

**NEW ISSUE  
BANK QUALIFIED****Moody's Rating: Requested**

*In the opinion of Kennedy & Graven, Chartered, Bond Counsel for the Bonds, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Kennedy & Graven, Chartered regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX EXEMPTION" and "OTHER FEDERAL AND STATE TAX CONSIDERATIONS" herein.*

**\$2,890,000\***

**City of Oakdale, Minnesota**  
**General Obligation Improvement Bonds, Series 2021A**  
**(the "Bonds")**  
**(Book Entry Only)**

**Dated Date: Date of Delivery****Interest Due: Each February 1 and August 1,  
commencing August 1, 2022**

The Bonds will mature February 1 in the years and amounts\* as follows:

2023 \$305,000	2025 \$295,000	2027 \$290,000	2029 \$285,000	2031 \$280,000
2024 \$300,000	2026 \$295,000	2028 \$285,000	2030 \$280,000	2032 \$275,000

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030 at a price of par plus accrued interest.

The Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments filed against benefited properties for repayment of a portion of the Bonds. The proceeds of the Bonds, along with available City funds, will be used to finance various street improvement projects within the City.

Proposals shall be for not less than \$2,861,100 plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the "Terms of Proposal" herein. Award of the Bonds will be made on the basis of True Interest Cost (TIC).

The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases may be made in book entry form only, in the principal amount of \$5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. (See "Book Entry System" herein.) U.S. Bank National Association, Saint Paul, Minnesota will serve as registrar (the "Registrar") for the Bonds. The Bonds will be available for delivery at DTC on or about August 12, 2021.

**PROPOSALS RECEIVED: Tuesday, July 13, 2021 until 10:00 A.M., Central Time**  
**CONSIDERATION OF AWARD: City Council meeting commencing at 7:00 P.M., Central Time on Tuesday, July 13, 2021**



Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

\* Preliminary; subject to change.

# **CITY OF OAKDALE, MINNESOTA**

## **CITY COUNCIL**

Paul Reinke	Mayor
Jake Ingebrigtsen	Council Member
Susan Olson	Council Member
Colleen Swedberg	Council Member
Kevin Zabel	Council Member

## **CITY ADMINISTRATOR**

Christina Volkers

## **ADMINISTRATIVE SERVICES DIRECTOR**

Chelsea Petersen

## **FINANCE DIRECTOR**

Jason Zimmerman

## **MUNICIPAL ADVISOR**

Baker Tilly Municipal Advisors, LLC  
Saint Paul, Minnesota

## **BOND COUNSEL**

Kennedy & Graven, Chartered  
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

**TERMS OF PROPOSAL**

**\$2,890,000\***

**CITY OF OAKDALE, MINNESOTA**

**GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2021A**

**(BOOK ENTRY ONLY)**

Proposals for the above-referenced obligations (the “Bonds”) will be received by the City of Oakdale, Minnesota (the “City”) on Tuesday, July 13, 2021 (the “Sale Date”) until 10:00 A.M., Central Time (the “Sale Time”) at the offices of Baker Tilly Municipal Advisors, LLC (“Baker Tilly MA”), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

**SUBMISSION OF PROPOSALS**

Baker Tilly MA will assume no liability for the inability of a bidder or its proposal to reach Baker Tilly MA prior to the Sale Time, and neither the City nor Baker Tilly MA shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Completed, signed proposals may be submitted to Baker Tilly MA by email to [bondservice@bakertilly.com](mailto:bondservice@bakertilly.com) or by fax (651) 223-3046, and must be received prior to the Sale Time.

**OR**

(b) **Electronic Bidding.** Proposals may also be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal.* Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

PARITY®, 1359 Broadway, 2<sup>nd</sup> Floor, New York, New York 10018  
Customer Support: (212) 849-5000

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\* *Preliminary; subject to change.*

## DETAILS OF THE BONDS

The Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2022. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature February 1 in the years and amounts\* as follows:

2023	\$305,000	2025	\$295,000	2027	\$290,000	2029	\$285,000	2031	\$280,000
2024	\$300,000	2026	\$295,000	2028	\$285,000	2030	\$280,000	2032	\$275,000

\* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Bonds or the amount of any maturity or maturities in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

## BOOK ENTRY SYSTEM

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the “Purchaser”), as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

## REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

## OPTIONAL REDEMPTION

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

## SECURITY AND PURPOSE

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Bonds. The proceeds of the Bonds, along with available City funds, will be used to finance various street improvement projects within the City.

## BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## BIDDING PARAMETERS

Proposals shall be for not less than \$2,861,100 plus accrued interest, if any, on the total principal amount of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (iv) the City anticipates awarding the sale of the Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Bonds or until all of the Bonds of a maturity have been sold.

#### GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit via wire transfer to the City in the amount of \$28,900 (the “Deposit”) no later than 1:00 P.M., Central Time on the Sale Date. The Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

#### AWARD

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

#### BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Bonds. If the Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other



than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Bonds.

#### CUSIP NUMBERS

If the Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

#### SETTLEMENT

On or about August 12, 2021, the Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

#### CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Bonds.

#### OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, by telephone (651) 223-3000, or by email [bondservice@bakertilly.com](mailto:bondservice@bakertilly.com). The Preliminary Official Statement will also be made available at <https://connect.bakertilly.com/bond-sales-calendar>.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide to the Purchaser an electronic copy of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated June 8, 2021

BY ORDER OF THE CITY COUNCIL

/s/ Susan Barry  
City Clerk

## **OFFICIAL STATEMENT**

**\$2,890,000\***

**CITY OF OAKDALE, MINNESOTA**

**GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2021A**

**(BOOK ENTRY ONLY)**

### **INTRODUCTORY STATEMENT**

#### **General**

This Official Statement contains certain information relating to the City of Oakdale, Minnesota (the “City”) and its issuance of \$2,890,000\* General Obligation Improvement Bonds, Series 2021A (the “Bonds”). The Bonds are general obligations of the City for which it pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Bonds.

Inquiries may be directed to Ms. Chelsea Petersen, Administrative Service Director, City of Oakdale, 1584 Hadley Avenue North, Oakdale, Minnesota 55352-1598, by telephoning (651) 730-2714, or by emailing [chelsea.petersen@ci.oakdale.mn.us](mailto:chelsea.petersen@ci.oakdale.mn.us). Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by emailing [bondservice@bakertilly.com](mailto:bondservice@bakertilly.com).

#### **Potential Impacts Resulting from Coronavirus (COVID-19)**

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. As the federal, state, and local governments, including the City, continue efforts to contain and limit the spread COVID-19 disease, future tax and other revenue collections may deviate from historical or anticipated collections and may have an adverse impact on the financial position and operations of the City and its ability to fund debt obligations, including the Bonds in accordance with its terms. The City is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the City or its financial position.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with SEC Rule 15c2-12 (the “Rule”), pursuant to the Awarding Resolution, the City has covenanted to comply with the continuing disclosure undertaking (the “Undertaking”) for the benefit of holders or beneficial owners of the Bonds to provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of certain events enumerated in the Rule to the Municipal Securities Rulemaking Board and to any state information depository. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the

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\* Preliminary; subject to change.

Undertaking in substantially the form attached hereto as Appendix II, subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule, (ii) required by the purchaser of the Bonds from the City, and (iii) acceptable to the Mayor and City Clerk of City.

The City believes it has complied for the past five years in all material respects with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except to the extent the following are deemed to be material. In reviewing its past disclosure practices, the City notes the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although not always filed "as soon as available," the audited financial statements were filed within the required twelve (12) month timeframe as required in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Bonds (although holders or other beneficial owners of the Bonds will have the sole remedy of bringing an action for specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **THE BONDS**

### **General Description**

The Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the front cover of this Official Statement. The Bonds are issued in book entry form. Interest on the Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2022. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Bonds will be paid as described in the section herein entitled "Book Entry System." U.S. Bank National Association, Saint Paul, Minnesota will serve as Registrar for the Bonds, and the City will pay for registrar services.

### **Redemption Provisions**

Thirty days' written notice of redemption shall be given to the registered owner(s) of the Bonds. Failure to give such written notice to any registered owner of the Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Bonds. All Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

### **Optional Redemption**

The City may elect on February 1, 2029, and on any day thereafter, to redeem Bonds due on or after February 1, 2030. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

## **Book Entry System**

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts.

This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of

the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

## **AUTHORITY AND PURPOSE**

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429 and 475. The proceeds of the Bonds, along with available City funds, will be used to finance various street improvement projects within the City.

## **SOURCES AND USES**

The composition of the Bonds is estimated to be as follows:

Sources of Funds:	
Principal Amount	\$2,890,000
Available City Funds	<u>670,000</u>
Total Sources of Funds	\$3,560,000
Uses of Funds:	
Deposit to Project Fund	\$3,480,000
Costs of Issuance	51,100
Allowance for Discount Bidding	<u>28,900</u>
Total Uses of Funds	\$3,560,000

## **SECURITY AND FINANCING**

The Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties for repayment of a portion of the Bonds. Special assessments in the principal amount of approximately \$1,480,000 are expected to be filed on or about October 1, 2021. The City anticipates receiving prepayments of approximately \$50,000. The remaining assessments of \$1,430,000 will be paid over a term of ten years with equal annual payments of principal. Interest on the unpaid balance will be charged at an interest rate of 4.00%.

The City will also levy taxes for repayment of a portion of the Bonds and will make its first levy in 2021 for collection in 2022. Each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

## **FUTURE FINANCING**

The City does not anticipate issuing any additional long-term general obligation debt within the next 90 days.

## **LITIGATION**

The City is not aware of any threatened or pending litigation affecting the validity of the Bonds or the City's ability to meet its financial obligations.

## **LEGALITY**

The Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

## **TAX EXEMPTION**

At closing Kennedy & Graven, Chartered, of Minneapolis, Minnesota, Bond Counsel for the Bonds, will render an opinion that, at the time of their issuance and delivery to the original purchaser, under present federal and State of Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), the interest on the Bonds is excluded from gross income for purposes of United States income tax and is excluded, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Kennedy & Graven, Chartered regarding other federal or state tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. Preservation of the exclusion of interest on the Bonds from federal gross income and state gross and taxable net income, however, depends upon compliance by the City with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from federal gross income and state gross and taxable net income.

The City will covenant to comply with requirements necessary under the Code to establish and maintain the Bonds as tax-exempt under Section 103 thereof, including without limitation, requirements relating to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Bonds.

## **OTHER FEDERAL AND STATE TAX CONSIDERATIONS**

### **Property and Casualty Insurance Companies**

Property and casualty insurance companies are required to reduce the amount of their loss reserve deduction by the applicable percentage of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations, including interest on the Bonds.

### **Foreign Insurance Companies**

Foreign companies carrying on an insurance business in the United States are subject to a tax on income which is effectively connected with their conduct of any trade or business in the United States, including "net investment income." Net investment income includes tax-exempt interest such as interest on the Bonds.

## **Branch Profits Tax**

A foreign corporation is subject to a branch profits tax imposed by Section 884 of the Code. A branch's earnings and profits may include tax-exempt municipal bond interest, such as interest on the Bonds.

## **Passive Investment Income of S Corporations**

Passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than a certain percentage of the gross receipts of such S corporation is passive investment income.

## **General**

The preceding is not a comprehensive list of all federal or State tax consequences which may arise from the receipt or accrual of interest on the Bonds. The receipt or accrual of interest on the Bonds may otherwise affect the federal income tax (or Minnesota income tax or franchise tax) liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. All prospective purchasers of the Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Bonds.

## **BANK-QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. Financial institutions are not generally entitled to a deduction for interest expenses allocable to the owners of tax-exempt obligations purchased after August 7, 1986.

## **RATING**

Application for a rating of the Bonds has been made to Moody’s Investors Service (“Moody’s”), 7 World Trade Center, 250 Greenwich Street, 23<sup>rd</sup> Floor, New York, New York. If a rating is assigned, it will reflect only the opinion of Moody’s. Any explanation of the significance of the rating may be obtained only from Moody’s.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of Moody’s circumstances so warrant. A revision, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds.



## **MUNICIPAL ADVISOR**

The City has retained Baker Tilly Municipal Advisors, LLC as municipal advisor in connection with certain aspects of the issuance of Bonds (the “Municipal Advisor” or “BTMA”). BTMA is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP (“BTUS”), an accounting firm and has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed “nearly final” Preliminary Official Statement and the Final Official Statement (the “Official Statements”). The information contained in the Official Statements has been compiled from records and other materials provided by City officials and other sources deemed to be reliable. The Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements. The Municipal Advisor’s duties, responsibilities and fees arise solely as Municipal Advisor to the City and they have no secondary obligations or other responsibility.

BTMA was engaged to conduct the executive recruitment search for the Finance Director and the City Administrator of the City within the 24-month period ending on the date of this Official Statement. BTMA’s fees for such services are based on a flat fee amount.

### *Municipal Advisor Registration:*

BTMA is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. As such, BTMA is providing certain specific municipal advisory services to the City, but is neither a placement agent to the City nor a broker/dealer and cannot participate in the underwriting of the Bonds.

The offer and sale of the Bonds shall be made by the City, in the sole discretion of the City, and under its control and supervision. The City has agreed that BTMA does not undertake to sell or attempt to sell the Bonds, and will take no part in the sale thereof.

### *Other Financial Industry Activities and Affiliations:*

BTUS is an advisory, tax and assurance firm headquartered in Chicago, Illinois. BTUS and its affiliated entities, have operations in North America, South America, Europe, Asia and Australia. BTUS is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 47 territories, with 33,600 professionals.

Baker Tilly Investment Services, LLC (“BTIS”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) under the Federal Investment Advisers Act of 1940. BTIS provides discretionary and non-discretionary investment management services to government and municipal entities. BTIS may provide advisory services to the clients of BTMA.

Baker Tilly Capital, LLC (“BTC”), a wholly owned subsidiary of BTUS, is a limited purpose broker/dealer registered with the SEC and member of the Financial Industry Regulatory Authority. BTC provides merger & acquisition, capital sourcing and corporate finance advisory services. BTC may provide transaction advisory services to clients of BTMA.

Baker Tilly Financial, LLC (“BTF”), a wholly owned subsidiary of BTUS, is an investment adviser registered with the SEC. BTF provides both discretionary and non-discretionary portfolio management, consulting and retirement plan management services to individuals and retirement plans. BTF may provide advisory services to the clients of BTMA.

BTMA has no other activities or arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment adviser or financial planner, bank, law firm or other financial entity.

## **CERTIFICATION**

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Bonds and a Final Official Statement following award of the Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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## CITY PROPERTY VALUES

### Trend of Values<sup>(a)</sup>

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio <sup>(b)</sup>	Economic Market Value <sup>(c)</sup>	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2020/21	\$3,111,139,600	96.2%	\$3,239,247,209	\$117,531,700	\$2,977,729,500	\$35,017,249
2019/20	3,005,368,600	96.7	3,111,008,269	122,503,400	2,868,048,600	33,898,373
2018/19	2,793,312,500	95.6	2,924,686,032	136,143,200	2,644,688,200	31,299,835
2017/18	2,617,305,100	95.1	2,753,355,874	147,267,300	2,457,661,500	30,074,535
2016/17	2,441,396,500	95.2	2,564,440,126	155,197,400	2,274,440,600	27,291,549

(a) For a description of the Minnesota property tax system, see Appendix III.

(b) Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

(c) Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, <https://www.revenue.state.mn.us/economic-market-values> and <https://www.revenue.state.mn.us/economic-market-values-reports>.

Source: Washington County, Minnesota, May 2021, except as otherwise noted.

### 2020/21 Adjusted Taxable Net Tax Capacity: \$35,017,249

Real Estate:		
Residential Homestead	\$20,080,123	57.2%
Commercial/Industrial, Railroad, and Public Utility	9,991,086	28.5
Residential Non-Homestead	4,360,247	12.4
Agricultural and Seasonal Recreational	131,832	0.4
Personal Property	<u>510,346</u>	<u>1.5</u>
2020/21 Net Tax Capacity	\$35,073,634	100.0%
Less: Captured Tax Increment	(1,234,695)	
Contribution to Fiscal Disparities	(3,880,464)	
Plus: Distribution from Fiscal Disparities	<u>5,058,774</u>	
2020/21 Adjusted Taxable Net Tax Capacity	\$35,017,249	

## Ten of the Largest Taxpayers in the City

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2020/21 Net Tax Capacity</u>
Hadley Estates of MN LLC	Rental/Residential Non-Homestead	\$ 516,139
Xcel Energy	Utility	507,750
Oakdale Village, LP	Property Management	498,404
Larson Family Real Estate LLLP	Commercial/Industrial/Public Utility	431,440
Stag Industrial Holdings LLC	Commercial/Industrial/Public Utility	346,910
IRC Bergen Plaza LLC	Retail	292,382
MFF Mortgage Borrower 2 LLC	Commercial/Industrial/Public Utility	217,292
Berwald Investment Co LLLC	Commercial/Industrial	208,210
Boomer Family LLC	Commercial/Industrial	205,094
Exchangeright Net Lease Portfolio	Commercial/Industrial	<u>204,654</u>
Total		\$3,428,275*

\* Represents 9.8% of the City's 2020/21 adjusted taxable net tax capacity.

## CITY INDEBTEDNESS

### Legal Debt Limit and Debt Margin\*

Legal Debt Limit (3% of 2020/21 Estimated Market Value)	\$93,334,188
Less: Outstanding Debt Subject to Limit (Including the Certificates)	<u>(2,635,000)</u>
Legal Debt Margin as of August 12, 2021	\$90,699,188

\* The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.

NOTE: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

### General Obligation Debt Supported Solely by Taxes\*

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-12-21</u>
8-11-16	\$1,020,000	Equipment Certificates	11-1-2021	\$ 210,000
10-26-17	1,000,000	Equipment Certificates	11-1-2022	415,000
9-13-18	940,000	Equipment Certificates	11-1-2023	595,000
8-22-19	845,000	Equipment Certificates	11-1-2024	700,000
9-10-20	715,000	Equipment Certificates	11-1-2025	<u>715,000</u>
Total				\$2,635,000

\* These issues are subject to the legal debt limit.

### General Obligation Special Assessment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-12-21</u>
11-15-11	\$2,200,000	Local Improvements	2-1-2022	\$ 215,000
11-1-12	4,485,000	Local Improvements and Refunding	2-1-2026	1,070,000
11-1-13	2,365,000	Local Improvements	2-1-2024	720,000
12-1-14	2,330,000	Local Improvements	2-1-2025	930,000
8-27-15	2,555,000	Local Improvements	2-1-2026	1,315,000
11-5-15	1,645,000	Local Improvements Refunding	2-1-2023	340,000
8-11-16	1,920,000	Local Improvements	2-1-2026	1,140,000
10-26-17	2,700,000	Local Improvements	2-1-2028	1,905,000
9-13-18	840,000	Local Improvements	2-1-2029	685,000
8-22-19	3,055,000	Local Improvements	2-1-2030	2,440,000
9-10-20	2,340,000	Local Improvements and Refunding	2-1-2031	2,245,000
8-12-21	2,890,000	Local Improvements (the Bonds)	2-1-2032	<u>2,890,000</u>
Total				\$15,895,000

### General Obligation Tax Increment Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-12-21</u>
8-11-16	\$4,315,000	Taxable Tax Increment	2-1-2037	\$3,665,000

### General Obligation Housing Improvement Fee Debt

<u>Date of Issue</u>	<u>Original Amount</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Est. Principal Outstanding As of 8-12-21</u>
11-1-12	\$550,000	Taxable Improvements	2-1-2028	\$275,000 <sup>(a)</sup>
8-11-16	550,000	Taxable Improvements	2-1-2035	<u>455,000<sup>(b)</sup></u>
Total				\$730,000

(a) This issue is payable from fees received from benefited housing units within the Lakeview Terrace Housing Improvement Area.

(b) This issue is payable from fees received from benefited housing units within the Oakwoode Lustre Townhomes Housing Improvement Area.

# **Estimated Calendar Year Debt Service Payments Including the Bonds**

<u>Year</u>	<u>G.O. Debt Supported Solely by Taxes</u>		<u>G.O. Special Assessment Debt</u>	
	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest<sup>(a)</sup></u>
2021 (at 8-12)	\$ 890,000	\$ 946,500	(Paid)	(Paid)
2022	715,000	795,950	\$ 2,525,000	\$ 2,908,325
2023	530,000	581,500	2,635,000	2,949,494
2024	340,000	365,000	2,195,000	2,445,448
2025	160,000	168,000	1,955,000	2,148,410
2026			1,725,000	1,867,338
2027			1,385,000	1,482,443
2028			1,115,000	1,174,373
2029			855,000	887,868
2030			770,000	786,470
2031			460,000	466,570
2032			275,000	276,925
Total	\$2,635,000	\$2,856,950	\$15,895,000 <sup>(b)</sup>	\$17,393,664

<u>Year</u>	<u>G.O. Tax Increment Debt</u>		<u>G.O. Housing Improvement Fee Debt</u>	
	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>
2021 (at 8-12)	(Paid)	(Paid)	(Paid)	(Paid)
2022	\$ 185,000	\$ 279,528	\$ 60,000	\$ 79,490
2023	190,000	280,778	65,000	83,100
2024	195,000	281,928	70,000	86,515
2025	200,000	282,828	70,000	84,770
2026	205,000	283,371	70,000	82,858
2027	210,000	283,598	70,000	80,793
2028	215,000	283,496	75,000	83,650
2029	220,000	283,058	30,000	37,128
2030	230,000	287,090	35,000	41,190
2031	235,000	285,696	35,000	40,140
2032	245,000	288,913	35,000	39,090
2033	250,000	286,735	35,000	38,023
2034	260,000	289,210	40,000	41,860
2035	265,000	286,335	40,000	40,620
2036	275,000	288,098		
2037	285,000	289,418		
Total	\$3,665,000 <sup>(c)</sup>	\$4,560,080	\$730,000 <sup>(d)</sup>	\$859,227

<sup>(a)</sup> Includes estimated debt service on the Bonds.

<sup>(b)</sup> 98.3% of this debt will be retired within ten years.

<sup>(d)</sup> 56.9% of this debt will be retired within ten years.

<sup>(e)</sup> 79.5% of this debt will be retired within ten years.

## Overlapping Debt

<u>Taxing Unit<sup>(a)</sup></u>	<u>2020/21 Adjusted Taxable Net Tax Capacity</u>	<u>Est. G.O. Debt As of 8-12-21<sup>(b)</sup></u>	<u>Debt Applicable to Tax Capacity in City</u>	
			<u>Percent</u>	<u>Amount</u>
Washington County	\$ 363,058,143	\$113,905,000	9.6%	\$ 10,934,880
I.S.D. No. 622 (North Saint Paul)	114,231,595	369,885,000	30.3	112,075,155
I.S.D. No.832 (Mahtomedi)	28,389,294	40,860,000	1.6	653,760
Metropolitan Council	4,576,186,304 <sup>(c)</sup>	8,825,000 <sup>(d)</sup>	0.8	70,600
Metropolitan Transit	3,662,962,426 <sup>(c)</sup>	187,200,000	1.0	<u>1,872,000</u>
Total				\$125,606,395

(a) Only those units with outstanding general obligation debt are shown here.

(b) Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.

(c) Represents the 2019/20 adjusted taxable net tax capacity; the 2020/21 is not yet available.

(d) Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.

## Debt Ratios\*

	<u>G.O. Direct Debt</u>	<u>G.O. Direct &amp; Overlapping Debt</u>
To 2020/21 Estimated Market Value (\$3,111,139,600)	0.71%	4.75%
Per Capita – 27,773 (2020 U.S. Census Estimate)	\$799	\$5,322

\* Excludes general obligation housing improvement fee debt.

## CITY TAX RATES, LEVIES AND COLLECTIONS

### Tax Capacity Rates for a Resident in the City

	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	
					<u>Total</u>	<u>For Debt Only</u>
Washington County <sup>(a)</sup>	30.447%	29.983%	29.682%	28.944%	27.435%	3.780%
City of Oakdale	39.721	38.544	39.227	37.616	38.821	7.808
I.S.D. No. 622 (North Saint Paul- Maplewood-Oakdale) <sup>(b)</sup>	33.582	30.089	29.039	32.503	31.804	19.908
Special Districts <sup>(c)</sup>	<u>8.408</u>	<u>7.828</u>	<u>7.548</u>	<u>7.027</u>	<u>6.804</u>	<u>1.364</u>
Total	112.158%	106.444%	105.496%	106.090%	104.864%	32.860%

(a) Includes the Washington County Library. Washington County also has a 2020/21 tax rate of 0.00324585% spread on the market value of property in support of debt service.

(b) In addition, Independent School District No. 622 (North Saint Paul-Maplewood-Oakdale) has a 2020/21 market value tax rate of 0.16749746% spread across the market value of property in support of an excess operating levy.

(c) Special districts include Washington County Housing and Redevelopment Authority, Metropolitan Council, Metropolitan Mosquito Control, Metropolitan Transit District, Ramsey-Washington Metro Watershed District, and Washington County Regional Rail Authority.

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix III.

## Tax Levies and Collections

<u>Levy/Collect</u>	<u>Net Levy*</u>	<u>Collected During Collection Year</u>		<u>Collected and/or Abated as of 12-31-20</u>	
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
2020/21	\$13,532,241		(In Process of Collection)		
2019/20	12,833,184	\$12,755,018	99.4%	\$12,773,974	99.5%
2018/19	12,245,139	12,143,534	99.2	12,230,375	99.9
2017/18	11,645,098	11,530,220	99.0	11,639,316	99.9
2016/17	10,830,314	10,752,493	99.3	10,826,521	99.9

\* The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.

## FUNDS ON HAND As of April 30, 2021

Enterprise Fund	\$11,420,034
General Fund	8,089,006
Capital Project Funds	9,060,786
Debt Service Funds	4,428,803
Special Revenue Funds	911,071
Agency Funds	<u>92,509</u>
Total Cash and Investments	\$34,002,209

## INVESTMENTS

The City's Financial Investment Policy was implemented in 1990 to establish fundamental rules for managing cash and investments. A goal of the investment policy is to ensure that all revenues received by the City are promptly recorded, deposited, and invested if not immediately needed to meet obligations.

The City's investment policy seeks to ensure the preservation of capital in the overall portfolio. Investment objectives include liquidity, yield, inclusion of local institutions on bid lists and maintaining the public trust. Safety of principal is the foremost objective, and all investments are made in accordance with Minnesota Statutes, Chapter 118 and Sections 471.56 and 475.66. The City specifically excludes the purchase of any "high risk" mortgage-backed securities, as defined in Minnesota Statutes 475.66, Subdivision 5.

As per the City's investment policy, an investment committee consisting of the City Administrator, Director of Finance, and any other person so designated by the City Administrator was created. The committee meets as required to determine investment strategies, monitor performance, and review the investment policy.

The City's portfolio summary of holdings as of April 30, 2021 totaled \$35,234,799 in market value. It is invested in money market accounts, certificates of deposit, and U.S. government agency securities, with 81.0% maturing in less than one year, 17.4% maturing in one to five years, 0.7% maturing in five to ten years, and 0.9% maturing in ten or more years.



## GENERAL INFORMATION CONCERNING THE CITY

The City is located in western Washington County, adjacent to the cities of Maplewood, Woodbury, and Lake Elmo, and is a suburb of the City of Saint Paul. The City's proximity to major employment centers, such as the 3M Company in the City of Maplewood and the State Capitol complex in the City of Saint Paul, has contributed significantly to residential growth and development. The City incorporates an area of approximately 10 square miles (6,600 acres).

### Population

The City's population trend is shown below.

	<u>Population</u>	<u>Percent Change</u>
2020 U.S. Census Estimate	27,773	1.4%
2010 U.S. Census	27,378	2.7
2000 U.S. Census	26,653	45.1
1990 U.S. Census	18,374	51.6
1980 U.S. Census	12,123	--

Source: Minnesota State Demographic Center, [mn.gov/admin/demography](http://mn.gov/admin/demography) and United States Census Bureau, <http://www.census.gov/>.

The City's estimated population by age group for the past five years is as follows:

<u>Data Year/ Report Year</u>	<u>0-17</u>	<u>18-34</u>	<u>35-64</u>	<u>65 and Over</u>
2020/21	6,338	5,853	11,626	4,774
2019/20	6,268	6,070	11,545	4,552
2018/19	6,244	6,090	11,452	4,405
2017/18	6,208	6,146	11,382	4,222
2016/17	6,176	6,319	11,376	4,073

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

### Transportation

The City's location along key transportation routes has also been important in the City's development. Interstate Highway 694 runs north-south through the center of the City, while Interstate Highway 94 forms the City's southern border running east-west, providing access to both the Minneapolis and Saint Paul downtown areas.

## Major Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Number of Employees</u>
3M Company (Maplewood)	Manufacturing/Research	10,000
Independent School District No. 622 (North Saint Paul-Maplewood-Oakdale)	Public Education	1,700 <sup>(a)</sup>
Slumberland (Corporate)	Retail	385
Minnesota Department of Transportation	Transportation Services	257 <sup>(a)(b)</sup>
First Student Transportation	Bus Leasing	255
Fleet Farm	Retail	226
HyVee	Retail Grocery	192
Target	Retail	179
Twin City Hardware	Construction Hardware Supply	169 <sup>(a)</sup>
Canvas Health	Social Services	150 <sup>(c)</sup>
Menards, Inc.	Lumber	124
City of Oakdale	City Government	115
Pace Analytical Life Sciences Company	Medical Device/Pharmaceutical	100
Cub Foods	Retail Grocery	97
Carestream Health	Healthcare	78
Park Tool Inc.	Bicycle Tool/Repair Kit Manufacturing	70 <sup>(a)</sup>
Polar Plastics	Plastic Packaging	50 <sup>(a)</sup>
Wei Laboratories	Laboratories	23

<sup>(a)</sup> Includes full- and part time employees.

<sup>(b)</sup> City headquarters only.

<sup>(c)</sup> Previous number was companywide, current number is the City location only.

Source: This does not purport to be a comprehensive list and is based on a June 2021 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.

## Labor Force Data

	<u>Annual Average</u>				<u>April 2021</u>
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	
Labor Force:					
City of Oakdale	16,346	16,514	16,383	16,047	15,636
Washington County	140,927	141,974	143,686	141,828	140,675
Minneapolis-Saint Paul; Bloomington MSA	1,979,780	2,016,208	2,023,566	2,005,559	1,975,473
State of Minnesota	3,050,764	3,059,402	3,092,899	3,094,701	3,014,296
Unemployment Rate:					
City of Oakdale	3.4%	2.7%	3.2%	6.1%	4.1%
Washington County	3.0	2.5	2.9	5.3	3.25
Minneapolis-Saint Paul Bloomington MSA	3.3	2.7	3.0	6.1	4.1
State of Minnesota	3.4	3.0	3.2	6.2	4.1

Source: Minnesota Department of Employment and Economic Development,  
<https://apps.deed.state.mn.us/lmi.laus>. 2021 data is preliminary.

## Retail Sales and Effective Buying Income (EBI)

### City of Oakdale

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2020/21	\$501,565	\$900,080	\$62,609
2019/20	542,710	922,167	64,085
2018/19	502,834	847,346	60,252
2017/18	452,674	809,364	56,693
2016/17	501,148	800,013	56,979

### Washington County

<u>Data Year/ Report Year</u>	<u>Total Retail Sales (\$000)</u>	<u>Total EBI (\$000)</u>	<u>Median Household EBI</u>
2020/21	\$4,424,452	\$10,628,184	\$80,277
2019/20	4,750,869	10,414,903	79,189
2018/19	4,482,079	9,676,760	76,775
2017/18	4,241,690	9,201,155	73,970
2016/17	4,180,909	8,985,985	71,594

The 2020/21 Median Household EBI for the State of Minnesota was \$62,120. The 2020/21 Median Household EBI for the United States was \$56,093.

Sources: Environics Analytics, Claritas, Inc., and The Nielsen Company.

## Permits Issued by the City

<u>Year</u>	<u>New Family Residential<sup>(a)</sup></u>		<u>New Commercial</u>		<u>Commercial &amp; Residential Remodels</u>		<u>Total Value (All Permits)</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	
2021 (at 4-30)	2	\$ 302,000	1	\$ 2,193,315	834	\$ 4,662,287	\$ 7,157,602_
2020	4	924,367	2	25,151,000	2,707	62,369,860	88,445,227_
2019	1	233,672	0	-0-	1,016	37,365,813	37,599,485
2018	3	622,655	0	-0-	1,701	27,237,958	27,860,613
2017	4	943,064	0	-0-	1,121	19,076,157	20,019,221
2016	11	2,964,972	0	-0-	1,111	33,192,099	36,157,071
2015	13	3,025,081	7	16,071,397 <sup>(b)</sup>	961	9,822,601	28,919,079
2014	2	548,449	1	927,170	921	17,333,838	18,809,457
2013	4	11,152,378	1	2,055,000	907	9,366,682	22,574,060
2012	6	1,386,117	4	5,016,483	810	9,980,510	16,383,110

<sup>(a)</sup> Includes single- and multi-family homes.

<sup>(b)</sup> The increase in value for 2015 resulted from the completion of a large commercial redevelopment project which included a Hy-Vee Grocery store complex.

Source: City of Oakdale.

## **Economy and Development**

### Local Economy

The City is home to a number of businesses that collectively employ over 11,000 people. Some major industries include: manufacturing, professional and scientific services, and retail and food services. Additionally, adjacent to the City is the global headquarters of 3M, with research and manufacturing facilities as well as administrative offices.

The City is home to the corporate headquarters of Park Tool Inc., the nation's largest manufacturer of bicycle tool and repair kits. The company employs over 60 people and recently completed a major expansion to increase operations and capacity its now almost 90,000 square-foot facility along Hadley Avenue.

Since 2016, Slumberland Corporation has occupied a 550,000 square-foot campus in the City for its national headquarters. In addition to its own operations, Slumberland is leasing the remainder of the site, known as 4Front Technology and Office Campus. Several large corporations are tenants in the complex including Wei Labs, Optimize Social Media, Carestream Health, and MD Biosciences. Additionally, in the near future, 4Front and United Properties are partnering on approximately 300,000 square feet of new construction adjacent to the existing campus. The current proposal would allow for light manufacturing and office-showroom/office-warehouse uses on the expanded campus, and still reserves approximately 40 acres of land for additional development at a later date.

The City is also home to several upscale business centers and industrial parks that provide a variety of employment opportunities. Some major tenants include: MoTech Corporation, RR Donnelley Publishing, Integrated Systems, Twin City Hardware, and Spartan Promotional Group. Additionally, Pace Analytical Life Sciences operates a 60,000 square foot facility providing services to the pharmaceutical, biopharmaceutical and medical device industries in the City.

There are several major commercial retail developments located in the City. Near the City's southern border, Oakdale Village has a number of national retailers and restaurants including: Best Buy, Home Goods, Buffalo Wild Wings, Caribou Coffee, Red Lobster, and Olive Garden. Near the 694 and 10th Street interchange there are two major retail centers: Bergen Plaza which hosts a number of national and local shopping, dining, and entertainment opportunities, and Tartan Crossing which hosts a 90,000 square foot Hy-Vee Grocery Store, a Hardees restaurant, Starbucks Coffee, and a gas station/convenience store. The construction supplies and home improvement market includes a 200,000 square-foot Menards store and a 175,000 square-foot Fleet Farm store.

### Major Initiatives

There are several significant projects underway in the City, both in community growth and infrastructure needs. The largest of these is a residential-focused project known as Willowbrooke. This 206-acre site, previously owned by 3M, has been sold to Lennar Corporation. While the planning for this development has been underway for several years, the site work began in early 2021. Construction will include 1,400 housing units, interconnected greenspace for recreation, multi-modal pedestrian options, and open space. Additionally, planning for the Gold Line Bus Rapid Transit (BRT) line continues to advance in order to better connect the eastern suburbs to St. Paul. Two major stations of this 11-mile line will be located in the City: Helmo and Greenway. The larger of the two, Helmo, is anticipated to include approximately 155,000 square feet of retail, industrial, and office space, and between 750 and 950 housing units. Development is planning is well underway and construction could begin as early as 2022. Additionally, preliminary planning has begun for an industrial office/warehouse of up to 600,000 square-feet located at the 4Front Technology and Office Campus, as well as development of a roughly 30 acre site adjacent to the I-694 and I-94 interchange.

Additionally, the City has been planning for several years for two major facility upgrades – a renovation and expansion of the police department, and a new public works facility. Both facilities are undersized

for current operations, so the City has been working to identify funding strategies for each project. A facility plan has been completed for the police department, which will renovate the existing space that has been occupied since 1992, and significantly expand on the current footprint. Due to facility and wetland constraints the public works facility, which has been expanded on three times since it was built in 1985, will need to move to a new location. The City has identified very few suitable sites and has been in negotiations with 3M for a possible donation of a 10-acre site on which to build the facility. While acquisition terms are negotiated, the staff is working on completing the facility planning process so both projects will be fully prepared to move forward when funding is secured.

In both 2020 and 2021, the City made a request to the Legislature for the authority to exercise a local option sales tax (LOST) to fund both projects. The 2020 proposal had sponsors in both the House of Representatives and Senate, but the State postponed consideration on all LOST proposals due to the COVID-10 pandemic response. The City resubmitted the request in the 2021 legislative session and is awaiting to hear about approval from the State of Minnesota legislature. The next step would be for the City to launch a public education and outreach campaign, as the use of LOST revenue to fund each project will be subject to voter approval.

### Long-term Financial Planning

The City places a high priority on planning for future growth and redevelopment. Staff uses many tools to examine and address the changes in the community: annual budgeting, five-year Capital Improvements Program (CIP), and the recently completed ten-year financial forecast. Used in conjunction with the Comprehensive Plan, these tools give Council and staff a better understanding of the long-range financial implications of current-year budgeting decisions and to maintain a long-term focus on sound planning practices to ensure financial health.

Each annual CIP provides a comprehensive guide to the major road, park, utility, building, and equipment needs anticipated for the next five years. As part of that process, the City analyzes fund balances and updates long-term financial projections as it is the City's policy to maintain adequate reserves in all funds to respond to both anticipated and unexpected financial needs. This annual update allows staff to plan for alternate funding strategies or make project adjustments if necessary.

### **Financial Institutions\***

City residents are served by Platinum Bank, which had total deposits of \$433,524,000 as of March 31, 2021 (most recent information available). In addition, branch offices of Alerus Financial, National Association; American National Bank; Citizens Community Federal National Association; and Lake Elmo Bank are located throughout the City.

\* *This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, <https://www.fdic.gov/>.

### **Health Care Services**

The City is within a 15-minute drive of various medical facilities in the Minneapolis-Saint Paul metropolitan area, including Regions Hospital, United Hospital, Children's Health Care-Saint Paul, and Fairview University Medical Center. M Health Fairview St. John's Hospital is located in the adjacent City of Maplewood, and Woodwinds Hospital is located in the adjacent City of Woodbury.

Source: Minnesota Department of Health, <http://www.health.state.mn.us/>.

## Education

### Public Education

The following districts serve the residents of the City:

<u>District</u>	<u>Location</u>	<u>Grades</u>	<u>2020/21 Enrollment</u>
Independent School District No. 622 (North Saint Paul- Maplewood-Oakdale)	City of North Saint Paul	K-12	10,352
Independent School District No. 832 (Mahtomedi)	City of Mahtomedi	K-12	3,233

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us).

### Non-Public Education

City residents are also served by the following private school:

<u>School</u>	<u>Location</u>	<u>Grades</u>	<u>2020/21 Enrollment</u>
Transfiguration Catholic School	City of Oakdale	K-8	170

Source: Minnesota Department of Education, [www.education.state.mn.us](http://www.education.state.mn.us).

### Post-Secondary Education

The Minneapolis-Saint Paul metropolitan area offers a variety of colleges, universities, and vocational schools. A few of the higher education facilities located near the City are Metropolitan State University, Saint Paul College, the University of Minnesota, and Century College.

## GOVERNMENTAL ORGANIZATION AND SERVICES

### Organization

The City has been a municipal corporation since 1968 and is a Statutory City under the Plan A form of government. The City Council is made up of the Mayor and four Council members, all elected at-large. The Mayor serves a four-year term of office and the Council members serve four-year overlapping terms.

The following individuals comprise the current City Council:

		<u>Expiration of Term</u>
Paul Reinke	Mayor	December 31, 2022
Jake Ingebrigtsen	Council Member	December 31, 2024
Susan Olson	Council Member	December 31, 2022
Colleen Swedberg	Council Member	December 31, 2022
Kevin Zabel	Council Member	December 31, 2024

The administration of Council policy and daily management of the City are the responsibilities of the City Administrator, Ms. Christina Volkers. Ms. Volkers has served as the City Administrator since June 29, 2020. Ms. Chelsea Petersen began as the Administrative Services Director on June 25, 2019, and previously worked as the Assistant City Manager for the City of Chanhassen, Minnesota. Additionally, Mr. Jason Zimmerman has joined the City as the Finance Director on June 14, 2021. Previously, Mr. Zimmerman was the Finance Director at the City of North St. Paul, Minnesota.

The City's Comprehensive Guide Plan, approved by the Metropolitan Council, sets the long-range policies and goals for land development within the City and for the scope and direction of public facilities and City improvements. This plan was approved and adopted by the Metropolitan Council in August of 2019. The City also maintains a 5-year capital improvement program which is updated each year.

The City has 112 full-time employees and three permanent part-time employees in various departments. Thirty-two full-time sworn police officers, including the Chief of Police and 2.5 full-time equivalent community service officers comprise the Police Department. Fire protection is provided by one full-time Fire Chief, one full-time Deputy Chief, 15 full-time firefighter paramedics, and a 20-member paid on-call fire department. The City has a class four insurance rating.

## Services

City-owned parkland encompasses approximately 425 acres, the planning and development of which is the responsibility of the Parks and Recreation Commission, in conjunction with City staff and final approval from City Council.

Municipal water and sewer services are provided to 98% of all developed land in the City. Four tank reservoirs have a holding capacity of three million gallons of water while eight different wells pump the water to City residents.

Although the City owns and maintains its own sanitary and storm sewer collection systems, wastewater treatment facilities are owned and operated by the Metropolitan Council Environmental Services (MCES). The City is billed an annual service charge by MCES, which is adjusted the subsequent year based on actual usage.

## Labor Contracts

The status of the City's labor contracts is as follows:

<u>Bargaining Unit</u>	<u>No. of Employees</u>	<u>Expiration Date of Current Contract</u>
LELS – Police Non- Supervisor	25	December 31, 2021
IUOE/Public Works – Non-Supervisor	21	December 31, 2021
Firefighters	15	December 31, 2021
IBEW – Non-Police Supervisors	8	December 31, 2022
Teamsters – Police Supervisors	<u>6</u>	December 31, 2022
Subtotal	75	
Non-unionized employees	<u>40</u>	
Total permanent employees	115	

## Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiple-employer retirement plans. GERF members belong to the Coordinated Plan and are covered by Social Security. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF.

The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

	<u>GERF</u>	<u>PEPFF</u>
2020	\$367,895	\$785,957
2019	366,587	740,973
2018	351,531	639,589
2017	326,799	597,604
2016	316,100	571,063

For more information regarding the liability of the City with respect to its employees, please reference "Note 7, Defined Benefit Pension Plans" and "Required Supplementary Information" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2020, an excerpt of which is included as Appendix IV of this Official Statement.

*Sources: City's Comprehensive Annual Financial Reports.*

## GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GERF and PEPFF for the past five years are as follows:

	<u>GERF</u>		<u>PEPFF</u>	
	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>	<u>Proportionate Share of Pension Costs</u>	<u>Net Pension Liability</u>
2020	0.0684%	\$4,100,893	0.3954%	\$ 5,211,795
2019	0.0675	3,731,924	0.3971	4,227,531
2018	0.0675	3,744,623	0.3591	3,827,636
2017	0.0665	4,245,316	0.3540	4,779,421
2016	0.0672	5,456,307	0.3570	14,327,031

For more information regarding GASB 68 with respect to the City, please reference "Note 7, Defined Benefit Pension Plans" and the "Required Supplementary Information" section of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2020, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, Saint Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

*Sources: City's Comprehensive Annual Financial Reports.*



## Other Post-Employment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or “OPEB”). Net position has not been restated as a result of the change in accounting principle because its effects on the financial statements were not material.

The City offers post-employment (other than pensions) benefits through its group health insurance plan to retired employees and police and firefighters disabled in the line of duty, as required by Minnesota Statutes. Employees leaving employment with the City may continue insurance coverage under COBRA, and early retirees may continue insurance coverage, per Minnesota Statutes, at their own expense, until age 65. Therefore, the City’s greatest liability under GASB 45 would come through an implicit rate subsidy. The implicit rate subsidy is the additional cost of health insurance to current employees and the City as a result of the higher cost of providing health insurance to retirees. The City will continue to pay the employer’s contribution toward health coverage for police and firefighter’s disabled in the line of duty and any deceased officer or firefighter’s dependents if the officer or firefighter was killed in the line of duty. In 2020, benefits were provided to four officers disabled in the line of duty and no officers killed in the line of duty.

The following employees were covered by the benefit terms as of December 31, 2018:

Inactive employees/beneficiaries	
currently receiving benefit payments	6
Active employees	<u>106</u>
Total	112

The City’s net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date. The discount rate used to measure the total OPEB liability was 2.75%.

Components of the City’s OPEB liability and related ratios for the fiscal years ended December 31 in the following years:

	<u>2019</u>	<u>2020</u>
Service cost	\$ 167,671	\$ 145,721
Interest	90,675	85,838
Differences Between Expected and Actual Experience	(337,938)	0
Changes in assumptions	(263,661)	150,436
Benefit payments	<u>(69,296)</u>	<u>(51,755)</u>
Net change in total OPEB liability	\$ (412,549)	\$ 330,240
Total OPEB liability – beginning of year	\$2,606,410	\$2,193,961
Total OPEB liability – end of year	<u>\$2,193,961</u>	<u>\$2,524,101</u>
Covered-employee Payroll	\$8,964,148	\$9,626,556
Total OPEB liability as a percentage of covered-employee payroll	24.5%	26.2%

For more information regarding the liability of the City with respect to its employees, please reference “Note 8, Other Post-Employment Benefits” and the “Required Supplementary Information” section of the City’s Comprehensive Annual Financial Report for fiscal year ended December 31, 2020, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City’s Comprehensive Annual Financial Reports.

## General Fund Budget Summary

	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>2021 Budget</u>
<b><u>Revenues</u></b>			
Taxes	\$ 9,066,046	\$ 9,085,582	\$ 9,839,075
Licenses and Permits	800,300	1,215,355	803,300
Intergovernmental	896,500	1,046,626	993,200
Charges for Services	1,765,500	1,740,649	1,802,000
Fines and Forfeits	132,000	71,943	100,000
Investment Income	110,000	131,359	110,000
Rents – Interfund	150,000	150,000	150,000
Refunds	10,000	56,775	10,000
Other Revenue	<u>169,500</u>	<u>41,866</u>	<u>137,000</u>
Total Revenues	\$13,099,846	\$13,540,155	\$13,944,575
<b><u>Expenditures</u></b>			
General Government	\$ 3,189,265	\$ 3,852,493	\$ 3,630,759
Public Safety	7,082,844	5,088,653*	7,378,902
Public Works	3,256,616	2,440,747*	3,373,794
Community Services and Recreation	117,572	104,025	128,620
Contingency/Reserve	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$13,646,297	\$11,485,918	\$14,512,075
Revenues Over (Under) Expenditures	\$ (546,451)	\$ 2,054,237	\$ (567,500)
Other Financing Sources (Uses)			
Transfers In	\$ 550,000	\$ 250,000	\$ 567,500
Sale of Capital Assets	<u>0</u>	<u>89,964</u>	<u>0</u>
Total Other Financing Sources (Uses)	\$ 550,000	\$ 339,964	\$ 567,500
Net Change in Fund Balance	\$ 3,549	\$ 2,394,201	\$ 0
Fund Balance – January 1	<u>\$ 9,654,638</u>	<u>\$ 9,654,638</u>	<u>\$12,048,839</u>
Fund Balance – December 31	<u>\$ 9,658,187</u>	<u>\$12,048,839</u>	<u>\$12,048,839</u>

\* The public safety and public works 2020 actual amounts are net of the federal stimulus funds.

Sources: City's Comprehensive Annual Financial Reports and 2021 Budget.

## Major General Fund Revenue Sources

<u>Revenue</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Property Taxes	\$8,070,586	\$8,455,177	\$8,509,689	\$8,717,053	\$9,085,582
Charges for Services	1,799,798	1,664,026	1,729,334	1,884,044	1,740,649
Licenses and Permits	932,784	814,906	841,796	864,332	1,215,355
Intergovernmental	820,070	830,758	939,078	991,538	1,046,626
Rents - Interfund	150,000	150,000	150,000	150,000	150,000

Sources: City's Comprehensive Annual Financial Reports.

## PROPOSED FORM OF LEGAL OPINION

\$2,890,000\*  
General Obligation Improvement Bonds  
Series 2021A  
City of Oakdale  
Washington County, Minnesota

We have acted as bond counsel to the City of Oakdale, Washington County, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Improvement Bonds, Series 2021A (the “Bonds”), originally dated the date hereof, and issued in the original aggregate principal amount of \$2,890,000\*. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

2. The principal of and interest on the Bonds are payable from special assessments levied or to be levied on property specially benefited by local improvements and ad valorem taxes for the Issuer’s share of the cost of the improvements, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor’s rights generally and by equitable principles, whether considered at law or in equity.

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\* Preliminary; subject to change.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated August \_\_\_, 2021 at Minneapolis, Minnesota.

**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**

\$2,890,000\*

City of Oakdale, Minnesota  
 General Obligation Improvement Bonds  
 Series 2021A

August \_\_, 2021

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Oakdale, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Improvement Bonds, Series 2021A (the “Bonds”) in the original aggregate principal amount of \$2,890,000\*. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the “Resolutions”). The Bonds are being delivered to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

“Bonds” means the General Obligation Improvement Bonds, Series 2021A, issued by the Issuer in the original aggregate principal amount of \$2,890,000.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed final Official Statement, dated \_\_\_\_\_, 2021, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial

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\* Preliminary; subject to change.

Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the Issuer.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Holder” means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

“Issuer” means the City of Oakdale, Minnesota, which is the obligated person with respect to the Bonds.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Purchaser” means \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

“Repository” means EMMA, or any successor thereto designated by the SEC.

“Rule” means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission, and any successor thereto.

### Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2020, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values
2. City Indebtedness
3. City Tax Rates, Levies and Collections

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
7. Modifications to rights of security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within 10 business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate,



the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

**CITY OF OAKDALE, MINNESOTA**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk

## SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

### **Property Valuations (Chapter 273, Minnesota Statutes)**

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to \$413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

### **Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)**

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property

is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

### **Property Tax Credits (Chapter 273, Minnesota Statutes)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

### **Debt Limitations**

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.
7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.
10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.
12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

**Levies for General Obligation Debt  
(Sections 475.61 and 475.74, Minnesota Statutes)**

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

**Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)  
“Fiscal Disparities Law”**

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as “Fiscal Disparities,” was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

**STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO  
NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS**

<u>Property Type</u>	<u>Local Tax Payable 2017-2021</u>
<b>Residential Homestead (1a)</b>	
Up to \$500,000	1.00%
Over \$500,000	1.25%
<b>Residential Non-homestead</b>	
Single Unit (4bb)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
2-3 unit and undeveloped land (4b1)	1.25%
<b>Market Rate Apartments</b>	
Regular (4a)	1.25%
Low-Income (4d)	
Up to \$150,000 <sup>(c)</sup>	0.75%
Over \$150,000 <sup>(c)</sup>	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>	
Up to \$150,000	1.50% <sup>(a)</sup>
Over \$150,000	2.00% <sup>(a)</sup>
Electric Generation Machinery	2.00%
<b>Commercial Seasonal Residential</b>	
Homestead Resorts (1c)	
Up to \$600,000	0.50%
\$600,000 - \$2,300,000	1.00%
Over \$2,300,000	1.25% <sup>(a)</sup>
Seasonal Resorts (4c)	
Up to \$500,000	1.00% <sup>(a)</sup>
Over \$500,000	1.25% <sup>(a)</sup>
<b>Non-Commercial (4c12)</b>	
Up to \$500,000	1.00% <sup>(a)(b)</sup>
Over \$500,000	1.25% <sup>(a)(b)</sup>
<b>Disabled Homestead (1b)</b>	
Up to \$50,000	0.45%
<b>Agricultural Land &amp; Buildings</b>	
Homestead (2a)	
Up to \$500,000	1.00%
Over \$500,000	1.25%
Remainder of Farm	
Up to \$1,880,000 <sup>(d)</sup>	0.50% <sup>(b)</sup>
Over \$1,880,000 <sup>(d)</sup>	1.00% <sup>(b)</sup>
Non-homestead (2b)	1.00% <sup>(b)</sup>

<sup>(a)</sup> State tax is applicable to these classifications.

<sup>(b)</sup> Exempt from referendum market value-based taxes.

<sup>(c)</sup> Legislative increases, payable 2021. Historical valuations are: Payable 2020 - \$150,000; Payable 2019 - \$139,000; Payable 2018 - \$121,000; and Payable 2017 - \$115,000.

<sup>(d)</sup> Legislative increases, payable 2021. Historical valuations are: Payable 2020 - \$1,880,000; Payable 2019 - \$1,900,000; Payable 2018 - \$1,940,000; and Payable 2017 - \$2,050,000.

**NOTE:** For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First \$76,000 – 0.40%; \$76,000 to \$500,000 – 1.00%; and over \$500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

**EXCERPT OF 2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Data on the following pages was extracted from the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2020. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The City's comprehensive annual financial reports for the years ending 1992 through 2019 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The City has submitted its Comprehensive Annual Financial Report for the 2020 fiscal year to GFOA.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such Comprehensive Annual Financial 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.

## **II. FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Oakdale, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oakdale, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Oakdale, Minnesota's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oakdale, Minnesota, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the City of Oakdale, Minnesota's 2019 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the schedules of OPEB and pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

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

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021 on our consideration of the City of Oakdale, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Oakdale, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oakdale, Minnesota's internal control over financial reporting and compliance.

*Redpath and Company, Ltd.*

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 15, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Oakdale, 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, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found within the table of contents within this report.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$83,033,109 (net position). Of this amount, \$18,656,213 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- Net position of the government-wide financial statements was negatively impacted in the current year by \$9,605,842 related to the GASB 68 pension accounting standard. This is more fully described in Note 7.
- The City's total net position increased by \$2,590,622.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,725,468.
- Of this total amount, \$10,947,941 is restricted, \$1,233,946 is committed and \$10,263,872 is assigned, through legal restrictions, City Policy, and City Council authorization.
- At the end of the current fiscal year the General Fund balance of \$12,048,839 included \$317,203 non-spendable, \$736,737 committed and \$10,994,899 unassigned. A significant portion of the unassigned balance is required by the fund to be used for cash flow needs.
- The City's long-term debt decreased by \$875,293 during the current fiscal year, from \$26,518,516 to \$25,643,223.

### 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 supplementary information in addition to the basic financial statements themselves.

## Management's Discussion and Analysis

**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 liabilities, with the difference between the two 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 revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and community services and recreation. The business-type activities include water, sewer, ambulance, and street lights.

The government-wide financial statements can be found as referenced in the table of contents within this report.

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

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

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

## Management's Discussion and Analysis

provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintained three individual major governmental funds during 2020. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the 2020-01 Construction Project and Highway 36 Realignment capital project funds, which are considered to be major funds.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, Forfeited Proceeds, Recreation Activity, Surface Water Management, Summerfest, Communications and Broadcasting, Charitable Gambling, Neighborhood Strategic Planning Special Revenue Funds and the Park Land Escrow Capital Project Fund.

A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as referenced in the table of contents within this report.

**Proprietary funds.** The City maintains four enterprise funds as its one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water, sewer, ambulance and street lights operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Proprietary Fund financial statements provide separate information for the water, sewer, ambulance, and street lights operations.

Internal service funds are used to report activities that provide services for the City's other departments, such as pension and other post-employment benefits. The internal service fund is reported with governmental activities in the government-wide financial statements.

The basic Proprietary Fund financial statements can be found as referenced in the table of contents within this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as referenced in the table of contents within this report.

## Management's Discussion and Analysis

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found within the tables of contents 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 exceeded liabilities by \$83,033,109 at the close of the most recent fiscal year.

The largest portion of the City's net position \$52,141,800, or 63%, reflects its net investment in capital assets (e.g. land, buildings and machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Oakdale, Minnesota's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
<b>Assets:</b>						
Current and other assets	\$35,169,138	\$37,710,251	\$13,686,607	\$13,292,955	\$48,855,745	\$51,003,206
Capital assets	45,666,141	45,472,059	27,350,451	26,999,874	73,016,592	72,471,933
Total assets	<u>\$80,835,279</u>	<u>\$83,182,310</u>	<u>\$41,037,058</u>	<u>\$40,292,829</u>	<u>\$121,872,337</u>	<u>\$123,475,139</u>
Total deferred outflows of resources	<u>\$6,058,232</u>	<u>\$4,242,218</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,058,232</u>	<u>\$4,242,218</u>
<b>Liabilities:</b>						
Long term liabilities outstanding	32,540,832	33,192,458	206,361	244,055	32,747,193	33,436,513
Other liabilities	5,908,694	6,168,586	413,580	352,149	6,322,274	6,520,735
Total liabilities	<u>\$38,449,526</u>	<u>\$39,361,044</u>	<u>\$619,941</u>	<u>\$596,204</u>	<u>\$39,069,467</u>	<u>\$39,957,248</u>
Total deferred inflows of resources	<u>\$8,418,615</u>	<u>\$4,727,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,418,615</u>	<u>\$4,727,000</u>
<b>Net position:</b>						
Net investment in capital assets	25,184,283	25,141,926	27,350,451	26,999,874	52,534,734	52,141,800
Restricted	12,221,453	12,235,096	-	-	12,221,453	12,235,096
Unrestricted	2,619,634	5,959,462	13,066,666	12,696,751	15,686,300	18,656,213
Total net position	<u>\$40,025,370</u>	<u>\$43,336,484</u>	<u>\$40,417,117</u>	<u>\$39,696,625</u>	<u>\$80,442,487</u>	<u>\$83,033,109</u>

## Management's Discussion and Analysis

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$18,656,213) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Beginning in 2015, the City was required to its share of PERA's net pension liability and the pension related deferred outflows and inflows of resources. This requirement did not change the City's funding requirements or obligations under the plans, which are determined by Minnesota statutes.

Net position was negatively impacted by \$9,605,842 at December 31, 2020 due to the standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$3,952,928
Deferred inflows of resources	(4,246,082)
Noncurrent liabilities	(9,312,688)
Total	<u>(\$9,605,842)</u>

## Management's Discussion and Analysis

### Governmental Activities

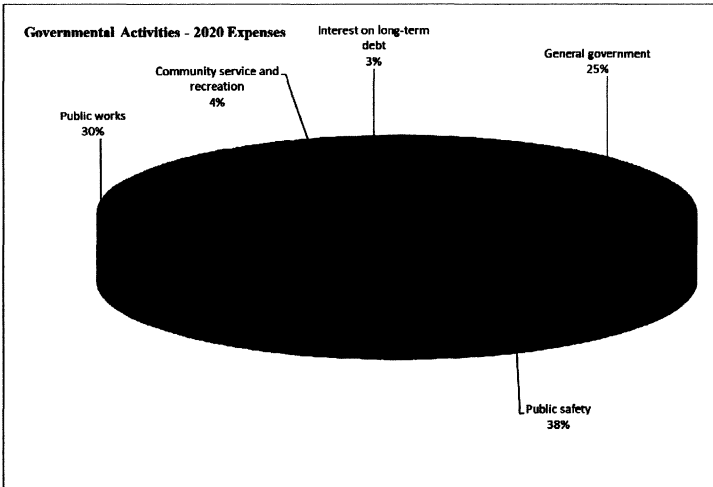
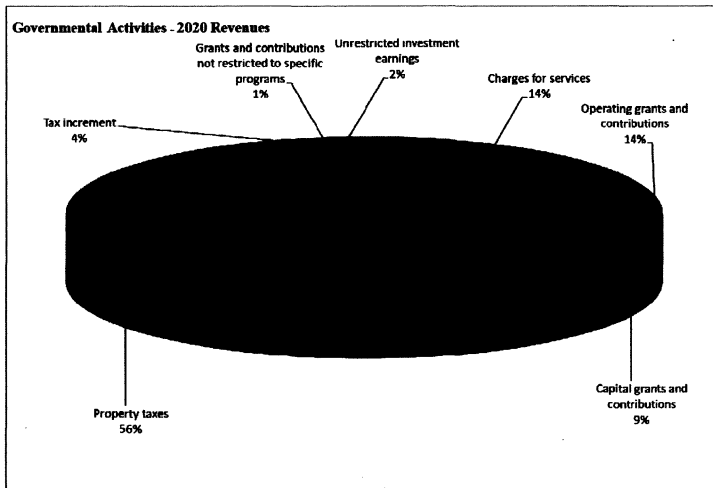
Governmental activities resulted in an increase of the City's net position by \$3,311,114. Key elements of the increase include strong revenue received from building permits, as well as receipt of unbudgeted and unanticipated federal funding in response to the COVID-19 pandemic.

### City of Oakdale, Minnesota's Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Revenue:						
Program revenue:						
Charges for services	\$3,001,239	\$3,239,075	\$7,840,308	\$7,625,062	\$10,841,547	\$10,864,137
Operating grants and contributions	907,007	3,094,523	87,227	160,712	994,234	3,255,235
Capital grants and contributions	4,466,687	1,956,503	-	-	4,466,687	1,956,503
General revenue:						
Property taxes	11,989,811	12,595,493	298,836	299,245	12,288,647	12,894,738
Tax increment taxes	902,206	995,115	-	-	902,206	995,115
Grants and contributions not restricted to specific programs	211,465	237,139	-	-	211,465	237,139
Unrestricted investment earnings	814,055	410,978	417,839	201,133	1,231,894	612,111
Gain on the sale of capital assets	13,643	89,964	-	-	13,643	89,964
Total revenues	<u>22,306,113</u>	<u>22,618,790</u>	<u>8,644,210</u>	<u>8,286,152</u>	<u>30,950,323</u>	<u>30,904,942</u>
Expenses:						
General government	4,708,747	4,963,021	-	-	4,708,747	4,963,021
Public safety	7,280,339	7,584,153	-	-	7,280,339	7,584,153
Public works	6,533,252	6,114,742	-	-	6,533,252	6,114,742
Community services and recreation	942,126	929,587	-	-	942,126	929,587
Interest on long-term debt	544,093	517,707	-	-	544,093	517,707
Water	-	-	2,135,180	2,260,406	2,135,180	2,260,406
Sewer	-	-	3,519,978	3,537,017	3,519,978	3,537,017
Ambulance	-	-	1,769,612	1,864,796	1,769,612	1,864,796
Street lights	-	-	521,757	542,891	521,757	542,891
Total expenses	<u>20,008,557</u>	<u>20,109,210</u>	<u>7,946,527</u>	<u>8,205,110</u>	<u>27,955,084</u>	<u>28,314,320</u>
Increase (decrease) in net position before transfers	2,297,556	2,509,580	697,683	81,042	2,995,239	2,590,622
Transfers	<u>239,121</u>	<u>801,534</u>	<u>(239,121)</u>	<u>(801,534)</u>	<u>-</u>	<u>-</u>
Change in net position	2,536,677	3,311,114	458,562	(720,492)	2,995,239	2,590,622
Net position - January 1	<u>37,488,693</u>	<u>40,025,370</u>	<u>39,958,555</u>	<u>40,417,117</u>	<u>77,447,248</u>	<u>80,442,487</u>
Net position - December 31	<u>\$40,025,370</u>	<u>\$43,336,484</u>	<u>\$40,417,117</u>	<u>\$39,696,625</u>	<u>\$80,442,487</u>	<u>\$83,033,109</u>

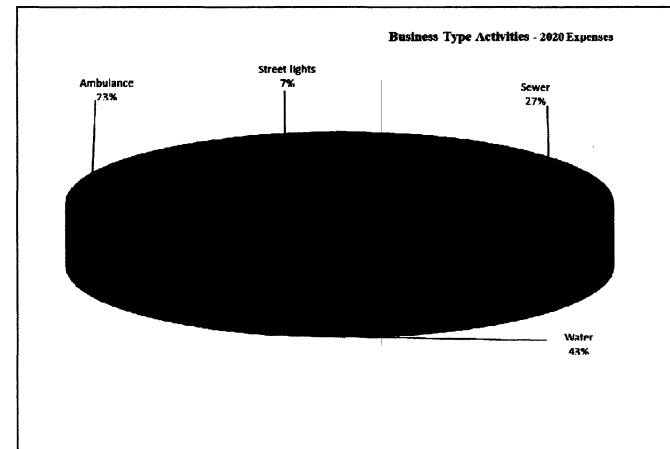
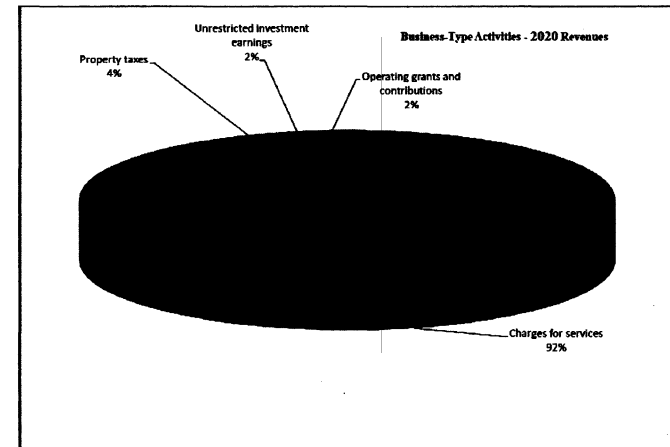
## Management's Discussion and Analysis

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:



## Management's Discussion and Analysis

**Business-type activities.** Business-type activities decreased net position by \$720,492. The primary reasons for this decrease include 1) depreciation expense of the enterprise funds exceeded contributions of capital assets by \$358,493 and 2) cash transfers in the amount of \$800,000 from the water and sewer enterprise funds to the Utility System Replacement capital project fund. Below are graphs showing the business-type activities revenue and expense comparisons:



## Management's Discussion and Analysis

### Financial Analysis of the City's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$30,725,468. Approximately 37% of this amount (\$11,273,126) is non-spendable or restricted because it has already been committed 1) to provide for prepaid items (\$325,185), 2) to pay debt service (\$7,124,160), 3) for tax increment purposes (\$3,438,206), 4) for equipment acquisition/capital improvements (\$127,690), 5) for public safety (\$135,868), and 6) for recreation and community events (\$122,017). The remaining fund balance of \$19,452,342 includes 1) committed of \$1,233,946, assigned of \$10,263,872, and 3) unassigned of \$7,954,524.

The General Fund balance increased by \$2,394,201 in 2020 due in part to Federal funding received in response to the COVID-19 pandemic response, more specifically as it related to the payroll expenses for public safety, public health, and similar employees whose services were substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

The 2020-01 Construction Project Fund decreased by \$513,265 due to ongoing project work without the final allocation of state highway funding. Project work will be complete in 2021 and additional state funding is anticipated to be awarded upon completion.

The Highway 36 Realignment Fund decreased by \$918,635 due to additional project work being completed in 2020. At this time, the work has been completed but the project has not been closed out by the lead agency, Washington County, so funding allocations between partner agencies and the contractor are still being settled.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net investment in capital assets in the respective proprietary funds are water \$11,810,880, sewer \$9,768,001, ambulance \$301,310 and street lights \$5,119,683.

## Management's Discussion and Analysis

### Budgetary Highlights

#### **General Fund**

The General Fund budget was not amended during 2020.

Actual revenue exceeded budgeted revenue by \$495,309 due primarily to licenses and permits exceeding budgeted revenues by \$415,055.

Actual expenditures were \$2,160,377 less than budgeted expenditures primarily due to a reduction in personnel expenditures due to vacancy savings in multiple positions, as well as federal funding received in response to the COVID-19 pandemic response, more specifically as it related to the payroll expenses for public safety, public health, and similar employees whose services were substantially dedicated to mitigating or responding to the COVID-19 public health emergency. Those wage-related expenses were still incurred, but were recorded in the CARES special revenue fund instead of the general fund.

Also, budgeted transfers in to the General Fund were \$550,000; actual transfers in were \$250,000. This is due to the higher than budgeted revenues in licenses, permits, and intergovernmental revenues, the additional budgeted transfers were not necessary.

### Capital Asset and Debt Administration

#### **Capital assets**

The City's net investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$72,471,933 (net of accumulated depreciation). This investment includes land, buildings, infrastructure, machinery and equipment.

#### **City of Oakdale, Minnesota's Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Land (not depreciated)	\$9,723,070	\$9,723,070	\$55,966	\$55,966	\$9,779,036	\$9,779,036
Construction in progress	9,459,075	10,126,741	-	-	9,459,075	10,126,741
Buildings and structures	3,947,333	3,646,306	876,944	792,327	4,824,277	4,438,633
Furniture and fixtures	305,432	260,523	-	-	305,432	260,523
Machinery and equipment	2,488,693	2,498,520	758,818	684,685	3,247,511	3,183,205
Other park improvements	1,304,589	1,125,551	-	-	1,304,589	1,125,551
Streets	15,348,919	14,817,028	-	-	15,348,919	14,817,028
Storm sewers	3,089,030	3,274,320	-	-	3,089,030	3,274,320
Street lights	-	-	4,975,005	5,119,682	4,975,005	5,119,682
Distribution system	-	-	11,121,952	10,723,595	11,121,952	10,723,595
Collection system	-	-	9,561,766	9,623,619	9,561,766	9,623,619
	<u>\$45,666,141</u>	<u>\$45,472,059</u>	<u>\$27,350,451</u>	<u>\$26,999,874</u>	<u>\$73,016,592</u>	<u>\$72,471,933</u>

## Management's Discussion and Analysis

Additional information on the City's capital assets can be found in Note 5.

**Long-term debt.** At the end of the current fiscal year, the City had long-term bonded debt outstanding of \$22,855,000 a decrease of \$1,345,000 from 2019. \$15,585,000 is for general obligation improvement debt, which is supported in part by special assessments. Outstanding certificates of indebtedness of \$2,635,000 financed capital equipment. Also included are taxable housing bonds of \$790,000 used to fund improvements to a Housing Improvement Area (HIA) established by the City in 2011 and a Taxable TIF bond of \$3,845,000 used to purchase blighted property targeted for redevelopment. Additional long-term debt includes \$9,312,688 for net pension liability, \$1,548,035 for compensated absences, \$2,524,101 for other post-employment benefits, and unamortized bond premiums of \$1,240,188.

### City of Oakdale, Minnesota's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2019	2020	2019	2020	2019	2020
General Obligation Improvement Bonds	\$16,505,000	\$15,585,000	\$ -	\$ -	\$16,505,000	\$15,585,000
General Obligation Certificates	2,820,000	2,635,000	-	-	2,820,000	2,635,000
General Obligation Tax Increment Bonds	4,025,000	3,845,000	-	-	4,025,000	3,845,000
General Obligation Taxable Housing Bonds	850,000	790,000	-	-	850,000	790,000
Issuance premiums (discounts)	959,055	1,240,188	-	-	959,055	1,240,188
Compensated absences	1,130,170	1,276,017	229,291	272,018	1,359,461	1,548,035
Other post employment benefits	2,193,861	2,524,101	-	-	2,193,861	2,524,101
Net pension liability	7,959,455	9,312,688	-	-	7,959,455	9,312,688
	<u>\$36,442,541</u>	<u>\$37,207,994</u>	<u>\$229,291</u>	<u>\$272,018</u>	<u>\$36,671,832</u>	<u>\$37,480,012</u>

The City's Aa2 credit rating was confirmed for 2020.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total estimated market value. The current debt limitation for the City is \$90,161,058. Only \$2,878,648 of the City's outstanding debt is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 6.

**Requests for information.** This financial report is designed to provide a general overview of the City of Oakdale, Minnesota's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 1584 Hadley Avenue North, Oakdale, Minnesota 55128.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF OAKDALE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2020  
With Comparative Totals For December 31, 2019

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2020	2019
<b>Assets:</b>				
Cash and investments	\$28,820,704	\$11,461,593	\$40,282,297	\$36,929,399
Accrued interest	48,141	-	48,141	150,799
Due from other governmental units	453,371	-	453,371	1,411,260
Accounts receivable - net	362,777	2,072,826	2,435,603	2,526,884
Internal balances	596,146	(596,146)	-	-
Prepaid items	325,185	237,112	562,297	456,994
Property taxes receivable	211,788	2,192	213,980	136,930
Special assessments receivable	4,249,609	-	4,249,609	4,535,201
Loans receivable	231,849	-	231,849	176,859
Land held for resale	2,410,681	-	2,410,681	2,410,681
Inventories - at cost	-	115,378	115,378	120,738
Capital assets (net of accumulated depreciation):				
Nondepreciable	19,849,811	55,966	19,905,777	19,238,111
Depreciable	25,622,248	26,943,908	52,566,156	53,778,481
Total assets	<u>83,182,310</u>	<u>40,292,829</u>	<u>123,475,139</u>	<u>121,872,337</u>
<b>Deferred outflows of resources:</b>				
Related to other post employment benefits	289,290	-	289,290	156,837
Related to pensions	3,952,928	-	3,952,928	5,901,395
Total deferred outflows of resources	<u>4,242,218</u>	<u>-</u>	<u>4,242,218</u>	<u>6,058,232</u>
<b>Liabilities:</b>				
Accounts payable	228,812	258,625	487,437	423,777
Due to other governmental units	216,855	6,043	222,898	179,742
Salaries payable	262,994	57,178	320,172	486,089
Contracts payable	1,009,587	-	1,009,587	575,067
Deposits payable	164,397	2,340	166,737	456,271
Unearned revenue	6,529	-	6,529	21,113
Accrued interest payable	263,876	-	263,876	255,576
Long-term debt:				
Due within one year	3,940,167	27,963	3,968,130	3,865,689
Due in more than one year	21,431,038	244,055	21,675,093	22,652,827
Other post employment benefits:				
Due within one year	75,369	-	75,369	58,950
Due in more than one year	2,448,732	-	2,448,732	2,134,911
Net pension liability:				
Due in more than one year	9,312,688	-	9,312,688	7,959,455
Total liabilities	<u>39,361,044</u>	<u>596,204</u>	<u>39,957,248</u>	<u>39,069,467</u>
<b>Deferred inflows of resources:</b>				
Related to other post employment benefits	480,918	-	480,918	541,259
Related to pensions	4,246,082	-	4,246,082	7,877,356
Total deferred outflows of resources	<u>4,727,000</u>	<u>0</u>	<u>4,727,000</u>	<u>8,418,615</u>
<b>Net position:</b>				
Net investment in capital assets	25,141,926	26,999,874	52,141,800	52,534,734
Restricted for:				
Debt service	10,077,509	-	10,077,509	10,280,789
Public safety	135,868	-	135,868	253,518
Recreation and community events	122,017	-	122,017	91,931
Tax increment purposes	1,896,333	-	1,896,333	1,591,306
Capital improvements	3,369	-	3,369	3,909
Unrestricted	5,959,462	12,696,751	18,656,213	15,686,300
Total net position	<u>\$43,336,484</u>	<u>\$39,696,625</u>	<u>\$83,033,109</u>	<u>\$80,442,487</u>

The accompanying notes are an integral part of these financial statements.



**CITY OF OAKDALE, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

Functions/Programs	Program Revenues		Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total	
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2020	2019
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$4,963,021	\$1,226,276	\$256,598	\$6,883	(\$3,473,264)	\$ -	(\$3,473,264)	(\$3,300,241)
Public safety	7,584,153	1,312,555	2,336,700	831,356	(3,103,542)	-	(3,103,542)	(5,708,296)
Public works	6,114,742	589,731	426,384	1,108,114	(3,990,513)	-	(3,990,513)	(1,383,612)
Community services and recreation	929,587	110,513	74,841	10,150	(734,083)	-	(734,083)	(697,382)
Interest on long-term debt	517,707	-	-	-	(517,707)	-	(517,707)	(544,093)
Total governmental activities	<u>20,109,210</u>	<u>3,239,075</u>	<u>3,094,523</u>	<u>1,956,503</u>	<u>(11,819,109)</u>	<u>0</u>	<u>(11,819,109)</u>	<u>(11,633,624)</u>
Business-type activities:								
Water	2,260,406	2,398,578	21,316	-	-	159,488	159,488	197,526
Sewer	3,537,017	3,911,315	-	-	-	374,298	374,298	495,604
Ambulance	1,864,796	769,392	139,396	-	-	(956,008)	(956,008)	(736,345)
Street lights	542,891	545,777	-	-	-	2,886	2,886	24,253
Total business-type activities	<u>8,205,110</u>	<u>7,625,062</u>	<u>160,712</u>	<u>0</u>	<u>0</u>	<u>(419,336)</u>	<u>(419,336)</u>	<u>(18,962)</u>
Total primary government	<u>\$28,314,320</u>	<u>\$10,864,137</u>	<u>\$3,255,235</u>	<u>\$1,956,503</u>	<u>(11,819,109)</u>	<u>(419,336)</u>	<u>(12,238,445)</u>	<u>(11,652,586)</u>
General revenues:								
General property taxes					12,595,493	299,245	12,894,738	12,288,647
Tax increment taxes					995,115	-	995,115	902,206
Grants and contributions not restricted to specific programs					237,139	-	237,139	211,465
Unrestricted investment earnings					410,978	201,133	612,111	1,231,894
Gain on sale of capital assets					89,964	-	89,964	13,643
Transfers					801,534	(801,534)	-	-
Total general revenues and transfers					<u>15,130,223</u>	<u>(301,156)</u>	<u>14,829,067</u>	<u>14,647,855</u>
Change in net position					3,311,114	(720,492)	2,590,622	2,995,269
Net position - January 1					40,025,370	40,417,117	80,442,487	77,447,218
Net position - December 31					<u>\$43,336,484</u>	<u>\$39,696,625</u>	<u>\$83,033,109</u>	<u>\$80,442,487</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF OAKDALE, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2020  
With Comparative Totals For December 31, 2019

	General Fund	2020-01 Construction Project	Highway 36 Realignment	Other Governmental Funds	Inter-Activity Eliminations	Total Governmental Funds	
						2020	2019
<b>Assets</b>							
Cash and investments	\$9,850,771	\$ -	\$ -	\$18,969,933	\$ -	\$28,820,704	\$24,989,612
Accrued interest	48,141	-	-	-	-	48,141	150,799
Due from other governmental units	54,615	22,301	-	376,455	-	453,371	1,411,260
Accounts receivable - net	227,134	-	-	135,643	-	362,777	462,293
Interfund receivable	2,149,500	-	-	-	(2,149,500)	-	-
Prepaid items	317,203	-	-	7,982	-	325,185	295,416
Property taxes receivable:							
Delinquent	66,335	-	-	24,921	-	91,256	107,724
Due from county	120,532	-	-	-	-	120,532	26,563
Special assessments receivable	537	-	-	4,249,072	-	4,249,609	4,535,201
Loans receivable	-	-	-	231,849	-	231,849	176,859
Land held for resale	-	-	-	2,410,681	-	2,410,681	2,410,681
<b>Total assets</b>	<b>\$12,834,768</b>	<b>\$22,301</b>	<b>\$0</b>	<b>\$26,406,536</b>	<b>(\$2,149,500)</b>	<b>\$37,114,105</b>	<b>\$34,566,408</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
<b>Liabilities:</b>							
Accounts payable	\$149,202	\$23,581	\$ -	\$56,029	-	\$228,812	\$225,619
Due to other governmental units	150,523	68	-	675	-	151,266	40,875
Salaries payable	254,935	-	-	8,059	-	262,994	392,079
Contracts payable	-	145,809	722,088	141,690	-	1,009,587	575,067
Interfund payable	-	419,790	1,031,190	698,520	(2,149,500)	-	-
Deposits payable	164,397	-	-	-	-	164,397	453,931
Unearned revenue	-	-	-	6,529	-	6,529	21,113
<b>Total liabilities</b>	<b>719,057</b>	<b>589,248</b>	<b>1,753,278</b>	<b>911,502</b>	<b>(2,149,500)</b>	<b>1,823,585</b>	<b>1,708,684</b>
<b>Deferred inflows of resources:</b>							
Unavailable revenue	66,872	-	-	4,498,180	-	4,565,052	4,978,458
<b>Fund balance (deficit):</b>							
Nonspendable	317,203	-	-	7,982	-	325,185	295,416
Restricted	-	-	-	10,947,941	-	10,947,941	10,395,441
Committed	736,737	-	-	497,209	-	1,233,946	1,275,673
Assigned	-	-	-	10,263,872	-	10,263,872	8,640,554
Unassigned	10,994,899	(566,947)	(1,753,278)	(720,150)	-	7,954,524	7,272,182
<b>Total fund balance (deficit)</b>	<b>12,048,839</b>	<b>(566,947)</b>	<b>(1,753,278)</b>	<b>20,996,854</b>	<b>0</b>	<b>30,725,468</b>	<b>27,879,266</b>
<b>Total liabilities, deferred inflows of resources, and fund balance (deficit)</b>	<b>\$12,834,768</b>	<b>\$22,301</b>	<b>\$0</b>	<b>\$26,406,536</b>	<b>(\$2,149,500)</b>	<b>\$37,114,105</b>	<b>\$34,566,408</b>
<b>Fund balance reported above</b>						<b>\$30,725,468</b>	<b>\$27,879,266</b>
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.						45,472,059	45,666,141
Other long-term assets are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds.						4,565,052	4,978,458
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.						(25,635,081)	(26,544,801)
An internal service fund is used by management to charge the costs of pensions and OPEB benefits to individual funds. The assets and liabilities are included in the governmental activities on the Statement of Net Position.						(11,791,014)	(11,953,694)
<b>Net position of governmental activities (Statement 1)</b>						<b>\$43,336,484</b>	<b>\$40,025,370</b>

The accompanying notes are an integral part of these financial statements.

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**CITY OF OAKDALE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	General Fund	2020-01 Construction Project	Highway 36 Realignment	Other Governmental Funds	Inter-Activity Eliminations	Total Governmental Funds	
						2020	2019
Revenues:							
General property taxes	\$9,085,582	\$ -	\$ -	\$3,528,038	\$ -	\$12,613,620	\$11,960,925
Tax increment taxes	-	-	-	995,115	-	995,115	902,206
Licenses and permits	1,215,355	-	-	-	-	1,215,355	864,332
Intergovernmental	1,046,626	625,982	-	2,349,944	-	4,022,552	4,142,716
Special assessments	-	-	-	1,392,702	-	1,392,702	1,784,802
Charges for services	1,890,649	-	-	1,138,425	(1,239,996)	1,789,078	1,865,884
Fines and forfeits	71,943	-	-	38,799	-	110,742	206,061
Investment income	131,359	-	-	279,619	-	410,978	814,055
Refunds and reimbursements	56,775	-	-	230,323	-	287,098	15,547
Contributions and donations	200	-	-	72,936	-	73,136	80,443
Other	41,666	-	-	110,530	-	152,196	158,530
Total revenues	13,540,155	625,982	0	10,136,431	(1,239,996)	23,062,572	22,795,501
Expenditures:							
Current:							
General government	3,852,493	-	-	757,848	-	4,610,341	4,367,443
Public safety	5,088,653	-	-	1,879,538	-	6,968,191	6,580,163
Public works	2,440,747	-	-	233,350	-	2,674,097	2,744,879
Community services and recreation	104,025	-	-	224,512	-	328,537	473,054
Capital outlay:							
General government	-	-	-	594,093	-	594,093	16,608
Public safety	-	-	-	154,288	-	154,288	58,919
Public works	-	-	-	269,226	-	269,226	529,012
Debt service:							
Principal	-	-	-	4,400,000	-	4,400,000	3,785,000
Interest and fiscal charges	-	17,560	-	682,644	-	700,204	638,329
Construction/acquisition costs	-	3,518,995	918,635	636,653	-	5,074,283	9,545,222
Total expenditures	11,485,918	3,536,555	918,635	9,832,152	0	25,773,260	28,738,629
Revenues over (under) expenditures	2,054,237	(2,910,573)	(918,635)	304,279	(1,239,996)	(2,710,688)	(5,943,128)
Other financing sources (uses):							
Bonds issued	-	1,690,000	-	715,000	-	2,405,000	3,475,000
Refunding bonds issued	-	-	-	650,000	-	650,000	-
Premium on bonds issued	-	257,308	-	214,622	-	471,930	508,638
Transfers in	250,000	450,000	-	1,307,500	(67,504)	1,939,996	2,039,996
Transfers out	-	-	-	(1,307,500)	1,307,500	-	-
Sale of capital assets	89,964	-	-	-	-	89,964	13,643
Total other financing sources (uses)	339,964	2,397,308	0	1,579,622	1,239,996	5,556,890	6,037,277
Net change in fund balance	2,394,201	(513,265)	(918,635)	1,883,901	0	2,846,202	94,149
Fund balance (deficit) - January 1	9,654,638	(53,682)	(834,643)	19,112,953	-	27,879,266	27,785,117
Fund balance (deficit) - December 31	\$12,048,839	(\$566,947)	(\$1,753,278)	\$20,996,854	\$0	\$30,725,468	\$27,879,266

The accompanying notes are an integral part of these financial statements.

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**CITY OF OAKDALE, MINNESOTA****RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS**

For The Year Ended December 31, 2020

With Comparative Totals For The Year Ended December 31, 2019

	2020	2019
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Net changes in fund balances - total governmental funds (Statement 4)	\$2,846,202	\$94,149
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	993,766	5,114,383
The statement of activities reports losses arising from the trade-in or disposal of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(49,386)	(14,091)
Transfer of capital assets from governmental activities to business-type activities.	(1,138,462)	(1,800,875)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in unavailable revenue - property taxes	(18,127)	28,886
Change in unavailable revenue - special assessments	(284,588)	(484,857)
Change in unavailable revenue - due from other governmental units	(110,691)	(109,355)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:		
Bonds issued, including bond premium	(3,526,930)	(3,983,638)
Repayment of principal	4,400,000	3,785,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in compensated absences payable	(145,847)	(49,393)
Change in accrued interest payable	(8,300)	(36,965)
Amortization of bond premiums	190,797	131,201
An internal service funds is used by management to charge pension and OPEB costs to individual funds. This amount is the portion of net revenue (expense) attributable to governmental activities.	162,680	(137,768)
Change in net position of governmental activities (Statement 2)	<u>\$3,311,114</u>	<u>\$2,536,677</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF OAKDALE, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2020  
With Comparative Totals For Enterprise Funds For December 31, 2019

	Business-Type Activities Enterprise Funds		Business-Type Activities Enterprise Funds				Governmental Activities	
	Water	Sewer	Ambulance	Street Lights	Totals		Internal Service Fund	2020
					2020	2019		
<b>Assets:</b>								
Current assets:								
Cash and cash equivalents	\$6,060,566	\$3,648,295	\$627,460	\$1,125,272	\$11,461,593	\$11,939,787	\$	-
Customer receivables - net	480,344	830,509	494,562	132,996	1,938,411	1,972,852	-	-
Other receivables	102,607	27,858	-	3,950	134,415	91,739	-	-
Prepaid items	85,134	86,291	65,687	-	237,112	161,578	-	-
Property taxes receivable	-	-	2,192	-	2,192	2,643	-	-
Inventories - at cost	42,853	-	-	72,525	115,378	120,738	-	-
Total current assets	6,771,504	4,592,953	1,189,901	1,334,743	13,889,101	14,289,337	-	0
Noncurrent assets:								
Capital assets:								
Land	55,966	-	-	-	55,966	55,966	-	-
Buildings and structures	5,103,249	113,432	-	-	5,216,681	5,216,681	-	-
Machinery and equipment	970,052	1,242,727	668,413	-	2,881,192	2,771,779	-	-
Infrastructure	21,891,477	22,263,563	-	9,110,779	53,265,819	52,260,391	-	-
Total capital assets	28,020,744	23,619,722	668,413	9,110,779	61,419,658	60,304,817	-	0
Less: Allowance for depreciation	(16,209,864)	(13,851,721)	(367,103)	(3,991,096)	(34,419,784)	(32,954,366)	-	-
Net capital assets	11,810,880	9,768,001	301,310	5,119,683	26,999,874	27,350,451	-	0
Total assets	18,582,384	14,360,954	1,491,211	6,454,426	40,888,975	41,639,788	-	0
Deferred outflows of resources:								
Related to other post employment benefits	-	-	-	-	-	-	-	289,290
Related to pensions	-	-	-	-	-	-	-	3,952,928
Total deferred outflows of resources	-	-	-	-	-	-	-	4,242,218
<b>Liabilities:</b>								
Current liabilities:								
Accounts payable	130,916	98,811	6,080	22,818	258,625	198,158	-	-
Due to other governmental units	2,746	450	2,173	674	6,043	96,142	-	65,589
Salaries payable	11,809	7,564	36,544	1,261	57,178	94,010	-	-
Deposits payable	2,340	-	-	-	2,340	2,340	-	-
Compensated absences payable	7,550	7,550	12,863	-	27,963	22,930	-	-
Other post employment benefits	-	-	-	-	-	-	-	75,369
Total current liabilities	155,361	114,375	57,660	24,753	352,149	413,580	-	140,958
Noncurrent liabilities:								
Compensated absences payable	66,425	66,425	111,205	-	244,055	206,361	-	-
Other post employment benefits	-	-	-	-	-	-	-	2,448,732
Net pension liability	-	-	-	-	-	-	-	9,312,688
Total noncurrent liabilities	66,425	66,425	111,205	0	244,055	206,361	-	11,761,420
Total liabilities	221,786	180,800	168,865	24,753	596,204	619,941	-	11,902,378
Deferred inflows of resources:								
Related to other post employment benefits	-	-	-	-	-	-	-	480,918
Related to pensions	-	-	-	-	-	-	-	4,246,082
Total deferred inflows of resources	-	-	-	-	-	-	-	4,727,000
<b>Net position:</b>								
Investment in capital assets	11,810,880	9,768,001	301,310	5,119,683	26,999,874	27,350,451	-	-
Unrestricted	6,549,718	4,412,153	1,021,036	1,309,990	13,292,897	13,669,396	-	(12,387,160)
Total net position	\$18,360,598	\$14,180,154	\$1,322,346	\$6,429,673	\$40,292,771	\$41,019,847	-	(\$12,387,160)
Net position reported above					\$40,292,771	\$41,019,847		
Adjustment for the net effect of the cumulative activity between the internal service fund and the enterprise funds.					(596,146)	(602,730)		
Net position of business-type activities (Statement 1)					\$39,696,625	\$40,417,117		

The accompanying notes are an integral part of these financial statements.

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**CITY OF OAKDALE, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2020  
With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2019

	Business-Type Activities Enterprise Funds			Business-Type Activities Enterprise Funds			Governmental Activities	
	Water	Sewer	Ambulance	Street Lights	Inter-Activity Eliminations	Totals		Internal Service Fund 2020
						2020	2019	
Operating revenues:								
Charges for services (net of \$149 water and \$141,238 ambulance bad debts)	\$2,395,778	\$3,910,951	\$769,392	\$545,777	\$ -	\$7,621,898	\$7,817,403	\$1,183,720
Intergovernmental revenue	21,316	-	139,396	-	-	160,712	87,227	84,363
Other operating revenue	2,800	364	-	-	-	3,164	22,905	-
Total operating revenues	2,419,894	3,911,315	908,788	545,777	0	7,785,774	7,927,535	1,268,083
Operating expenses:								
Personal services	574,206	377,928	1,615,596	63,216	-	2,630,946	2,518,799	1,098,819
Materials and supplies	125,936	78,269	21,179	33,069	-	258,453	227,889	-
Contractual services	614,490	219,916	162,012	28,945	(150,000)	875,363	772,586	-
MCES - sewer service charge	-	2,328,014	-	-	-	2,328,014	2,283,251	-
Utilities	181,360	55,614	-	145,620	-	382,594	360,852	-
Repairs and maintenance	77,935	67,542	-	8,700	-	154,177	180,831	-
Administrative fee	525,000	525,000	-	39,996	(1,089,996)	-	-	-
Collected for other agencies	85,192	-	-	-	-	85,192	55,744	-
Depreciation	681,727	484,715	63,502	267,011	-	1,496,955	1,497,791	-
Total operating expenses	2,865,846	4,136,998	1,862,289	586,557	(1,239,996)	8,211,694	7,897,743	1,098,819
Operating income (loss)	(445,952)	(225,683)	(953,501)	(40,780)	1,239,996	(425,920)	29,792	169,264
Nonoperating revenues (expenses):								
Investment income	107,674	63,075	13,264	17,120	-	201,133	417,839	-
Property taxes	-	-	299,245	-	-	299,245	298,836	-
Total nonoperating revenues (expenses)	107,674	63,075	312,509	17,120	0	500,378	716,675	0
Income (loss) before capital contributions and transfers	(338,278)	(162,608)	(640,992)	(23,660)	1,239,996	74,458	746,467	169,264
Capital contributions and transfers:								
Capital contributions - capital assets	128,457	519,080	79,235	411,690	-	1,138,462	1,800,875	-
Transfers in	-	-	100,000	-	-	100,000	-	-
Transfers out	(400,000)	(400,000)	-	-	(1,239,996)	(2,039,996)	(2,039,996)	-
Total capital contributions and transfers	(271,543)	119,080	179,235	411,690	(1,239,996)	(801,534)	(239,121)	-
Change in net position	(609,821)	(43,528)	(461,757)	388,030	0	(727,076)	507,346	169,264
Net position - January 1	18,970,419	14,223,682	1,784,103	6,041,643	-	41,019,847	40,512,501	(12,556,424)
Net position - December 31	\$18,360,598	\$14,180,154	\$1,322,346	\$6,429,673	\$0	\$40,292,771	\$41,019,847	(\$12,387,160)
Change in net position reported above						(\$727,076)	\$507,346	
Transfer in of capital assets from governmental activities						1,138,462	1,800,875	
Portion of contribution revenue reported above						(1,138,462)	(1,800,875)	
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds						6,584	(48,754)	
Change in net position (Statement 2)						(\$720,492)	\$458,592	

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

**CITY OF OAKDALE, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2020  
With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds		Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Ambulance	Street Lights	Totals		Internal Service Fund 2020
					2020	2019	
Cash flows from operating activities:							
Receipts from customers and users	\$2,296,659	\$3,944,423	\$972,045	\$564,412	\$7,777,539	\$7,813,171	\$ -
Receipts from interfund charges for pension benefits	-	-	-	-	-	-	1,183,720
Payment to suppliers	(1,650,325)	(3,268,110)	(267,074)	(238,086)	(5,423,595)	(5,044,868)	-
Payment to employees	(573,802)	(375,566)	(1,611,551)	(64,133)	(2,625,052)	(2,485,199)	(1,183,720)
Net cash flows from operating activities	72,532	300,747	(906,580)	262,193	(271,108)	283,104	0
Cash flows from noncapital financing activities:							
Transfer from other funds	-	-	100,000	-	100,000	-	-
Transfer to other funds	(400,000)	(400,000)	-	-	(800,000)	(800,000)	-
Property taxes	-	-	299,696	-	299,696	297,960	-
Net cash flows from noncapital financing activities	(400,000)	(400,000)	399,696	0	(400,304)	(502,040)	0
Cash flows from capital and related financing activities:							
Acquisition of capital assets	(7,915)	-	-	-	(7,915)	(15,029)	-
Cash flows from investing activities:							
Investment income	107,674	63,075	13,264	17,120	201,133	417,839	-
Net increase (decrease) in cash and cash equivalents	(227,709)	(36,178)	(493,620)	279,313	(478,194)	183,874	0
Cash and cash equivalents - January 1	6,288,275	3,684,473	1,121,080	845,959	11,939,787	11,755,913	-
Cash and cash equivalents - December 31	\$6,060,566	\$3,648,295	\$627,460	\$1,125,272	\$11,461,593	\$11,939,787	\$0
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	(\$445,952)	(\$225,683)	(\$953,501)	(\$40,780)	(\$1,665,916)	(\$1,210,204)	\$169,264
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation	681,727	484,715	63,502	267,011	1,496,955	1,497,791	-
Changes in assets and liabilities:							
Decrease (increase) in receivables	(123,235)	33,108	63,257	18,634	(8,236)	(114,364)	-
Decrease (increase) in prepaid items	(23,376)	(26,790)	(25,368)	-	(75,534)	(182)	-
Decrease (increase) in inventory	(2,148)	-	-	7,508	5,360	2,906	-
Decrease (increase) in deferred outflows of resources	-	-	-	-	-	-	1,816,014
Increase (decrease) in payables	(14,484)	35,397	(54,470)	9,820	(23,737)	107,157	22,864
Increase (decrease) in net pension liability	-	-	-	-	-	-	1,353,233
Increase (decrease) in net other post employment benefits	-	-	-	-	-	-	330,240
Increase (decrease) in deferred inflows of resources	-	-	-	-	-	-	(3,691,615)
Total adjustments	518,484	526,430	46,921	302,973	1,394,808	1,493,308	(169,264)
Net cash from operating activities	\$72,532	\$300,747	(\$906,580)	\$262,193	(\$271,108)	\$283,104	\$0

**Noncash investing, capital and financing activities:**

Water system assets in the amount of \$128,457 and \$1,598,932 were contributed to the Water Fund in 2020 and 2019, respectively.

Sewer system assets in the amount of \$519,080 and \$91,989 were contributed to the Sewer Fund in 2020 and 2019, respectively.

Ambulance system assets in the amount of \$79,235 and \$0 were contributed to the Ambulance Fund in 2020 and 2019, respectively.

Street light system assets in the amount of \$411,690 and \$109,954 were contributed to the Street Light Fund in 2020 and 2019, respectively.

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Oakdale, Minnesota (the City) was incorporated in 1968 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five-member City council elected by voters of the City.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles in the United States of America as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

**A. FINANCIAL REPORTING ENTITY**

As required by generally accepted accounting principles in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

**COMPONENT UNITS**

In conformity with generally accepted accounting principles in the United States of America, the financial statements of the component units have been included in the financial reporting entity as blended component units.

The Economic Development Authority (EDA) is an entity legally separate from the City. However, for financial reporting purposes, the EDA is reported as if it were part of the City's operations because the members of the City Council serve as EDA Board Members and its purpose is to promote development within the City. The EDA is currently inactive. Separate financial statements are not prepared for the EDA.

The Housing and Redevelopment Authority (HRA) is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations because the members of the City Council serve as HRA board members and its activity is confined to the City. The HRA is currently inactive. Separate financial statements are not prepared for the HRA.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

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

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

The City reports the following major governmental funds:

The *General 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.

The *2020-01 Construction Project* fund was established to account for the construction costs associated with 2020 street improvements.

The *Highway 36 Realignment* fund was established to account for the City portion of construction costs associated with this multi-jurisdictional highway project. Also accounted for in this fund will be Minnesota Highway State aid associated with this project.



The City reports the following major proprietary funds:

The *Water Fund* accounts for the water service charges which are used to finance the water system operating expenses.

The *Sewer Fund* accounts for the sewer service charges which are used to finance the sanitary sewer system operating expenses.

The *Ambulance Fund* accounts for ambulance user fees which are used to finance contracted ambulance services.

The *Street Lights Fund* accounts for service charges to residents which are used to finance street light operating expenses.

Additionally, the City reports the following fund type:

Internal Service Fund - the *Employee Benefit Fund* is used to provide pension and other post-employment benefits to other funds of the City on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

#### D. BUDGETS

Budgets are legally adopted on a basis consistent with generally accepted accounting principles in the United States of America. Annual appropriated budgets are legally adopted for the General, all Special Revenue Funds except for the Seed Program, Veterans Memorial, and CARES Act Funding funds, and the Park Land Escrow Capital Project Fund. Budgeted expenditure appropriations lapse at year end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

#### E. LEGAL COMPLIANCE - BUDGETS

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

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget and makes appropriate changes.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget is legally enacted through passage of a resolution on a departmental basis for the General Fund and on a fund basis for select Special Revenue Funds and the Park Land Escrow Capital Project Fund and can be expended by each department (or fund) based upon detailed budget estimates for individual expenditure accounts.
5. The City Administrator and Administrative Services Director are authorized to transfer appropriations within any department budget. Interdepartmental or interfund appropriations and deletions are authorized by the City Council with fund contingency reserves or additional revenues.
6. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. The General Fund, Special Revenue Funds (unless noted in previous section) and the Park Land Escrow Capital Projects Fund are the only funds with legally adopted annual budgets.
7. Legal debt obligation indentures determine the appropriation level of debt service tax levies for the Debt Service Funds. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
8. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
9. The legal level of budgetary control is at the department level for the General Fund and the fund level for the Special Revenue Funds and the Park Land Escrow Capital Project Fund. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services; materials and supplies; contractual services; and capital outlay) within each program. All amounts over budget have been approved by the City Council through the disbursement process.
10. The City Council may authorize transfer of budgeted amounts between City funds. The City Council can make supplemental budgetary appropriations throughout the year.

**CITY OF OAKDALE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

The following is a listing of the General Fund department and Special Revenue Funds whose expenditures exceed budget appropriations:

	Final Budget	Actual	Over Budget
Major Funds:			
General Fund:			
Legislative	\$83,844	\$86,756	\$2,912
Legal	331,905	332,361	456
Administration	978,422	995,305	16,883
Finance	839,414	846,058	6,644
Risk management	232,500	306,486	73,986
Communications and social media	95,612	95,961	349
Nonmajor Funds:			
Special Revenue Funds:			
Forfeited proceeds	10,000	161,293	151,293

The over expenditures were funded by available fund balance.

**F. CASH AND INVESTMENTS**

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income is allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value, except investments in external investment pools that meet GASB 79 requirements are stated at amortized cost. Investment income is accrued at the balance sheet date.

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the Proprietary Funds have original maturities of 90 days or less. Therefore, the entire balance in the Proprietary Funds is considered cash equivalents.

**G. RECEIVABLES**

The City directly bills individuals for ambulance services and reserves an amount as uncollectible based on historical collection rates. Ambulance receivables are reported net of estimated uncollectible accounts. The amount of the estimated uncollectible ambulance billings to individuals as of December 31, 2020 was \$53,608.

Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

**CITY OF OAKDALE, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020

**H. PROPERTY TAX REVENUE RECOGNITION**

The City Council annually adopts a tax levy and certifies it to the county in December (levy/assessment date) of each year for collection in the following year. The county is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the county and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The county possesses this authority.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the county by December 31 (remitted to the City the following January) are classified as due from county. Taxes not collected by the county by December 31 are classified as delinquent taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

**I. SPECIAL ASSESSMENT REVENUE RECOGNITION**

Special assessments are levied against benefitted properties for the cost or a portion of the cost of special assessment improvement projects in accordance with state statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the county's costs of administering all tax forfeit properties. Pursuant to state statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

#### GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the county by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

#### J. INVENTORIES

##### GOVERNMENTAL FUNDS

The original cost of materials and supplies has been recorded as expenditures at the time of purchase. These funds do not maintain material amounts of inventories.

##### PROPRIETARY FUNDS

Inventories of the proprietary funds are stated at cost, which approximates market, using the first-in, first-out (FIFO) method.

#### K. PREPAID ITEMS

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

#### L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (except for easements which is \$50,000) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives
Buildings and structures	20 – 50 years
Machinery and equipment (including software)	5 – 10 years
Easements	10 years
Furniture and fixtures	10 years
Other park improvements	25 – 50 years
Storm sewers	25 years
Streets	25 years
Street lights	30 years
Distribution and collection systems	50 years

#### M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay.

#### N. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

#### O. FUND BALANCE CLASSIFICATIONS

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* - consists of amounts that are not in spendable form, such as prepaid items.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors, or constraints imposed by state statutory provisions.

*Committed* - consists of internally imposed constraints. These constraints are established by Resolution of the City Council. The committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by resolution.

*Assigned* - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council and/or management. Pursuant to City Council Resolution, the City Administrator and/or City's Finance Director are authorized to establish assignments of fund balance.

*Unassigned* - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned and 3) unassigned.

**P. INTERFUND TRANSACTIONS**

The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements. All interfund receivables and payables at December 31, 2020 are planned to be eliminated in 2021. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/ expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**Q. USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**R. RECLASSIFICATIONS**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**S. COMPARATIVE TOTALS**

The basic financial statements, required supplementary information, and combining and individual fund financial statements and schedules include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

**T. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in the category. They are the pension and OPEB related deferred outflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue)

until that time. The City has two items that qualify for reporting in the category. They are the pension and OPEB related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The City also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, certified bills, and due from other governmental units.

**U. DEFINED BENEFIT PENSION PLANS**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to and 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.

**V. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**1. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this (\$25,635,081) difference is as follows:

Bonds payable	(\$22,855,000)
Accrued interest payable	(263,876)
Compensated absences	(1,276,017)
Unamortized bond premium	<u>(1,240,188)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>(\$25,635,081)</u>

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$993,766 difference are as follows:

Capital outlay	\$1,017,607
Construction/acquisition costs	5,074,283
Current expenditures capitalized	1,649
Adjustment to estimated project costs	(204,703)
Depreciation expense	<u>(4,895,070)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$993,766</u>

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council. All such banks 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% of the deposits not covered by insurance or bonds. Securities pledged as collateral are required to be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118A.03 identifies allowable forms of collateral.

Custodial credit risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all City deposits.

At December 31, 2020, the bank balance of the City’s deposits with financial institutions was \$30,104,306 and the carrying amount was \$29,536,091. \$24,636,959 of the City’s deposits were insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City’s name. \$5,467,347 of deposits were uninsured or uncollateralized as of December 31, 2020.

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorize the City to invest in United States securities, state and local securities, commercial paper, time deposits, high-risk mortgage-backed securities, temporary general obligation bonds, repurchase agreements, Minnesota joint powers investment trust and guaranteed investment contracts.

At December 31, 2020 the City’s investment balances were as follows:

Investment Type	Rating	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Local government bonds	AA1	\$1,209,600	\$ -	\$1,209,600	\$ -	\$ -
Local government bonds	AA2	2,875,081	1,795,835	1,079,246	-	-
Local government bonds	AAA	2,871,099	704,557	2,166,542	-	-
Federal National Mortgage Assn	AAA	217,900	-	217,900	-	-
Federal Farm Credit Bank	AAA	332,409	-	-	-	332,409
Brokered certificates of deposit	Not rated	2,157,992	955,601	1,202,391	-	-
External investment pool - 4M Fund	Not rated	286,609	286,609	-	-	-
Money markets	Not rated	793,686	793,686	-	-	-
Total		<u>\$10,744,376</u>	<u>\$4,536,288</u>	<u>\$5,875,679</u>	<u>\$0</u>	<u>\$332,409</u>
Total investments						\$10,744,376
Deposits						29,536,091
Petty cash						1,830
Total cash and investments						<u>\$40,282,297</u>

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. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

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The City has the following recurring fair value measurements as of December 31, 2020:

Investment Type	12/31/2020	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments at fair value:				
Local government bonds	\$6,955,780	\$ -	\$6,955,780	\$ -
Federal National Mortgage Assn	217,900	-	217,900	-
Federal Farm Credit Bank	332,409	-	332,409	-
Brokered certificates of deposit	2,157,992	-	2,157,992	-
Total/Subtotal	9,664,081	\$0	\$9,664,081	\$0
Investments not categorized:				
External investment pool - 4M Fund	286,609			
Money markets	793,686			
Total	\$10,744,376			

The City's external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

**C. INVESTMENT RISKS**

**Custodial credit risk – investments** – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investment securities that are in the possession of an outside party. As of December 31, 2020, \$286,609 of the City's investments were invested in the 4M Fund. Investments in the 4M Fund are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. The City's investment policy does not address custodial credit risk. However, investments in securities that are held by the City's broker dealers in the amount of \$10,457,767 include \$1,000,000 that is insured through SIPC. Each broker-dealer has provided additional protection by providing additional private insurance. This insurance is subject to aggregate limits applied to all of the broker's accounts.

**Interest rate risk** – Interest rate risk is the risk that changes in interest rates of debt investments could adversely affect the fair value of an investment. The City's investment policy shall be designed to attain market-average rates of return during budgetary and economic cycles taking into account the City's investment risk constraint and cash flow characteristics, however, the City does not have a formal policy relating to interest rate risk. Also, the City does not have any duration limitations on its investments.

**CITY OF OAKDALE, MINNESOTA**  
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**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligation to the holder of the investment. State law limits investments to only those investment instruments authorized by Minnesota Statutes. The City's investment policy places further restrictions on bankers acceptances and commercial paper.

**Concentration of credit risk** – Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount the City may invest in any one issuer. As of December 31, 2020, no individual investment exceeded 5% of the City's total cash and investment portfolio, however, 73% of the City's total cash and investments were held at a local financial institution.

**Note 3 RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2020 are as follows:

	Special Assessment Receivable	Delinquent Property Taxes	Due From Other Gov't Units	Loan Receivable	Total
Major Funds:					
General Fund	\$ -	\$55,900	\$ -	\$ -	\$55,900
Nonmajor Funds	3,562,000	21,000	115,484	222,611	3,921,095
Total	\$3,562,000	\$76,900	\$115,484	\$222,611	\$3,976,995

**Note 4 UNAVAILABLE REVENUES**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	Property Taxes	Special Assessments	Certified Bills	Due from Other Governmental Units	Total
Major Funds:					
General Fund	\$66,335	\$ -	\$537	\$ -	\$66,872
Nonmajor funds	24,921	4,243,935	2,056	227,268	4,498,180
Total unavailable revenue	\$91,256	\$4,243,935	\$2,593	\$227,268	\$4,565,052

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**Note 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020 was as follows:

<b>Primary Government</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$9,723,070	\$ -	\$ -	\$ -	\$9,723,070
Construction in progress	9,459,075	5,075,923	(3,402,831)	(1,005,426)	10,126,741
Total capital assets, not being depreciated	19,182,145	5,075,923	(3,402,831)	(1,005,426)	19,849,811
Capital assets, being depreciated:					
Buildings and structures	13,935,171	92,230	-	-	14,027,401
Furniture and fixtures	1,762,423	47,633	-	-	1,810,056
Machinery and equipment (including software)	9,217,468	1,086,123	(680,170)	(133,036)	9,490,385
Other park improvements	10,561,275	166,998	-	-	10,728,273
Streets	133,577,631	2,470,140	-	-	136,047,771
Storm sewers	15,243,214	411,691	-	-	15,654,905
Total capital assets, being depreciated	184,297,182	4,274,815	(680,170)	(133,036)	187,758,791
Less accumulated depreciation for:					
Buildings and structures	9,987,838	393,257	-	-	10,381,095
Furniture and fixtures	1,456,991	92,542	-	-	1,549,533
Machinery and equipment	6,728,777	834,801	(571,713)	-	6,991,865
Other park improvements	9,256,686	346,036	-	-	9,602,722
Streets	118,228,712	3,002,031	-	-	121,230,743
Storm sewers	12,154,182	226,403	-	-	12,380,585
Total accumulated depreciation	157,813,186	4,895,070	(571,713)	0	162,136,543
Total capital assets being depreciated - net	26,483,996	(620,255)	(108,457)	(133,036)	25,622,248
Governmental activities capital assets - net	\$45,666,141	\$4,455,668	(\$3,511,288)	(\$1,138,462)	\$45,472,059

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<b>Primary Government</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$55,966	\$ -	\$ -	\$ -	\$55,966
Capital assets, being depreciated:					
Buildings and structures	5,216,681	-	-	-	5,216,681
Machinery and equipment	2,771,779	7,916	(31,537)	133,034	2,881,192
Street lights	8,699,089	-	-	411,690	9,110,779
Distribution system	21,788,554	-	-	102,923	21,891,477
Collection system	21,772,748	-	-	490,815	22,263,563
Total capital assets, being depreciated	60,248,851	7,916	(31,537)	1,138,462	61,363,692
Less accumulated depreciation for:					
Buildings and structures	4,339,736	84,618	-	-	4,424,354
Machinery and equipment	2,012,963	215,081	(31,537)	-	2,196,507
Street lights	3,724,086	267,011	-	-	3,991,097
Distribution system	10,666,600	501,282	-	-	11,167,882
Collection system	12,210,981	428,963	-	-	12,639,944
Total accumulated depreciation	32,954,366	1,496,955	(31,537)	0	34,419,784
Total capital assets being depreciated - net	27,294,485	(1,489,039)	0	1,138,462	26,943,908
Business-type activities capital assets - net	\$27,350,451	(\$1,489,039)	\$0	\$1,138,462	\$26,999,874

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

<b>Governmental activities:</b>	
General government	\$341,878
Public safety	550,790
Public works	3,401,862
Community services and recreation	600,540
Total depreciation expense - governmental activities	<u>\$4,895,070</u>
<b>Business-type activities:</b>	
Water	\$681,727
Sewer	484,715
Ambulance	63,502
Street lights	267,011
Total depreciation expense - business-type activities	<u>\$1,496,955</u>

**CITY OF OAKDALE, MINNESOTA**  
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**Note 6 LONG-TERM DEBT**

The City issues general obligation bonds and equipment certificates to provide funds for the acquisition and construction of major capital facilities. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

As of December 31, 2020, the long-term debt of the financial reporting entity consisted of the following:

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/2020
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds:					
Equipment Certificates of 2016B	1.03%	08/11/16	11/01/21	1,020,000	\$210,000
Equipment Certificates of 2017B	2.00%	10/26/17	11/01/22	1,000,000	415,000
Equipment Certificates of 2018B	2.09%	09/13/18	11/01/23	940,000	595,000
Equipment Certificates of 2019B	5.00%	08/22/19	11/01/24	845,000	700,000
Equipment Certificates of 2020B	5.00%	09/10/20	11/01/25	715,000	715,000
Total General Obligation Bonds				4,520,000	2,635,000
G.O. Improvement Bonds:					
\$3,120,000 Refunding Bonds of 2010A	2.06%	11/01/10	02/01/21	3,120,000	240,000
\$2,200,000 Bonds of 2011B	1.95%	11/15/11	02/01/22	2,200,000	430,000
\$2,755,000 Bonds of 2012A	2.01%	11/01/12	02/01/23	2,755,000	825,000
\$1,730,000 Bonds of 2012A Refunding 2005A	2.01%	11/01/12	02/01/26	1,730,000	650,000
\$2,365,000 Bonds of 2013A	1.91%	11/01/13	02/01/24	2,365,000	960,000
\$2,330,000 Bonds of 2014B	1.96%	12/01/14	02/01/25	2,330,000	1,160,000
\$2,555,000 Bonds of 2015A	1.88%	08/27/15	02/01/26	2,555,000	1,570,000
\$1,645,000 Refunding Bonds of 2015C	2.03%	11/05/15	02/01/23	1,645,000	505,000
\$1,920,000 Bonds of 2016A	1.39%	08/11/16	02/01/27	1,920,000	1,335,000
\$2,700,000 Bonds of 2017A	2.00% - 2.10%	10/26/17	02/01/28	2,700,000	2,175,000
\$840,000 Bonds of 2018A	2.68%	09/13/18	02/01/29	840,000	765,000
\$2,630,000 Bonds of 2019A	3.00 - 5.00%	08/22/19	02/01/30	2,630,000	2,630,000
\$1,690,000 Bonds of 2020A	1.00% - 5.00%	09/10/20	02/01/37	1,690,000	1,690,000
\$650,000 Refunding Bonds of 2020A	5.00%	09/10/20	02/01/27	650,000	650,000
Total G.O. Improvement Bonds				29,130,000	15,585,000
G.O. Tax Increment Bonds:					
Tax Increment Revenue Bonds of 2016D	2.81%	8/11/2016	2/1/2037	4,315,000	3,845,000
G.O. Taxable Housing Bonds:					
Taxable G.O. Housing Bonds of 2012C	2.52%	11/1/2012	2/1/2028	550,000	310,000
Taxable G.O. Housing Bonds of 2016C	2.95%	8/11/2016	2/1/2035	550,000	480,000
Total Taxable Housing Bonds				1,100,000	790,000
Unamortized bond premiums	N/A	N/A	N/A	N/A	1,240,188
Total - bonded indebtedness				39,065,000	24,095,188
Compensated absences payable	N/A	N/A	N/A	N/A	1,276,017
Total City indebtedness - governmental activities				\$39,065,000	\$25,371,205
<b>BUSINESS-TYPE ACTIVITIES</b>					
Compensated absences payable				N/A	\$272,018

**CITY OF OAKDALE, MINNESOTA**  
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Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31	G.O. Improvement Bonds		G.O. Tax Increment Bonds		G.O. Taxable Housing Bonds		All Other General Obligation Bonds	
	Governmental Activities		Governmental Activities		Governmental Activities		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$2,580,000	\$416,562	\$180,000	\$98,178	\$60,000	\$20,760	\$890,000	\$118,065
2022	2,525,000	358,263	185,000	94,527	60,000	19,490	715,000	80,950
2023	2,330,000	289,252	190,000	90,778	65,000	18,100	530,000	51,500
2024	1,895,000	226,490	195,000	86,927	70,000	16,515	340,000	25,000
2025	1,660,000	171,013	200,000	82,828	70,000	14,770	160,000	8,000
2026	1,430,000	121,931	205,000	78,371	70,000	12,857	-	-
2027	1,095,000	79,375	210,000	73,598	70,000	10,793	-	-
2028	830,000	43,963	215,000	68,496	75,000	8,650	-	-
2029	570,000	20,450	220,000	63,058	30,000	7,128	-	-
2030	490,000	7,300	230,000	57,090	35,000	6,190	-	-
2031	180,000	900	235,000	50,696	35,000	5,140	-	-
2032	-	-	245,000	43,912	35,000	4,090	-	-
2033	-	-	250,000	36,735	35,000	3,022	-	-
2034	-	-	260,000	29,210	40,000	1,860	-	-
2035	-	-	265,000	21,335	40,000	620	-	-
2036	-	-	275,000	13,097	-	-	-	-
2037	-	-	285,000	4,417	-	-	-	-
Total	\$15,585,000	\$1,735,499	\$3,845,000	\$993,253	\$790,000	\$149,985	\$2,635,000	\$283,515

It is not practicable to determine the specific year for payment of long-term accrued compensated absences.

**CURRENT REFUNDING**

On September 10, 2020, the City issued \$650,000 of General Obligation Refunding Bonds, Series 2020A. On October 15, 2020, the City used \$735,000 of the bond proceeds, which included a bond premium of \$103,681, to advance refund the 2021 through 2027 maturities of the General Obligation Improvement Bonds, Series 2006A. The City refunded these maturities to reduce its total debt service payments over the last seven years of the bond by \$76,685 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$71,792.



**CITY OF OAKDALE, MINNESOTA**  
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**CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$2,820,000	\$715,000	(\$900,000)	\$2,635,000	\$890,000
G.O. tax increment bonds	4,025,000	-	(180,000)	3,845,000	180,000
G.O. taxable housing bonds	850,000	-	(60,000)	790,000	60,000
G.O. improvement debt	16,505,000	2,340,000	(3,260,000)	15,585,000	2,580,000
Unamortized bond premiums	959,055	471,930	(190,797)	1,240,188	-
Total bonds payable	25,159,055	3,526,930	(4,590,797)	24,095,188	3,710,000
Compensated absences	1,130,170	219,182	(73,335)	1,276,017	230,167
Total governmental activities long-term liabilities	<u>\$26,289,225</u>	<u>\$3,746,112</u>	<u>(\$4,664,132)</u>	<u>\$25,371,205</u>	<u>\$3,940,167</u>
Business-type activities:					
Compensated absences	<u>\$229,291</u>	<u>\$57,903</u>	<u>(\$15,176)</u>	<u>\$272,018</u>	<u>\$27,963</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

General obligation bond issues are backed by the full faith and credit of the City and are financed by ad valorem tax levies, tax increment revenue and special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

Future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2020. Future scheduled tax levies for all bonds outstanding at December 31, 2020 totaled \$11,489,649.

Delinquent assessments receivable at December 31, 2020 totaled \$6,802.

**CITY OF OAKDALE, MINNESOTA**  
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**PLEGDED REVENUE**

Future revenue pledged for the payment of long-term debt is as follows:

	Bond Issue	Use of Proceeds	Revenue Pledged			Current Year 2020		
			Type	100% of Debt Service Amount	Percent of total debt service	Term of Pledge	Remaining Principal and Interest	Principal and Interest paid
458 - 2010A GO Imp and Refunding	Street Improvement Projects	Assessments Property Taxes	\$913,520 \$2,728,228	25.1% 74.9%	2010-2020	\$243,000	\$249,500	\$219,815
456 - 2011B GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,288,425 \$1,364,641	48.6% 51.4%	2013-2022	\$441,825	\$230,550	\$170,642
460 - 2012A GO Improvement	Refund 2005A / Street Improvement Projects	Assessments Property Taxes	\$6,340,098 \$799,310	88.8% 11.2%	2006-2026	\$1,535,650	\$444,600	\$225,617
350 - 2012C Taxable GO Housing	Housing Rehab	Assessments	\$673,676	100.0%	2014-2028	\$347,853	\$43,805	\$41,971
455 - 2013A GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,331,459 \$1,458,627	47.7% 52.3%	2014-2023	\$1,004,040	\$258,970	\$211,365
454 - 2014B GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,164,187 \$1,601,216	42.1% 57.9%	2015-2025	\$1,232,300	\$260,650	\$253,767
453 - 2015A GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,748,561 \$1,384,505	55.8% 44.2%	2016-2026	\$1,695,456	\$303,113	\$263,276
461 - 2015C GO Improvement	Refund 2007A / Street Improvement Projects	Assessments Property Taxes	\$462,002 \$1,388,563	25.0% 75.0%	2017-2023	\$520,897	\$177,467	\$190,301
451 - 2016A GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,224,653 \$1,030,887	54.3% 45.7%	2018-2027	\$1,428,150	\$224,100	\$191,231
346 - 2016B Equipment Certificates	Equipment purchases	Property Taxes	\$1,140,545	100.0%	2016-2021	\$214,200	\$213,750	\$223,748
352 - 2016C Taxable GO Housing	Housing Rehab	Assessments	\$752,803	100.0%	2018-2025	\$592,133	\$38,605	\$58,062
349 - 2016D Tax increment revenue	Oakdale Mall Project	TIF	\$6,016,422	100.0%	2015-2037	\$4,838,254	\$282,227	\$270,000
452 - 2017A GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,443,503 \$1,723,688	45.6% 54.4%	2019-2028	\$2,351,813	\$311,875	\$277,740
347 - 2017B Equipment Certificates	Equipment purchases	Property Taxes	\$1,114,342	100.0%	2017-2022	\$427,500	\$212,750	\$222,514
468 - 2018A GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$496,712 \$444,684	47.7% 52.3%	2020-2029	\$870,375	\$99,575	\$87,573
318 - 2018B Equipment Certificates	Equipment purchases	Property Taxes	\$1,146,880	100.0%	2020-2029	\$655,250	\$219,250	\$229,082
469 - 2019A GO Improvement	Street Improvement Projects	Assessments Property Taxes	\$1,324,900 \$2,177,884	37.8% 62.2%	2020-2030	\$3,223,550	\$113,489	\$350,495
317 - 2019B Equipment Certificates	Equipment purchases	Property Taxes	\$1,034,615	100.0%	2020-2024	\$790,000	\$195,798	\$203,863
470 - 2020A GO Improvement	Refund 2006A / Street Improvement Projects	Assessments Property Taxes	\$1,116,066 \$1,796,047	38.3% 61.68%	2021-2031	\$2,773,442	\$850	\$360,857
316 - 2020B Equipment Certificates	Equipment purchases	Property Taxes	\$873,143	100.0%	2021-2025	\$831,565	\$ -	\$ -

**Note 7 DEFINED BENEFIT PENSION PLANS**

**A. PLAN DESCRIPTION**

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

**1. General Employees Retirement Fund (GERF)**

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**2. Public Employees Police and Fire Fund (PEPFF)**

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to 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.

**1. GERF Benefits**

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, 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. For 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.

**2. PEPFF Benefits**

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be 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. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

**C. CONTRIBUTIONS**

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

**1. GERF Contributions**

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2020 were \$367,895. The City's contributions were equal to the required contributions as set by state statute.

**2. PEPFF Contributions**

Police and Fire member's contribution rates increased from 11.3% of pay to 11.8% and employer rates increased from 16.95% to 17.70% on January 1, 2020. The City's contributions to the PEPFF for the year ended December 31, 2020 were \$785,957. The City's contributions were equal to the required contributions as set by state statute.

#### D. PENSION COSTS

##### 1. GERS Pension Costs

At December 31, 2020, the City reported a liability of \$4,100,893 for its proportionate share of GERF'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 \$126,440. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0684% at the end of the measurement period and 0.0675% for the beginning of the period.

Proportionate share of the net pension liability	\$4,100,893
State of Minnesota's proportionate share of the net pension liability associated with the City	126,440
Total	<u>\$4,227,333</u>

For the year ended December 31, 2020, the City recognized pension expense of \$184,169 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$11,004 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

At December 31, 2020, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$37,400	\$15,516
Changes in actuarial assumptions	-	152,331
Net collective difference between projected and actual investment earnings	67,713	-
Changes in proportion	67,630	-
Contributions paid to PERA subsequent to the measurement date	208,150	-
Total	<u>\$380,893</u>	<u>\$167,847</u>

The \$208,150 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2021	(\$194,702)
2022	10,165
2023	90,353
2024	99,080
2025	-
Thereafter	-

##### 2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$5,211,795 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2020 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, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3954% at the end of the measurement period and 0.3971% for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to PEPFF during the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. 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 fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the PEPFF Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. PEPFF 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, 2020, the City recognized pension expense of \$698,559 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$37,773 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the PEPFF.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$35,586 for the year ended December 31, 2020 as revenue and an offsetting reduction

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of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$231,281	\$262,563
Changes in actuarial assumptions	1,852,852	3,314,471
Net collective difference between projected and actual investment earnings	147,082	-
Changes in proportion	910,122	501,201
Contributions paid to PERA subsequent to the measurement date	430,698	-
Total	<u>\$3,572,035</u>	<u>\$4,078,235</u>

The \$430,698 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as outflows:

Year Ended December 31,	Pension Expense
2021	(\$292,036)
2022	(1,447,440)
2023	499,548
2024	302,354
2025	676
Thereafter	-

The City's net pension liability is liquidated by the Employee Benefit Internal Service Fund.

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**E. ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2020 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for GERF and 1.0% per year for PEPFF.

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

Police and Fire Fund

Changes in Actuarial Assumptions:

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	35.5%	5.10%
International stocks	17.5%	5.30%
Bonds (fixed income)	20.0%	0.75%
Alternative assets (private markets)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100%	

#### F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota statutes. Based on that assumption, the fiduciary net position of the GERF and the PEPFF was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### G. PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Proportionate share of the GERF net pension liability	\$6,572,308	\$4,100,893	\$2,062,173
Proportionate share of the PEPFF net pension liability	\$10,387,858	\$5,211,795	\$929,510

#### H. PENSION PLAN FIDUCIARY NET POSITION

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

#### I. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2020 is as follows:

GERF	\$195,173
PEPFF	736,332
Total	<u>\$931,505</u>

#### J. PAYABLES TO THE PENSION PLAN

Short-term payables for legally required contributions outstanding at the end of the reporting period are as follows:

GERF	\$22,771
PEPFF	42,818
Total	<u>\$65,589</u>

**Note 8 OTHER POST-EMPLOYMENT BENEFITS**

**A. PLAN DESCRIPTION**

In addition to providing the pension benefits described in Note 7, the City provides post-employment health care benefits (as defined in paragraph B) through its group health insurance plan for retired employees and police and firefighters disabled in the line of duty, through a single-employer defined benefit OPEB plan. The term *Plan* refers to the City's requirement by State Statute to provide retirees with access to health insurance. The OPEB plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. No assets are accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a separate report.

**B. BENEFITS PROVIDED**

**RETIREES**

The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. To be eligible for benefits, an employee must qualify for retirement or disability benefits from a Minnesota public pension plan. The retiree may continue to participate in the City's group health insurance plan that the employee was a participant of immediately prior to retirement. Employees may obtain dependent coverage at retirement only if the employee was receiving dependent coverage immediately prior to retirement. Covered spouses may continue coverage after the retiree's death. The surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

**DISABLED POLICE AND FIREFIGHTERS**

The City continues to pay the employer's contribution toward health coverage for Police or Firefighters disabled in the line of duty and deceased Officer or Firefighter's dependents if the officer or Firefighter was killed in the line of duty, per Minnesota Statute 299A.465, until age 65. Dependent coverage is included, if the dependents were covered at the time of the disability. During 2020, benefits were provided to 4 officers disabled in the line of duty and no officers killed in the line of duty.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

**C. PARTICIPANTS**

As of the December 31, 2018 actuarial valuation date, participants consisted of:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	106
Total	112

**D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY**

The City's total OPEB liability of \$2,524,101 was measured as of December 31, 2019 and was determined by an actuarial valuation as of December 31, 2018. Changes in the total OPEB liability during 2020 were:

Balance - beginning of year	\$2,193,861
Changes for the year:	
Service cost	145,721
Interest	85,838
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	150,436
Benefit payments	(51,755)
Net changes	330,240
Balance - end of year	\$2,524,101

The City's OPEB liability is liquidated by the Employee Benefit Internal Service Fund.

#### E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	Based on the most recent disclosed assumptions for the pension plan in which they employee participates.
Discount rate	2.75%
Investment rate of return	N/A
Healthcare cost trend rates	6.4% for 2019 gradually decreasing to an ultimate rate of 4.0% in 2075 and beyond.
Retirees' share of benefit-related costs	100%

Since the plan is funded on a pay-as-you-go basis, both the discount rate and the investment rate of return was based on the 20-year AA rated municipal bond rate as of December 31, 2019, obtained from the Fidelity 20-year Municipal G.O. AA Index.

Mortality rates for general employees were based on the RP-2014 Mortality tables with projected mortality improvements based on Scale MP-2017, other adjustments.

Mortality rates for Police and Fire employees were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.

100% of current retirees are assumed to continue coverage until Medicare eligible (age 65) and then discontinue coverage. Current retirees are assumed to elect dependents coverage based on their current elections and continue coverage in their current plan. 60% of future regular retirees and 100% of future disabled members in the line of duty are assumed to elect coverage at retirement, continue coverage until Medicare eligible (age 65) and then discontinue coverage. 30% of future retirees electing coverage are assumed to cover a spouse at retirement. Future retirees are assumed to elect each plan as follows: 25% VEBA 831 and 75% VEBA 833.

Since the last valuation, the following changes have been made:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 PERA Police & Fire Plan valuations to the rates used in the 7/1/2018 valuations.

- The percent of future regular retirees assumed to elect coverage at retirement changed from 75% to 60% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan changed to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.5% based on an updated historical analysis of inflation rates and forward-looking market expectations.

#### F. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.75%) or 1% higher (3.75%) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$2,803,971	\$2,524,101	\$2,275,307

#### G. SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.4% decreasing to 3.0%) or 1% higher (7.4% decreasing to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (5.4% decreasing to 3.0%)	Healthcare Cost Trend Rates (6.4% decreasing to 4.0%)	1% Increase (7.4% decreasing to 5.0%)
Total OPEB liability	\$2,170,363	\$2,524,101	\$2,946,636

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**H. OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES  
RELATED TO OPEB**

For the year ended December 31, 2020, the City recognized \$167,314 of OPEB expense. At December 31, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual liability	\$ -	\$270,147
Changes in actuarial assumptions	231,581	210,771
Contributions subsequent to the measurement date	57,709	-
Total	<u>\$289,290</u>	<u>\$480,918</u>

\$57,709 reported as deferred outflows of resources related to OPEB resulting from City contributions after the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	OPEB Expense
2021	(\$31,325)
2022	(31,325)
2023	(31,325)
2024	(31,325)
2025	(31,325)
Thereafter	(92,712)
	<u>(\$249,337)</u>

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**Note 9 INTERFUND RECEIVABLES/PAYABLES, LOANS AND TRANSFERS**

Individual fund interfund receivable and payable balances at December 31, 2020 are as follows:

Fund	Receivable	Payable
General Fund	\$2,149,500	\$ -
2020-01 Construction Project	-	419,790
Highway 36 Realignment	-	1,031,190
Nonmajor Governmental Funds	-	698,520
Total	<u>\$2,149,500</u>	<u>\$2,149,500</u>

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year.

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. All of the City's interfund transfers fall under that category. All of the December 31, 2020 transfers are considered routine and consistent with previous practices.

	Transfers Out			
	Major Funds		Nonmajor Funds	Total
	Water	Sewer	Governmental Fund	
Transfers In:				
General Fund	\$ -	\$ -	\$250,000	\$250,000
2020-01 Construction Project	-	-	450,000	450,000
Ambulance Fund	-	-	100,000	100,000
Nonmajor Governmental Funds	400,000	400,000	507,500	1,307,500
Total transfers	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$1,307,500</u>	<u>\$2,107,500</u>

Additionally, administrative fees and interfund rent paid by the Water, Sewer and Street Light Funds to the General Fund have been reclassified as transfers on the government-wide statement of activities as follows:

	Transfers In General Fund
Transfers out:	
Water Fund	\$600,000
Sewer Fund	600,000
Street Light Fund	39,996
Total	<u>\$1,239,996</u>



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**Note 10 FUND BALANCE**

**A. CLASSIFICATIONS**

At December 31, 2020, a summary of the governmental fund balance classifications are as follows:

	General Fund	2020-01 Construction Project	Highway 36 Realignment	Other Governmental Funds	Total
Nonspendable:					
Prepaid items	\$317,203	\$ -	\$ -	\$7,982	\$325,185
Restricted for:					
Tax increment	-	-	-	3,438,206	3,438,206
Public safety	-	-	-	135,868	135,868
Debt service	-	-	-	7,124,160	7,124,160
Capital improvements	-	-	-	127,690	127,690
Recreation and community events	-	-	-	122,017	122,017
Total restricted	0	0	0	10,947,941	10,947,941
Committed for:					
Compensated absences	736,737	-	-	-	736,737
Recreation activity	-	-	-	4,410	4,410
Storm water management	-	-	-	87,882	87,882
Communications and broadcasting	-	-	-	170,087	170,087
Housing rehab loans	-	-	-	194,846	194,846
Neighborhood and strategic initiatives	-	-	-	39,984	39,984
Total committed	736,737	0	0	497,209	1,233,946
Assigned for:					
Capital improvements	-	-	-	3,279,207	3,279,207
Debt service	-	-	-	590,298	590,298
Future buildings	-	-	-	3,018,387	3,018,387
Parks and recreation	-	-	-	828,447	828,447
Utility system replacement	-	-	-	1,319,500	1,319,500
Recreation and community events	-	-	-	14,075	14,075
Public safety	-	-	-	37,227	37,227
Recreation activity	-	-	-	2,275	2,275
Storm water management	-	-	-	1,662	1,662
Housing rehab loans	-	-	-	109,853	109,853
Communications and broadcasting	-	-	-	89,812	89,812
Mall redevelopment	-	-	-	948,282	948,282
Neighborhood and strategic initiatives	-	-	-	24,847	24,847
Total assigned	0	0	0	10,263,872	10,263,872
Unassigned	10,994,899	(566,947)	(1,753,278)	(720,150)	7,954,524
Total	\$12,048,839	(\$566,947)	(\$1,753,278)	\$20,996,854	\$30,725,468

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**B. MINIMUM UNASSIGNED FUND BALANCE POLICY**

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. In addition, it is the City's goal to begin each fiscal year with sufficient fund balance to fund emergencies in an amount equal to 10% of the ensuing years general fund expenditures.

The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing and emergency needs at 60% of the subsequent year's budgeted expenditures. At December 31, 2020, the unassigned fund balance of the General Fund was 76% of the subsequent year's budgeted expenditures.

**C. DEFICIT FUND BALANCES**

The City has deficit fund balances at December 31, 2020 as follows:

Fund	Deficit	Anticipated Funding Source
Major Funds:		
2020-01 Construction Project	\$566,947	Transfers
Highway 36 Realignment	1,753,278	Municipal state-aid and transfers
Nonmajor Debt Service Funds:		
\$1,375,000 Bonds of 2009A	127,757	Property taxes
\$3,120,000 Bonds of 2010A	141,306	Property taxes
Nonmajor Capital Project Funds:		
Public Works Rehabilitation	5,051	Transfers
Capital Improvement Planning	85,568	Transfers
2014 Capital Energy Grant	327	Transfers
2018-01 Construction Project	315,781	Transfers
2021-01 Street Reconstruction	44,360	Bond proceeds

The Internal Service Fund also reports deficit net position. However, due to the nature of the liabilities of this fund, its deficit is not required to be or expected to be eliminated. The City continues to make pension contributions as required by state statute.

**Note 11 COMMITMENTS AND CONTINGENCIES**

**A. RISK MANAGEMENT**

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

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City has a \$500 deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

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

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

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

**B. LITIGATION**

Existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City management, remotely recoverable by plaintiffs.

**C. FEDERAL AND STATE FUNDS**

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at December 31, 2020.

**D. TAX INCREMENT DISTRICTS**

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

**E. COMMITTED CONTRACTS**

At December 31, 2020, the City had commitments of \$83,114 for uncompleted construction contracts. In addition, during 2021 the City awarded contracts for street and well improvements totaling \$4,771,092.

**Note 12 CONDUIT DEBT OBLIGATION**

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

As of December 31, 2020, there were two series of Rental Housing Revenue Bonds outstanding. The aggregate issued amount was \$29,990,000 including a 2012 refunding issue of \$10,040,000, and a 2016 issue of \$19,950,000. The balance outstanding at December 31, 2020 is unavailable.

**Note 13 OPERATING LEASES**

**A. OAK MARSH GOLF COURSE**

The City receives revenue from the Oak Marsh Limited Partnership for the lease of the Oak Marsh Golf Course. The lease has a term of sixty years commencing May 26, 1995. Provided that there is no event of default, the tenant has six consecutive ten year options to extend the lease. Written notice that the tenant will be exercising extension options is required three years prior to the then-current expiration date. The lease calls for annual rent payments equal to 2.5% of gross revenues.

Rental payments are due on January 20, April 20, July 20 and October 20 of each year. Lease revenue for the year ended December 31, 2020 totaled \$47,963.

The book value of assets (land) under operating lease at December 31, 2020 is \$2,057,552.

CITY OF OAKDALE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**B. ANTENNA LEASE**

The City received revenue from agreements for the lease of space for antennas placed on its water towers. Terms of each lease are as follows:

Location	Lessee	2020 Lease Amount	Annual Lease Adjustment Factor	Expiration Date	Renewal Options
Tower # 1	Sprint	\$18,038	4% annual increase	6/11/2025	2 - 5 year terms
Tower # 2	Sprint	29,605	N/A	5/20/2020	N/A
Tower # 2	T-Mobile*	45,602	Greater of CPI or 5%	12/31/2020	Final Term
Tower # 3	Sprint	22,325	3% annual increase	12/31/2024	3 - 5 year terms
Tower # 3	AT&T*	38,192	3% annual increase	6/15/2021	2 - 5 year terms
Tower # 3	T-Mobile	35,917	5% annual increase	1/31/2023	2 - 5 year terms
Tower # 3	Verizon	23,229	3% annual increase	10/15/2025	2 - 5 year terms
Tower # 3	Nextera Wireless*	958	Greater of CPI or 5%	12/31/2024	2 - 5 year terms
Tower # 4	Sprint	31,689	3% annual increase	***	***
Tower # 4	T-Mobile	26,225	3% annual increase	12/31/2021	5 - 5 year terms
Tower # 4	USA Mobility*	9,000	Greater of CPI or 5%	**	**
Tower # 4	Verizon	27,865	3% annual increase	7/20/2021	3 - 5 year terms

\*Amounts for future lease receipts are unavailable because they are based on the Consumer Price Index.

\*\* Lease is currently past its expiration date (or currently exercising the last renewal option) and under negotiation

\*\*\* Terminated upon written 90 day notice

Future minimum lease payments:

Lessee:	Verizon	Sprint	T-Mobile	AT&T
Location:	Tower # 3 & # 4	Towers #1, 2 and 3	Tower #2, 3 and 4	Tower #3
2021	\$54,049	\$92,344	\$66,611	\$38,192
2022	55,671	95,730	41,579	39,338
2023	57,341	99,243	3,638	40,518
2024	59,061	69,267	-	41,734
2025	33,272	33,017	-	42,986
2026	-	-	-	44,276
Total	\$259,394	\$389,601	\$111,828	\$247,044

CITY OF OAKDALE, MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020

**Note 14 RECENTLY ISSUED ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

**Statement No. 87 Leases.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 91 Conduit Debt Obligations.** The provisions of this Statement are effective for reporting periods beginning after December 15, 2021.

**Statement No. 92 Omnibus 2020.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2021.

**Statement No. 93 Replacement of Interbank Offered Rates.** The provisions of this Statement contain multiple effective dates, the first being for reporting periods beginning after June 15, 2020.

**Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

**Statement No. 96 Subscription-Based Information Technology Arrangements.** The provisions of this Statement are effective for reporting periods beginning after June 15, 2022.

The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 87 may have a material impact.

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For The Year Ended December 31, 2020**  
**With Comparative Totals For The Year Ended December 31, 2019**

	Budgeted Amounts		2020 Actual	Variance with Final Budget - Positive (Negative)	2019 Actual
	Original	Final	Amounts		Amounts
<b>Revenues:</b>					
General property taxes:					
Current	\$9,001,546	\$9,001,546	\$8,949,153	(\$52,393)	\$8,610,237
Delinquent	55,000	55,000	46,916	(8,084)	15,546
Penalties, interest, and other	9,500	9,500	89,513	80,013	91,270
Total general property taxes	9,066,046	9,066,046	9,085,582	19,536	8,717,053
Licenses and permits:					
Licenses	308,500	308,500	240,617	(67,883)	275,958
Permits	491,800	491,800	974,738	482,938	588,374
Total licenses and permits	800,300	800,300	1,215,355	415,055	864,332
<b>Intergovernmental:</b>					
Federal:					
Police	15,000	15,000	17,326	2,326	18,109
State:					
Local government aid	225,000	225,000	236,992	11,992	196,447
PERA aid	14,500	14,500	14,941	441	14,941
State aid - police	290,000	290,000	291,407	1,407	290,815
Municipal state aid	225,000	225,000	307,246	82,246	272,130
Other state aids	-	-	46,207	46,207	47,858
County:					
Recycling grant and other	60,000	60,000	52,672	(7,328)	73,435
Local:					
ISD #622	67,000	67,000	74,426	7,426	77,803
Other	-	-	5,409	5,409	-
Total intergovernmental	896,500	896,500	1,046,626	150,126	991,538
<b>Charges for services:</b>					
Public works	1,500	1,500	1,694	194	-
Engineering and planning	45,000	45,000	52,365	7,365	48,050
Recycling	5,000	5,000	2,847	(2,153)	3,382
Administrative charges:					
Construction funds	70,000	70,000	59,545	(10,455)	58,645
Enterprise funds	1,100,000	1,100,000	1,089,996	(10,004)	1,089,996
Franchise fees	490,000	490,000	496,372	6,372	496,085
Rent - interfund	150,000	150,000	150,000	-	150,000
Other	39,000	39,000	37,830	(1,170)	37,886
Total charges for services	1,900,500	1,900,500	1,890,649	(9,851)	1,884,044
Fines and forfeits	132,000	132,000	71,943	(60,057)	111,681
Investment income	110,000	110,000	131,359	21,359	273,103
Refunds and reimbursements	10,000	10,000	56,775	46,775	10,842
Developer payments	20,000	20,000	-	(20,000)	-
Contributions and donations	-	-	200	200	200
Other	109,500	109,500	41,666	(67,834)	49,044
Total revenues	13,044,846	13,044,846	13,540,155	495,309	12,901,837

See accompanying notes to the required supplementary information.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Expenditures:					
General government:					
Legislative:					
Current:					
Personal services	\$46,294	\$46,294	\$48,895	(\$2,601)	\$48,062
Materials and supplies	2,700	2,700	3,703	(1,003)	4,806
Contractual services	34,850	34,850	34,158	692	32,684
Total legislative	83,844	83,844	86,756	(2,912)	85,552
Economic development:					
Current:					
Materials and supplies	500	500	-	500	-
Contractual services	2,250	2,250	-	2,250	289
Total economic development	2,750	2,750	0	2,750	289
Planning and development:					
Current:					
Personal services	501,990	501,990	470,469	31,521	495,248
Materials and supplies	11,960	11,960	648	11,312	20,989
Contractual services	110,867	110,867	68,639	42,228	49,869
Total planning and development	624,817	624,817	539,756	85,061	566,106
Legal:					
Current:					
Personal services	231,705	231,705	243,912	(12,207)	261,183
Materials and supplies	600	600	265	335	415
Contractual services	99,600	99,600	88,184	11,416	39,917
Total legal	331,905	331,905	332,361	(456)	301,515
Administration:					
Current:					
Personal services	559,077	559,077	562,559	(3,482)	584,669
Materials and supplies	50,800	50,800	41,415	9,385	46,762
Contractual services	368,545	368,545	391,331	(22,786)	307,835
Total administration	978,422	978,422	995,305	(16,883)	939,266
Finance:					
Current:					
Personal services	618,514	618,514	619,310	(796)	659,029
Materials and supplies	9,000	9,000	4,841	4,159	2,976
Contractual services	211,400	211,400	221,907	(10,507)	188,812
Capital outlay	500	500	-	500	-
Total finance	839,414	839,414	846,058	(6,644)	850,817

See accompanying notes to the required supplementary information.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
Expenditures: (continued)					
General government: (continued)					
Risk management:					
Current:					
Contractual services	\$232,500	\$232,500	\$306,486	(\$73,986)	\$339,736
Engineering:					
Current:					
Personal services	469,965	469,965	472,406	(2,441)	455,544
Materials and supplies	2,800	2,800	330	2,470	220
Contractual services	28,580	28,580	17,662	10,918	16,796
Capital outlay	500	500	-	500	-
Total engineering	501,845	501,845	490,398	11,447	472,560
Building maintenance:					
Current:					
Materials and supplies	11,500	11,500	10,534	966	7,471
Contractual services	163,000	163,000	148,878	14,122	179,517
Total building maintenance	174,500	174,500	159,412	15,088	186,988
Communications and social media					
Current:					
Personal services	90,812	90,812	90,370	442	66,496
Materials and supplies	-	-	-	-	1,526
Contractual services	4,800	4,800	5,591	(791)	3,582
Total communications and social media	95,612	95,612	95,961	(349)	71,604
Total general government	3,865,609	3,865,609	3,852,493	13,116	3,814,433
Public safety:					
Police protection:					
Current:					
Personal services	4,958,925	4,958,925	3,311,453	1,647,472	4,774,501
Materials and supplies	125,390	125,390	109,877	15,513	99,599
Contractual services	264,904	264,904	263,458	1,446	172,403
Total police protection	5,349,219	5,349,219	3,684,788	1,664,431	5,046,503
Vehicle maintenance police:					
Current:					
Materials and supplies	65,000	65,000	49,226	15,774	55,010
Contractual services	71,000	71,000	43,915	27,085	28,268
Total vehicle maintenance police	136,000	136,000	93,141	42,859	83,278

See accompanying notes to the required supplementary information.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual	Variance with Final Budget - Positive (Negative)	2019 Actual
	Original	Final	Amounts		Amounts
Expenditures: (continued)					
Public safety: (continued)					
Fire protection:					
Current:					
Personal services	\$381,207	\$381,207	\$289,772	\$91,435	\$379,893
Materials and supplies	20,900	20,900	20,265	635	23,250
Contractual services	574,750	574,750	581,400	(6,650)	563,271
Total fire protection	976,857	976,857	891,437	85,420	966,414
Protective inspection:					
Current:					
Personal services	414,668	414,668	366,455	48,213	398,461
Materials and supplies	1,400	1,400	863	537	739
Contractual services	30,200	30,200	51,969	(21,769)	28,086
Total protective inspection	446,268	446,268	419,287	26,981	427,286
Total public safety	6,908,344	6,908,344	5,088,653	1,819,691	6,523,481
Public works:					
Street maintenance:					
Current:					
Personal services	614,551	614,551	536,397	78,154	650,597
Materials and supplies	246,050	246,050	212,917	33,133	247,792
Contractual services	90,750	90,750	77,479	13,271	90,106
Total street maintenance	951,351	951,351	826,793	124,558	988,495
Forestry:					
Current:					
Personal services	245,534	245,534	248,922	(3,388)	214,173
Materials and supplies	35,550	35,550	38,670	(3,120)	51,059
Contractual services	48,200	48,200	40,605	7,595	69,267
Capital outlay	-	-	-	-	13,000
Total forestry	329,284	329,284	328,197	1,087	347,499
Parks operation and maintenance:					
Current:					
Personal services	596,240	596,240	575,438	20,802	629,221
Materials and supplies	82,450	82,450	56,336	26,114	39,942
Contractual services	109,150	109,150	76,973	32,177	110,092
Capital outlay	4,500	4,500	-	4,500	-
Total parks operation and maintenance	792,340	792,340	708,747	83,593	779,255

See accompanying notes to the required supplementary information.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2020  
With Comparative Totals For The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual	Variance with Final Budget - Positive (Negative)	2019 Actual
	Original	Final	Amounts		Amounts
Expenditures: (continued)					
Public works: (continued)					
Mechanics services:					
Current:					
Personal services	\$200,249	\$200,249	\$189,375	\$10,874	\$178,657
Materials and supplies	191,800	191,800	191,630	170	190,712
Contractual services	21,135	21,135	10,474	10,661	12,493
Total mechanics services	413,184	413,184	391,479	21,705	381,862
Public works building maintenance:					
Current:					
Personal services	59,361	59,361	16,478	42,883	10,067
Materials and supplies	36,750	36,750	22,452	14,298	22,952
Contractual services	172,500	172,500	146,601	25,899	136,245
Total public works building maintenance	268,611	268,611	185,531	83,080	169,264
Total public works	2,754,770	2,754,770	2,440,747	314,023	2,666,375
Community services and recreation:					
Current:					
Personal services	96,522	96,522	94,176	2,346	94,457
Materials and supplies	10,700	10,700	4,498	6,202	11,343
Contractual services	10,350	10,350	5,351	4,999	6,378
Total community services and recreation	117,572	117,572	104,025	13,547	112,178
Total expenditures	13,646,295	13,646,295	11,485,918	2,160,377	13,116,467
Revenues over (under) expenditures	(601,449)	(601,449)	2,054,237	2,655,686	(214,630)
Other financing sources (uses):					
Transfers in	550,000	550,000	250,000	(300,000)	250,000
Sale of capital assets	-	-	89,964	89,964	13,643
Total other financing sources (uses)	550,000	550,000	339,964	(210,036)	263,643
Net change in fund balance	(\$51,449)	(\$51,449)	2,394,201	\$2,445,650	49,013
Fund balance - January 1			9,654,638		9,605,625
Fund balance - December 31			\$12,048,839		\$9,654,638

See accompanying notes to the required supplementary information.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For The Last Ten Years**

	2020	2019	2018
Total OPEB liability:			
Service cost	\$145,721	\$167,671	\$145,946
Interest	85,838	90,675	91,707
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(337,938)	-
Changes in assumptions	150,436	(263,661)	138,015
Benefit payments	(51,755)	(69,296)	(60,629)
Net change in total OPEB liability	330,240	(412,549)	315,039
Total OPEB liability - beginning	2,193,861	2,606,410	2,291,371
Total OPEB liability - ending	<u>\$2,524,101</u>	<u>\$2,193,861</u>	<u>\$2,606,410</u>
Covered-employee payroll	\$9,626,556	\$8,964,148	\$8,364,847
Total OPEB liability as a percentage of covered-employee payroll	26.2%	24.5%	31.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be added as they become available.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Last Ten Years**

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percent) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with City (b)	Total (a+b)	Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.0671%	\$3,477,470	\$ -	\$3,477,470	\$3,943,891	88.2%	78.2%
2016	2016	0.0672%	5,456,307	71,285	5,527,592	4,325,114	127.8%	68.9%
2017	2017	0.0665%	4,245,316	53,389	4,298,705	4,284,735	100.3%	75.9%
2018	2018	0.0675%	3,744,623	122,982	3,867,605	4,540,594	85.2%	79.5%
2019	2019	0.0675%	3,731,924	115,995	3,847,919	4,773,850	80.6%	80.2%
2020	2020	0.0684%	4,100,893	126,440	4,227,333	4,875,048	86.7%	79.1%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

See accompanying notes to the required supplementary information.

See accompanying notes to the required supplementary information.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**GENERAL EMPLOYEES RETIREMENT FUND**  
**For The Last Ten Years**

Fiscal Year Ending December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	\$301,636	\$301,636	\$ -	\$4,025,698	7.5%
2016	316,100	316,100	-	4,214,659	7.5%
2017	326,799	326,799	-	4,357,322	7.5%
2018	351,531	351,531	-	4,687,075	7.5%
2019	366,587	366,587	-	4,887,817	7.5%
2020	367,895	367,895	-	4,905,283	7.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES POLICE AND FIRE FUND**  
**For The Last Ten Years**

Measurement Date June 30	Fiscal Year Ending December 31	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2015	0.3550%	\$4,033,631	\$3,233,354	124.8%	86.6%
2016	2016	0.3570%	14,327,031	3,565,277	401.8%	63.9%
2017	2017	0.3540%	4,779,421	3,634,022	131.5%	85.4%
2018	2018	0.3591%	3,827,636	3,639,288	105.2%	88.8%
2019	2019	0.3971%	4,227,531	4,185,998	101.0%	89.3%
2020	2020	0.3954%	5,211,795	4,461,545	116.8%	87.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.



**CITY OF OAKDALE, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**PUBLIC EMPLOYEES POLICE AND FIRE FUND**  
**For The Last Ten Years**

Fiscal Year Ending December 31	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
2015	\$543,624	\$543,624	\$ -	\$3,355,704	16.20%
2016	571,063	571,063	-	3,525,077	16.20%
2017	597,604	597,604	-	3,688,916	16.20%
2018	639,589	639,589	-	3,948,083	16.20%
2019	740,973	740,973	-	4,371,523	16.95%
2020	785,957	785,957	-	4,440,437	17.70%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**CITY OF OAKDALE, MINNESOTA**  
**NOTES TO RSI**  
**December 31, 2020**

**Note A LEGAL COMPLIANCE – BUDGETS**

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund.

**Note B OPEB INFORMATION**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*2020 Changes*

Since the last measurement date, the following changes have been made:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

*2019 Changes*

Since the last valuation, the following changes have been made:

- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan and 7/1/2016 PERA Police & Fire Plan valuations to the rates used in the 7/1/2018 valuations.
- The percent of future regular retirees assumed to elect coverage at retirement changed from 75% to 60% to reflect recent plan experience.
- The percent of future non-Medicare eligible retirees electing each medical plan were updated to reflect recent plan experience.
- The inflation assumption was changed from 2.75% to 2.5% based on an updated historical analysis of inflation rates and forward-looking market expectations.

See accompany notes to the required supplementary information.

**Note C PENSION INFORMATION**

**PERA – General Employees Retirement Fund**

2020 Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- As recommended in the June 30, 2019 experience study, assumed salary increase rates were decreased 0.25% and assumed rates of retirement were changed resulting in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination and disability were also changed.
- The base mortality tables were changed from RP-2014 tables to Pub-2010 tables, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

2020 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% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes in Actuarial Assumptions:

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

2019 Changes in the 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 in Actuarial Assumptions:

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

2017 Changes in Actuarial Assumptions:

- The Combined Service Annuity (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, 15.0% for vested deferred member liability and 3.0% 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.

2016 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, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**PERA – Public Employees Police and Fire Fund**

2020 Changes

Changes in Actuarial Assumptions:

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

2019 Changes

Changes in Actuarial Assumptions:

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

2017 Changes

Changes in Actuarial Assumptions:

- The single discount rate was changed from 5.6 percent to 7.5 percent.

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

- Assumed rates of retirement were changed, resulting in fewer retirements.

- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

**CITY OF OAKDALE, MINNESOTA**  
**NOTES TO RSI**  
**December 31, 2020**

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- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

*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% 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 5.6%.
- The assumed future salary increases, payroll growth, and inflation decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**City of Oakdale, Minnesota**  
**\$2,890,000\* General Obligation Improvement Bonds, Series 2021A**

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$\_\_\_\_\_ (which may not be less than \$2,861,100) plus accrued interest, if any, to the date of delivery.

<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>	<u>Year</u>	<u>Interest Rate (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2023	_____%	_____%	_____%	2029	_____%	_____%	_____%
2024	_____%	_____%	_____%	2030	_____%	_____%	_____%
2025	_____%	_____%	_____%	2031	_____%	_____%	_____%
2023	_____%	_____%	_____%	2029	_____%	_____%	_____%
2024	_____%	_____%	_____%	2030	_____%	_____%	_____%

**Designation of Term Maturities**

Years of Term Maturities \_\_\_\_\_

In making this offer on the sale date of July 13, 2021 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated June 23, 2021 including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$\_\_\_\_\_

TRUE INTEREST RATE: \_\_\_\_\_ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from \_\_\_\_\_.

Account Members

\_\_\_\_\_  
Account Manager

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

Phone: \_\_\_\_\_

.....  
The foregoing proposal has been accepted by the City.

Attest: \_\_\_\_\_

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

.....  
\* Preliminary; subject to change.