plan covered 34 active firefighters and 12 vested terminated firefighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with *Minnesota Statute*, chapter 69.

**City of Ham Lake
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

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

B. Benefits Provided

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

C. Contributions

Minnesota Statutes 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 \$107,298 made by the State of Minnesota for the Relief Association.

D. Net Pension Liability

At December 31, 2021, the City reported a net pension asset of \$776,580 for the plan. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Association as of December 31, 2020. The table on the following pages presents the changes in net pension liability (asset) during the year.

Actuarial assumptions:

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

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return 5.25%
- Salary increases of 2.50%

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 Ham Lake
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

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

D. Net Pension Liability (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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	10.00%	1.80%
Fixed income	36.00	3.20
Equities	53.00	7.10
Other	1.00	7.00
Total	<u>100.00%</u>	

Discount rate:

The discount rate used to measure the total pension liability was 5.25%. 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 Ham Lake
Notes to Basic Financial Statements

NOTE 8 – PENSION PLANS (CONTINUED)

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

E. Changes in the Net Pension Liability

	Increase (Decrease)		Net Pension Liability (Asset) (a-b)
	Total Pension Liability (A)	Plan Fiduciary Net Position (b)	
Beginning balance 1/1/20	\$ 1,655,832	\$ 2,220,788	\$ (564,956)
Changes for the year			
Service cost	55,011	-	55,011
Interest on pension liability	95,476	-	95,476
Assumption changes	8,252	-	8,252
Plan changes	58,565	-	58,565
Municipal contributions	-	12,312	(12,312)
Nonemployer contributions	-	103,381	(103,381)
Projected investment return	-	127,881	(127,881)
Asset (gain)/loss	(51,408)	142,390	(193,798)
Benefit payouts	(100,779)	(100,779)	-
Administrative expenses	-	(8,444)	8,444
Net changes	<u>65,117</u>	<u>276,741</u>	<u>(211,624)</u>
Balance end of year 12/31/20	<u>\$ 1,720,949</u>	<u>\$ 2,497,529</u>	<u>\$ (776,580)</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 5.25%, 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 (4.25%) or 1-percentage-point higher (6.25%) than the current rate:

	City Proportionate Share of NPL		
	1% Decrease in Discount Rate (4.75%)	Current Discount Rate (5.75%)	1% Increase in Discount Rate (6.75%)
Net pension liability (asset)	\$ (759,208)	\$ (776,580)	\$ (793,537)

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 Ham Lake
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

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

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

For the year ended December 31, 2021, the City recognized pension expense of \$(100,946). 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 experience	\$ 7,139	\$ 61,086
Changes in actuarial assumptions	6,189	-
Net collective difference between projected and actual earnings on Plan investments	-	185,197
Contributions to Plan subsequent to the measurement date	107,298	-
Total	\$ 120,626	\$ 246,283

The \$107,298 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	Pension Expense Total
2022	\$ (68,658)
2023	(54,121)
2024	(81,698)
2025	(28,478)
Total	\$ (232,955)

NOTE 9 – RISK MANAGEMENT

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

City of Ham Lake
Notes to Basic Financial Statements

NOTE 9 – RISK MANAGEMENT (CONTINUED)

The City purchases commercial insurance coverage with other cities in the state through the League of Minnesota Cities Insurance Trust (LMCIT), 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, but 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 worker's compensation insurance policy establishes final premiums after a payroll audit is completed.

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 – CONDUIT DEBT

Anoka County Housing and Redevelopment Authority

During 1996, the Anoka County HRA issued \$3,000,000 in Development Bonds, Series 1996B. The Bonds were issued for the purpose of financing the costs of acquisition, constructing, and equipping an approximately 49 unit senior housing development project.

The Series 1996B bonds are backed by the full faith and credit of the City in accordance with *Minnesota Statutes*, section 469.034, Subd. 2. As such, in the event revenues generated by the Anoka County HRA are insufficient to pay principal and interest on the Bonds when due, the City has agreed and pledged to levy taxes on all taxable property within the City.

During 1996, the City incurred expenditures in the amount of \$211,851 for the purchase of land and other development costs in accordance with the joint powers agreement between the City and the Anoka County HRA. At the time the Series 1996B Bonds are paid in full, should there be any funds remaining from the project revenues or land sale proceeds, such funds shall be divided equally between the Anoka County HRA and the City, after first reimbursing the City for those costs incurred for the aforementioned land purchase and development costs. Annual operating revenues in excess of debt service and other operating costs of the senior housing development shall be accumulated in an operating reserve in an amount not in excess of one year's debt service and operating costs. The operating revenues in excess of this reserve shall be distributed at the end of each bond year equally between the City and the Anoka County HRA.

City of Ham Lake
Notes to Basic Financial Statements

NOTE 10 – CONDUIT DEBT (CONTINUED)

Anoka County Housing and Redevelopment Authority (Continued)

The Series 1996B bonds were refunded on September 29, 2008, when the \$2,770,000 Housing Development Revenue Bonds Series 2008A were issued. The Series 2008A bonds were refunded on February 22, 2018, when the \$1,470,000 Housing Development Revenues Bonds Series 2018A were issued. The outstanding balance as of December 31, 2021, was \$987,948. The refunded issuance matures on January 1, 2026.

Davinci Academy of Arts and Science

The City issued a taxable charter school lease revenue bond on May 18, 2016, to provide financial assistance to a charter school for the construction of and equipping of a new facility deemed to be in the public interest. As of December 31, 2021, aggregate principal amount payable of \$22,805,000 remains outstanding. The note is secured by the property financed and is payable solely from payment received on the underlying mortgage loan. Upon repayment of the note, ownership of the acquired facilities transfers to the charter school served by the note issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements.

Parnassus Preparatory School

The City issued a taxable charter school lease revenue bond on November 15, 2016, to provide financial assistance to a charter school for the construction of and equipping of a new facility deemed to be in the public interest. As of December 31, 2021, aggregate principal amount payable of \$25,440,000 remains outstanding. The note is secured by the property financed and is payable solely from payment received on the underlying mortgage loan. Upon repayment of the note, ownership of the acquired facilities transfers to the charter school served by the note issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements.

NOTE 11 – GASB STANDARDS ISSUED AND 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.

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REQUIRED SUPPLEMENTARY INFORMATION

**City of Ham Lake
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
2021	0.0150%	\$ 640,567	\$ 19,488	\$ 660,055	\$ 1,078,000	59.4%	87.00%
2020	0.0131%	785,405	24,212	809,617	931,947	84.3%	79.06%
2019	0.0134%	740,856	22,999	763,855	945,840	78.3%	80.23%
2018	0.0138%	765,567	25,195	790,762	930,560	82.3%	75.93%
2017	0.0135%	861,831	10,829	872,660	869,056	99.2%	75.90%
2016	0.0131%	1,063,655	13,922	1,077,577	815,298	130.5%	68.91%
2015	0.0131%	678,910	-	678,910	770,853	88.1%	78.19%

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
2021	0.0031%	\$ 23,650	\$ 1,096	\$ 24,746	\$ 37,147	63.67%	93.66%
2020	0.0004%	5,236	121	5,357	4,808	108.90%	87.19%
2019	0.0122%	128,234	N/A	128,234	125,622	102.08%	89.26%
2018	0.0118%	124,714	N/A	124,714	124,691	100.02%	88.84%
2017	0.0120%	162,014	N/A	162,014	118,849	136.32%	85.43%
2016	0.0110%	441,449	N/A	441,449	103,360	427.10%	63.88%
2015	0.0100%	113,623	N/A	113,623	92,208	123.22%	86.61%

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

**City of Ham Lake
Schedule of City Contributions
General Employees Retirement Fund
Last Ten Years**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 84,278	\$ 84,278	\$ -	\$ 1,123,707	7.50%
2020	75,676	75,676	-	1,009,013	7.50%
2019	72,601	72,601	-	968,013	7.50%
2018	70,989	70,989	-	946,520	7.50%
2017	66,252	66,252	-	883,360	7.50%
2016	63,587	63,587	-	847,827	7.50%
2015	59,038	59,038	-	787,173	7.50%

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**

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 19,098	\$ 19,098	\$ -	\$ 107,898	17.70%
2020	-	-	-	-	17.70%
2019	11,366	11,366	-	67,056	16.95%
2018	20,500	20,500	-	126,543	16.20%
2017	19,902	19,902	-	122,852	16.20%
2016	18,070	18,070	-	111,543	16.20%
2015	15,527	15,527	-	95,846	16.20%

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

City of Ham Lake
Schedule of Changes in Net Pension Liability
and Related Ratios - Ham Lake Firefighters' Benefit Association

	Measurement Date			
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total pension liability (TPL)				
Service cost	\$ 55,011	\$ 53,669	\$ 50,757	\$ 49,519
Interest	95,476	92,172	80,470	73,335
Plan changes	58,565	-	165,033	-
Assumption changes	8,252	-	-	-
Investment (gain/loss)	(51,408)	-	(56,331)	-
Benefit payouts	(100,779)	(78,665)	-	-
Net change in total pension liability	<u>65,117</u>	<u>67,176</u>	<u>239,929</u>	<u>122,854</u>
Beginning of year	<u>1,655,832</u>	<u>1,588,656</u>	<u>1,348,727</u>	<u>1,225,873</u>
End of year	<u>\$ 1,720,949</u>	<u>\$ 1,655,832</u>	<u>\$ 1,588,656</u>	<u>\$ 1,348,727</u>
Plan fiduciary net pension (FNP)				
Projected investment earnings	\$ 127,881	\$ 108,983	\$ 111,110	\$ 94,714
Contributions	115,693	95,488	91,746	88,456
Assets (gain/loss)	142,390	212,159	(194,221)	108,384
Benefit payouts	(100,779)	(78,665)	-	-
Administrative expense	<u>(8,444)</u>	<u>(8,235)</u>	<u>(8,119)</u>	<u>(7,953)</u>
Net change in plan fiduciary net position	276,741	329,730	516	283,601
Beginning of year	<u>2,220,788</u>	<u>1,891,058</u>	<u>1,890,542</u>	<u>1,606,941</u>
End of year	<u>\$ 2,497,529</u>	<u>\$ 2,220,788</u>	<u>\$ 1,891,058</u>	<u>\$ 1,890,542</u>
Net pension liability (NPL)	<u>\$ (776,580)</u>	<u>\$ (564,956)</u>	<u>\$ (302,402)</u>	<u>\$ (541,815)</u>
Plan fiduciary net position as a percentage of the total pension liability	145.1%	134.1%	119.0%	140.2%

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

Measurement Date			
	December 31, 2017		December 31, 2016
\$	51,318	\$	52,945
	65,470		63,051
	22,137		-
	-		-
	42,864		-
	(86,411)		(164,091)
	<u>95,378</u>		<u>(48,095)</u>
	<u>1,130,495</u>		<u>1,178,590</u>
\$	<u>1,225,873</u>	\$	<u>1,130,495</u>
\$	87,155	\$	89,925
	88,501		87,179
	6,882		(93,086)
	(86,411)		(164,091)
	<u>(7,378)</u>		<u>(8,221)</u>
	88,749		(88,294)
	<u>1,518,192</u>		<u>1,606,486</u>
\$	<u>1,606,941</u>	\$	<u>1,518,192</u>
\$	<u>(381,068)</u>	\$	<u>(387,697)</u>
	131.1%		141.2%

City of Ham Lake
Schedule of City and Non-Employer Entity Contributions -
Ham Lake Firefighters' Benefit Association

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Employer				
Statutorily determined contribution (SDC)	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the SDC	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non-employer				
2% state aid	<u>\$ 107,298</u>	<u>\$ 102,381</u>	<u>\$ 95,488</u>	<u>\$ 91,746</u>

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

December 31, 2017	December 31, 2016	December 31, 2015
\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 88,456</u>	<u>\$ 88,501</u>	<u>\$ 88,187</u>

City of Ham Lake
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 Ham Lake
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 Ham Lake
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 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 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 Ham Lake
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 Ham Lake
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.

City of Ham Lake
Notes to Required Supplementary Information

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions

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

Volunteer Fire Fighter's Relief Association

2021 Changes

Changes in Actuarial Assumptions

- The long-term rate of return changed from 5.75% to 5.25%.
- The discount rate changed from 5.75% to 5.25%.

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

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City of Ham Lake Fund Descriptions

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

DEBT SERVICE FUNDS

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

CAPITAL PROJECT FUND

The Park and Beach Land Capital Project Fund is used to account for parkland dedication fees from developers when new plats are filed. The fees are restricted for the development of new parks and trails and replacing or refurbishing equipment in City parks.

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

	Special Revenue	Capital Project	Debt Service		Total
		Park and Beach Land	2010 CIP Bond	2016A Circle Pines	
Assets					
Cash and investments	\$ 982,858	\$ 1,011,279	\$ 278,384	\$ 26	\$ 2,272,547
Accounts receivable	33,483	68,698	-	-	102,181
Accrued interest receivable	555	555	153	-	1,263
Special assessments receivable					
Deferred	83,145	-	-	-	83,145
Due from other governments	71,310	-	-	-	71,310
Prepaid items	1,114	-	-	-	1,114
Total assets	\$ 1,172,465	\$ 1,080,532	\$ 278,537	\$ 26	\$ 2,531,560
Liabilities					
Salaries and benefits payable	\$ 291	\$ -	\$ -	\$ -	\$ 291
Accounts payable	28,871	-	1,050	-	29,921
Due to other funds	59,080	-	-	-	59,080
Due to other governments	3,659	-	-	-	3,659
Unearned revenue	2,760	-	-	-	2,760
Total liabilities	94,661	-	1,050	-	95,711
Deferred Inflows of Resources					
Unavailable revenue - special assessments	83,145	-	-	-	83,145
Unavailable revenue - other	-	68,698	-	-	68,698
Total deferred inflows of resources	83,145	68,698	-	-	151,843
Fund Balances					
Nonspendable	1,114	-	-	-	1,114
Restricted	190,018	1,011,834	277,487	26	1,479,365
Committed	862,887	-	-	-	862,887
Unassigned	(59,360)	-	-	-	(59,360)
Total fund balances	994,659	1,011,834	277,487	26	2,284,006
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,172,465	\$ 1,080,532	\$ 278,537	\$ 26	\$ 2,531,560

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

	Special Revenue	Capital Project	Debt Service		Total
		Park and Beach Land	2010 CIP Bond	2016A Circle Pines	
Revenues					
Property taxes	\$ -	\$ -	\$ 209,521	\$ -	\$ 209,521
Miscellaneous taxes	59,805	-	-	31,749	91,554
Intergovernmental	85,960	-	-	-	85,960
Charges for services	94,124	-	-	-	94,124
Investment income	(899)	2,735	(5)	-	1,831
Other revenues	78,954	125,816	-	-	204,770
Total revenues	<u>317,944</u>	<u>128,551</u>	<u>209,516</u>	<u>31,749</u>	<u>687,760</u>
Expenditures					
Current					
General government	30,220	-	-	-	30,220
Public safety	25,000	-	-	-	25,000
Public works	167,118	-	-	-	167,118
Economic development	28,295	-	-	-	28,295
Park and recreation	-	7,042	-	-	7,042
Debt service					
Principal	-	-	160,000	27,920	187,920
Interest and other charges	-	-	33,319	3,829	37,148
Capital outlay					
General government	6,000	-	-	-	6,000
Community development	42,414	-	-	-	42,414
Parks and recreation	-	240,406	-	-	240,406
Total expenditures	<u>299,047</u>	<u>247,448</u>	<u>193,319</u>	<u>31,749</u>	<u>771,563</u>
Excess of revenues over (under) expenditures	18,897	(118,897)	16,197	-	(83,803)
Other Financing Sources (Uses)					
Transfers out	(1,200)	-	-	-	(1,200)
Net change in fund balances	17,697	(118,897)	16,197	-	(85,003)
Fund Balances					
Beginning of year	<u>976,962</u>	<u>1,130,731</u>	<u>261,290</u>	<u>26</u>	<u>2,369,009</u>
End of year	<u>\$ 994,659</u>	<u>\$ 1,011,834</u>	<u>\$ 277,487</u>	<u>\$ 26</u>	<u>\$ 2,284,006</u>

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City of Ham Lake Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. During the year, the City had the following Nonmajor Special Revenue Funds:

Cable Television - This fund receives franchise fees from the North Metro Telecommunications Commission which are committed for cable television-related expenditures.

The Ham Laker - This fund receives donations for the cost of publishing a newsletter, The Ham Laker.

Lawful Gambling - This fund receives mandatory contributions from lawful gambling sites within the City, to be used for public safety expenditures.

Future Drainage - This fund collects fees from developers for drainage-related items within the watershed district in which the lots are located.

Recycling Program - This fund receives revenues from SCORE grant funds which are restricted to recycling expenditures.

Street Lighting - The City pays the cost of electricity used by street lights and collects a fee from developers to cover this expenditure until homes are built and sold at which time homeowners begin to reimburse the City for the electricity.

Oak Wilt - This fund accounts for expenditures related to prevention and treatment of oak wilt, and receives reimbursements from property owners.

EDA - The Ham Lake EDA is a blended component unit, and the fund balance is committed for the purpose of promoting economic development in Ham Lake.

Lodging Tax - The City receives lodging tax collected by the AmericInn and sends 95 percent of the amount collected to the Twin Cities Gateway, which promotes tourism in the area.

**City of Ham Lake
Subcombining Balance Sheet -
Nonmajor Special Revenue Funds
December 31, 2021**

	Cable Television	Ham Laker	Lawful Gambling	Future Drainage
Assets				
Cash and investments	\$ 414,281	\$ -	\$ 87,505	\$ 122,770
Accounts receivable	-	-	31,524	-
Accrued interest receivable	227	-	49	67
Special assessments receivable:				
Deferred	-	-	-	-
Due from other governments	31,072	-	-	-
Prepaid items	-	1,114	-	-
	<u>-</u>	<u>1,114</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 445,580</u>	<u>\$ 1,114</u>	<u>\$ 119,078</u>	<u>\$ 122,837</u>
Liabilities				
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	6,000	130	-	281
Due to other funds	-	59,080	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	150	-	-
Total liabilities	<u>6,000</u>	<u>59,360</u>	<u>-</u>	<u>281</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	1,114	-	-
Restricted	-	-	119,078	-
Committed	439,580	-	-	122,556
Unassigned	-	(59,360)	-	-
Total fund balances	<u>439,580</u>	<u>(58,246)</u>	<u>119,078</u>	<u>122,556</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 445,580</u>	<u>\$ 1,114</u>	<u>\$ 119,078</u>	<u>\$ 122,837</u>

<u>Recycling</u>	<u>Street Light</u>	<u>Oak Wilt</u>	<u>EDA</u>	<u>Lodging Taxes</u>	<u>Total</u>
\$ 45,575	\$ 167,675	\$ 11,343	\$ 128,855	\$ 4,854	\$ 982,858
-	-	-	-	1,959	33,483
25	92	6	86	3	555
-	83,145	-	-	-	83,145
40,238	-	-	-	-	71,310
-	-	-	-	-	1,114
<u>\$ 85,838</u>	<u>\$ 250,912</u>	<u>\$ 11,349</u>	<u>\$ 128,941</u>	<u>\$ 6,816</u>	<u>\$ 1,172,465</u>
\$ 291	\$ -	\$ -	\$ -	\$ -	\$ 291
14,607	4,498	-	3,355	-	28,871
-	-	-	-	-	59,080
-	-	-	-	3,659	3,659
-	2,610	-	-	-	2,760
<u>14,898</u>	<u>7,108</u>	<u>-</u>	<u>3,355</u>	<u>3,659</u>	<u>94,661</u>
-	83,145	-	-	-	83,145
-	-	-	-	-	1,114
70,940	-	-	-	-	190,018
-	160,659	11,349	125,586	3,157	862,887
-	-	-	-	-	(59,360)
<u>70,940</u>	<u>160,659</u>	<u>11,349</u>	<u>125,586</u>	<u>3,157</u>	<u>994,659</u>
<u>\$ 85,838</u>	<u>\$ 250,912</u>	<u>\$ 11,349</u>	<u>\$ 128,941</u>	<u>\$ 6,816</u>	<u>\$ 1,172,465</u>

City of Ham Lake
Subcombining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Special Revenue Funds
Year Ended December 31, 2021

	Cable Television	Ham Laker	Lawful Gambling	Future Drainage
Revenues				
Miscellaneous taxes	\$ 31,072	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	3,600	-	24,060
Investment income	(358)	45	(51)	(113)
Other revenues	-	10,000	68,954	-
Total revenues	<u>30,714</u>	<u>13,645</u>	<u>68,903</u>	<u>23,947</u>
Expenditures				
Current				
General government	-	30,220	-	-
Public safety	-	-	25,000	-
Public works	-	-	-	9,739
Economic development	-	-	-	-
Capital outlay				
General government	6,000	-	-	-
Community development	-	-	-	-
Total expenditures	<u>6,000</u>	<u>30,220</u>	<u>25,000</u>	<u>9,739</u>
Excess of revenues over (under) expenditures	24,714	(16,575)	43,903	14,208
Other Financing Sources (Uses)				
(Uses)				
Transfers out	-	-	(1,200)	-
Net change in fund balances	24,714	(16,575)	42,703	14,208
Fund Balances				
Beginning of year	<u>414,866</u>	<u>(41,671)</u>	<u>76,375</u>	<u>108,348</u>
End of year	<u>\$ 439,580</u>	<u>\$ (58,246)</u>	<u>\$ 119,078</u>	<u>\$ 122,556</u>

<u>Recycling</u>	<u>Street Light</u>	<u>Oak Wilt</u>	<u>EDA</u>	<u>Lodging Taxes</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 28,733	\$ 59,805
85,960	-	-	-	-	85,960
3,706	62,758	-	-	-	94,124
(88)	(169)	(11)	(151)	(3)	(899)
-	-	-	-	-	78,954
<u>89,578</u>	<u>62,589</u>	<u>(11)</u>	<u>(151)</u>	<u>28,730</u>	<u>317,944</u>
-	-	-	-	-	30,220
-	-	-	-	-	25,000
95,255	62,067	57	-	-	167,118
-	-	-	999	27,296	28,295
-	-	-	-	-	6,000
-	-	-	42,414	-	42,414
<u>95,255</u>	<u>62,067</u>	<u>57</u>	<u>43,413</u>	<u>27,296</u>	<u>299,047</u>
(5,677)	522	(68)	(43,564)	1,434	18,897
-	-	-	-	-	(1,200)
(5,677)	522	(68)	(43,564)	1,434	17,697
<u>76,617</u>	<u>160,137</u>	<u>11,417</u>	<u>169,150</u>	<u>1,723</u>	<u>976,962</u>
<u>\$ 70,940</u>	<u>\$ 160,659</u>	<u>\$ 11,349</u>	<u>\$ 125,586</u>	<u>\$ 3,157</u>	<u>\$ 994,659</u>

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Cable Television
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous taxes	\$ 55,000	\$ 31,072	\$ (23,928)
Investment income	2,500	(358)	(2,858)
Total revenues	<u>57,500</u>	<u>30,714</u>	<u>(26,786)</u>
Expenditures			
General government - current			
Materials and supplies	500	-	(500)
Capital outlay	-	6,000	6,000
Total expenditures	<u>500</u>	<u>6,000</u>	<u>5,500</u>
Excess of revenues over (under) expenditures	<u>\$ 57,000</u>	24,714	<u>\$ (32,286)</u>
Fund Balance			
Beginning of year		<u>414,866</u>	
End of year		<u>\$ 439,580</u>	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Ham Laker
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 6,400	\$ 3,600	\$ (2,800)
Investment income	50	45	(5)
Other revenues	13,000	10,000	(3,000)
Total revenues	<u>19,450</u>	<u>13,645</u>	<u>(5,805)</u>
Expenditures			
General government - current			
Other services and charges	<u>33,500</u>	<u>30,220</u>	<u>(3,280)</u>
Excess of revenues under expenditures	<u>\$ (14,050)</u>	<u>(16,575)</u>	<u>\$ (2,525)</u>
Fund Balance			
Beginning of year		<u>(41,671)</u>	
End of year		<u>\$ (58,246)</u>	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Lawful Gambling
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Investment income	\$ -	\$ (51)	\$ (51)
Other	25,000	68,954	43,954
Total revenues	25,000	68,903	43,903
Expenditures			
Public safety - current			
Other services and charges	25,000	25,000	-
Excess of revenues over (under) expenditures	-	43,903	43,903
Other Financing Sources (Uses)			
Transfers to other funds	-	(1,200)	(1,200)
Net change in fund balance	\$ -	42,703	\$ 42,703
Fund Balance			
Beginning of year		76,375	
End of year		\$ 119,078	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Future Drainage
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
Revenues			
Charges for services	\$ 6,000	\$ 24,060	\$ 18,060
Investment income	1,500	(113)	(1,613)
Total revenues	<u>7,500</u>	<u>23,947</u>	<u>16,447</u>
Expenditures			
Public works - current			
Other services and charges	<u>51,000</u>	<u>9,739</u>	<u>(41,261)</u>
Excess of revenues over (under) expenditures	<u>\$ (43,500)</u>	14,208	<u>\$ 57,708</u>
Fund Balance			
Beginning of year		<u>108,348</u>	
End of year		<u>\$ 122,556</u>	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Street Light
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 60,800	\$ 62,758	\$ 1,958
Investment income	700	(169)	(869)
Total revenues	61,500	62,589	1,089
Expenditures			
Public works - current			
Other services and charges	49,500	62,067	12,567
Excess of revenues over (under) expenditures	\$ 12,000	522	\$ (11,478)
Fund Balance			
Beginning of year		160,137	
End of year		\$ 160,659	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Street Light
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Charges for services	\$ 60,800	\$ 62,758	\$ 1,958
Investment income	700	(169)	(869)
Total revenues	61,500	62,589	1,089
Expenditures			
Public works - current			
Other services and charges	49,500	62,067	12,567
Excess of revenues over (under) expenditures	\$ 12,000	522	\$ (11,478)
Fund Balance			
Beginning of year		160,137	
End of year		\$ 160,659	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Oak Wilt
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Investment income	\$ 100	\$ (11)	\$ (111)
Expenditures			
Public works - current			
Other services and charges	250	57	(193)
Excess of revenues over (under) expenditures	\$ (150)	(68)	\$ 82
Fund Balance			
Beginning of year		11,417	
End of year		\$ 11,349	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - EDA
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Investment income	\$ 1,050	\$ (151)	\$ (1,201)
Expenditures			
Economic development - current			
Other services and charges	16,000	999	(15,001)
Professional fees capital outlay	-	42,414	42,414
Total expenditures	16,000	43,413	27,413
Excess of revenues under expenditures	\$ (14,950)	(43,564)	\$ (28,614)
Fund Balance			
Beginning of year		169,150	
End of year		\$ 125,586	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Special Revenue Fund - Lodging Taxes
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous taxes	\$ 27,000	\$ 28,733	\$ 1,733
Investment income	-	(3)	(3)
Total revenues	<u>27,000</u>	<u>28,730</u>	<u>1,730</u>
Expenditures			
Economic development - current			
Other services and charges	<u>25,500</u>	<u>27,296</u>	<u>1,796</u>
Excess of revenues over (under) expenditures	1,500	1,434	(66)
Other Financing Uses			
Transfers out	<u>(1,350)</u>	<u>-</u>	<u>1,350</u>
Net change in fund balance	<u>\$ 150</u>	<u>1,434</u>	<u>\$ 1,284</u>
Fund Balance			
Beginning of year		<u>1,723</u>	
End of year		<u>\$ 3,157</u>	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Debt Service Fund - 2010 CIP Bonds
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
General property taxes	\$ 211,021	\$ 209,521	\$ (1,500)
Investment income	1,000	(5)	(1,005)
Total revenues	212,021	209,516	(2,505)
 Expenditures			
Debt Service			
Principal	160,000	160,000	-
Interest and service charges	37,569	33,319	(4,250)
Total expenditures	197,569	193,319	(4,250)
 Excess of revenues over expenditures			
	\$ 14,452	16,197	\$ 1,745
Fund Balance			
Beginning of year		261,290	
End of year		\$ 277,487	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Debt Service Fund - 2016A Circle Pines
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Miscellaneous taxes	\$ 31,750	\$ 31,749	\$ (1)
Expenditures			
Debt service			
Principal	27,920	27,920	-
Interest and service charges	3,830	3,829	(1)
Total expenditures	31,750	31,749	(1)
Excess of revenues over (under) expenditures	\$ -	-	\$ -
Fund Balance			
Beginning of year		26	
End of year		\$ 26	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Capital Project Fund - Park and Beach Land
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Investment income	\$ 8,500	\$ 2,735	\$ (5,765)
Other revenues	70,000	125,816	55,816
Total revenues	78,500	128,551	50,051
Expenditures			
Park and recreation - current			
Materials and supplies	-	1,777	1,777
Other services and charges	-	5,265	5,265
Park and recreation - capital outlay	50,000	240,406	190,406
Total expenditures	50,000	247,448	197,448
Excess of revenues over (under) expenditures	\$ 28,500	(118,897)	\$ (147,397)
Fund Balance			
Beginning of year		1,130,731	
End of year		\$ 1,011,834	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Capital Project Fund - Equipment and Building
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Intergovernmental	\$ -	\$ 5,000	\$ 5,000
Investment income	10,800	(2,183)	(12,983)
Total revenues	<u>10,800</u>	<u>2,817</u>	<u>(7,983)</u>
Expenditures			
General government			
Capital outlay	<u>59,500</u>	<u>35,526</u>	<u>(23,974)</u>
Public safety			
Materials and supplies	5,000	-	(5,000)
Capital outlay	<u>123,163</u>	<u>150,297</u>	<u>27,134</u>
Total public safety	<u>128,163</u>	<u>150,297</u>	<u>22,134</u>
Public works			
Capital outlay	<u>197,000</u>	<u>355,622</u>	<u>158,622</u>
Park and recreation			
Capital outlay	<u>28,000</u>	<u>-</u>	<u>(28,000)</u>
Total expenditures	<u>412,663</u>	<u>541,445</u>	<u>128,782</u>
Excess of revenues under expenditures	(401,863)	(538,628)	(136,765)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	27,000	83,182	56,182
Transfers in	<u>451,000</u>	<u>451,000</u>	<u>-</u>
Total other financing sources (uses)	<u>478,000</u>	<u>534,182</u>	<u>56,182</u>
Net change in fund balance	<u>\$ 76,137</u>	<u>(4,446)</u>	<u>\$ (80,583)</u>
Fund Balance			
Beginning of year		<u>2,206,738</u>	
End of year		<u>\$ 2,202,292</u>	

City of Ham Lake
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Original and Final) and Actual -
Capital Project Fund - Revolving Street
Year Ended December 31, 2021

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
Revenues			
Special assessments	\$ 36,424	\$ 98,632	\$ 62,208
Intergovernmental revenues			
State aids	95,643	1,000,961	905,318
Investment income	35,000	(262)	(35,262)
Other revenues	-	33,115	33,115
Total revenues	167,067	1,132,446	965,379
Expenditures			
Public works			
Other services and charges	200	600	400
Capital outlay	2,936,499	2,500,954	(435,545)
Total expenditures	2,936,699	2,501,554	(435,145)
Excess of revenues over (under) expenditures	(2,769,632)	(1,369,108)	1,400,524
Other Financing Sources			
Transfers in	850,000	1,400,470	550,470
Net change in fund balance	\$ (1,919,632)	31,362	\$ 1,950,994
Fund Balance			
Beginning of year		898,185	
End of year		\$ 929,547	

**City of Ham Lake
Schedule of Revenues -
Budget (Original and Final) and Actual - General Fund
Year Ended December 31, 2021**

	Original and Final Budget	Actual Amounts	Variance With Final Budget - Over (under)
Revenues			
General property taxes	\$ 5,036,071	\$ 5,067,295	\$ 31,224
Licenses and permits	448,250	592,028	143,778
Intergovernmental revenues			
State grants and aids	2,000	3,260	1,260
State - fire aid	100,000	126,534	26,534
State-MSA-street maintenance	44,000	44,000	-
Local grants and aids	5,000	4,033	(967)
Total intergovernmental revenues	<u>151,000</u>	<u>177,827</u>	<u>26,827</u>
Charges for services			
Community development	25	6	(19)
General government	124,068	141,966	17,898
Parks and recreation	2,200	3,225	1,025
Total charges for services	<u>126,293</u>	<u>145,197</u>	<u>18,904</u>
Fines and forfeitures	30,000	26,530	(3,470)
Investment income	10,000	(3,227)	(13,227)
Contributions and donations	17,000	10,559	(6,441)
Other revenues	9,205	34,859	25,654
Total miscellaneous	<u>36,205</u>	<u>42,191</u>	<u>5,986</u>
Total revenues	<u>5,827,819</u>	<u>6,051,068</u>	<u>223,249</u>
Other Financing Sources			
Transfers in	1,200	1,200	-
Total other financing sources	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 5,829,019</u>	<u>\$ 6,052,268</u>	<u>\$ 223,249</u>

**City of Ham Lake
Schedule of Expenditures -
Budget (Original and Final) and Actual - General Fund
Year Ended December 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget - Over (under)</u>
Expenditures			
General government			
Mayor and council			
Personal services	\$ 28,499	\$ 30,017	\$ 1,518
Other services and charges	<u>57,453</u>	<u>45,229</u>	<u>(12,224)</u>
Total mayor and council	<u>85,952</u>	<u>75,246</u>	<u>(10,706)</u>
Administration			
Personal services	160,046	149,734	(10,312)
Materials and supplies	432	633	201
Other services and charges	<u>597</u>	<u>606</u>	<u>9</u>
Total administration/elections	<u>161,075</u>	<u>150,973</u>	<u>(10,102)</u>
City clerk			
Personal services	108,623	109,986	1,363
Materials and supplies	5,904	6,183	279
Other services and charges	<u>5,115</u>	<u>4,006</u>	<u>(1,109)</u>
Total information technology	<u>119,642</u>	<u>120,175</u>	<u>533</u>
Finance			
Personal services	196,285	198,785	2,500
Materials and supplies	1,464	2,521	1,057
Other services and charges	<u>130,767</u>	<u>123,546</u>	<u>(7,221)</u>
Total finance	<u>328,516</u>	<u>324,852</u>	<u>(3,664)</u>
Prosecutions			
Other services and charges	78,000	78,000	-
Municipal buildings			
Materials and supplies	1,000	1,337	337
Other services and charges	<u>34,975</u>	<u>29,762</u>	<u>(5,213)</u>
Total municipal buildings	<u>35,975</u>	<u>31,099</u>	<u>(4,876)</u>
Planning and zoning			
Personal services	81,200	73,786	(7,414)
Supplies, repairs and maintenance	732	683	(49)
Other services and charges	<u>9,360</u>	<u>9,201</u>	<u>(159)</u>
Total planning and zoning	<u>91,292</u>	<u>83,670</u>	<u>(7,622)</u>

**City of Ham Lake
Schedule of Expenditures -
Budget (Original and Final) and Actual - General Fund
Year Ended December 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget - Over (under)</u>
Expenditures			
General government (Continued)			
Other general government			
Personal services	\$ 5,700	\$ 6,575	\$ 875
Supplies, repairs and maintenance	114,438	109,737	(4,701)
Capital outlay	17,000	314	(16,686)
Total other general government	<u>137,138</u>	<u>116,626</u>	<u>(20,512)</u>
Total general government	<u>1,037,590</u>	<u>980,641</u>	<u>(56,949)</u>
Public safety			
Police			
Other services and charges	<u>1,081,547</u>	<u>1,081,465</u>	<u>(82)</u>
Fire			
Personal services	374,742	387,102	12,360
Materials and supplies	36,849	24,224	(12,625)
Other services and charges	216,483	260,906	44,423
Total fire	<u>628,074</u>	<u>672,232</u>	<u>44,158</u>
Sirens			
Other services and charges	<u>9,148</u>	<u>8,331</u>	<u>(817)</u>
Building inspections			
Personal services	268,632	335,446	66,814
Materials and supplies	7,331	10,014	2,683
Other services and charges	26,682	23,661	(3,021)
Total building inspections	<u>302,645</u>	<u>369,121</u>	<u>66,476</u>
Animal control			
Materials and supplies	150	60	(90)
Other services and charges	4,000	3,000	(1,000)
Total animal control	<u>4,150</u>	<u>3,060</u>	<u>(1,090)</u>
Other public safety			
Capital outlay	49,000	12,167	(36,833)
Total public safety	<u>2,074,564</u>	<u>2,146,376</u>	<u>71,812</u>
Public works			
Snow and Ice Removal			
Personal services	-	41,041	41,041
Materials and supplies	79,000	52,633	(26,367)
Other services and charges	700	1,215	515
Total engineering	<u>79,700</u>	<u>94,889</u>	<u>15,189</u>

**City of Ham Lake
Schedule of Expenditures -
Budget (Original and Final) and Actual - General Fund
Year Ended December 31, 2021**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget - Over (under)</u>
Expenditures			
Public works (Continued)			
Streets/Highways			
Personal services	\$ 484,446	\$ 493,488	\$ 9,042
Materials and supplies	114,400	101,636	(12,764)
Other services and charges	<u>256,248</u>	<u>244,054</u>	<u>(12,194)</u>
Total streets	<u>855,094</u>	<u>839,178</u>	<u>(15,916)</u>
Storm Drainage			
Personal services	660	600	(60)
Other services and charges	14,090	20,410	6,320
Total central garage	<u>14,750</u>	<u>21,010</u>	<u>6,260</u>
Buildings			
Materials and supplies	3,000	873	(2,127)
Other services and charges	<u>22,800</u>	<u>28,629</u>	<u>5,829</u>
Total street lighting	<u>25,800</u>	<u>29,502</u>	<u>3,702</u>
Signals and Signs			
Materials and supplies	7,000	4,585	(2,415)
Other services and charges	<u>14,000</u>	<u>17,386</u>	<u>3,386</u>
Total public works administration	<u>21,000</u>	<u>21,971</u>	<u>971</u>
General			
Capital outlay	<u>23,000</u>	<u>-</u>	<u>(23,000)</u>
Total public works	<u>1,019,344</u>	<u>1,006,550</u>	<u>(12,794)</u>
Parks and recreation			
Parks			
Personal services	168,202	129,360	(38,842)
Materials and supplies	29,050	25,464	(3,586)
Other services and charges	<u>70,069</u>	<u>61,208</u>	<u>(8,861)</u>
Total parks	<u>267,321</u>	<u>216,032</u>	<u>(51,289)</u>
Senior Center			
Materials and supplies	2,500	423	(2,077)
Other services and charges	<u>16,401</u>	<u>14,361</u>	<u>(2,040)</u>
Total senior center	<u>18,901</u>	<u>14,784</u>	<u>(4,117)</u>

City of Ham Lake
Schedule of Expenditures -
Budget (Original and Final) and Actual - General Fund
Year Ended December 31, 2021

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget - Over (under)</u>
Expenditures			
General			
Capital outlay	\$ 18,500	\$ -	\$ (18,500)
Total parks and recreation	<u>304,722</u>	<u>230,816</u>	<u>(73,906)</u>
Total expenditures	4,436,220	4,364,383	(71,837)
Other Financing Uses			
Transfers out	<u>1,301,000</u>	<u>1,851,470</u>	<u>550,470</u>
Total expenditures and other financing uses	<u>\$ 5,737,220</u>	<u>\$ 6,215,853</u>	<u>\$ 478,633</u>

STATISTICAL SECTION

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City of Ham Lake Statistical Section (Unaudited)

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

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

- Table 1 – Net Position by Component
- Table 2 – Changes in Net Position
- Table 3 – Fund Balances of Governmental Funds
- Table 4 – Changes in Fund Balances of Governmental Funds

Revenue Capacity

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

- Table 5 – Governmental Activities Tax Revenues by Source
- Table 6 – Assessed Value and Estimated Actual Value of Taxable Property
- Table 7 – Property Tax Rates – Direct and Overlapping Governments
- Table 8 – Principal Property Taxpayers
- Table 9 – Property Tax Levies and Collections

Debt Capacity

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

- Table 10 - Ratios of Net General Bonded Debt Outstanding
- Table 11 - Direct and Overlapping Governmental Activities Debt
- Table 12 - Legal Debt Margin Information

Demographic and Economic Information

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

- Table 13 - Demographic and Economic Statistics
- Table 14 – Principal Employers
- Table 15 - Full-time Equivalent City Employees by Function/Program
- Table 16 – Operating Indicators by Function/Program
- Table 17 – Capital Assets by Function/Program

**City of Ham Lake
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities					
Net Investment in Capital Assets	\$ 27,451,151	\$ 29,346,539	\$ 30,241,995	\$ 32,409,825	\$ 37,949,507
Restricted	1,020,269	1,076,850	1,241,094	1,219,172	1,166,118
Unrestricted	8,177,700	7,274,638	7,300,464	7,079,118	7,353,598
Total Governmental Activities					
Net Position	<u>\$ 36,649,120</u>	<u>\$ 37,698,027</u>	<u>\$ 38,783,553</u>	<u>\$ 40,708,115</u>	<u>\$ 46,469,223</u>
Primary Government					
Net Investment in Capital Assets	\$ 27,451,151	\$ 29,346,539	\$ 30,241,995	\$ 32,409,825	\$ 37,949,507
Restricted	1,020,269	1,076,850	1,241,094	1,219,172	1,166,118
Unrestricted	8,177,700	7,274,638	7,300,464	7,079,118	7,353,598
Total Primary Government					
Net Position	<u>\$ 36,649,120</u>	<u>\$ 37,698,027</u>	<u>\$ 38,783,553</u>	<u>\$ 40,708,115</u>	<u>\$ 46,469,223</u>

Note: The City implemented GASB Statement No. 68 and GASB Statement No. 71 in fiscal year 2015. Years prior to 2015 have not been restated.

Fiscal Year				
2017	2018	2019	2020	2021
\$ 42,831,337	\$ 48,729,077	\$ 50,532,968	\$ 55,774,236	\$ 62,797,147
1,211,151	1,455,104	1,356,587	283,164	1,466,322
7,331,021	8,001,777	7,703,332	9,001,995	8,434,770
<u>\$ 51,373,509</u>	<u>\$ 58,185,958</u>	<u>\$ 59,592,887</u>	<u>\$ 65,059,395</u>	<u>\$ 72,698,239</u>
\$ 42,831,337	\$ 48,729,077	\$ 50,532,968	\$ 55,774,236	\$ 62,797,147
1,211,151	1,455,104	1,356,587	283,164	1,466,322
7,331,021	8,001,777	7,703,332	9,001,995	8,434,770
<u>\$ 51,373,509</u>	<u>\$ 58,185,958</u>	<u>\$ 59,592,887</u>	<u>\$ 65,059,395</u>	<u>\$ 72,698,239</u>

**City of Ham Lake
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)**

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental Activities					
General Government	\$ 1,225,569	\$ 1,022,419	\$ 1,038,364	\$ 978,205	\$ 1,296,309
Public Safety	1,676,611	1,763,296	1,773,570	1,817,661	1,838,033
Public Works	1,912,281	2,494,886	2,461,671	2,633,383	2,563,453
Parks and Recreation	338,605	380,314	360,469	374,152	360,511
Economic Development	143,225	47,580	50,458	43,474	54,332
Interest on Long-Term Debt	65,242	61,918	59,749	60,138	64,936
Total Governmental Activities Expenses	<u>5,361,533</u>	<u>5,770,413</u>	<u>5,744,281</u>	<u>5,907,013</u>	<u>6,177,574</u>
Business-Type Activities Expense	-	-	-	-	-
Total Primary Government Expenses	<u>\$ 5,361,533</u>	<u>\$ 5,770,413</u>	<u>\$ 5,744,281</u>	<u>\$ 5,907,013</u>	<u>\$ 6,177,574</u>
Program Revenues					
Governmental Activities					
Charges for Services					
General Government	\$ 175,281	\$ 181,389	\$ 169,352	\$ 186,880	\$ 407,553
Public Safety	413,994	415,010	413,589	451,912	466,911
Public Works	75,854	69,762	106,667	75,208	75,756
Parks and Recreation	3,055	2,755	3,640	4,185	4,688
Economic Development	11,640	3,900	2,700	2,700	2,300
Operating Grants and Contributions	228,538	255,326	387,731	410,439	469,360
Capital Grants and Contributions	4,312,689	1,649,972	1,402,801	2,622,824	5,819,352
Total Governmental Activities Program Revenues	<u>5,221,051</u>	<u>2,578,114</u>	<u>2,486,480</u>	<u>3,754,148</u>	<u>7,245,920</u>
Business-Type Activities Program Revenues	-	-	-	-	-
Total Primary Government Program Revenues	<u>\$ 5,221,051</u>	<u>\$ 2,578,114</u>	<u>\$ 2,486,480</u>	<u>\$ 3,754,148</u>	<u>\$ 7,245,920</u>
Net Revenue (Expense)					
Governmental Activities	\$ (140,482)	\$ (3,192,299)	\$ (3,257,801)	\$ (2,152,865)	\$ 1,068,346
Business-Type Activities	-	-	-	-	-
Total Primary Government Net Revenue (Expense)	<u>\$ (140,482)</u>	<u>\$ (3,192,299)</u>	<u>\$ (3,257,801)</u>	<u>\$ (2,152,865)</u>	<u>\$ 1,068,346</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property Taxes	\$ 4,234,921	\$ 4,088,818	\$ 4,214,730	\$ 4,339,569	\$ 4,475,867
Lodging Taxes	19,166	19,975	22,747	24,261	25,861
Franchise Taxes	39,474	44,301	44,601	44,666	84,085
Grants and contributions-unrestricted	8,033	14,275	11,101	24,492	34,490
Investment Earnings	55,823	49,324	50,148	44,697	55,827
Gain on Sale of Assets	26,145	24,513	-	31,416	16,632
Total Governmental Activities	<u>4,383,562</u>	<u>4,241,206</u>	<u>4,343,327</u>	<u>4,509,101</u>	<u>4,692,762</u>
Business-Type Activities	-	-	-	-	-
Total Primary Government	<u>\$ 4,383,562</u>	<u>\$ 4,241,206</u>	<u>\$ 4,343,327</u>	<u>\$ 4,509,101</u>	<u>\$ 4,692,762</u>
Change in Net Position					
Governmental Activities	\$ 4,243,080	\$ 1,048,907	\$ 1,085,526	\$ 2,356,236	\$ 5,761,108
Business-Type Activities	-	-	-	-	-
Total Primary Government	<u>\$ 4,243,080</u>	<u>\$ 1,048,907</u>	<u>\$ 1,085,526</u>	<u>\$ 2,356,236</u>	<u>\$ 5,761,108</u>

		Fiscal Year				
		2017	2018	2019	2020	2021
\$	1,071,243	\$ 1,076,611	\$ 1,097,861	\$ 2,237,751	\$ 1,129,663	
	1,997,171	2,077,218	2,360,690	2,165,372	2,228,626	
	2,834,411	2,120,457	2,640,900	2,453,992	2,149,396	
	328,357	372,050	53,570	38,695	70,709	
	39,585	73,631	325,941	466,934	382,414	
	55,943	52,661	45,644	43,402	34,915	
	<u>6,326,710</u>	<u>5,772,628</u>	<u>6,524,606</u>	<u>7,406,146</u>	<u>5,995,723</u>	
	-	-	-	-	-	
\$	<u>6,326,710</u>	<u>5,772,628</u>	<u>6,524,606</u>	<u>7,406,146</u>	<u>5,995,723</u>	
\$	183,588	\$ 165,382	\$ 240,148	\$ 278,741	\$ 326,571	
	562,575	539,871	505,979	583,237	607,248	
	118,938	89,280	81,249	136,900	123,013	
	3,920	4,645	4,495	1,300	3,225	
	-	-	-	-	-	
	479,229	503,029	349,993	290,673	363,997	
	<u>4,995,492</u>	<u>6,168,994</u>	<u>1,349,538</u>	<u>4,938,644</u>	<u>6,801,898</u>	
	<u>6,343,742</u>	<u>7,471,201</u>	<u>2,531,402</u>	<u>6,229,495</u>	<u>8,225,952</u>	
	-	-	-	-	-	
\$	<u>6,343,742</u>	<u>7,471,201</u>	<u>2,531,402</u>	<u>6,229,495</u>	<u>8,225,952</u>	
\$	17,032	\$ 1,698,573	\$ (3,993,204)	\$ (1,176,651)	\$ 2,230,229	
	-	-	-	-	-	
\$	<u>17,032</u>	<u>1,698,573</u>	<u>(3,993,204)</u>	<u>(1,176,651)</u>	<u>2,230,229</u>	
\$	4,588,120	\$ 4,827,583	\$ 4,929,333	\$ 5,069,275	\$ 5,228,297	
	28,630	30,988	31,162	24,048	62,821	
	95,707	85,872	86,510	86,984	28,733	
	50,466	34,069	19,371	1,299,337	9,423	
	84,331	126,890	220,336	139,105	(3,841)	
	40,000	8,474	113,421	24,410	83,182	
	<u>4,887,254</u>	<u>5,113,876</u>	<u>5,400,133</u>	<u>6,643,159</u>	<u>5,408,615</u>	
	-	-	-	-	-	
\$	<u>4,887,254</u>	<u>5,113,876</u>	<u>5,400,133</u>	<u>6,643,159</u>	<u>5,408,615</u>	
\$	4,904,286	\$ 6,812,449	\$ 1,406,929	\$ 5,466,508	\$ 7,638,844	
	-	-	-	-	-	
\$	<u>4,904,286</u>	<u>6,812,449</u>	<u>1,406,929</u>	<u>5,466,508</u>	<u>7,638,844</u>	

City of Ham Lake
Fund Balances of Governmental Funds
Last Ten Fiscal Years
Unaudited

	Fiscal Year					
	2012	2013	2014	2015	2016	2017
General Fund						
Nonspendable						
Prepaid expense	\$ 37,045	\$ 32,057	\$ 44,757	\$ 45,365	\$ 50,917	\$ 45,290
Assigned	25,000	31,491	47,367	-	-	-
Unassigned	2,860,012	2,823,354	2,865,127	3,006,918	3,006,179	3,050,921
Reserved	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved	n/a	n/a	n/a	n/a	n/a	n/a
Total General Fund	\$ 2,813,110	\$ 2,886,902	\$ 2,957,251	\$ 3,052,283	\$ 3,057,096	\$ 3,096,211
All Other Governmental Funds						
Nonspendable						
Prepaid expense	\$ 975	\$ 1,115	\$ 1,142	\$ 1,155	\$ 1,146	\$ 1,143
Restricted	1,041,160	1,072,022	1,202,734	1,185,768	1,291,274	1,351,380
Committed	864,054	873,994	927,343	869,221	849,510	781,100
Assigned	4,301,455	3,487,666	3,453,919	3,528,133	3,957,196	4,005,246
Unassigned	-	-	-	-	-	-
Reserved	n/a	n/a	n/a	n/a	n/a	n/a
Unreserved, reported in						
Special Revenue Funds	n/a	n/a	n/a	n/a	n/a	n/a
Debt Service	n/a	n/a	n/a	n/a	n/a	n/a
Capital Project Funds	n/a	n/a	n/a	n/a	n/a	n/a
Total all Other Governmental Funds	\$ 5,709,884	\$ 5,434,797	\$ 5,585,138	\$ 5,584,277	\$ 6,099,126	\$ 6,138,869
Total Fund Balance	\$ 8,522,994	\$ 8,321,699	\$ 8,542,389	\$ 8,636,560	\$ 9,156,222	\$ 9,235,080

Notes: Governmental funds report the difference between their assets and their liabilities as fund balance. The implementation of GASB Statement No. 54 (The New Fund Balance) in 2011 resulted in a significant change in the City's fund balance classifications. The City elected to make the change prospectively, so years prior to 2011 have not been restated. Details regarding the City's fund balances are presented in Note 3E of the financial statements.

Fiscal Year			
2018	2019	2020	2021
\$ 44,922	\$ 68,574	\$ 69,773	\$ 83,001
-	-	-	-
3,215,413	3,161,707	3,749,117	3,572,304
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
<u>\$ 3,260,335</u>	<u>\$ 3,230,281</u>	<u>\$ 3,818,890</u>	<u>\$ 3,655,305</u>
\$ 961	\$ 1,003	\$ 1,014	\$ 1,114
1,474,839	1,517,883	1,545,039	1,479,365
699,455	824,650	865,641	862,887
4,403,479	3,621,067	3,104,923	3,131,839
(350)	(16,850)	(42,685)	(59,360)
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
<u>\$ 6,578,384</u>	<u>\$ 5,947,753</u>	<u>\$ 5,473,932</u>	<u>\$ 5,415,845</u>
<u>\$ 9,838,719</u>	<u>\$ 9,178,034</u>	<u>\$ 9,292,822</u>	<u>\$ 9,071,150</u>

City of Ham Lake
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Taxes	\$ 4,318,840	\$ 4,184,113	\$ 4,307,977	\$ 4,401,323	\$ 4,599,670
Licenses and Permits	404,316	398,219	400,347	435,144	457,826
Intergovernmental	2,670,505	541,193	550,132	1,440,450	2,815,602
Charges for Services	74,099	189,811	230,245	202,745	406,357
Fines and Forfeitures	47,003	54,296	46,132	51,618	42,585
Special Assessments	38,868	27,845	20,545	10,195	8,110
Interest on Investments	55,823	49,324	50,148	44,697	55,827
Miscellaneous	213,782	135,472	137,909	131,628	191,025
Total Revenues	<u>7,823,236</u>	<u>5,580,273</u>	<u>5,743,435</u>	<u>6,717,800</u>	<u>8,577,002</u>
Expenditures					
General Government	991,128	952,996	943,403	964,196	926,774
Public Safety	1,573,850	1,628,938	1,651,913	1,684,350	1,715,838
Public Works	990,493	1,038,625	977,738	1,044,789	983,250
Parks and Recreation	242,014	265,830	256,943	244,181	253,916
Economic Development	53,291	31,377	42,984	42,175	54,332
Capital Outlay	3,218,869	2,310,902	1,474,195	2,484,135	4,196,223
Debt Service:					
Principal	100,000	115,000	115,000	130,000	155,826
Interest and Other Charges	66,069	62,869	60,569	61,219	66,017
Total Expenditures	<u>7,235,714</u>	<u>6,406,537</u>	<u>5,522,745</u>	<u>6,655,045</u>	<u>8,352,176</u>
Excess of Revenues Over (Under) Expenditures	(1,782,217)	587,522	(826,264)	220,690	224,826
Other Financing Sources (Uses)					
Bonds Issued	-	-	-	-	-
Premium on Bond Issue	-	-	-	-	-
Issuance of Contract for Deed	-	-	-	-	-
Transfers In	1,555,644	1,029,777	1,021,420	1,184,995	1,680,286
Transfers Out	(1,555,644)	(1,029,777)	(1,021,420)	(1,184,995)	(1,680,286)
Sale of Capital Assets	19,185	18,262	-	31,416	45,650
Total Other Financing Sources (Uses)	<u>19,185</u>	<u>18,262</u>	<u>-</u>	<u>31,416</u>	<u>45,650</u>
Net Change in Fund Balances	<u>\$ 606,707</u>	<u>\$ (808,002)</u>	<u>\$ 220,690</u>	<u>\$ 252,106</u>	<u>\$ 270,476</u>
Debt Service as a Percentage of Noncapital Expenditures	3.9%	3.7%	3.6%	3.6%	3.2%

Notes: Debt service as a percentage of Noncapital Expenditures is restated for 2018 and 2019.

		Fiscal Year							
		2017	2018	2019	2020	2021			
\$	4,721,402	\$	4,960,275	\$	4,917,533	\$	5,160,767	\$	5,368,370
	557,273		537,427		512,039		570,476		592,028
	1,350,839		1,668,417		1,246,049		3,286,706		1,269,748
	232,831		218,031		268,623		300,660		374,157
	37,707		35,114		27,610		22,131		26,530
	8,487		34,984		90,926		44,489		98,632
	84,331		126,890		220,336		139,105		(3,841)
	211,647		181,070		273,330		265,977		283,303
	<u>7,204,517</u>		<u>7,762,208</u>		<u>7,556,446</u>		<u>9,790,311</u>		<u>8,008,927</u>
	972,511		1,046,122		1,039,328		2,056,395		1,145,383
	1,790,997		1,930,686		2,053,446		2,188,143		2,159,209
	1,184,327		1,116,072		1,257,368		1,043,022		1,174,268
	222,401		266,306		243,172		229,269		237,858
	39,585		73,631		53,570		38,695		28,295
	2,717,136		2,501,605		3,470,527		3,910,855		3,343,700
	180,826		186,524		187,222		187,920		187,920
	57,876		53,192		47,871		45,634		37,148
	<u>7,165,659</u>		<u>7,174,138</u>		<u>8,352,504</u>		<u>9,699,933</u>		<u>8,313,781</u>
	38,858		588,070		(796,058)		90,378		(304,854)
	249,186		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	1,497,823		1,247,000		1,271,350		1,271,350		1,852,670
	(1,497,823)		(1,247,000)		(1,271,350)		(1,271,350)		(1,852,670)
	40,000		15,569		135,373		24,410		83,182
	<u>289,186</u>		<u>15,569</u>		<u>135,373</u>		<u>24,410</u>		<u>83,182</u>
\$	<u>328,044</u>	\$	<u>603,639</u>	\$	<u>(660,685)</u>	\$	<u>114,788</u>	\$	<u>(221,672)</u>
	6.0%		4.9%		4.4%		3.7%		4.7%

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City of Ham Lake
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(Shown by year of tax collectability)
(Unaudited)

Fiscal Year	Property Tax	Lodging Tax ¹	Franchise Tax ²	Total
2011	4,235,781	18,213	39,054	4,293,048
2012	4,234,921	19,166	39,474	4,293,561
2013	4,088,818	19,975	44,301	4,153,094
2014	4,214,730	22,747	44,601	4,282,078
2015	4,339,569	24,261	44,666	4,408,496
2016	4,475,867	25,861	84,085	4,585,813
2017	4,588,120	28,630	95,707	4,712,457
2018	4,827,583	30,988	85,872	4,944,443
2019	4,929,333	31,162	86,510	5,047,005
2020	5,069,275	24,048	86,984	5,180,307
2021	5,228,297	28,733	62,821	5,319,851

Notes: ¹ The lodging tax is received from a motel which is located in the City of Ham Lake. This motel collects a 3% lodging tax on its room rentals, which it remits to the City. The City sends 95% of the lodging tax to a local convention and visitors bureau. The City was a member of Visit Minneapolis North from 2003 to 2009. On January 1, 2010 the City joined a newly-formed organization, Twin Cities Gateway. This organization promotes tourism in Ham Lake and eight other communities on the northern side of Minneapolis and St. Paul.

² The franchise tax is received from North Metro Telecommunications Commission and recorded in the Cable TV Fund and the 2016A Circle Pines Debt Service Fund. Please see Note 3D of the Notes to the Financial Statements for additional information regarding the 2016A capital notes.

City of Ham Lake
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Shown by year of tax collectability)

Fiscal Year	Taxable Market Value					
	Personal Property	Residential	Agricultural	Seasonal & Recreational	Commercial & Industrial	Public Utilities
2012	16,713,700	1,182,417,642	31,856,882	3,429,400	133,889,600	624,000
2013	16,807,500	1,055,786,868	31,449,425	3,012,000	117,500,200	621,300
2014	16,390,400	1,066,203,668	33,216,741	2,600,500	112,824,500	654,000
2015	15,724,600	1,228,182,812	32,717,145	2,561,800	114,228,400	610,700
2016	16,650,500	1,281,691,359	32,647,960	2,463,900	117,361,600	595,800
2017	17,437,700	1,380,962,974	33,064,497	2,526,100	124,118,700	814,600
2018	18,090,300	1,497,195,965	33,108,796	2,463,200	127,320,200	798,800
2019	18,345,500	1,630,174,776	35,273,466	2,760,400	141,158,000	764,000
2020	18,695,400	1,760,205,419	35,876,998	11,446,300	144,021,600	713,500
2021	19,987,600	1,847,192,972	38,036,215	11,506,700	156,344,300	596,400

Source: Anoka County Property Records and Taxation

- Notes:**
- ¹ Taxable market value is defined in Minnesota Statute 272.03 as "the usual selling price at the time of assessment." It is the price that could be obtained for a sale under competitive, open market conditions. Minnesota Statute 273.08 requires that the Assessor review every parcel at least once every five years to be sure information used to establish the property value is accurate and up to date. Characteristics of each property is entered into a computerized system, along with information from actual sales of property in each community. This information is used to update the taxable market value each year.
 - ² The direct tax rate is the amount of property tax levied per thousand dollars of tax capacity. It does not included the levy for the market value referendum. The last year of the market value referendum was payable 2010.
 - ³ Tax capacity is determined by multiplying the market value of the property by the statutory percentage rate (also called the class rate) for the specific classification of use of the property. Minnesota has many tax rates, and those rates can be changed only by the State Legislature. For a list of the current class rates, contact Anoka County Property Records and Taxation Division.

As of 2020, the tax rate for 2019 has been restated.

Total Taxable Market Value ¹	Direct Tax Rate ²	Tax Capacity ³	Total Estimated Market Value
1,368,931,224	26.720	15,045,315	1,456,337,000
1,225,177,293	29.226	13,420,528	1,319,312,400
1,231,889,809	29.689	13,427,903	1,325,535,400
1,394,025,457	26.869	15,070,944	1,480,296,000
1,451,411,119	26.914	15,695,199	1,536,053,500
1,558,924,571	25.578	16,861,195	1,640,059,400
1,678,977,261	25.007	18,120,238	1,755,089,400
1,828,476,142	23.439	19,766,425	1,899,329,300
1,970,959,217	22.426	21,352,780	2,025,033,800
2,073,664,187	21.953	22,483,404	2,143,670,400

**City of Ham Lake
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Payable Year	City Direct Rate			Overlapping Rates ¹				Total Tax Capacity Rate Excluding Watershed		Coon Creek Watershed	Rice Creek Watershed
	General Revenue	G.O. Bond Rate	Total Rate	County Tax Capacity Rate	Misc. Tax Capacity Rate ²	Tax Capacity Rate		Within School District 11	Within School District 831		
						District 11 Anoka- Hennepin	District 831 Forest Lake				
2012	25.569	1.151	26.720	41.615	3.875	23.325	17.329	95.535	89.539	0.941	2.309
2013	27.896	1.330	29.226	44.761	4.094	26.801	22.018	104.882	100.099	1.153	2.333
2014	28.289	1.400	29.689	43.239	4.168	28.265	23.896	105.361	100.992	1.482	2.219
2015	25.666	1.203	26.869	38.123	4.117	22.482	21.145	91.591	90.254	1.425	1.913
2016	25.581	1.333	26.914	38.894	4.430	20.885	24.902	91.123	95.140	2.135	2.069
2017	24.363	1.215	25.578	36.841	4.103	18.590	31.213	85.112	97.735	1.385	1.827
2018	23.899	1.108	25.007	35.334	4.026	18.392	26.231	82.759	90.598	1.388	1.778
2019	22.450	0.989	23.439	34.473	3.666	16.330	24.856	77.906	86.432	1.316	1.750
2020	21.523	0.903	22.426	33.078	3.406	16.948	25.097	75.858	84.007	1.273	1.795
2021	21.072	0.881	21.953	31.086	3.469	16.152	25.090	72.660	81.598	1.261	1.757

Source: Anoka County Property Records and Taxation

Notes: ¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Ham Lake. Anoka County rates apply to all property owners in Ham Lake. Some properties are within the Anoka Hennepin school district and others are within the Forest Lake school district. Total tax capacity rates are shown for properties within each of the school districts. Some but not all properties are within the Coon Creek or Rice Creek watershed districts. Therefore, the watershed rates are not included in the total tax capacity rates.

² Miscellaneous tax capacity rates include the following: Metropolitan Council, Metro Mosquito Control, Anoka County RR Authority, Anoka County HRA, and County/Municipal Public Safety.

**City of Ham Lake
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)**

Taxpayer	Type of Business	2021			2012		
		Tax Capacity	Rank	Percentage of Total City Tax Capacity	Tax Capacity	Rank	Percentage of Total City Tax Capacity
Connexus Energy	Utility	\$ 169,127	1	0.75%	\$ 157,976	1	1.05%
Flamingo Terrace Inc	Mobile Home Park	127,470	2	0.57%	96,184	2	0.64%
Copart of Connecticut Inc ²	Commercial	110,532	3	0.49%			
Majestic Greens LLC ¹	Apartment	86,548	4	0.38%			
Minnegasco Inc	Utility	79,622	5	0.35%	57,216	6	0.38%
CBN Enterprises LLC	Industrial	78,326	6	0.35%			
CF Majestic Oaks Arcis LLC	Commercial/Golf Course	77,363	7	0.34%			
Storage World Inc	Commercial	74,350	8	0.33%			
Mickman Limited Liability Partnership	Commercial	65,308	9	0.29%			
Xcel Energy	Utility	53,314	10	0.24%			
CNL Income Eagle North Golf LLC	Golf Course				73,846	3	0.49%
P & R Enterprises LLC	Industrial				70,354	4	0.47%
Crosstown Shopping Center Inc	Commercial				65,896	5	0.44%
Woodland Development Inc	Developer				52,844	7	0.35%
Elk Investments LLC	Industrial				49,948	8	0.33%
Glen Harstad	Industrial				49,854	9	0.33%
Solid Assets LLC	Industrial				42,376	10	0.28%
	Totals	\$ 921,960		4.10%	\$ 716,494		4.76%

Source: Anoka County Property Records and Taxation

Notes:

¹ Majestic Greens Apartments-Owned by Woodland Development Inc. in 2008

² Copart of Connecticut Inc-Moved from #14 in 2015 to #6 in 2016 by purchasing an additional parcel and combining the two parcels

³ Majestic Oaks Golf Club-Owned by CNL Income Eagle North Golf LLC in 2008

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**City of Ham Lake
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 4,227,438	\$ 4,161,219	98.43%	65,989	\$ 4,227,208	99.99%
2013	4,087,023	4,036,697	98.77%	47,372	4,084,069	99.93%
2014	4,217,428	4,174,450	98.98%	39,716	4,214,166	99.92%
2015	4,335,280	4,291,661	98.99%	38,383	4,330,044	99.88%
2016	4,465,338	4,438,155	99.39%	23,626	4,461,781	99.92%
2017	4,593,101	4,568,453	99.46%	19,761	4,588,214	99.89%
2018	4,797,978	4,793,239	99.90%	-	4,793,239	99.90%
2019	4,930,453	4,893,749	99.26%	-	4,893,749	99.26%
2020	5,066,994	5,018,896	99.05%	28,579	5,047,475	99.61%
2021	5,218,342	5,200,943	99.67%	-	5,200,943	99.67%

Source: Anoka County property tax settlements

City of Ham Lake
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities		Total Primary Government	Restricted for Repaying Principal of Debt Outstanding	Net General Bonded Debt Outstanding	Percentage of Personal Income ¹
	General Obligation Bonds	Special Assessment Bonds				
2012	\$ 2,185,000	\$ -	\$ 2,185,000	\$ 156,713	\$ 2,028,287	0.32%
2013	2,070,000	-	2,070,000	143,874	1,926,126	0.30%
2014	1,955,000	-	1,955,000	167,067	1,787,933	0.26%
2015	1,825,000	-	1,825,000	172,621	1,652,379	0.23%
2016	1,918,360	-	1,918,360	226,167	1,692,193	0.26%
2017	1,737,534	-	1,737,534	239,519	1,498,015	0.20%
2018	1,551,010	-	1,551,010	247,956	1,303,054	0.17%
2019	1,363,788	-	1,363,788	257,125	1,106,663	0.14%
2020	1,175,868	-	1,175,868	261,316	914,552	0.12%
2021	987,948	-	987,948	198,618	789,330	0.10%

Notes:

Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements
Net general bonded debt outstanding is the total bonded debt less the amount that is available
for debt retirement at year end

¹ See Table 13 for personal income data

² See Table 6 for taxable value of property data

³ See Table 13 for population data which is used to calculate the per capita debt

The City has no business-type activities

<u>Percentage of Actual Taxable Value of Property ²</u>	<u>Per Capita ³</u>
0.15%	131.18
0.16%	123.08
0.15%	114.13
0.12%	104.76
0.13%	106.49
0.11%	94.27
0.09%	78.84
0.07%	66.24
0.05%	55.55
0.04%	47.94

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City of Ham Lake
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding ¹</u>	<u>Estimated Percentage Applicable ²</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Anoka County	\$ 49,615,000	5.260%	\$ 2,609,979
Metropolitan Council	8,825,000	0.500%	44,125
Anoka Hennepin School District No. 11	25,162,000	7.316%	1,840,956
Forest Lake School District #831	155,400,000	2.300%	<u>3,574,200</u>
Subtotal, Overlapping Debt			8,069,260
City Direct Debt			<u>1,363,788</u>
Total Direct and Overlapping Debt			<u>\$ 9,433,048</u>

Source: Anoka County Property Records and Taxation

Notes: Overlapping debt is the debt of governments that coincide, at least in part, with the geographical boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Ham Lake. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the residents and businesses should be taken into account.

¹ Current information for 2020 was not available at the time of printing; therefore, amounts shown are as of 12-31-19.

² The estimated percentage applicable is calculated by dividing the total net adjusted tax capacity for the taxing authority by the total net adjusted tax capacity that lies within the City's boundaries

**City of Ham Lake
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
Debt Limit	\$ 41,067,937	\$ 39,579,372	\$ 39,766,062	\$ 44,408,880
Total Net Debt Applicable to Limit	<u>2,185,000</u>	<u>2,070,000</u>	<u>1,955,000</u>	<u>1,825,000</u>
Legal Debt Margin	<u>\$ 38,882,937</u>	<u>\$ 37,509,372</u>	<u>\$ 37,811,062</u>	<u>\$ 42,583,880</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.32%	5.23%	4.92%	4.11%

Notes: Minnesota statutes limit the debt that a city can incur to 3% of the market value of taxable property in the city. However, there are many exceptions to the type of debt that is included in the limit. The result of these limits is that, with only a few exceptions, general obligation bonds payable solely from ad valorem property taxes are the only debt subject to the debt limit. The legal debt limit has nothing to do with the practical debt limit of a city. Additional information regarding the City's debt can be found in Note 5 of the financial statements.

¹ Legal Debt Margin and Total Net Debt Applicable to the limit as a Percentage of Debt Limit has been restated for 2020.

Legal Debt Margin Calculation for the Fiscal Year 2021

Estimated Market Value	\$ 2,143,670,400
Debt Limit (3% of Estimated Market Value)	64,310,112
Debt Applicable to Limit:	
G.O. Bonds	<u>987,948</u>
Less: Amount Set Aside for Repayment of G.O. Debt	<u>-</u>
Total Net Debt Applicable to Limit	<u>987,948</u>
Legal Debt Margin	<u>\$ 63,322,164</u>

		Fiscal Year					
		2016	2017	2018	2019	2020 ¹	2021
\$		46,081,605	\$ 49,201,782	\$ 52,652,682	\$ 56,679,879	\$ 59,575,146	\$ 63,322,164
		<u>1,918,360</u>	<u>1,737,534</u>	<u>1,551,010</u>	<u>1,363,788</u>	<u>1,175,868</u>	<u>987,948</u>
\$		<u>44,163,245</u>	<u>\$ 47,464,248</u>	<u>\$ 51,101,672</u>	<u>\$ 55,316,091</u>	<u>\$ 58,399,278</u>	<u>\$ 62,334,216</u>
		4.16%	3.53%	2.95%	2.41%	1.97%	1.56%

**City of Ham Lake
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)**

Calendar Year	Population	Number of Households	Personal Income ³	Per Capita Personal Income ¹	Unemployment Rate ²
2012	15,462	5,233	\$ 640,080,414	\$ 41,397	5.5%
2013	15,650	5,323	652,871,050	41,717	4.4%
2014	15,666	5,329	684,760,860	43,710	3.6%
2015	15,773	5,358	720,400,229	45,673	3.4%
2016	15,891	5,406	745,303,791	46,901	3.9%
2017	15,891	5,406	745,303,791	42,396	3.1%
2018	16,528	5,459	804,698,736	43,940	3.7%
2019	16,706	5,651	734,061,640	48,191	3.2%
2020	16,464	5,718	774,878,160	47,065	4.8%
2021	16,464	5,718	774,878,160	47,065	2.5%

Sources: Estimates of population and number of households for 2012-2020 are provided by the Metropolitan Council. Per capita personal income is provided by the U.S. Department of Commerce, Bureau of Economic Analysis, Decennial Census, and American Community Survey. Unemployment rates are provided by the Minnesota Department of Employment and Economic Development

Notes:

- ¹ Per capita personal income estimates for 2011 - 2016 are for Anoka County as of March 2017. Per capita personal income estimates from 2017-2020 are for Ham Lake as of April 2017. Per capita for 2021 was not available at the time and is the 2020 estimate. All dollar estimates are in current dollars (not adjusted for inflation).
- ² Unemployment rates are for Anoka County (not seasonally adjusted).
- ³ Personal income is calculated by multiplying the per capita personal income by the population of the City.

**City of Ham Lake
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2021 ³			2012		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Mickman Brothers Inc. ¹	250	1	6.20%	210	2	6.91%
Majestic Oaks	225	2	5.58%	240	1	7.89%
Air Mechanical Inc.	138	3	3.42%	84	5	2.76%
QC Companies	125	4	3.10%	65	6	2.14%
Ceco Concrete Construction	108	5	2.68%			
DaVinci Academy	104	6	2.58%			
Cool Air Mechanical	100	7	2.48%			
I.S.D. No. 11 (Anoka-Hennepin) ²	85	8	2.11%	90	4	2.96%
Jam Hops Gymnastics, Inc.	85	8	2.11%			
North Anoka Control Systems	50	9	1.24%			
Micron Metalworks	48	10	1.19%	38		1.26%
Fleetwood	48	10	1.19%			
Measurement Specialities ⁴				100	3	3.29%
T & J Concrete & Masonry, Inc				48	7	1.58%
Fairchild Equipment				50	8	1.55%
Soderquist's Market				45	9	1.48%
Northwest Dairy Forwarding Co.				45	10	1.48%

Sources: Survey last conducted by City of Ham Lake Staff 2017
Metropolitan Council and Minnesota Department of Employment and Economic Development

Notes: ¹ Includes full-time, part-time, and seasonal employees
² Includes school district employees working in the City of Ham Lake only
³ Current information for 2021 is based off the survey completed by the City in 2017; therefore, amounts shown are as of 12/31/2017.
⁴ Formerly RDT Company

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City of Ham Lake
Full-time Equivalent City Employees by Function/Program
Last Ten Years
(Unaudited)

Function/Program	Full-time Equivalent Employees for the year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Administration and City Clerk	3.0	2.2	2.3	1.9	1.8	1.6	2.0	2.0	2.5	2.1
Finance	1.9	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.4	2.0
Planning	0.9	1.0	1.0	1.0	1.0	1.0	1.0	0.7	0.8	0.9
Cable Operator	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	-	-
Recycling	-	-	-	-	-	-	-	-	-	0.1
Public Safety										
Fire	1.9	1.9	1.8	1.5	1.7	1.9	2.0	2.0	1.2	2.3
Building Inspection	2.0	2.3	2.1	2.4	2.6	2.8	3.5	3.9	4.1	3.7
Parks & Recreation										
Parks Department	3.7	2.8	2.5	2.2	1.8	1.9	3.1	2.9	2.6	2.0
Public Works	4.9	5.8	6.4	6.4	6.1	6.4	4.5	6.2	5.4	6.3
Total Average Full-Time Equivalents	<u>18.4</u>	<u>18.1</u>	<u>18.2</u>	<u>17.5</u>	<u>17.1</u>	<u>17.7</u>	<u>18.2</u>	<u>18.7</u>	<u>18.0</u>	<u>19.2</u>
Full-Time Employees at Year-End	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>18</u>

Source: City of Ham Lake Finance Department-payroll records

Notes: FTEs for hourly employees are determined by dividing hours worked by 2080 or 2088 hours, depending upon the number of working days in the year. Salaried employees are counted as 1 FTE each.

The Administrator started a phased retirement in 2013, working 20 hours per week

Hours for one administrative assistant were restored to 40 hours in 2012, when she was assigned additional duties related to the general election.

The part-time building inspector was made full time in 2012, and an on-call building inspector was hired for 2012 and 2013, due increased building activity in the City.

The on-call building inspector was made full time in 2014.

A third administrative assistant was hired in October 2017.

The City employs seasonal workers for the public works and parks departments, as well as on-call snowplow drivers.

Fire department FTEs do not include paid on-call fire fighters. They are reported in the Schedule of Operating Indicators by Function/Program.

Elected officials and appointed commissioners are not included in these numbers.

The City contracts with the Anoka County Sheriff's Office for police protection.

A Full-Time Finance Director was hired in 2020.

Part-time Fire Inspector was hired in 2021 and former Chief helped train new Fire Chief.

Started tracking Recycling hours for grant purposes in 2021.

City of Ham Lake
Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General Government				
General Elections				
No. of Registered Voters	10,855		10,027	
No. of Persons Voting	9,104		6,108	
Percent of Registered Voters Voting	83.9%		60.9%	
No. of Election Judges	71		54	
Public Safety				
Fire Department				
No. of Paid On-Call Firefighters	37	34	34	36
No. of Emergency Responses	406	420	428	425
No. of Structure (House) Fires	5	12	8	6
No. of Fire Inspections	127	144	145	124
Police Protection				
Patrol Service-Hours per Day	36	36	36	36
No. of FTE Deputies	7.60	7.60	7.60	7.60
CSO-Hours per Week	0	0	0	0
No. of Radio Calls for Service ²	6,258	5,841	5,303	not available
Building Inspection and Planning				
No. of Building Permits Issued				
New Homes	61	57	56	56
New Commercial	1	1	3	3
Other	1,080	1,100	1,153	1,357
Estimated Value of Permits	\$ 17,787,722	\$ 17,319,745	\$ 18,141,838	\$ 19,413,851
Building Inspections Completed	2,145	2,270	2,575	2,776
Parks				
Hours Spent on Oak Wilt Control	679	549	573	399
Hours Spent Mowing	479	611	719	687
Park Rentals-Ham Lake Park	143	156	161	144
Park Rentals-Lions Park	12	10	15	12
Public Works				
Lane Miles Plowed and Maintained	299.28	301.92	303.72	304.38
Hours Spent Plowing Streets	968	1,953	1,798	635
Hours Spent Sweeping Streets ¹	337	441	255	411

Source: Various City departments and Anoka County Sheriff's Office

Notes: There were no general elections in 2013, 2015, 2017, 2019 and 2021.
The City contracts with Anoka County Sheriff's Department for police protection.
The level of police protection was 36 hours per day with 7.60 deputies on January 1, 2011.
The level of police protection was increased from from 40 to 36 hours per day and from 8.40 to 7.60 deputies on January 1, 2011.
The City does not plow or maintain Highway 65 or county roads.
The City's streets and roads are two lanes, so lane miles equal the number of linear miles plowed times two.
¹ The City also contracted for street sweeping in 2014, 2015, 2016, 2017 and 2021.
² The number of calls for 2021 was not received by the time of printing. The number reported is from 2020.

Fiscal Year					
2016	2017	2018	2019	2020	2021
10,995		10,922		9,710	
9,420		8,029		9,264	
85.7%		73.5%		95.4%	
75		67		71	
37	35	35	38	34	40
426	447	506	431	238	429
4	4	5	27	19	9
118	114	124	13	2	89
36	36	36	36	36	36
7.60	7.60	7.60	7.60	7.60	7.60
0	0	0	0	0	0
6,351	6,456	6,694	8,061	7,237	7,237
67	61	66	67	63	67
1	6	1	2	4	3
1,305	1,660	1,519	666	1,579	1,602
\$ 20,223,061	\$ 23,515,764	\$ 20,815,344	\$ 22,584,378	\$ 31,812,743	\$ 29,287,029
3,357	2,913	3,212	3,413	2,965	4,000
257	93	126	162	22	62
785	1,504	1,467	503	1,307	858
147	140	138	132	6	23
19	11	12	9	8	18
308.80	313.00	316.34	314.40	314.40	314.40
681	663	1,402	2,348	1,216	1,223
374	276	339	330	493	457

**City of Ham Lake
Capital Assets by Function/Program
Last Ten Years
(Unaudited)**

Function/Program	Fiscal Year				
	2012	2013	2014	2015	2016
General Government					
Cell Tower Sites	3	3	3	3	3
Public Safety					
Fire Department:					
Fire Stations	2	2	2	2	2
Police Protection:					
Sheriff's Substation	1	1	1	1	1
Public Works					
Miles of Roads and Streets:					
Municipal State Aid Streets	27.27	27.77	27.82	28.15	28.68
Local Roads and Streets	122.37	123.19	124.04	124.04	125.72
Total Roads and Streets	149.64	150.96	151.86	152.19	154.40
Parks & Recreation					
Parks information:					
Number of Developed Parks	19	19	19	19	20
Number of Undeveloped Parks	7	7	10	10	10
Miles of Developed Trails	2.45	2.45	2.45	2.45	2.45
Number of Ball Fields	15	15	15	15	15
Number of Basketball Courts	6	6	6	6	6
Number of Parks with Playground Equipment	14	14	14	15	16
Skateboard Park	1	1	1	1	1
Skating Rinks	1	1	1	1	1
Park Maintenance Building	1	1	1	1	1
Disk Golf Course	9 holes	9 holes	9 holes	18 holes	18 holes

Source: Public Works Superintendent, City Engineer, Park and Tree Commission Master Plan

Notes:

General Government:

Cell tower sites: The City owns the land and leases the tower sites to private companies, who construct the towers and manage the tenants. The original site is north of City Hall. The City purchased land for a second tower site in 2007. A third tower site was developed on the future Fire Station 3 land in 2009.

Public Safety:

In 2006, the City purchased land on which to build Fire Station 3. There are currently were no plans for construction of Station 3.

Public Works:

Municipal state aid streets are those for which the City received state aid for construction and receives annual state aid for maintenance. The City has no water or sewer infrastructure.

Parks and Recreation:

The parks and recreation function includes city parks and a senior center which is located in the lower level of City Hall. The Ham Lake Senior Center, Inc. uses the space. The City provides limited administrative support to the Senior Center. Park land (or money in lieu of park land) is donated to the City when the final plats of new developments are filed. Money received in lieu of park land is used to develop or improve city parks. The City entered into a joint powers agreement with Anoka County in 1996 for use of the ball fields located in Ham Lake Park. The park was deeded to the City by Anoka County in 2005. The City constructed a skateboard park in Lions Park and a park maintenance building in Ham Lake Park in 2005, an outdoor skating facility with lights in Ham Lake Park in 2006, and a 9-hole disc golf course in Ham Lake Park in 2007. The course was expanded to 18 holes in 2009. The back 9 holes were closed in 2012 due to vandalism and were re-opened in 2015. The City installed playground equipment in Fox Run Park in 2015, and developed Bluegrass Estates Park and installed playground equipment in 2016. The City installed playground equipment in Constance Estates Park and Lund's Creek Park in 2020. The City installed playground equipment in Red Fox Hollow in 2021.

Fiscal Year				
2017	2018	2019	2020	2021
3	3	3	3	3
2	2	2	2	2
1	1	1	1	1
29.03	33.65	28.81	34.10	35.23
127.47	128.79	128.39	129.40	144.53
156.50	162.44	157.20	157.20	157.20

20	20	20	20	20
10	10	10	10	10
2.45	2.45	2.45	2.45	2.45
15	15	15	15	15
6	6	6	6	6
16	16	16	18	18
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
18 holes				