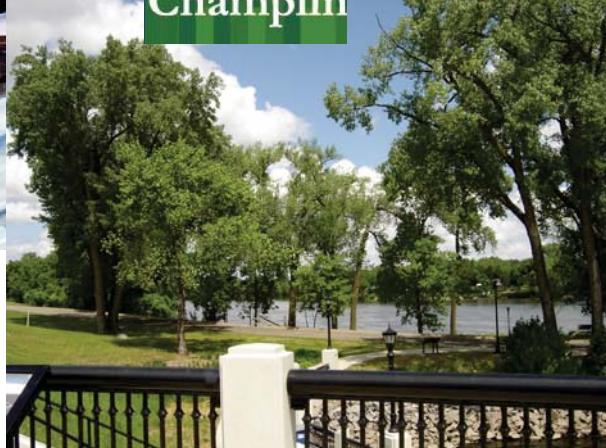
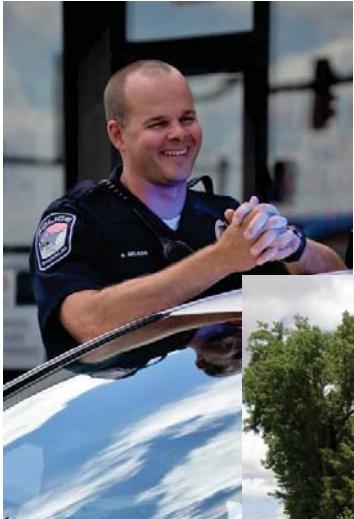


2020 Comprehensive Annual Financial Report

For Year Ended December 31, 2020



City of
Champlin

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020**

CITY OF CHAMPLIN, MINNESOTA

PREPARED BY: FINANCE DEPARTMENT

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CITY OF CHAMPLIN, MINNESOTA
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I. INTRODUCTORY SECTION

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11955 CHAMPLIN DRIVE, CHAMPLIN, MN 55316-2399 • 763.421.8100 • ci.Champlin.mn.us

May 26, 2021

To the Citizens of the City of Champlin,
Honorable Mayor and Council Members

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Champlin for the fiscal year ended December 31, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that the City has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Champlin's financial statements have been audited by Redpath and Company, a firm of licensed certified public accountants. The auditor has issued an unmodified ("clean") opinion of the City of Champlin's financial statements for the year ended December 31, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY

The City of Champlin is located in the northern part of Hennepin County and is approximately nine square miles in size. Champlin has an estimated 2020 population of 25,268 and is considered a third ring metropolitan suburb, about 20 miles from the Minneapolis Central Business District. Champlin is bordered to the north by Anoka, to the west by Dayton, to the south by Maple Grove and Brooklyn Park and to the east by Coon Rapids. The City is located entirely within the Metropolitan Urban Services Area (MUSA).

Champlin is a community dominated by detached single family residential neighborhoods. Champlin is known as a suburban "bedroom community" as many residents find employment outside of the community. Champlin's residents appreciate the benefits of suburban living with a "small-town" atmosphere, as well as the convenience of its proximity to the more urbanized regions of the metropolitan area. Champlin is bounded by the Elm Creek Park Reserve and the Mississippi River, which provide important ecological and recreational benefits for the community and the region.

The City of Champlin has been a municipal corporation since 1947 and operates as a statutory city. The Champlin City Council is charged with exercising legislative power and determining local policy. The Council is comprised of the Mayor, who serves a four-year term of office, and four council members who serve staggered four-year terms. The four council members are elected by ward and the mayor is elected at large.

The City operates under a Council/Administrator form of government where the City Administrator is the chief administrative officer directly accountable to the Council for all matters of municipal operation.

This report includes all funds of the City. The City provides a full range of services to its citizens. These services include, but are not limited to, police and fire protection; the construction and maintenance of highways, streets, and infrastructure; culture and recreational activities; and general administrative services. This report also includes the Economic Development Authority (EDA), which although considered a legally separate entity, functions in essence, as a department of the City of Champlin and therefore has been included as an integral part of the City of Champlin's financial statements. Additional information on this legally separate entity can be found in Note 1A in the notes to the financial statements.

The annual budget serves as the foundation for the City of Champlin's financial planning and control. All departments of the City of Champlin are required to submit requests for appropriation to the Finance Director in early July each year. All information is compiled and submitted to the Administrator, who uses these requests as the starting point for developing a proposed budget. The proposed budget is presented to the Council for review prior to adoption of the preliminary budget and levy which takes place prior to September 15. The Council is then required to hold public hearings on the proposed budget and to adopt a final budget and levy no later than December 31, the close of the City of Champlin's fiscal year. The appropriated budget is prepared by fund and department. The Administrator may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 37 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 96.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local Economy

The City of Champlin has been affected by the national economic environment. Local indicators continue to do better than the national average. When compared to the rest of the twin cities metropolitan area, Champlin has a moderate growth rate for both residential and commercial tax bases. Growth in both these areas declined substantially between 2009 and 2014 but began to recover in 2015 and that trend is continuing for 2020. The City is 95% developed and is predicted to be fully developed by 2030.

Hennepin County, in which the City of Champlin is located, has a labor force of approximately 684,852 and an unemployment rate of 4.4%. This unemployment rate is significantly higher, with the world-wide pandemic in 2020, but still much more favorable than state and national averages of 4.9% and 6.5% respectively. Due to the fact that the City is a suburb of the Twin Cities metropolitan

area, Hennepin County demographic statistics are considered a better indicator of economic trends in the area.

Important Events

The COVID-19 pandemic and state mandated restrictions on activities and safety protocols necessary to protect the public, directly impacted all areas of City business. Recreational and ice arena programming were canceled for much of the year. Fine and Forfeiture revenue also dramatically declined with fewer vehicles on the roads. Unbudgeted expenses were necessary to ensure essential services remained uninterrupted. A one-time pass through grant from the State of Minnesota (CARES funding) provided the City financial support in our pandemic response efforts. This grant funded significant capital and operating expenditures necessary to ensure the health and safety of the public, improved technology to allow for remote operations, as well as grants to assist local businesses directly impacted by mandated restrictions.

Future Mandates

The City continues to face budget challenges due to actions by the state legislature. The City does not receive a Local Government Aid (LGA) allocation and receives a fiscal disparities distribution of approximately \$1.55 million. A discussion point for the 2021 budget process will be to continue developing a long-range plan for the elimination of the City's dependence on fiscal disparities.

Long-Term Financial Planning

The City Council places a high priority on long-term financial planning for the City. The City maintains a Financial Management Plan that contains financial policies and long-term projections of capital equipment, facility and infrastructure needs and a mechanism for funding replacement with minimal commitment of debt. A comprehensive update to that plan was completed in 2016 with adjustments to account for changes in the economic outlook. This plan document is scheduled for another comprehensive update in 2021.

Each year the City develops a ten-year capital improvement plan to forecast capital needs into the future. This tool helps assure resources are available to support initiatives and is instrumental in the budget process.

As the City matures and becomes fully developed, it's important to protect property values and maintain a strong tax base. To help accomplish this, the City continues to focus on quality of life improvements in the community. These initiatives include revitalized parks, expanding the City's trail system and the continual rehabilitation of the City's aging infrastructure. In addition, the Council has directed staff to increase communication between City representatives and the public. This is done through an increased number of public events designed to engage the community and continually improve current City services.

Major Initiatives

Each year the City schedules rehabilitation of several miles of streets and utility infrastructure. In 2021, nearly \$6.4 million (3.9 miles) in projects are planned. The financing of these projects will continue to be a combination of an annual levy, special assessments, municipal state aid, interest earnings from the Permanent Improvement Fund. In 2021, the City will issue debt to support the significant increase in projects planned over the next five years, this issuance would be paid with special assessment revenue.

The City was selected to receive \$500,000 from the Legislative Citizen Commission on Minnesota Resources in 2020 for the construction of the Elm Creek Stream Restoration Phase IV project. This grant is pending legislative budget approval in the 2021 Legislative Session.

If approved, the project is planned to be under construction in late 2021 and complete in 2022.

Construction starts in the spring of 2020 to replace the refrigerant system in the ice arena, this \$2 million dollar project will be funded with general obligation debt in 2020 along with a \$300,000 Might Ducks grant to bring this system into compliance under new regulations.

The City of Champlin's development efforts are largely focused in the area identified as Mississippi Crossings, encompassing 120 acres adjacent to Trunk Highway 169 and abutting the Mississippi River. In 2020, the City entered into a development agreement with Greco to be "master developer" of 12-acres in the heart of Mississippi Crossings. The City and Greco share a vision for this area that includes a significant residential component as well as an activation of the riverfront in the Mississippi Pointe Park area with a mix of uses. Construction began in the fall of 2020 on Greco's 214-unit market rate rental housing community on 4.2-acres. In the spring of 2021, Greco will make improvements supporting a riverfront restaurant/banquet facility and public park improvements including a pavilion and small riverfront amphitheater. During the 2020 Legislative Session, the City was awarded \$3.45 million economic development grant to support the public park improvements.

While the City anticipates being fully developed by 2030, there remains a number of commercially zoned vacant sites along the Trunk Highway 169 corridor and approximately 90 acres of undeveloped property zoned single-family residential in the City's northwest area. Development plans are anticipated in the next year for much of the vacant land in the northwest area.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Champlin for its comprehensive annual financial report (AFR) for the fiscal year ended December 31, 2019. In order to be granted a Certificate of Achievement, the City published an easily readable and efficiently organized AFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement Program requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. Specific recognition for the preparation of this report needs to go to Reidun Zollicoffer and Lindsay Jacobs.

The Finance Department wishes to express our appreciation to the City Administrator and the members of the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Champlin's finances.

Respectfully submitted,


Bret Heitkamp
City Administrator


Shelly Peterson
Finance Director



Government Finance Officers Association

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

Presented to

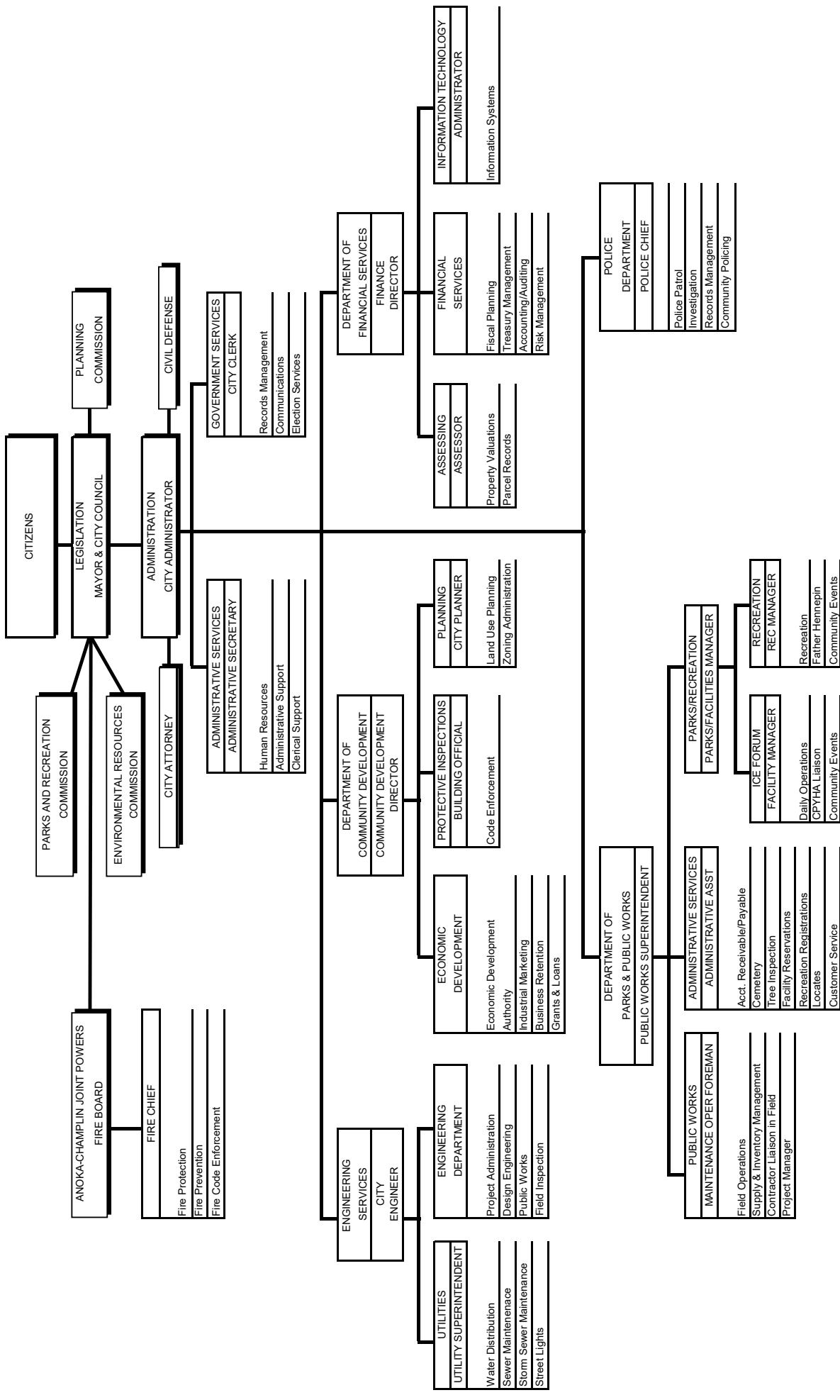
**City of Champlin
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Monill

Executive Director/CEO



CITY OF CHAMPLIN, MINNESOTA
LIST OF ELECTED AND APPOINTED OFFICIALS
December 31, 2020

Name	Official Title
<hr/>	
Mayor and Council:	
Ryan Karasek	Mayor (term expires 12/31/2022)
Jessica Tesdall	Councilmember, Ward 1 (term expires 12/31/2022)
Tom Moe	Councilmember, Ward 2 (term expires 12/31/2022)
Nate Truesdell	Councilmember, Ward 3 (term expires 12/31/2020)
Ryan Sabas	Councilmember, Ward 4 (term expires 12/31/2020)
Administration:	
Bret Heitkamp	City Administrator
Scott Lepak	City Attorney
Roberta Colotti	City Clerk
Shelly Peterson	Finance Director
Ty Schmidt	Police Chief
Shibani Bisson	City Engineer
Scott Schulte	Community Development Director
Chris Rachner	Parks and Public Works Director
Richard Kline	Acting Fire Chief

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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Champlin, 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 Champlin, 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 Champlin, 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 Champlin, Minnesota, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the total OPEB liability and related ratios, the schedules of pension contributions, and the schedules of proportionate share of pension liability 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 Champlin, Minnesota's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and 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 May 26, 2021, on our consideration of the City of Champlin, 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 Champlin, 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 Champlin, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

May 26, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Champlin, we offer readers of the City of Champlin's financial statements this narrative overview and analysis of the financial activities of the City of Champlin 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 on pages 3 - 6 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Champlin exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$189 million (net position). Of this amount, \$48 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$10.4 million primarily due to capital contributions from grants and special assessments.
- As of the close of the current fiscal year, the City of Champlin's governmental funds reported combining ending fund balances of \$38.3 million, an increase of \$11.1 million when compared to the prior year. Approximately 88.4% of this total amount, \$33.8 million, is available for spending at the City's discretion (assigned and unassigned fund balances).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5.0 million, approximately 51.3% of total General Fund expenditures.
- The City of Champlin's total debt increased by \$8,290,000 during the current fiscal year due to new bond issuances.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Champlin's basic financial statements. The City of Champlin'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.

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

The statement of net position presents information on all of the City of Champlin'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 of Champlin 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 of Champlin that are principally supported by tax revenues (governmental activities) from other functions that intend to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Champlin include general government, public safety, public works, community development, and parks and recreation. The business-type activities of the City of Champlin include water and sewer utilities, refuse, recycling and storm water.

The government-wide financial statements include not only the City of Champlin itself (known as the primary government), but also a legally separate Economic Development Authority (EDA) for which the City of Champlin is financially accountable. The EDA, although legally separate, functions for all practical purposes as a department of the City of Champlin, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 29 - 31 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Champlin, 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 of Champlin 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 financing requirements.

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

The City of Champlin maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, general obligation bonds, tax increment projects, permanent improvement, and park reserve funds, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Champlin adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 32 - 35 of this report.

Proprietary funds. The City of Champlin maintains five different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Champlin uses enterprise funds to account for its sewer and water utilities, refuse and recycling collection, and storm water activity. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Champlin's various functions. The City of Champlin uses internal service funds to account for its property, liability, and workers' compensation insurance activities, geographical information services (GIS), employee benefits, and compensated absences. Because these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the government-wide financial statements.

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 and sewer utilities, refuse collection, storm water, and recycling, all of which are considered to be major funds of the City of Champlin.

The basic proprietary fund statements can be found on pages 37 - 40 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 - 75 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information. Combining and individual fund statements and schedules can be found on pages 91 - 101 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Champlin, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$189 million at the close of the most recent fiscal year.

A large portion of the City of Champlin's net position (73%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Champlin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Champlin's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot themselves be used to liquidate these liabilities.

CITY OF CHAMPLIN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$48,371,241	\$36,465,382	\$28,158,809	\$28,710,060	\$76,530,050	\$65,175,442
Capital assets	101,534,791	110,106,335	36,138,973	19,671,420	137,673,764	129,777,755
Total assets	<u>\$149,906,032</u>	<u>\$146,571,717</u>	<u>\$64,297,782</u>	<u>\$48,381,480</u>	<u>\$214,203,814</u>	<u>\$194,953,197</u>
Total deferred outflows of resources	\$2,005,797	\$3,179,455	\$7,220	\$2,688	\$2,013,017	\$3,182,143
Long-term liabilities outstanding	17,715,264	10,325,196	2,682,892	133,954	20,398,156	10,459,150
Other liabilities	3,722,023	3,609,277	739,353	441,904	4,461,376	4,051,181
Total liabilities	<u>\$21,437,287</u>	<u>\$13,934,473</u>	<u>3,422,245</u>	<u>575,858</u>	<u>24,859,532</u>	<u>14,510,331</u>
Total deferred inflows of resources	\$2,326,106	\$4,851,398	\$359	\$421	\$2,326,465	\$4,851,819
Net Position:						
Net investment in capital assets	93,262,850	106,572,591	34,571,658	19,671,420	127,834,508	126,244,011
Restricted	2,013,325	2,064,223	-	-	2,013,325	2,064,223
Unrestricted	32,872,261	22,328,487	26,310,740	28,136,469	59,183,001	50,464,956
Total net position	<u>\$128,148,436</u>	<u>\$130,965,301</u>	<u>\$60,882,398</u>	<u>\$47,807,889</u>	<u>\$189,030,834</u>	<u>\$178,773,190</u>

An additional portion of the City of Champlin's net position (1.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$21.3 million) may be used to meet the City's ongoing obligations to citizens and creditors.

The City adopted accounting guidance, GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 in 2016. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by Minnesota statutes. Net position was negatively impacted by \$6.7 million at December 31, 2020 due to the assumption changes and investment earnings projections from the Public Employees Retirement Association's (PERA) own actuarial study.

Pension-related amounts included in the above schedule related to the standard are as follows:

Deferred outflows of resources	\$1,849,240
Deferred inflows of resources	(2,318,079)
Pension liability	(6,254,015)
Total	<u>(\$6,722,854)</u>

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

CITY OF CHAMPLIN CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$3,493,207	\$4,812,626	\$7,426,308	\$6,897,496	\$10,919,515	\$11,710,122
Operating grants and contributions	2,536,380	2,275,278	369,615	40,927	2,905,995	2,316,205
Capital grants and contributions	4,982,219	3,370,002	1,446,530	-	6,428,749	3,370,002
General revenues:						
Property taxes	11,571,475	10,777,092	-	-	11,571,475	10,777,092
Tax increments	355,194	202,508	-	-	355,194	202,508
Other taxes	996,905	973,447	-	-	996,905	973,447
Unrestricted investment earnings	642,364	830,093	582,180	793,586	1,224,544	1,623,679
Gain on sale of capital asset	1,742,642	-	7,185	-	1,749,827	-
Miscellaneous	697,094	1,026,916	628,342	84,258	1,325,436	1,111,174
Total revenues	27,017,480	24,267,962	10,460,160	7,816,267	37,477,640	32,084,229
Expenses:						
General government	3,541,101	3,748,911	-	-	3,541,101	3,748,911
Public safety	6,275,899	4,909,665	-	-	6,275,899	4,909,665
Public works	4,633,805	7,090,174	-	-	4,633,805	7,090,174
Parks and recreation	1,729,745	2,823,112	-	-	1,729,745	2,823,112
Interest on long-term debt	236,359	77,010	-	-	236,359	77,010
Water	-	-	4,852,267	2,106,801	4,852,267	2,106,801
Sewer	-	-	2,883,320	2,646,048	2,883,320	2,646,048
Refuse	-	-	1,330,505	1,215,414	1,330,505	1,215,414
Recycling	-	-	456,790	426,096	456,790	426,096
Storm Water	-	-	1,140,530	-	1,140,530	-
Total expenses	16,416,909	18,648,872	10,663,412	6,394,359	27,080,321	25,043,231
Change in net position before transfers	10,600,571	5,619,090	(203,252)	1,421,908	10,397,319	7,040,998
Transfers	2,199,720	887,820	(2,199,720)	(887,820)	-	-
Change in net position	12,800,291	6,506,910	(2,402,972)	534,088	10,397,319	7,040,998
Net position - January 1 *	\$115,348,145	124,458,391	63,285,370	47,273,801	\$178,633,515	171,732,192
Net position - December 31	\$128,148,436	\$130,965,301	\$60,882,398	\$47,807,889	\$189,030,834	\$178,773,190

* In the fiscal year ended December 31, 2020, the City reclassified the Storm Water Fund from a governmental fund to a business-type fund, resulting in a difference in beginning fund balance. Additional information can be found in note 14 on page 74 of the footnotes.

Governmental activities. Governmental activities increased the City's net position by \$12.8 million, thereby accounting for 71.4% of the total increase in the net position of the City of Champlin. Key elements of this increase are as follows:

- Property taxes increased \$794,383 (7.4%) during the year as compared to an increase of \$575,919 (5.6%) for the prior year.
- Capital grants and contributions increased \$1,612,217 primarily related to assessment rolls adopted in 2020.
- Gain on sale of assets increased \$1,742,642 due to the sale of property held by the City
- Public Safety expenditures increased \$1,366,234 primarily with CARES Act grant related expenses

- Public works expenditures decreased by \$2,456,369 with the Storm Water Fund moving from a governmental fund to a business-type fund in 2020.
- Parks and recreation expenditures decreased by \$1,093,367 due to the cancellation of programming and closure of ice arena during the pandemic.

Business-type activities. Business-type activities decreased the City's net position by \$2,402,972. Key elements of this decrease are as follows:

- Charges for services revenue increased by \$528,812 with the Storm Water Fund moving from a governmental fund to a business-type fund in 2020
- Water related expenses increased by \$2,747,245 due to water tower maintenance and meter replacement projects
- Storm water related expense of \$1,140,530 is new with the shift to a business-type fund
- Operating transfers out to governmental funds decreased by \$2,199,720 for capital projects.

Financial Analysis of the City's Funds

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

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

As of the close of the current fiscal year, the City of Champlin's governmental funds reported combining ending fund balances of \$38.3 million, an increase of \$11.1 million in comparison with the prior year. Approximately 88.4% of this total amount (\$33.8 million) constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is restricted 1) to pay debt service (\$558,601), 2) to generate income to pay for the perpetual care of the municipal cemetery (\$7,692), 3) for public safety and recreation scholarships (\$5,783), 4) because of its form (land held for resale – (\$1,466,599), or it is considered nonspendable because of its form (i.e. prepayments and inventories) or there is a legal or contractual commitment requiring it to be maintained intact.

The General Fund is the chief operating fund of the City of Champlin. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4.7 million, while the total fund balance reached \$4.74 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47.4% of total general fund expenditures, while total fund balance represents 47.8% of that same amount.

The fund balance of the City of Champlin's general fund decreased by \$296,486 during the current fiscal year. Key factors in this decrease are:

- Public Safety expenditures increased by \$410,165 with several staffing vacancies filled in 2020

- The budgeted transfer out of \$2,121,461 to infrastructure funds bringing fund balance into policy guidelines

The fund balance in the general obligation bond fund at the end of the fiscal year is \$558,601. The fund balance in this fund is maintained by the receipt of property taxes sufficient to pay the debt service. The total fund balance is restricted for debt service.

The tax increment project fund has a fund deficit of (\$1,173,161). Of this balance, \$860,999 is for land inventory and is considered restricted and the remainder is unrestricted deficit fund balance of \$2 million. This deficit is due to the acquisition of land and an internal loan with the Permanent Improvement Fund.

The Permanent Improvement Fund has a fund balance of \$20.8 million, an increase of \$8.4 million. The increase is attributable to \$2.7 million in transfers and \$4.8 million in proceeds from bonds issued.

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

Unrestricted net position of the proprietary funds of the City of Champlin and the growth in net position are as follows:

	Beginning Balance	Additions (Deductions)	Ending Balance
Water utility	\$ 30,834,372	\$ (1,202,716)	\$ 29,631,656
Sewer utility	15,089,014	(41,299)	15,047,715
Refuse	1,661,759	(69,409)	1,592,350
Recycling	222,744	(38,035)	184,709
Storm Water	15,477,481	(1,051,513)	14,425,968
	<u>\$ 63,285,370</u>	<u>\$ (2,402,972)</u>	<u>\$ 60,882,398</u>

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Champlin's business-type activities.

General Fund Budgetary Highlights

During the year, revenues were more than budgetary estimates (\$235,681) primarily in the category of taxes (\$206,214) and licenses and permits (\$191,435), offset by a deficit in charges for services of \$140,640 and fines and forfeitures of \$82,278. Expenditures were less than budgetary estimates (\$682,443) primarily due to program cancellations in Park and Recreation, and less than anticipated health insurance costs. Transfer out of \$5,345,000 made up 35% of the overall budget and also contributed to a planned reduction in fund balance of \$296,486.

Capital Asset and Debt Administration

Capital assets. The City of Champlin's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$137.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, improvements other than buildings, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Champlin's investment in capital assets for the current fiscal year was 6.1% (a 7.8% decrease for governmental activities and an 83.7% increase for business-type activities).

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

- Street and infrastructure reconstruction
 - Edgewater Gardens area \$4.6 million
 - Champlin Heights area \$3.1 million
 - Jersey/Kentucky/Louisiana area \$2.1 million
- Water tower #1 rehabilitation \$2.7 million
- Mill Pond Trail and Bridge project \$2.1 million
- Street lighting on Highway 169 \$635,000
- Roof replacement at ice arena \$607,000
- City-wide security updates \$260,000
- ERP (financial) system replacement \$188,000
- Conference room and Emergency Operations Center technology upgrades \$187,000
- Equipping 2019 plow truck \$142,000

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$43,364,193	\$43,364,193	\$213,860	\$213,860	\$43,578,053	\$43,578,053
Buildings	8,468,096	8,601,551	3,572,547	3,544,296	12,040,643	12,145,847
Improvements other than buildings	45,760,538	48,532,964	31,158,279	14,855,802	76,918,817	63,388,766
Machinery and equipment	2,612,861	1,778,727	890,327	718,999	3,503,188	2,497,726
Construction in progress	1,329,103	7,828,900	303,960	338,463	1,633,063	8,167,363
Total	\$101,534,791	\$110,106,335	\$36,138,973	\$19,671,420	\$137,673,764	\$129,777,755

Additional information on the City of Champlin's capital assets can be found in Note 6 on pages 57 - 58 of this report.

Long-term debt. At the end of the current fiscal year, the City of Champlin had total bonded debt outstanding of \$9,340,000 in governmental funds and a net other postemployment benefit obligation of \$1,120,899. All of the bonded debt is backed by the full faith and credit of the City. The only bonds subject to tax levy are the general obligation bonds.

	Governmental activities	
	2020	2019
General obligation bonds	\$9,340,000	\$3,455,000
Net pension liability	6,254,015	5,394,078
Net other post-employment benefit obligation	1,202,899	872,751
Total	\$16,796,914	\$9,721,829

The City's total bonded debt decreased by \$400,000 due to payments on previous bonds issued and increased \$6,285,000 due to new bond issuances during the current fiscal year.

The City of Champlin bond rating from Standard and Poor's was affirmed in 2020 as "AA+" due to "the city's stable financial operations, very strong reserves and strong financial management assessment (FMA)" and the City continues to maintain that rating.

State statutes limit the amount of net general obligation debt a governmental entity may issue to 3% of the taxable market value. Net debt is the amount remaining after deducting from its gross debt the amount of current revenues which are applicable to the payment of any debt and the aggregate principal of debt that is paid from other proceeds such as tax increments, special assessments, utility revenue, etc. The debt limitation for the City of Champlin is currently \$73 million which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Champlin's long-term debt can be found in Note 8 on pages 60 – 62 of this report.

Economic Factors and Next Year's Budgets and Rates

- Champlin is located in Hennepin County which continues to have unemployment levels within state and national averages as shown in the following schedule:

	March, 2021		March, 2020	
	Labor Force	Unemployment Rate	Labor Force	Unemployment Rate
Hennepin County	689,250	4.2%	707,798	2.7%
Minnesota	3,003,073	4.5%	3,111,045	4.5%
United States	160,397,000	6.2%	162,537,000	4.5%

Source: Minnesota Employment and Economic Development Department.

- Inflationary trends in the region compare favorably to national indices.
- In 2019, the State of Minnesota continued with slow economic growth. The City of Champlin receives minimal state aid from the State of Minnesota and does not budget to receive any state aids so there is no impact on the City's operating budget. However, the state is considering changes to the fiscal disparities program that could have a significant impact on the City. The City is scheduled to receive just under \$1.55 million from this program in 2020 which reduces the amount of taxes paid by residents.

During the current fiscal year, unassigned fund balance in the general fund decreased by \$264,199 due to a transfer out to support infrastructure projects and bring fund balance into policy guidelines.

The 2021 general fund budgeted revenues and expenditures are 3.38% lower than 2020 with the shifting of the franchise fee revenue and offsetting transfer out to the Permanent Improvement Fund. Several new initiatives were incorporated into the budget and included no additional staffing. With non-tax revenues anticipated to remain flat, the levy increase is anticipated to increase 6.6%.

In 2021 Ehlers will perform an in-depth update to the City's Financial Management Plan. This plan document is typically updated on a five-year cycle and serves as an instrumental tool for levy projections, cash forecasting, capital improvement planning and the development of annual budgets.

Requests for Information

This financial report is designed to provide a general overview of the City of Champlin's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Champlin, 11955 Champlin Drive, Champlin, MN 55316.

BASIC FINANCIAL STATEMENTS

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CITY OF CHAMPLIN, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2020

Statement 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets:			
Cash and investments	\$42,007,897	\$24,333,566	\$66,341,463
Receivables:			
Accounts	292,878	858,827	1,151,705
Special assessments	5,587,691	682,282	6,269,973
Taxes	101,963	-	101,963
Notes	-	-	-
Interest	140,214	108,852	249,066
Due from other governmental units	163,805	401,750	565,555
Internal balances	(1,429,804)	1,429,804	-
Prepayments	37,864	125,541	163,405
Inventory - at cost	22,134	218,187	240,321
Real estate held for resale	1,446,599	-	1,446,599
Capital assets - net of accumulated depreciation			
Land	43,364,193	213,860	43,578,053
Buildings	8,468,096	3,572,547	12,040,643
Improvements other than buildings	45,760,538	31,158,279	76,918,817
Machinery and equipment	2,612,861	890,327	3,503,188
Construction in progress	1,329,103	303,960	1,633,063
Total assets	<u>149,906,032</u>	<u>64,297,782</u>	<u>214,203,814</u>
 Deferred outflows of resources			
Deferred outflows of resources - pension related	1,849,240	-	1,849,240
Deferred outflows of resources - other post employment benefits related	156,557	7,220	163,777
Total deferred outflows of resources	<u>2,005,797</u>	<u>7,220</u>	<u>2,013,017</u>
 Liabilities:			
Accounts payable	677,939	552,488	1,230,427
Contracts payable - retained percentage	209,138	70,864	280,002
Accrued salaries and withholdings payable	152,318	-	152,318
Due to other governmental units	14,803	116,001	130,804
Unearned revenue	1,866,712	-	1,866,712
Accrued interest payable	113,186	-	113,186
Deposits	687,927	-	687,927
Noncurrent liabilities:			
Due within one year	525,431	-	525,431
Due in more than one year	17,189,833	2,682,892	19,872,725
Total liabilities	<u>21,437,287</u>	<u>3,422,245</u>	<u>24,859,532</u>
 Deferred inflows of resources			
Deferred inflows of resources - pension related	2,318,079	-	2,318,079
Deferred inflows of resources - other post employment benefits related	8,027	359	8,386
Total deferred inflows of resources	<u>2,326,106</u>	<u>359</u>	<u>2,326,465</u>
 Net position:			
Net investment in capital assets	93,262,850	34,571,658	127,834,508
Restricted for:			
Debt service	521,223	-	521,223
Perpetual care	7,692	-	7,692
Public safety	32,028	-	32,028
Scholarships	5,783	-	5,783
Land held for resale	1,446,599	-	1,446,599
Unrestricted	32,872,261	26,310,740	59,183,001
Total net position	<u>\$128,148,436</u>	<u>\$60,882,398</u>	<u>\$189,030,834</u>

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

CITY OF CHAMPLIN, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020

	<u>Program Revenues</u>	
	<u>Expenses</u>	<u>Charges For Services</u>
Functions/Programs		
Governmental activities:		
General government	\$3,541,101	\$416,400
Public safety	6,275,899	854,627
Public works	4,633,805	1,034,332
Parks and recreation	1,729,745	1,187,848
Interest on long-term debt	236,359	-
Total governmental activities	<u>16,416,909</u>	<u>3,493,207</u>
Business-type activities:		
Water	4,852,267	2,262,429
Sewer	2,883,320	2,699,054
Refuse collection	1,330,505	1,377,025
Recycling	456,790	379,561
Storm Water	1,140,530	708,239
Total business-type activities	<u>10,663,412</u>	<u>7,426,308</u>
Total government	<u><u>\$27,080,321</u></u>	<u><u>\$10,919,515</u></u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
		Governmental Activities	Business-Type Activities	
\$50,467	\$ -	(\$3,074,234)	\$ -	(\$3,074,234)
2,169,411	-	(3,251,861)	-	(3,251,861)
291,359	4,982,219	1,674,105	-	1,674,105
25,143	-	(516,754)	-	(516,754)
-	-	(236,359)	-	(236,359)
<u>2,536,380</u>	<u>4,982,219</u>	<u>(5,405,103)</u>	<u>0</u>	<u>(5,405,103)</u>
-	1,408,042	-	(1,181,796)	(1,181,796)
-	19,351	-	(164,915)	(164,915)
-	382	-	46,902	46,902
35,205	46	-	(41,978)	(41,978)
<u>334,410</u>	<u>18,709</u>	<u>0</u>	<u>(79,172)</u>	<u>(1,341,787)</u>
<u>369,615</u>	<u>1,446,530</u>	<u>0</u>	<u>(1,420,959)</u>	<u>(6,746,890)</u>
<u>\$2,905,995</u>	<u>\$6,428,749</u>	<u>(5,405,103)</u>	<u>(1,420,959)</u>	<u>(6,746,890)</u>
General revenues:				
Property taxes		11,571,475	-	11,571,475
Tax increments		355,194	-	355,194
Other taxes		996,905	-	996,905
Unrestricted investment earnings		642,364	582,180	1,224,544
Miscellaneous		697,094	628,342	1,325,436
Gain on sale of capital asset		1,742,642	7,185	1,749,827
Transfers		2,199,720	(2,199,720)	-
Total general revenues and transfers		<u>18,205,394</u>	<u>(982,013)</u>	<u>17,223,381</u>
Change in net position		12,800,291	(2,402,972)	10,397,319
Net position - January 1		<u>115,348,145</u>	<u>63,285,370</u>	<u>178,633,515</u>
Net position - December 31		<u>\$128,148,436</u>	<u>\$60,882,398</u>	<u>\$189,030,834</u>

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

CITY OF CHAMPLIN, MINNESOTA

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2020

	General Fund	General Obligation Bonds	Tax Increment Project	Permanent Improvement Fund
Assets				
Cash and investments	\$5,296,117	\$552,647	\$820,943	\$20,938,808
Receivables:				
Accounts	216,312	-	-	-
Special assessments	10,557	3,657,167	-	1,918,033
Taxes	95,386	2,797	-	-
Notes	-	-	-	-
Interest	28,167	-	2,540	48,618
Due from other funds	-	-	-	2,692,585
Due from other governmental units	12,309	-	-	151,495
Prepayments	18,564	-	-	3,605
Inventory - at cost	22,134	-	-	-
Real estate held for resale	-	-	860,999	535,600
Total assets	\$5,699,546	\$4,212,611	\$1,684,482	\$26,288,744
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$114,897	\$ -	\$165,059	\$165,045
Contracts payable - retained percentage	-	-	-	178,982
Accrued salaries and withholdings payable	152,318	-	-	-
Due to other funds	-	-	2,692,584	1,429,804
Due to other governmental units	14,747	-	-	-
Unearned revenue	6,419	-	-	1,810,293
Deposits	624,615	-	-	-
Total liabilities	912,996	0	2,857,643	3,584,124
Deferred inflows of resources:				
Unavailable revenue	43,338	3,654,010	-	1,914,690
Fund balances:				
Nonspendable	40,698	-	-	3,605
Restricted	-	558,601	860,999	535,600
Committed	-	-	-	-
Assigned	-	-	-	20,250,725
Unassigned	4,702,514	-	(2,034,160)	-
Total fund balances	4,743,212	558,601	(1,173,161)	20,789,930
Total liabilities, deferred inflows of resources and fund balances	\$5,699,546	\$4,212,611	\$1,684,482	\$26,288,744

Fund balance reported above

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.

Other long-term assets are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the funds.

 Delinquent taxes and taxes not yet due

 Delinquent special assessments and special assessments not yet due

 Long term notes receivable

 Deferred outflows of resources related to other post employment benefits

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.

 Bonds payable and unamortized bond premium

 Capital lease payable

 Accrued interest payable

 Other post employment benefits

 Deferred inflows of resources related to other post employment benefits

Internal service funds are used by management to charge the cost of insurance and pension benefits to individual funds.

The assets and liabilities are included in the governmental statement of net position.

Net position of governmental activities

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

Statement 3

Park Reserve	Other Governmental Funds	Intra-Activity Elimination	Total Governmental Funds
\$5,152,848	\$8,397,725	\$ -	\$41,159,088
324	76,242	-	292,878
-	1,934	-	5,587,691
-	3,780	-	101,963
-	-	-	-
20,782	37,242	-	137,349
-	-	(2,692,585)	-
-	-	-	163,804
-	6,695	-	28,864
-	-	-	22,134
-	50,000	-	1,446,599
\$5,173,954	\$8,573,618	(\$2,692,585)	\$48,940,370
\$12,781	\$216,006	\$ -	\$673,788
-	30,156	-	209,138
-	-	-	152,318
-	-	(2,692,585)	1,429,803
-	56	-	14,803
-	50,000	-	1,866,712
8,812	54,500	-	687,927
21,593	350,718	(2,692,585)	5,034,489
-	1,176	-	5,613,214
-	98,876	-	143,179
-	95,503	-	2,050,703
-	2,249,505	-	2,249,505
5,152,361	5,777,840	-	31,180,926
-	-	-	2,668,354
5,152,361	8,221,724	0	38,292,667
\$5,173,954	\$8,573,618	(\$2,692,585)	\$48,940,370
		\$38,292,667	
		101,534,791	
		33,957	
		5,579,257	
		156,557	
		(9,740,674)	
		(99,102)	
		(113,186)	
		(1,004,763)	
		(8,027)	
		(6,483,041)	
		\$128,148,436	

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

CITY OF CHAMPLIN, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

For The Year Ended December 31, 2020

	General Fund	General Obligation Bonds	Tax Increment Project	Permanent Improvement Fund
Revenues:				
Taxes:				
Property	\$10,437,309	\$466,373	\$ -	\$255,000
Tax increments	-	-	355,194	-
Other	996,905	-	-	-
Special assessments	6,610	373,114	-	1,798,169
Licenses and permits	705,535	-	-	-
Intergovernmental	371,054	-	-	664,921
Charges for services	1,100,360	-	-	1,500,000
Fines and forfeitures	152,722	-	-	-
Investment income	100,339	-	11,858	224,435
Other revenues	218,347	-	-	211,925
Total revenues	<u>14,089,181</u>	<u>839,487</u>	<u>367,052</u>	<u>4,654,450</u>
Expenditures:				
Current:				
General government	1,466,382	-	462,646	-
Public safety	5,547,629	-	-	-
Public works	2,171,588	-	-	200,427
Parks and recreation	534,541	-	-	-
Cemetery	17,402	-	-	-
Contingencies	188,315	-	-	-
Capital outlay	-	-	23,387	4,432,866
Debt service:				
Principal	-	400,000	-	-
Interest and fiscal charges	-	74,931	-	75,148
Total expenditures	<u>9,925,857</u>	<u>474,931</u>	<u>486,033</u>	<u>4,708,441</u>
Revenues over (under) expenditures	<u>4,163,324</u>	<u>364,556</u>	<u>(118,981)</u>	<u>(53,991)</u>
Other financing sources (uses):				
Transfers in	885,190	-	-	3,335,330
Transfers out	(5,345,000)	-	-	-
Proceeds from sale of land	-	-	1,720,000	-
Proceeds from sale of capital asset	-	-	-	-
Bonds issued	-	-	-	4,810,000
Premium on bonds issued	-	-	-	265,148
Capital lease issued	-	-	-	-
Total other financing sources (uses)	<u>(4,459,810)</u>	<u>0</u>	<u>1,720,000</u>	<u>8,410,478</u>
Net change in fund balance	<u>(296,486)</u>	<u>364,556</u>	<u>1,601,019</u>	<u>8,356,487</u>
Fund balance - January 1	<u>5,039,698</u>	<u>194,045</u>	<u>(2,774,180)</u>	<u>12,433,443</u>
Fund balance - December 31	<u>\$4,743,212</u>	<u>\$558,601</u>	<u>(\$1,173,161)</u>	<u>\$20,789,930</u>

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

Statement 4

Park Reserve	Other Governmental Funds	Intra-Activity Elimination	Total Governmental Funds
\$ -	\$444,671	\$ -	\$11,603,353
-	-	-	355,194
-	-	-	996,905
-	14,496	-	2,192,389
-	-	-	705,535
6,815	1,816,859	-	2,859,649
709,985	817,995	-	4,128,340
-	-	-	152,722
108,211	182,153	-	626,996
106,775	159,880	-	696,927
931,786	3,436,054	0	24,318,010
-	361,722	-	2,290,750
-	616,528	-	6,164,157
619	321,983	-	2,694,617
134,711	533,693	-	1,202,945
-	-	-	17,402
-	-	-	188,315
580,978	3,604,217	-	8,641,448
-	15,837	-	415,837
-	21,864	-	171,943
716,308	5,475,844	0	21,787,414
215,478	(2,039,790)	0	2,530,596
550,004	2,294,992	(6,948,315)	117,201
(145,000)	(1,458,315)	6,948,315	-
-	-	-	1,720,000
-	22,642	-	22,642
-	1,475,000	-	6,285,000
-	81,219	-	346,367
-	110,452	-	110,452
405,004	2,525,990	0	8,601,662
620,482	486,200	0	11,132,258
4,531,879	7,735,524	-	27,160,409
\$5,152,361	\$8,221,724	\$0	\$38,292,667

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

CITY OF CHAMPLIN, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020

Statement 5

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:

Total net change in fund balance - governmental funds (Statement 4)	\$11,132,258
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Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:

Capital outlay	8,641,448
Capital outlay not capitalized	-
Contributed capital	1,445,326
Depreciation expense	(2,967,357)

The net effect of various transactions involving capital asset (i.e., sales, trade-ins, and donations) is to increase (decrease) net position (213,480)

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in delinquent taxes	(31,878)
Change in special assessment	2,422,871
Change in other miscellaneous unavailable revenues	(1,500,000)

The issuance of long-term debt (e.g. bonds) provides current financial resources for 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. The amounts of these differences are:

Principal payments on long-term debt	411,350
Amortization of bond premium/discounts	15,579
Issuance of debt	(6,741,819)

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. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:

Change in accrued interest payable	(75,508)
Change in other post-employment benefits	(33,872)

Internal service funds are used by management to charge the cost of certain activities to individual funds.

Net revenues (expenses) of certain activities of internal service funds are reported within the governmental activities statement of activities	295,373
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Change in net position of governmental activities (Statement 2)	<u>\$12,800,291</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CHAMPLIN, MINNESOTA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL

For The Year Ended December 31, 2020

Statement 6

	Budgets Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$11,228,000	\$11,228,000	\$11,434,214	\$206,214
Special assessments	-	-	6,610	6,610
Licenses and permits	470,800	514,100	705,535	191,435
Intergovernmental	327,400	327,400	371,054	43,654
Charges for services	1,241,000	1,241,000	1,100,360	(140,640)
Fines and forfeiture	235,000	235,000	152,722	(82,278)
Investment income	59,100	59,100	100,339	41,239
Cemetery	17,000	18,100	26,940	8,840
Other revenues	230,800	230,800	191,407	(39,393)
Total revenues	13,809,100	13,853,500	14,089,181	235,681
Expenditures:				
General government:				
Mayor and council	84,200	84,200	75,970	8,230
Administration	193,300	193,300	195,408	(2,108)
Government services	394,600	394,600	366,062	28,538
Finance	303,100	303,100	307,778	(4,678)
Management information services	173,500	173,500	159,730	13,770
Assessing	205,000	205,000	203,000	2,000
Legal	41,600	41,600	30,496	11,104
Community development	141,500	141,500	103,663	37,837
Elections	37,700	37,700	24,275	13,425
Total general government	1,574,500	1,574,500	1,466,382	108,118
Public safety:				
Police	4,450,200	4,450,200	4,311,719	138,481
Fire	666,800	666,800	666,800	-
Code enforcement	176,500	176,500	167,619	8,881
Protective inspection	333,500	376,800	361,457	15,343
Civil defense	41,500	41,500	40,034	1,466
Total public safety	5,668,500	5,711,800	5,547,629	164,171
Public works:				
Engineering	241,300	241,300	195,724	45,576
Maintenance	2,093,900	2,093,900	1,975,864	118,036
Total public works	2,335,200	2,335,200	2,171,588	163,612
Other departments:				
Parks and recreation	787,400	737,400	534,541	202,859
Cemetery	16,300	17,400	17,402	(2)
Contingencies	232,000	232,000	188,315	43,685
Total other departments	1,035,700	986,800	740,258	246,542
Total expenditures	10,613,900	10,608,300	9,925,857	682,443
Revenues over (under) expenditures	3,195,200	3,245,200	4,163,324	918,124
Other financing sources (uses):				
Transfers in	299,800	299,800	885,190	585,390
Transfers out	(3,495,000)	(5,345,000)	(5,345,000)	-
Total other financing sources (uses)	(3,195,200)	(5,045,200)	(4,459,810)	585,390
Net change in fund balance	\$0	(\$1,800,000)	(296,486)	\$1,503,514
Fund balance - January 1			5,039,698	
Fund balance - December 31			\$4,743,212	

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

	Business-Type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds
	Water	Sewer	Refuse Collection	Recycling	Storm Water	Totals	
Assets							
Current assets:							
Cash and cash equivalents	\$14,286,125	\$6,830,535	\$1,467,792	\$165,015	\$1,584,099	\$24,333,566	\$848,809
Receivables:							
Accounts	197,188	333,514	215,564	47,938	64,623	858,827	-
Special assessments	505,940	134,349	14,663	101	27,229	682,282	-
Due from other governments	-	-	-	-	401,750	401,750	-
Interest	59,885	31,377	5,611	631	11,348	108,852	2,865
Due from other funds	1,429,804	-	-	-	-	1,429,804	-
Prepayments	1,046	124,495	-	-	-	125,541	9,000
Inventory - at cost	218,187	-	-	-	-	218,187	-
Total current assets	<u>16,698,175</u>	<u>7,454,270</u>	<u>1,703,630</u>	<u>213,685</u>	<u>2,089,049</u>	<u>28,158,809</u>	<u>860,674</u>
Capital assets:							
Land	208,860	5,000	-	-	-	213,860	-
Buildings	9,270,811	-	-	-	-	9,270,811	-
Improvements other than buildings	18,221,963	14,960,344	-	-	19,552,067	52,734,374	-
Machinery and equipment	2,207,339	404,892	-	-	-	2,612,231	-
Construction in process	158,447	108,310	-	-	37,203	303,960	-
Total	<u>30,067,420</u>	<u>15,478,546</u>	<u>0</u>	<u>0</u>	<u>19,589,270</u>	<u>65,135,236</u>	<u>0</u>
Less: accumulated depreciation	<u>(16,656,166)</u>	<u>(7,698,813)</u>	<u>-</u>	<u>-</u>	<u>(4,641,284)</u>	<u>(28,996,263)</u>	<u>-</u>
Net capital assets	<u>13,411,254</u>	<u>7,779,733</u>	<u>0</u>	<u>0</u>	<u>14,947,986</u>	<u>36,138,973</u>	<u>0</u>
Total assets	<u>30,109,429</u>	<u>15,234,003</u>	<u>1,703,630</u>	<u>213,685</u>	<u>17,037,035</u>	<u>64,297,782</u>	<u>860,674</u>
Deferred outflows of resources							
Deferred outflows of resources - pension related	-	-	-	-	-	-	1,849,240
Deferred outflows of resources - other post employment benefits related	3,964	3,256	-	-	-	-	-
Total deferred outflows of resources	<u>3,964</u>	<u>3,256</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,220</u>	<u>1,849,240</u>
Liabilities							
Current liabilities:							
Accounts payable	293,215	120,569	39,108	26,415	73,181	552,488	4,151
Contracts payable - retained percentage	70,864	-	-	-	-	70,864	-
Accrued salaries and withholdings payable	-	-	-	-	-	-	-
Due to other governmental units	43,653	8,324	64,024	-	-	116,001	-
Deposits	-	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	115,431
Total current liabilities	<u>407,732</u>	<u>128,893</u>	<u>103,132</u>	<u>26,415</u>	<u>73,181</u>	<u>739,353</u>	<u>119,582</u>
Noncurrent liabilities:							
Compensated absences	20,550	8,319	-	-	-	28,869	501,279
Net pension liability	-	-	-	-	-	-	6,254,015
Other post employment benefits liability	53,405	52,023	8,148	2,561	-	116,137	-
Bonds payable	-	-	-	-	2,537,886	2,537,886	-
Total noncurrent liabilities	<u>73,955</u>	<u>60,342</u>	<u>8,148</u>	<u>2,561</u>	<u>2,537,886</u>	<u>2,682,892</u>	<u>6,755,294</u>
Total liabilities	<u>481,687</u>	<u>189,235</u>	<u>111,280</u>	<u>28,976</u>	<u>2,611,067</u>	<u>3,422,245</u>	<u>6,874,876</u>
Deferred inflows of resources							
Deferred inflows of resources - pension related	-	-	-	-	-	-	2,318,079
Deferred inflows of resources - other post employment benefits related	50	309	-	-	-	359	-
Total deferred inflows of resources	<u>50</u>	<u>309</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>359</u>	<u>2,318,079</u>
Net position:							
Net investment in capital assets	13,411,254	7,779,733	-	-	13,380,671	34,571,658	-
Unrestricted	16,220,402	7,267,982	1,592,350	184,709	1,045,297	26,310,740	(6,483,041)
Total net position	<u>29,631,656</u>	<u>15,047,715</u>	<u>1,592,350</u>	<u>184,709</u>	<u>14,425,968</u>	<u>60,882,398</u>	<u>(6,483,041)</u>
Total deferred outflows of resources, liabilities and net position	<u>\$30,113,393</u>	<u>\$15,237,259</u>	<u>\$1,703,630</u>	<u>\$213,685</u>	<u>\$17,037,035</u>	<u>\$64,305,002</u>	<u>\$2,709,914</u>

CITY OF CHAMPLIN, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2020

Statement 8

	Business-Type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds
	Water	Sewer	Refuse Collection	Recycling	Storm Water	Totals	
Operating revenues:							
Charges for services:							
Customer service	\$34,081	\$ -	\$ -	\$ -	\$195,000	\$229,081	\$1,262,435
Penalties	38,795	39,683	22,174	5,974	-	106,626	-
Sewer service charges	-	2,659,371	-	-	-	2,659,371	-
Refuse collection	-	-	1,354,851	-	-	1,354,851	-
Recycling collection	-	-	-	373,587	-	373,587	-
Storm water charges	-	-	-	-	513,239	513,239	-
Charges for sales:							
Water	2,441,535	-	-	-	-	2,441,535	-
Total operating revenues	<u>2,514,411</u>	<u>2,699,054</u>	<u>1,377,025</u>	<u>379,561</u>	<u>708,239</u>	<u>7,678,290</u>	<u>1,262,435</u>
Operating expenses:							
Personal services	478,558	451,019	124,760	69,356	321,589	1,445,282	504,695
Supplies	277,118	20,672	2,141	-	740	300,671	-
Other services and charges	3,426,585	2,117,720	1,203,604	387,434	428,412	7,563,755	551,673
Depreciation	653,381	293,909	-	-	351,903	1,299,193	-
Total operating expenses	<u>4,835,642</u>	<u>2,883,320</u>	<u>1,330,505</u>	<u>456,790</u>	<u>1,102,644</u>	<u>10,608,901</u>	<u>1,056,368</u>
Net income (loss) from operations	<u>(2,321,231)</u>	<u>(184,266)</u>	<u>46,520</u>	<u>(77,229)</u>	<u>(394,405)</u>	<u>(2,930,611)</u>	<u>206,067</u>
Nonoperating revenues (expenses):							
Special assessments	23,560	19,351	382	46	18,709	62,048	-
Intergovernmental	-	-	-	35,205	334,410	369,615	50,467
Investment income	359,787	179,864	33,960	4,033	4,536	582,180	15,368
Miscellaneous revenue (expense)	60,943	66,167	(271)	(90)	249,611	376,360	23,471
Gain (loss) on sale of capital assets	(16,625)	7,185	-	-	-	(9,440)	-
Bond issuance costs	-	-	-	-	(37,886)	(37,886)	-
Total nonoperating revenues (expenses)	<u>427,665</u>	<u>272,567</u>	<u>34,071</u>	<u>39,194</u>	<u>569,380</u>	<u>1,342,877</u>	<u>89,306</u>
Income (loss) before contributions and transfers	<u>(1,893,566)</u>	<u>88,301</u>	<u>80,591</u>	<u>(38,035)</u>	<u>174,975</u>	<u>(1,587,734)</u>	<u>295,373</u>
Capital contributions	1,384,482	-	-	-	-	1,384,482	-
Transfers:							
Transfers in	-	-	-	-	995,709	995,709	-
Transfers out	(693,632)	(129,600)	(150,000)	-	(2,222,197)	(3,195,429)	-
Total contributions and transfers	<u>690,850</u>	<u>(129,600)</u>	<u>(150,000)</u>	<u>0</u>	<u>(1,226,488)</u>	<u>(815,238)</u>	<u>0</u>
Change in net position	(1,202,716)	(41,299)	(69,409)	(38,035)	(1,051,513)	(2,402,972)	295,373
Total net position - January 1	<u>30,834,372</u>	<u>15,089,014</u>	<u>1,661,759</u>	<u>222,744</u>	<u>15,477,481</u>	<u>63,285,370</u>	<u>(6,778,414)</u>
Total net position - December 31	<u>\$29,631,656</u>	<u>\$15,047,715</u>	<u>\$1,592,350</u>	<u>\$184,709</u>	<u>\$14,425,968</u>	<u>\$60,882,398</u>	<u>(\$6,483,041)</u>

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

	Business-Type Activities - Enterprise Funds						Governmental Activities-Internal Service Funds
	Water	Sewer	Refuse Collection	Recycling	Storm Water	Totals	
Cash flows from operating activities:							
Receipts from customers and users	\$2,660,268	\$2,697,762	\$1,453,434	\$393,726	\$214,637	\$7,419,827	-
Receipts from interfund services provided	-	-	-	-	-	-	1,262,435
Payment to suppliers	(3,720,238)	(2,045,985)	(1,197,268)	(386,881)	(502,333)	(7,852,705)	(562,874)
Payment to employees	(478,289)	(444,830)	(124,760)	(69,356)	(321,589)	(1,438,824)	(815,023)
Miscellaneous revenue	84,503	85,518	111	35,161	602,730	808,023	73,938
Net cash flows from operating activities	(1,453,756)	292,465	131,517	(27,350)	(6,555)	(1,063,679)	(41,524)
Cash flows from noncapital financing activities:							
Transfers in from other funds	-	-	-	-	995,709	995,709	-
Transfers (out) to other funds	(693,632)	(129,600)	(150,000)	-	(139,677)	(1,112,909)	-
Net cash flows from noncapital financing activities	(693,632)	(129,600)	(150,000)	-	856,032	(117,200)	-
Cash flows from capital and related financing activities:							
Proceeds from issuance of bonds, net of issuance costs	-	-	-	-	2,500,000	2,500,000	-
Connection fees	1,132,500	-	-	-	-	1,132,500	-
Acquisition of capital assets	(801,117)	(1,429,198)	-	-	(1,758,566)	(3,988,881)	-
Net cash flows from capital and related financing activities	331,383	(1,429,198)	-	-	741,434	(356,381)	-
Cash flows from investing activities:							
Investment income	358,098	178,168	33,743	4,084	(6,812)	567,281	15,457
Net increase (decrease) in cash and cash equivalents	(1,457,907)	(1,088,165)	15,260	(23,266)	1,584,099	(969,979)	(26,067)
Cash and cash equivalents - January 1	15,744,032	7,918,700	1,452,532	188,281	0	25,303,545	874,876
Cash and cash equivalents - December 31	\$14,286,125	\$6,830,535	\$1,467,792	\$165,015	\$1,584,099	\$24,333,566	\$848,809
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	(\$2,321,231)	(\$184,266)	\$46,520	(\$77,229)	(\$394,405)	(\$2,930,611)	\$206,067
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation expense	653,381	293,909	-	-	351,903	1,299,193	-
Miscellaneous revenue	84,503	85,518	111	35,161	602,730	808,023	73,938
Decrease (increase) in accounts receivable	101,437	(150,591)	(15,458)	2,886	(466,373)	(528,099)	-
Decrease (increase) in special assessments receivable	(133,158)	149,299	91,867	11,279	(27,229)	92,058	-
Decrease (increase) in due from other funds	177,578	-	-	-	-	177,578	-
Decrease (increase) in prepayments and inventory	(147,454)	2,088	-	-	-	(145,366)	2,638
Increase (decrease) in accounts payable and deposits	46,857	89,960	353	553	(73,181)	64,542	(13,839)
Increase (decrease) in accrued salaries and withholdings payable	2,048	2,824	-	-	-	4,872	83,229
Increase (decrease) in contracts payable	58,796	-	-	-	-	58,796	-
Increase (decrease) in due to other governmental units	25,266	359	8,124	-	-	33,749	-
Increase (decrease) in other post employment benefits liability	1,615	4,565	-	-	-	6,180	-
Decrease (Increase) in deferred outflows of resources	(3,348)	(1,184)	-	-	-	(4,532)	1,270,463
Increase (decrease) in pension liability	-	-	-	-	-	-	859,937
Increase (decrease) in deferred inflows of resources	(46)	(16)	-	-	-	(62)	(2,523,957)
Total adjustments	867,475	476,731	84,997	49,879	387,850	1,866,932	(247,591)
Net cash provided by (used in) operating activities	(\$1,453,756)	\$292,465	\$131,517	(\$27,350)	(\$6,555)	(\$1,063,679)	(\$41,524)
Noncash capital and related financing activities:							
Contributions of capital assets from developers	\$251,982	\$0	\$0	\$0	\$0	\$251,982	\$0

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Champlin, Minnesota (the City) was incorporated in 1947 and operates as a statutory city. The governing body consists of an elected mayor and four-member council.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted 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 accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City and its component units. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

COMPONENT UNITS

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

Complete financial statements for the EDA may be obtained at City Hall.
Economic Development Authority
11955 Champlin Drive
Champlin, MN 55316

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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. Likewise, the primary government is reported separately from discretely presented component units for which the primary government is financially accountable.

CITY OF CHAMPLIN, MINNESOTA
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The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is 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.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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 General Obligation Bond Fund accounts for bonded indebtedness that is repaid from property taxes.

The Tax Increment Project Fund accounts for the development projects in the City that are financed with tax increment revenues.

The Permanent Improvement Fund accounts for the costs of certain public improvements such as residential streets and other improvement projects.

Park Reserve Fund accounts for park dedications received from developers in lieu of parkland donations. Resources of this fund may be used only for parkland purchases or permanent park improvements.

The City reports the following major proprietary funds:

The Water Fund accounts for the financial transactions relating to providing water to the residents of the City.

The Sewer Fund accounts for the financial transactions relating to providing sewer service to the residents of the City.

The Refuse Collection Fund accounts for the financial transactions relating to providing refuse services to the residents of the City.

The Recycling Fund accounts for operations associated with recycling. Resources of this fund may be used only for educating the public on the importance of recycling.

The Storm Water Fund accounts for operations relating to storm sewer services and infrastructure replacement for the residents.

Additionally, the City reports the following fund type:

The City has four internal service funds: one to account for property, liability and workers' compensation insurance premiums and deductibles for all departments of the City, a second to account for Geographical Information System (GIS) services provided to all departments of the City, a third to account for pension benefits, and a fourth to account for compensated absences.

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 between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF CHAMPLIN, MINNESOTA
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Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise funds are charges for service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General and Special Revenue Funds.

The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing on January 1 of the following year. At least one special Council meeting is conducted to obtain public comments as required by the State Truth in Taxation Law.

The City Council annually adopts budgets prior to January 1 for the general and special revenue funds. Special revenue funds for which budgets are not prepared include Police Forfeiture and Scholarship. The budgets are prepared by fund, function and activity. The budgets are adopted on a basis consistent with generally accepted accounting principles and all appropriations lapse at the end of the budget year to the extent that they have not been expended. Total expenditures appropriated in the budget resolution may not legally exceed estimated revenues available from various sources. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.

Formal budgetary integration is employed as a management control device during the year. Budget revisions between activities may be made by the City Administrator. Budget revisions at the department and fund levels are authorized by the City Council. The legal level of budgetary control is therefore at the department level.

The City does not use encumbrance accounting.

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

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings from investments are 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 for investments in external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows the Enterprise Funds consider 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 Enterprise Funds have original maturities of 90 days or less. Therefore, the entire balance in the fund is considered cash equivalents.

G. 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, and State credits 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) and taxes and credits not received at year end are classified as delinquent and due from County 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.

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

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited 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 remitted to the City in payment of delinquent special assessments. 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.

H. RECEIVABLES AND PAYABLES

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

I. INVENTORIES AND PREPAID ITEMS

All inventories are valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Land is acquired for subsequent resale for redevelopment purposes. Land held for resale is reported as inventory at the lower of cost or estimated realizable value in the fund that acquired it.

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

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 and are recorded as expenditures when consumed rather than when purchased.

J. LAND HELD FOR RESALE

Land held for resale is valued at the lower of cost or market. Due to the nature of redevelopment activities, cost is frequently higher than the market value. Market values are determined using appraised values or estimated actual sales price.

K. CAPITAL ASSETS

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Building and structures	20-50
Furniture and equipment	3-15
Vehicles	5
Machinery and equipment	10
Other improvements	40
Infrastructure	50

L. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Employees hired prior to January 1, 1991 are entitled to one-third of the balance of their accumulated sick leave at the time of separation of employment, to a maximum of 320 hours, provided the employee has three or more years of service with the City; and further provided that the amount will not exceed the employees calculated severance as of January 1, 1991.

Employees hired after January 1, 1991 are not paid any accumulated sick leave when the

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

employee separates from service. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types 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.

N. 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 the 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 and may only be removed by resolution of the City Council.

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 resolution of the City Council and/or management. The City's Administrator and 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.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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

	General Fund	General Obligation Bonds	Tax Increment Project	Permanent Improvement Fund	Park Reserve Fund	Other Govt. Funds	Total Govt. Funds
Nonspendable:							
Prepayments	\$18,564	\$ -	\$ -	\$3,605	\$ -	\$6,695	\$28,864
Inventory	22,134	-	-	-	-	-	22,134
Perpetual care	-	-	-	-	-	92,181	92,181
Total	40,698	0	0	3,605	0	98,876	143,179
Restricted for:							
Perpetual care	-	-	-	-	-	7,692	7,692
Public safety	-	-	-	-	-	32,028	32,028
Recreation scholarships	-	-	-	-	-	5,783	5,783
Debt service	-	558,601	-	-	-	-	558,601
Real estate	-	-	860,999	535,600	-	50,000	1,446,599
Total	0	558,601	860,999	535,600	0	95,503	2,050,703
Committed to:							
Technology	-	-	-	-	-	162,708	162,708
Ice forum	-	-	-	-	-	2,086,797	2,086,797
Total	0	0	0	0	0	2,249,505	2,249,505
Assigned to:							
Economic development	-	-	-	-	-	630,091	630,091
Capital projects	-	-	-	20,250,725	5,152,361	5,147,749	30,550,835
Total	0	0	0	20,250,725	5,152,361	5,777,840	31,180,926
Unassigned	4,702,514	-	(2,034,160)	-	-	-	2,668,354
Total	\$4,743,212	\$558,601	(\$1,173,161)	\$20,789,930	\$5,152,361	\$8,221,724	\$38,292,667

The City Council has formally adopted a fund balance policy for the General Fund. The policy establishes a year end targeted unassigned fund balance amount for cash-flow timing needs (working capital) in the range of 35-45% of the subsequent year's budgeted expenditures and contingencies (1-2%).

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

At December 31, 2020, the targeted unassigned fund balance for the General Fund was as follows:

Working capital	\$4,603,255	42%
Contingencies	99,259	1%

The specific revenue source of each special revenue fund and the specific purposes for which they are assigned are as follows:

Fund	Specific Revenue Sources	Restricted To:
Police programs	Donations	Drug use and abuse program
Police forfeiture	Sale of confiscated vehicles	Non-budgeted public safety expenditures
Scholarship	Donations	Subsidize park and recreation program fees for low income participants
		Committed to:
Ice forum	Charges for services	Operations of Ice Forum
Technology	QCTV revenues	Technology purposes
		Assigned to:
Economic Development Authority	Taxes	Redevelopment as specified in grant agreements

O. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted 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.

P. 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.

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

R. DEFERRED OUTFLOWS/INFLows OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. It is the pension related deferred outflows of resources reported on the government-wide Statement of Net Position and the proprietary funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, due from component units, land held for resale, and notes receivable.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Minnesota Statute 118.A.03 identifies allowable forms of collateral.

At December 31, 2020 the carrying amount of the City's deposits with financial institutions was \$5,603,663.

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. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. As of December 31, 2020, the bank balance of the City's deposits was \$5,603,663, all of which was either insured by the Federal Deposit Insurance Corporation (FDIC) or covered by perfected pledged collateral held in the City's name.

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

B. INVESTMENTS

Subject to rating, yield, maturity and issuer requirements as prescribed by statute, Minnesota Statutes 118A.04 and 118A.05 authorized 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.

As of December 31, 2020, the City had the following investments:

Investment Type	Rating	Fair Value	Years to Maturity		
			Less than 1	1-5	6-10
U.S. Agency securities	Aaa	\$23,862,798	\$999,981	\$21,771,848	\$1,090,970
Municipal bonds	Aaa	18,821,800	6,439,617	11,750,594	631,590
Certificates of deposit	Aaa	13,113,265	4,246,619	8,866,646	-
Commercial Paper	NR	999,857	999,857	-	-
Money market mutual funds	NR	3,070,608	3,070,608	-	-
External investment pool- 4M Fund	NR	2,862,501	2,862,501	-	-
Total fair value		<u>\$62,730,830</u>	<u>\$18,619,183</u>	<u>\$42,389,087</u>	<u>\$1,722,560</u>
NR - Not Rated			Total investments		\$62,730,830
			Deposits		3,610,483
			Petty cash		150
			Total cash and investments		<u>\$66,341,463</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 market prices. Level 2 investments are valued using inputs that are based on matrix pricing models. Level 3 investments are valued using inputs that are unobservable.

Notes issued by U.S. government agencies, municipal funds and negotiable certificates of deposit are valued using Level 2 inputs, significant other observable inputs.

Money market mutual funds are investments not categorized.

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 (NA V) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 4-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

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

C. INVESTMENT RISKS

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. In accordance with its investment policy, the City manages its exposure to declines in fair values by:

- Structuring the investment portfolio so that no more than 50% of the portfolio is placed in long-term investments that have maturities exceeding five years, and no more than 25% of the portfolio is placed in long-term investments that have maturities exceeding seven years.
- At least 5% of the City's portfolio is kept in investments that are available on a daily basis without loss of principal.

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. The City limits its investments to only those investment instruments authorized by Minnesota Statutes. In accordance with its formal written investment policy, it is the City's policy to diversify its portfolio by type of investment, issuer and maturity date to protect against changes in the market.

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. Not more than \$2,000,000 or 30% of the City's portfolio will be placed in any one institution, other than the United States government or its agencies.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the City's policy that all investments shall be kept at the broker/dealers in the City's name. The broker/dealer must provide assets protection of \$500,000 through the Securities Investor Protection Corporation (SIPC) and at least another \$49,500,000 supplemental insurance protection.

CITY OF CHAMPLIN, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
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Note 3 RECEIVABLES

Receivables as of year-end for the City's individual major funds, non-major funds, and internal services in the aggregate including the applicable allowance for uncollectible accounts, are as follows:

	Accounts	Special Assessments	Taxes	Interest	Intergovernmental	Total Receivables
General	\$216,312	\$10,557	\$95,386	\$28,167	\$12,309	\$362,731
General obligation bonds	-	3,657,167	2,797	-	-	3,659,964
Tax increment project	-	-	-	2,540	-	2,540
Permanent improvement	-	1,918,033	-	48,618	151,495	2,118,146
Park reserve fund	324	-	-	20,782	-	21,106
Water utility	197,188	505,940	-	59,885	-	763,013
Sewer utility	333,514	134,349	-	31,377	-	499,240
Refuse	215,564	14,663	-	5,611	-	235,838
Recycling	47,938	101	-	631	-	48,670
Storm water	64,623	27,229	-	11,348	401,750	504,950
Internal service	-	-	-	2,865	-	2,865
Nonmajor and other funds	76,242	1,934	3,780	37,242	-	119,198
Total	\$1,151,705	\$6,269,973	\$101,963	\$249,066	\$565,554	\$8,338,261

The receivables not expected to be collected within one year are \$1,918,033 of special assessment receivables reported in the permanent improvement fund.

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

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. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2020, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable:		
General fund	\$32,781	\$ -
Nonmajor funds	1,176	-
Special assessments not yet due:		
General fund	9,460	-
General obligation bonds	3,648,377	-
Permanent improvement fund	1,908,624	-
Delinquent special assessments receivable:		
General fund	1,097	-
General obligation bonds	5,633	-
Permanent improvement fund	6,066	-
License/rent/other revenue/note receivable:		
General fund	- 6,419	6,419
Permanent improvement fund	- 1,810,293	1,810,293
Nonmajor funds	- 50,000	50,000
Total deferred inflows of resources/unearned revenue for governmental funds	<u>\$5,613,214</u>	<u>\$1,866,712</u>

Note 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Amounts reported as due to/from other funds at December 31, 2020, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Water	Permanent Improvement	\$1,429,804	Facilities
Permanent Improvement	Tax Increment Project	2,692,585	Purchase of property
Total		<u>\$4,122,389</u>	

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

Amounts reported as interfund transfers at December 31, 2020 are as follows:

	General fund	Permanent improvement	Park reserve	Nonmajor governmental	Storm water	Total transfers out	Purpose
General fund	\$ -	\$2,550,004	\$550,004	\$2,144,992	\$100,000	\$5,345,000	Budgeted Transfer, 2020 street project contribution, CARES Act, Council approved transfers
Park reserve	-	-	-	-	145,000	145,000	Capital projects
Nonmajor governmental	775,990	635,326	-	-	46,999	1,458,315	Administration debt/infrastructure replacement
Water	54,600	-	-	75,000	564,032	693,632	Administration/capital projects
Sewer	54,600	-	-	75,000	-	129,600	Administration/capital projects
Refuse	-	150,000	-	-	-	150,000	Budgeted Transfer
Storm water	-	-	-	-	139,678	139,678	Budgeted Transfer
Total transfers in	<u>\$885,190</u>	<u>\$3,335,330</u>	<u>\$550,004</u>	<u>\$2,294,992</u>	<u>\$995,709</u>	<u>\$8,061,225</u>	

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

Note 6 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$43,364,193	\$ -	\$ -	\$ -	\$43,364,193
Construction in progress	7,828,900	1,757,914	5,803,716	(2,453,995)	1,329,103
Total capital assets, not being depreciated	<u>51,193,093</u>	<u>1,757,914</u>	<u>5,803,716</u>	<u>(2,453,995)</u>	<u>44,693,296</u>
Capital assets, being depreciated:					
Buildings	15,974,998	365,907	172,200.00	-	16,168,705
Improvements other than buildings	82,395,330	12,607,902	-	(17,526,347)	77,476,885
Machinery and equipment	6,912,862	1,158,767	437,246	0	7,634,383
Total capital assets, being depreciated	<u>105,283,190</u>	<u>14,132,576</u>	<u>609,446</u>	<u>(17,526,347)</u>	<u>101,279,973</u>
Less accumulated depreciation for:					
Buildings	7,373,447	499,362	172,200.00	-	7,700,609
Improvement other than buildings	33,862,366	2,143,362	-	(4,289,381)	31,716,347
Machinery and equipment	5,134,135	324,633	437,246	-	5,021,522
Total accumulated depreciation	<u>46,369,948</u>	<u>2,967,357</u>	<u>609,446</u>	<u>(4,289,381)</u>	<u>44,438,478</u>
Total capital assets, being depreciated, net	<u>58,913,242</u>	<u>11,165,219</u>	<u>0</u>	<u>(13,236,966)</u>	<u>56,841,495</u>
Governmental activities capital assets, net	<u>\$110,106,335</u>	<u>\$12,923,133</u>	<u>\$5,803,716</u>	<u>(\$15,690,961)</u>	<u>\$101,534,791</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$213,860	\$ -	\$ -	\$ -	\$213,860
Construction in progress	338,463	233,961	2,722,459	2,453,995	303,960
Total capital assets, not being depreciated	<u>552,323</u>	<u>233,961</u>	<u>2,722,459</u>	<u>2,453,995</u>	<u>517,820</u>
Capital assets, being depreciated:					
Buildings	9,116,040	291,819	137,048	-	9,270,811
Improvements other than buildings	31,150,788	4,057,239	-	17,526,347	52,734,374
Machinery and equipment	2,482,449	244,865	115,083	-	2,612,231
Total capital assets, being depreciated	<u>42,749,277</u>	<u>4,593,923</u>	<u>252,131</u>	<u>17,526,347</u>	<u>64,617,416</u>
Less accumulated depreciation for:					
Buildings	5,571,744	246,942	120,422	-	5,698,264
Improvements other than buildings	16,294,986	991,728	-	4,289,381	21,576,095
Machinery and equipment	1,763,450	60,522	102,068	-	1,721,904
Total accumulated depreciation	<u>23,630,180</u>	<u>1,299,192</u>	<u>222,490</u>	<u>4,289,381</u>	<u>28,996,263</u>
Total capital assets, being depreciated, net	<u>19,119,097</u>	<u>3,294,731</u>	<u>29,641</u>	<u>13,236,966</u>	<u>35,621,153</u>
Business-type activities capital assets, net	<u>\$19,671,420</u>	<u>\$3,528,692</u>	<u>\$2,752,100</u>	<u>\$15,690,961</u>	<u>\$36,138,973</u>

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:		
General government		\$165,783
Public safety		299,916
Public works		1,966,813
Parks and recreation		534,845
Total depreciation expense - governmental activities		<u><u>\$2,967,357</u></u>
Business-type activities:		
Water		\$653,381
Sewer		293,909
Storm water		351,903
Total depreciation expense - business-type activities		<u><u>\$1,299,193</u></u>

Note 7 CONSTRUCTION COMMITMENTS

The City has an active construction project as of December 31, 2020. At year end the City's commitment with the contractor is as follows:

Project	Spent-to-date	Remaining Commitment
Ice Forum Roof Replacement	\$449,583	\$81,858
White Oaks & Rosemill Lane Project	1,303,951	29,745
2020 Champlin Heights Project	2,580,127	22,128
2020 Edgewater Gardens Project	3,765,161	66,411
113th Avenue & Xenia Avenue Project	217,876	16,033
Jersey, Kentuck, & Louisiana Avenue Project	1,563,995	35,742
TH169 Landscaping and Lighting Project	360,281	25,490
WaterTower #1 Rehab Project	1,265,987	97,836
Elm Creek Stream Reconstruction Phase 3	216,018	40,425

Note 8 LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds and general obligation capital notes to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds and capital notes have been issued for governmental activities and business-type funds. The original amount of general obligation bonds and capital notes issued in prior years was \$4,235,000.

On September 1, 2020, the City issued \$8,690,000 series 2020A general obligation improvement, equipment and utility bonds. The bonds will mature on February 1, 2036, have an interest rate between 1% - 2%, and will be repaid with proceeds from ad valorem taxes, general taxes, and storm water utility revenues.

For the current year, principal and interest paid and total property tax revenues were \$471,515 and \$499,124 respectively.

CITY OF CHAMPLIN, MINNESOTA
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General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with varying amounts of principal due each year. General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Refunding	2.00 - 2.5%	\$3,055,000
Improvement, equipment, and utility	1.00 - 2.00%	8,690,000

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

Year Ending 31-Dec	Principal	Interest
2021	\$410,000	\$199,395
2022	870,000	198,971
2023	950,000	180,771
2024	965,000	161,349
2025	985,000	141,021
2026-2036	<u>7,565,000</u>	<u>566,798</u>
Total	<u>\$11,745,000</u>	<u>\$1,448,306</u>

As a result of the previous years' refunding, the City experienced a net present value benefit of \$184,405 (the difference between the present value of the debt service payments on the old and new debt).

Conduit Debt Obligations

From time to time the City of Champlin has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private sector entity revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City of Champlin, the State of Minnesota, 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 five series of Revenue Bonds outstanding with an aggregate principal amount payable of \$61,251,653.

CITY OF CHAMPLIN, MINNESOTA
 NOTES TO FINANCIAL STATEMENTS
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Changes in long-term liabilities

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

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$3,455,000	\$6,285,000	\$400,000	\$9,340,000	\$410,000
Issuance discounts/premiums	69,886	346,367	8,858	407,395	-
Total bonds payable	<u>3,524,886</u>	<u>6,631,367</u>	<u>408,858</u>	<u>9,747,395</u>	<u>410,000</u>
Compensated absences	533,481	603,417	520,189	616,709	97,842
Net other post-employment benefit obligation	872,751	132,012	-	1,004,763	-
Net other post-employment benefit obligation	-	110,452	11,350	99,102	22,704
Net pension liability	5,394,078	859,937	-	6,254,015	-
Governmental activity long-term liabilities	<u>\$10,325,196</u>	<u>\$8,337,185</u>	<u>\$940,397</u>	<u>\$17,721,984</u>	<u>\$530,546</u>
Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$0	\$2,405,000	\$0	\$2,405,000	\$ -
Issuance Discounts/premiums	-	132,886	-	132,886	-
Compensated absences	23,997	21,975	17,103	28,869	-
Net other post-employment benefit obligation	109,957	6,180	-	116,137	-
Business-type activities long-term liabilities	<u>\$133,954</u>	<u>\$2,566,041</u>	<u>\$17,103</u>	<u>\$2,682,892</u>	<u>\$0</u>

Compensated absences for the governmental funds are accounted for as a portion of the unrestricted net position of the Compensated Absences Internal Service Fund. Net pension liability for the governmental funds are accounted for as a portion of the unrestricted net position of the Employee Benefits Internal Service Fund. Net other post-employment obligations for the governmental funds are accounted for as a portion of the unassigned fund balance of the General Fund.

In 2020, the City entered into lease agreements for four vehicles. The agreement calls for total monthly payments of \$1,892 with each maturing in 60 months, with average interest rate of 1.31 percent. Depreciation in the amount of \$13,174 has been recorded as depreciation expense during 2020.

The net book value of assets under the capital lease at December 31, 2020 is as follows:

Equipment	\$123,277
Trade-in	(12,825)
Accumulated depreciation	<u>(13,174)</u>
Net book value	<u>\$97,278</u>

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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The following is a schedule of the future minimum lease payments under the capital lease:

Year Ending December 31	Payment
2021	\$22,704
2022	22,704
2023	22,704
2024	22,704
2025	29,978
Total minimum lease payments	
Less: amount representing interest & fees	<u>(21,692)</u>
Present value of minimum lease payments	<u>\$99,102</u>

Note 9 DEFINED BENEFIT PENSION PLANS - PERA

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.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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.

CITY OF CHAMPLIN, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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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 \$316,125. 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 \$479,906. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERF Pension Costs

At December 31, 2020, the City reported a liability of \$3,297,501 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 \$101,690. 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 0.0550% at the end of the measurement period and 0.0542% for the beginning of the period.

City's proportionate share of the net pension liability	\$3,297,501
State of Minnesota's proportionate share of the net pension liability associated with the City	101,690
Total	<u>\$3,399,191</u>

For the year ended December 31, 2020, the City recognized pension expense of \$119,909 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$8,850 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the GERF.

CITY OF CHAMPLIN, MINNESOTA
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At December 31, 2020, the City reported its proportionate share of the GERV'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	\$30,074	\$12,476
Changes in actuarial assumptions	-	122,513
Net collective between projected and actual investment earnings	54,182	-
Changes in proportion	36,511	15,664
Contributions paid to PERA subsequent to the measurement date	66,069	-
Total	\$186,836	\$150,653

The \$66,069 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 Amount
2021	(\$192,619)
2022	9,360
2023	73,703
2024	79,669
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2020, the City reported a liability of \$2,956,514 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 0.02243% at the end of the measurement period and 0.2252% for the beginning of the period.

CITY OF CHAMPLIN, MINNESOTA
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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 aid 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 \$302,753 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$21,430 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 \$21,430 for the year ended December 31, 2020 as revenue and an offsetting reduction 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	\$130,866	\$142,197
Changes in actuarial assumptions	1,003,452	1,859,542
Difference between projected and actual investment earnings	87,259	-
Changes in proportion	89,411	165,687
Contributions paid to PERA subsequent to the measurement date	251,415	-
Total	\$1,562,403	\$2,167,426

CITY OF CHAMPLIN, MINNESOTA
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The \$251,415 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	Expense Amount
2021	(\$254,340)
2022	(873,874)
2023	122,757
2024	148,522
2025	497
Thereafter	-

The net pension liability will be liquidated by the general, water and sewer funds.

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 disincentivists 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 GERP 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 GERP was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for 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%.

CITY OF CHAMPLIN, MINNESOTA
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- 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 (Priv)	25.0%	5.90%
Cash	2.0%	0.00%
Total	100%	

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

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 AND 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%)
City's Proportionate share of the GERF net pension liability	\$5,284,757	\$3,297,501	\$1,658,180
City's Proportionate share of the PEPFF net pension liability	\$5,892,758	\$2,956,514	\$527,287

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.

I. PENSION EXPENSE

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

GERF	\$119,909
PEPFF	302,753
Total	<u><u>\$422,662</u></u>

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

Note 10 OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. PLAN DESCRIPTION

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. 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 union contracts. The OPEB plan issues a separate report that includes required supplementary information and trend information. This report can be obtained from the Finance Director at 11955 Champlin Drive, Champlin, MN 55316.

B. BENEFITS PROVIDED

The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

All health care benefits are provided through the City's contracted health insurance plan. The benefit levels are the same as those provided to active employees. Benefits include general inpatient and outpatient medical services, vision care, dental care and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the retiree is no longer covered under the City's plan.

Funding policy - The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. For law enforcement employees and sergeants, the retirees contribute 50% of the bargaining unit's employer contribution toward single medical premiums until age 65 and the City contributes the remainder. For all others, the retirees contribute 100% of the medical premiums. For the fiscal year ended December 31, 2020, retirees contributed approximately \$19,000 and the City contributed \$8,287. Active employees do not contribute to the plan until retirement.

C. PARTICIPANTS

At December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	4
Active employees	76
Total	<hr/> <hr/> <hr/> 80
Participating employers	1

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

D. TOTAL OPEB LIABILITY AND CHANGES IN TOTAL OPEB LIABILITY

The City's total OPEB liability of \$1,120,899 was measured as of January 1, 2020, and was determined by an actuarial valuation dated January 1, 2020. Changes in the total OPEB liability during 2020 were:

Balances at January 1, 2019	<u>\$982,707</u>
Service cost	72,951
Interest cost	39,320
Assumption changes	68,145
Differences between expected and actual experience	-
Benefit payments	<u>(42,224)</u>
Total net changes	<u>138,192</u>
 Balances at January 1, 2020	 <u>\$1,120,899</u>

There were no plan changes since the measurement date of January 1, 2020.

E. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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

Actuarial cost method	Entry age, level percentage of day
Amortization method	Average of expected remaining service on a closed basis
Inflation rate	2.50%
Projected salary increases	3.00%
Discount rate	2.90%
20-year municipal bond yield	2.90%
Healthcare cost trend rate	6.25% grading to 5.00% over 5 years

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 published rate information for 20-year, tax exempt, municipal bonds as of the measurement date.

Mortality rates were based on the RP-2014 Mortality tables with MP-2018 generational improvements scale (Blue Collar tables for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2020 valuation are similar to those used to value pension liabilities for Minnesota public employees. The state pension plans base their assumptions on periodic experience studies.

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

Changes in assumptions and other inputs since the prior measurements date reflect a change in the discount rate from 3.80% to 2.90%.

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 (1.90%) or 1% higher (3.90%) than the current discount rate:

	1% Decrease (1.90%)	Discount Rate (2.90%)	1% Increase (3.90%)
Total OPEB liability	\$1,215,993	\$1,120,899	\$1,032,627

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 (5.00% decreasing to 4.00%) or 1% higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	Current Healthcare Cost		
	1% Decrease \$986,927	Trend Rates \$1,120,899	1% Increase \$1,280,803
Total OPEB liability			

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

For the year ended December 31, 2020, the City recognized \$128,312 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
Differences between expected and actual experience	\$53,520	\$ -
Changes in actuarial assumptions	59,626	8,385
Contributions subsequent to the measurement date	50,631	-
Total	\$163,777	\$8,385

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

\$50,631 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, 2020. 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 Amount
2021	\$16,041
2022	16,041
2023	16,041
2024	16,041
2025	16,041
Thereafter	24,556

Note 11 CONTINGENCIES

A. 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.

B. FEDERAL AND STATE FUNDS

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. 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.

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

D. CITY OF CHAMPLIN GRANT PROGRAM

In 2020, the City entered into an agreement with the Center for Energy and Environment to administer forgivable loans (grants) to homeowners within the City from April 1, 2020 to December 31, 2028, to be used to finance repairs and/or improvements on their property. The total amount anticipated to be granted is \$432,500, \$172,622 of this amount has been awarded as of December 31, 2020.

Note 12 JOINT VENTURES

Anoka-Champlin Fire Department

The City participates in a joint venture with the City of Anoka, Minnesota to provide fire protection services to the residents of the respective cities. The Anoka-Champlin Joint Fire Department was created pursuant to an agreement dated March 20, 1985. The terms of the agreement provide for a 49% and 51% undivided equity interest for the City of Champlin and the City of Anoka, respectively.

The City of Champlin is responsible for the administration and daily operations of the fire department. Each City is responsible for their proportionate share of the cost of the fire department's operations. Separate financial statements of the joint venture are available at the City of Champlin, 11955 Champlin Drive, Champlin, MN 55316 or 763-421-8100.

Pets Under Police Security

The City is a member of Pets Under Police Security (PUPS), which was established by a joint and cooperative agreement between several area cities. PUPS is governed by its board of directors, which consists of one board member appointed from each participating city.

The board adopts an annual budget prior to July 1 of each year. Charges for capital, administrative and other costs of PUPS are billed to its member cities on a pro-rata basis. In the event of dissolution, and following the payment of all outstanding obligations, the assets of PUPS will be distributed among the then existing member cities in direct proportion to their cumulative annual membership contributions. Separate financial statements of the joint venture are available at the City of Maple Grove, P.O. Box 1180, Maple Grove, MN 55311-6180.

Note 13 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; employee health and dental; and natural disasters for which the City carries commercial insurance policies. The City retains risk for the deductible portions of the insurance policies and for any exclusions from the insurance policies.

Past experience indicates that incurred but not reported claims, in aggregate, of the Insurance Management Internal Service Fund do not represent a material amount and, therefore, have not been accrued at year-end. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the prior three years.

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

The City's worker's compensation and general liability policies are retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and is not recorded until received or paid.

Note 14 FUND RECLASSIFICATION

Effective January 1, 2020 the City reclassified the Storm Water Fund from a Capital Project fund to an Enterprise fund. As a result of this reclassification, beginning net position / fund balance of the governmental funds, Governmental Activities and Business-type Activities has been adjusted as follows:

		Government-Wide Financial Statements	
	Fund Financial Statements	Governmental Activities	Business-type Activities
Net position / fund balance - December 31, 2019	\$27,300,084	\$130,965,301	\$47,807,889
Cumulative effect to convert from the modified accrual basis of accounting to the full accrual basis of accounting	(139,675)	-	-
Reclassification from governmental activities to business-type	-	(15,477,481)	15,477,481
Net position / fund balance - January 1, 2020	<u>\$27,160,409</u>	<u>\$115,487,820</u>	<u>\$63,285,370</u>

Note 15 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. 89 Accounting for Interest Cost Incurred before the End of a Construction Period. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.

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.

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

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.

Note 16 SUBSEQUENT EVENTS

Subsequent events have been evaluated for recognition or disclosure through May 26, 2021, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHAMPLIN, MINNESOTA**REQUIRED SUPPLEMENTARY INFORMATION (LAST 10 YEARS*)****SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

For The Year Ended December 31, 2020

Statement 10

	2018	2019	2020
Total OPEB liability:			
Service cost	\$49,048	\$59,967	\$72,951
Interest	28,239	30,060	39,320
Assumption changes	-	(11,181)	68,145
Differences between expected and actual experience	-	71,360	-
Benefit payments	(29,535)	(36,577)	(42,224)
Net change in total OPEB liability	47,752	113,629	138,192
Total OPEB liability - beginning	821,326	869,078	982,707
Total OPEB liability - ending	<u>\$869,078</u>	<u>\$982,707</u>	<u>\$1,120,899</u>
 Covered-employee payroll	 \$5,655,193	 \$6,005,486	 \$6,185,651
 Total OPEB liability as a percentage of covered-employee payroll	 15.4%	 16.4%	 16.4%

* 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 CHAMPLIN, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION (LAST 10 YEARS*)

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES GENERAL RETIREMENT FUND PENSION PLAN

Statement 11

Fiscal Year Ending (for the Financial Reporting Period)	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$258,754	\$258,754	\$ -	\$3,450,045	7.50%
December 31, 2016	262,283	262,283	-	3,497,100	7.50%
December 31, 2017	269,268	269,268	-	3,590,236	7.50%
December 31, 2018	279,664	279,664	-	3,728,864	7.50%
December 31, 2019	291,163	291,163	-	3,882,180	7.50%
December 31, 2020	316,125	316,125	-	4,214,986	7.50%

*This schedule is presented 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.

CITY OF CHAMPLIN, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION (LAST 10 YEARS*)
 SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY -
 PUBLIC EMPLOYEES GENERAL RETIREMENT FUND PENSION PLAN

Statement 12

Measurement Date June 30	Fiscal Year Ending December 31	City's Proportionate Share (Percentage) of the Net Position Liability	City's Proportionate Share (Amount) of the Net Pension Liability (a)	State's Proportionate Share (Amount) of the Net Pension liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with City (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	0.0582%	\$3,016,226	\$ -	\$3,016,226	\$3,364,840	89.64%	78.19%
2016	2016	0.0556%	4,514,444	17,603	4,532,047	3,452,825	131.26%	68.91%
2017	2017	0.0553%	3,530,316	44,378	3,574,694	3,561,525	100.37%	75.90%
2018	2018	0.0542%	3,006,794	23,009	3,029,803	3,641,446	83.20%	79.50%
2019	2019	0.0542%	2,996,597	92,996	3,089,593	3,833,212	80.60%	80.20%
2020	2020	0.0550%	3,297,501	101,690	3,399,191	3,923,217	86.64%	79.10%

*This schedule is presented 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 CHAMPLIN, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)

SCHEDULE OF PENSION CONTRIBUTIONS - PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN

Statement 13

Fiscal Year Ending (for the Financial Reporting Period)	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)
December 31, 2015	\$361,903	\$361,903	\$ -	\$2,233,972	16.20%
December 31, 2016	378,616	378,616	-	2,337,135	16.20%
December 31, 2017	362,654	362,654	-	2,238,605	16.20%
December 31, 2018	380,281	380,281	-	2,347,409	16.20%
December 31, 2019	410,096	410,096	-	2,419,450	16.95%
December 31, 2020	479,906	479,906	-	2,711,335	17.70%

*This schedule is presented 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.

CITY OF CHAMPLIN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS*)
SCHEDULE OF PROPORTIONATE SHARE OF PENSION LIABILITY -
PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN
Statement 14

Measurement Date	Fiscal Year Ending	City's Proportionate Share (Percentage) of the Net Pension Liability	City's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	City's Covered Payroll (b)	City's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Pension Liability
June 30, 2015	December 31, 2015	0.2390%	\$2,715,599	\$2,126,518	127.70%	86.61%
June 30, 2016	December 31, 2016	0.2400%	9,631,618	2,313,087	416.40%	63.88%
June 30, 2017	December 31, 2017	0.2260%	3,051,269	2,315,291	131.79%	85.43%
June 30, 2018	December 31, 2018	0.2146%	2,287,415	2,262,007	101.12%	88.80%
June 30, 2019	December 31, 2019	2.2520%	2,397,481	2,376,297	100.89%	89.30%
June 30, 2020	December 31, 2020	2.2430%	2,956,514	2,530,487	116.84%	87.20%

*This schedule is presented 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.

CITY OF CHAMPLIN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

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

- The discount rate was changed from 3.80% to 2.90%.

2019 Changes

Changes since prior valuation

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).
- The retirement and withdrawal tables for Police and Fire Personnel were updated.
- The discount rate was changed from 3.30% to 3.80%.

PENSION INFORMATION

PERA – General Employees Retirement Fund

2020 Changes

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.

2019 Changes

Changes in Actuarial Assumptions

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

CITY OF CHAMPLIN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

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

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

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

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% to 7.5%.
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.

CITY OF CHAMPLIN, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO RSI
December 31, 2020

- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 perfect for all years to 1.00% per year through 2064 and 2.50% 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% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

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**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Police Programs - this fund was established to account for money in the form of donations from groups and citizens to educate area students to the dangers of drug use and abuse and for other police programs such as police liaison officer.

Police Forfeiture Fund - this fund was established to account for revenues associated with the sale of confiscated vehicles from drug or driving under the influence cases.

Technology Fund - this fund was established to account for revenues from QCTV that are to be used specifically for technology purposes.

Economic Development Authority Fund - this fund was established to account for revenues received in the form of grants and tax increments. Resources of this fund may be used only for redevelopment as specified in grant agreements.

Ice Forum Fund - this fund was established to account for the financial transactions relating to the operation of a City-owned ice arena.

Scholarship Fund - this fund was established to account for donations received to subsidize park and recreation program fees for low income participants.

CAPITAL PROJECTS FUNDS

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

Street Light Fund - this fund was established to account for revenues and expenditures for the provision of street and signal light utility infrastructure for the residents.

Capital Equipment Fund - this fund was established to account for all revenues and expenditures for capital equipment in the governmental funds.

Infrastructure Replacement Fund - this fund was established to account for the receipt of local government aid to be used for infrastructure replacement at the discretion of the City Council.

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PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Cemetery Perpetual Care Trust Fund - this fund was established to account for the revenues received for the continuing care of the cemetery. Interest received by this fund may be transferred to the General Fund as needed to cover cemetery maintenance expenditures.

INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of services provided by one department to other departments on a cost reimbursement basis.

Insurance Management Fund - was established for the purpose of taking advantage of substantial premium costs savings available through increased levels of self-insurance on the City's property and liability coverage.

Geographical Information Systems (GIS) Fund - was established for the purpose of establishing and maintaining a City-wide geographical information system for use by all departments.

Employee Benefits Fund – used to account for the expenses associated with providing pension benefits.

Compensated Absences Fund – used to account for the expenses associated with providing compensated absences.

CITY OF CHAMPLIN, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020

	Special Revenue				
	Police Programs	Police Forfeiture	Technology	Economic Development Authority	Ice Forum
Assets					
Cash and investments	\$ -	\$32,851	\$162,355	\$665,315	\$2,304,836
Receivables:					
Accounts	-	-	-	-	2,021
Special assessments	-	-	-	-	-
Taxes	-	-	-	3,780	-
Interest	-	-	621	2,454	8,044
Prepayments	-	-	6,695	-	-
Real estate held for resale	-	-	-	50,000	-
Total assets	\$ -	\$32,851	\$169,671	\$721,549	\$2,314,901
Liabilities					
Accounts payable	\$ -	\$767	\$268	(\$13,718)	\$149,633
Contracts payable - retained percentage	-	-	-	-	27,971
Due to other governmental units	-	56	-	-	-
Unearned revenue	-	-	-	-	50,000
Deposits	-	-	-	54,000	500
Total liabilities	0	823	268	40,282	228,104
Deferred inflows of resources:					
Unavailable revenue	-	-	-	1,176	-
Fund balance:					
Nonspendable:					
Prepayments	-	-	6,695	-	-
Perpetual care	-	-	-	-	-
Restricted:					
Perpetual care	-	-	-	-	-
Public safety	-	32,028	-	-	-
Recreation scholarships	-	-	-	-	-
Real estate held for resale	-	-	-	50,000	-
Committed:					
Technology	-	-	162,708	-	-
Ice forum	-	-	-	-	2,086,797
Assigned	-	-	-	630,091	-
Total fund balance	0	32,028	169,403	680,091	2,086,797
Total liabilities, deferred inflows of resources and fund balance	\$0	\$32,851	\$169,671	\$721,549	\$2,314,901

Special Revenue		Capital Projects			Permanent Fund		Total Nonmajor Governmental Funds
Scholarship	Total	Street Light	Capital Equipment	Infrastructure Replacement	Total	Cemetery Perpetual Care	
\$5,783	\$3,171,140	\$1,565,014	\$2,383,519	\$1,178,559	\$5,127,092	\$99,493	\$8,397,725
-	2,021	46,578	27,643	-	74,221	-	76,242
-	-	1,934	-	-	1,934	-	1,934
-	3,780	-	-	-	-	-	3,780
-	11,119	13,579	7,659	4,505	25,743	380	37,242
-	6,695	-	-	-	-	-	6,695
-	50,000	-	-	-	-	-	50,000
\$5,783	\$3,244,755	\$1,627,105	\$2,418,821	\$1,183,064	\$5,228,990	\$99,873	\$8,573,618
\$ -	\$136,950	\$26,188	\$52,868	\$ -	\$79,056	\$ -	\$216,006
-	27,971	2,185	-	-	2,185	-	30,156
-	56	-	-	-	-	-	56
-	50,000	-	-	-	-	-	50,000
-	54,500	-	-	-	-	-	54,500
0	269,477	28,373	52,868	0	81,241	0	350,718
-	1,176	-	-	-	-	-	1,176
-	6,695	-	-	-	-	-	6,695
-	-	-	-	-	-	92,181	92,181
-	-	-	-	-	-	7,692	7,692
-	32,028	-	-	-	-	-	32,028
5,783	5,783	-	-	-	-	-	5,783
-	50,000	-	-	-	-	-	50,000
-	162,708	-	-	-	-	-	162,708
-	2,086,797	-	-	-	-	-	2,086,797
-	630,091	1,598,732	2,365,953	1,183,064	5,147,749	-	5,777,840
5,783	2,974,102	1,598,732	2,365,953	1,183,064	5,147,749	99,873	8,221,724
\$5,783	\$3,244,755	\$1,627,105	\$2,418,821	\$1,183,064	\$5,228,990	\$99,873	\$8,573,618

CITY OF CHAMPLIN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2020

	Special Revenue				
	Police Programs	Police Forfeiture	Technology	Economic Development Authority	Ice Forum
Revenues:					
Taxes:					
Ad valorem	\$ -	\$ -	\$ -	\$ 444,671	\$ -
Special assessments	-	-	-	-	-
Intergovernmental	1,811,852	-	-	7	-
Charges for services	-	-	-	24,000	336,873
Investment income	-	-	3,199	11,204	25,566
Other revenues:					
Miscellaneous	7,000	20,338	-	1,722	50,577
Contributions	-	-	40,000	-	-
Total revenues	1,818,852	20,338	43,199	481,604	413,016
Expenditures:					
Current:					
General government	-	-	16,928	313,825	-
Public safety	570,072	14,130	-	-	-
Public works	-	-	-	-	-
Park and recreation	-	-	-	-	533,693
Capital outlay	663,386	-	-	10,489	831,399
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	21,864
Total expenditures	1,233,458	14,130	16,928	324,314	1,386,956
Revenues over (under) expenditures	585,394	6,208	26,271	157,290	(973,940)
Other financing sources (uses):					
Transfers in	-	-	-	-	494,996
Transfers out	(585,394)	-	-	(54,600)	-
Proceeds from sale of capital asset	-	-	-	-	-
Bonds issued	-	-	-	-	1,475,000
Premium on bonds issued	-	-	-	-	81,219
Capital lease issued	-	-	-	-	-
Total other financing sources (uses)	(585,394)	0	0	(54,600)	2,051,215
Net increase (decrease) in fund balance	0	6,208	26,271	102,690	1,077,275
Fund balance (deficit) - January 1	-	25,820	143,132	577,401	1,009,522
Fund balance (deficit) - December 31	\$0	\$32,028	\$169,403	\$680,091	\$2,086,797

Special Revenue		Capital Projects			Permanent Fund		Total Nonmajor Governmental Funds
Scholarship	Total	Street Light	Capital Equipment	Infrastructure Replacement	Total	Cemetery Perpetual Care	
\$ -	\$444,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$444,671
-	-	14,496	-	-	14,496	-	14,496
-	1,811,859	-	5,000	-	5,000	-	1,816,859
-	360,873	393,757	-	59,640	453,397	3,725	817,995
-	39,969	72,817	41,965	25,162	139,944	2,240	182,153
-	79,637	38,712	1,531	-	40,243	-	119,880
-	40,000	-	-	-	-	-	40,000
0	2,777,009	519,782	48,496	84,802	653,080	5,965	3,436,054
<hr/>							
-	330,753	-	30,969	-	30,969	-	361,722
-	584,202	-	32,326	-	32,326	-	616,528
-	-	288,208	33,775	-	321,983	-	321,983
-	533,693	-	-	-	-	-	533,693
-	1,505,274	1,404,976	693,967	-	2,098,943	-	3,604,217
-	-	-	15,837	-	15,837	-	15,837
-	21,864	-	-	-	-	-	21,864
0	2,975,786	1,693,184	806,874	0	2,500,058	0	5,475,844
0	(198,777)	(1,173,402)	(758,378)	84,802	(1,846,978)	5,965	(2,039,790)
<hr/>							
-	494,996	400,000	1,399,996	-	1,799,996	-	2,294,992
-	(639,994)	(682,325)	(131,796)	-	(814,121)	(4,200)	(1,458,315)
-	-	-	22,642	-	22,642	-	22,642
-	1,475,000	-	-	-	-	-	1,475,000
-	81,219	-	-	-	-	-	81,219
-	-	-	110,452	-	110,452	-	110,452
0	1,411,221	(282,325)	1,401,294	0	1,118,969	(4,200)	2,525,990
0	1,212,444	(1,455,727)	642,916	84,802	(728,009)	1,765	486,200
5,783	1,761,658	3,054,459	1,723,037	1,098,262	5,875,758	98,108	7,735,524
\$5,783	2,974,102	\$1,598,732	\$2,365,953	\$1,183,064	\$5,147,749	\$99,873	\$8,221,724

CITY OF CHAMPLIN, MINNESOTA**SPECIAL REVENUE FUND - ECONOMIC DEVELOPMENT AUTHORITY****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -****BUDGET AND ACTUAL**

For The Year Ended December 31, 2020

Statement 17

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$441,900	\$441,900	\$444,671	\$2,771
Intergovernmental	-	-	7	7
Fees/program revenues	24,000	24,000	24,000	-
Investment income	4,600	4,600	11,204	6,604
Miscellaneous	-	-	1,722	1,722
Total revenues	470,500	470,500	481,604	11,104
Expenditures:				
Current:				
Personal services	237,900	237,900	236,123	1,777
Supplies	900	900	-	900
Other services and charges	90,800	90,800	77,702	13,098
Capital outlay	-	-	10,489	(10,489)
Total expenditures	329,600	329,600	324,314	5,286
Revenues over (under) expenditures	140,900	140,900	157,290	16,390
Other financing sources (uses):				
Transfers out	(53,000)	(53,000)	(54,600)	(1,600)
Net change in fund balance	\$87,900	\$87,900	102,690	\$14,790
Fund balance - January 1			577,401	
Fund balance - December 31				\$680,091

CITY OF CHAMPLIN, MINNESOTA
SPECIAL REVENUE FUND - ICE FORUM
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**
For The Year Ended December 31, 2020

Statement 18

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$475,900	\$475,900	\$336,873	(\$139,027)
Investment income	7,700	7,700	25,566	17,866
Other revenues:				
Miscellaneous	50,000	50,000	50,577	577
Total revenues	533,600	533,600	413,016	(120,584)
Expenditures:				
Current:				
Personal services	401,900	401,900	366,568	35,332
Supplies	36,800	36,800	15,740	21,060
Other services and charges	238,600	238,700	151,385	87,315
Capital outlay	81,000	838,000	831,399	6,601
Interest and fiscal charges	-	-	21,864	(21,864)
Total expenditures	758,300	1,515,400	1,386,956	128,444
Revenues over (under) expenditures	(224,700)	(981,800)	(973,940)	7,860
Other financing sources (uses):				
Transfers in - General Fund	295,000	495,000	494,996	(4)
Bonds issued	-	1,556,200	1,475,000	(81,200)
Premium on bonds issued	-	-	81,219	81,219
Total other financing sources (uses)	295,000	2,051,200	2,051,215	15
Net change in fund balance	\$70,300	\$1,069,400	1,077,275	\$7,875
Fund balance - January 1			1,009,522	
Fund balance - December 31			\$2,086,797	

CITY OF CHAMPLIN, MINNESOTA**SPECIAL REVENUE FUND - TECHNOLOGY****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL**

For The Year Ended December 31, 2020

Statement 19

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment income	\$ -	\$ -	\$3,199	\$3,199
Other revenues:				
Contributions	20,000	40,000	40,000	-
Total revenues	<u>20,000</u>	<u>40,000</u>	<u>43,199</u>	<u>3,199</u>
Expenditures:				
Current:				
Other services and charges	12,500	17,500	16,928	572
Total expenditures	<u>12,500</u>	<u>17,500</u>	<u>16,928</u>	<u>572</u>
Revenues over (under) expenditures	<u>\$7,500</u>	<u>\$22,500</u>	<u>26,271</u>	<u>\$2,627</u>
Fund balance - January 1			<u>143,132</u>	
Fund balance - December 31			<u>\$169,403</u>	

CITY OF CHAMPLIN, MINNESOTA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 December 31, 2020

Statement 20

	Insurance	GIS	Employee Benefits	Compensated Absences	Total
Assets					
Cash and cash equivalents	\$202,594	\$22,866	\$ -	\$623,349	\$848,809
Receivables:					
Accounts	-	-	-	-	-
Interest	775	-	-	2,090	2,865
Prepayments	9,000	-	-	-	9,000
Total assets	<u>212,369</u>	<u>22,866</u>	<u>0</u>	<u>625,439</u>	<u>860,674</u>
Deferred outflows of resources - pension related	-	-	1,849,240	-	1,849,240
Liabilities					
Current liabilities:					
Accounts payable	-	4,151	-	-	4,151
Accrued salaries and withholdings payable	-	-	-	-	-
Compensated absences	-	-	-	115,431	115,431
Noncurrent liabilities:					
Compensated absences	-	-	-	501,279	501,279
Net pension liability	-	-	6,254,015	-	6,254,015
Total liabilities	<u>0</u>	<u>4,151</u>	<u>6,254,015</u>	<u>616,710</u>	<u>6,874,876</u>
Deferred inflows of resources - pension related	-	-	2,318,079	-	2,318,079
Net position:					
Unrestricted	212,369	18,715	(6,722,854)	8,729	(6,483,041)
Total net position	<u>\$212,369</u>	<u>\$18,715</u>	<u>(\$6,722,854)</u>	<u>\$8,729</u>	<u>(\$6,483,041)</u>

CITY OF CHAMPLIN, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

For The Year December 31, 2020

Statement 21

	Insurance	GIS	Employee Benefits	Compensated Absences	Total
Operating revenues:					
Charges for services:					
Customer service	<u>\$363,408</u>	<u>\$102,996</u>	<u>\$796,031</u>	<u>\$ -</u>	<u>\$1,262,435</u>
Operating expenses:					
Personal services	13,872	32,341	452,941	5,541	504,695
Other services and charges	479,017	72,656	-	-	551,673
Total operating expenses	<u>492,889</u>	<u>104,997</u>	<u>452,941</u>	<u>5,541</u>	<u>1,056,368</u>
Net income (loss) from operations	<u>(129,481)</u>	<u>(2,001)</u>	<u>343,090</u>	<u>(5,541)</u>	<u>206,067</u>
Nonoperating revenues (expenses):					
Intergovernmental	-	-	50,467	-	50,467
Investment income	3,142	-	-	12,226	15,368
Miscellaneous revenue	23,471	-	-	-	23,471
Total nonoperating revenues (expenses)	<u>26,613</u>	<u>0</u>	<u>50,467</u>	<u>12,226</u>	<u>89,306</u>
Net income before transfers	<u>(102,868)</u>	<u>(2,001)</u>	<u>393,557</u>	<u>6,685</u>	<u>295,373</u>
Transfers					
Transfers in:					
General fund	-	-	-	-	-
Total transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in net position	<u>(102,868)</u>	<u>(2,001)</u>	<u>393,557</u>	<u>6,685</u>	<u>295,373</u>
Total net position - January 1	<u>315,237</u>	<u>20,716</u>	<u>(7,116,411)</u>	<u>2,044</u>	<u>(6,778,414)</u>
Total net position - December 31	<u>\$212,369</u>	<u>\$18,715</u>	<u>(\$6,722,854)</u>	<u>\$8,729</u>	<u>(\$6,483,041)</u>

CITY OF CHAMPLIN, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2020

Statement 22

	<u>Insurance</u>	<u>GIS</u>	<u>Employee Benefits</u>	<u>Compensated Absences</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from interfund services provided	\$363,408	\$102,996	\$796,031	\$ -	\$1,262,435
Payments to suppliers	(482,017)	(80,857)	-	-	(562,874)
Payments to employees	(13,872)	(32,341)	(846,498)	77,688	(815,023)
Miscellaneous revenue	23,471	-	50,467	-	73,938
Net cash flows from operating activities	<u>(109,010)</u>	<u>(10,202)</u>	<u>0</u>	<u>77,688</u>	<u>(41,524)</u>
Cash flows from investing activities:					
Investment income	3,275	-	-	12,182	15,457
Net increase (decrease) in cash and cash equivalents	(105,735)	(10,202)	-	89,870	(26,067)
Cash and cash equivalents - January 1	308,329	33,068	-	533,479	874,876
Cash and cash equivalents - December 31	<u>\$202,594</u>	<u>\$22,866</u>	<u>\$0</u>	<u>\$623,349</u>	<u>\$848,809</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>(129,481)</u>	<u>(2,001)</u>	<u>343,090</u>	<u>(5,541)</u>	<u>206,067</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Miscellaneous revenue	23,471	-	50,467	-	73,938
Decrease (Increase) in accounts receivable	0	-	-	-	-
Decrease (Increase) in prepayments	0	2,638	-	-	2,638
Increase (decrease) in accounts payable	(3,000)	(10,839)	-	-	(13,839)
Increase (decrease) in accrued salaries and withholdings payable	-	-	-	-	-
Increase (decrease) in compensated absences payable	-	-	-	83,229	83,229
Decrease (increase) in deferred outflow of resources	-	-	1,270,463	-	1,270,463
Increase (decrease) in pension liability	-	-	859,937	-	859,937
Increase (decrease) in deferred inflows of resources	-	-	(2,523,957)	-	(2,523,957)
Total adjustments	<u>20,471</u>	<u>(8,201)</u>	<u>(343,090)</u>	<u>83,229</u>	<u>(247,591)</u>
Net cash provided (used) by operating activities	<u><u>(\$109,010)</u></u>	<u><u>(\$10,202)</u></u>	<u><u>\$0</u></u>	<u><u>\$77,688</u></u>	<u><u>(\$41,524)</u></u>

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III. STATISTICAL SECTION (UNAUDITED)

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STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	106
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	118
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	122
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	132
Operating Information <i>These schedules present information to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	134

CITY OF CHAMPLIN, MINNESOTA

NET POSITION

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Invested in capital assets, net of related debt	\$100,146,241	\$90,045,106	\$90,403,890	\$90,563,947
Restricted	3,201,348	1,076,260	858,462	889,436
Unrestricted	21,404,914	25,211,745	24,543,165	26,111,981
Total governmental activities net position	\$124,752,503	\$116,333,111	\$115,805,517	\$117,565,364
Business-type activities:				
Invested in capital assets, net of related debt	\$18,404,331	\$18,920,896	\$18,227,264	\$18,686,727
Unrestricted	24,803,277	23,473,439	23,771,984	23,630,143
Total business-type activities net position	\$43,207,608	\$42,394,335	\$41,999,248	\$42,316,870
Primary government:				
Invested in capital assets, net of related debt	\$118,550,572	\$108,966,002	\$108,631,154	\$109,250,674
Restricted	3,201,348	1,076,260	858,462	889,436
Unrestricted	46,208,191	48,685,184	48,315,149	49,742,124
Total primary government net position	\$167,960,111	\$158,727,446	\$157,804,765	\$159,882,234

Table 1

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$92,656,080	\$95,670,891	\$102,197,175	\$101,839,522	\$106,572,591	\$104,863,355
394,355	458,392	1,866,238	2,219,533	2,064,223	2,013,325
23,272,520	22,237,666	17,747,866	20,399,336	22,328,487	21,271,756
\$116,322,955	\$118,366,949	\$121,811,279	\$124,458,391	\$130,965,301	\$128,148,436
\$18,141,341	\$18,255,056	\$19,260,634	\$19,776,458	\$19,671,420	\$34,571,658
24,536,642	26,224,739	27,511,331	27,497,343	28,136,469	26,310,740
\$42,677,983	\$44,479,795	\$46,771,965	\$47,273,801	\$47,807,889	\$60,882,398
\$110,797,421	\$113,925,947	\$121,457,809	\$121,615,980	\$126,244,011	\$139,435,013
394,355	458,392	1,866,238	2,219,533	2,064,223	2,013,325
47,809,162	48,462,405	45,259,197	47,896,679	50,464,956	47,582,496
\$159,000,938	\$162,846,744	\$168,583,244	\$171,732,192	\$178,773,190	\$189,030,834

CITY OF CHAMPLIN, MINNESOTA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$11,919,884	\$7,952,752	\$2,969,642	\$2,595,198
Public safety	4,470,981	4,602,246	4,805,531	4,990,578
Public works	4,420,519	15,526,324	5,086,973	5,431,758
Parks and recreation	1,615,132	1,689,638	1,626,421	1,785,290
Interest on long-term debt	414,758	381,271	399,116	418,508
Total governmental activities expenses	<u>22,841,274</u>	<u>30,152,231</u>	<u>14,887,683</u>	<u>15,221,332</u>
Business-type activities:				
Water	1,644,076	1,722,819	1,912,132	2,008,753
Sewer	1,991,035	2,026,538	2,123,142	2,207,092
Refuse	1,204,625	1,232,726	1,230,068	1,297,049
Recycling	344,114	392,048	388,824	411,268
Storm water	-	-	-	-
Total business-type activities expenses	<u>5,183,850</u>	<u>5,374,131</u>	<u>5,654,166</u>	<u>5,924,162</u>
Total primary government expenses	<u><u>\$28,025,124</u></u>	<u><u>\$35,526,362</u></u>	<u><u>\$20,541,849</u></u>	<u><u>\$21,145,494</u></u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$1,221,689	\$1,401,815	\$1,207,167	\$1,621,903
Public safety	615,905	586,099	641,493	673,739
Public works	1,285,132	4,009,914	916,890	786,449
Parks and recreation	775,449	755,309	732,442	764,529
Operating grants and contributions	553,431	591,411	775,137	558,334
Capital grants and contributions	523,750	481,618	720,509	1,136,845
Total governmental activities program revenues	<u>4,975,356</u>	<u>7,826,166</u>	<u>4,993,638</u>	<u>5,541,799</u>
Business-type activities:				
Water	2,068,251	2,381,292	2,208,397	1,911,066
Sewer	2,157,436	2,393,104	2,507,145	2,572,434
Refuse	1,375,140	1,367,484	1,365,882	1,374,443
Recycling	341,522	341,736	343,234	350,968
Storm water	-	-	-	-
Operating grants and contributions	55,125	54,621	54,685	54,820
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>5,997,474</u>	<u>6,538,237</u>	<u>6,479,343</u>	<u>6,263,731</u>
Total primary government program revenues	<u><u>\$10,972,830</u></u>	<u><u>\$14,364,403</u></u>	<u><u>\$11,472,981</u></u>	<u><u>\$11,805,530</u></u>
Net (expense) revenue				
Governmental activities	(\$17,865,918)	(\$22,326,065)	(\$9,894,045)	(\$9,679,533)
Business-type activities	813,624	1,164,106	825,177	339,569
Total primary government net revenue (expense)	<u><u>(\$17,052,294)</u></u>	<u><u>(\$21,161,959)</u></u>	<u><u>(\$9,068,868)</u></u>	<u><u>(\$9,339,964)</u></u>

Table 2
Page 1 of 2

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$2,917,903	\$2,511,888	\$5,069,725	\$5,149,232	\$3,748,911	\$3,541,101
5,156,564	6,769,313	5,174,933	5,523,728	4,909,665	6,275,899
6,487,068	6,610,898	8,919,506	10,600,434	7,090,174	4,633,805
2,260,221	1,839,951	1,806,974	1,859,900	2,823,112	1,729,745
400,805	289,922	118,899	78,615	77,010	236,359
<u>17,222,561</u>	<u>18,021,972</u>	<u>21,090,037</u>	<u>23,211,909</u>	<u>18,648,872</u>	<u>16,416,909</u>
2,032,333	1,872,649	1,950,458	2,009,199	2,106,801	4,852,267
2,244,719	2,334,758	2,300,505	2,487,739	2,646,048	2,883,320
1,316,819	1,154,620	1,144,636	1,222,351	1,215,414	1,330,505
409,145	405,101	415,155	424,193	426,096	456,790
-	-	-	-	-	1,140,530
<u>6,003,016</u>	<u>5,767,128</u>	<u>5,810,754</u>	<u>6,143,482</u>	<u>6,394,359</u>	<u>10,663,412</u>
<u>\$23,225,577</u>	<u>\$23,789,100</u>	<u>\$26,900,791</u>	<u>\$29,355,391</u>	<u>\$25,043,231</u>	<u>\$27,080,321</u>
\$1,062,899	\$883,305	\$1,722,051	\$1,619,714	\$1,561,484	\$416,400
868,543	975,132	999,078	761,641	609,652	854,627
2,717,076	3,565,846	3,836,434	2,295,852	1,530,621	1,034,332
1,423,969	1,717,560	1,341,800	818,241	1,110,869	1,187,848
690,058	669,021	682,199	4,239,627	2,275,278	2,536,380
2,139,176	1,153,130	3,359,202	1,338,789	3,370,002	4,982,219
<u>8,901,721</u>	<u>8,963,994</u>	<u>11,940,764</u>	<u>11,073,864</u>	<u>10,457,906</u>	<u>11,011,806</u>
2,227,928	3,205,934	2,531,693	2,552,519	2,247,183	3,646,911
2,604,958	2,808,093	2,790,645	2,814,478	2,870,465	2,699,054
1,364,430	1,275,663	1,281,529	1,377,964	1,409,677	1,377,025
352,420	353,287	356,473	339,185	370,171	379,561
-	-	-	-	-	708,239
65,240	61,112	55,931	47,816	40,927	369,615
-	-	1,429,517	1,041,251	-	62,048
<u>6,614,976</u>	<u>7,704,089</u>	<u>8,445,788</u>	<u>8,173,213</u>	<u>6,938,423</u>	<u>9,242,453</u>
<u>\$15,516,697</u>	<u>\$16,668,083</u>	<u>\$20,386,552</u>	<u>\$19,247,077</u>	<u>\$17,396,329</u>	<u>\$20,254,259</u>
(\$8,320,840)	(\$9,057,978)	(\$9,149,273)	(\$12,138,045)	(\$8,190,966)	(5,405,103)
611,960	1,936,961	2,635,034	2,029,731	544,064	(1,420,959)
<u>(\$7,708,880)</u>	<u>(\$7,121,017)</u>	<u>(\$6,514,239)</u>	<u>(\$10,108,314)</u>	<u>(\$7,646,902)</u>	<u>(\$6,826,062)</u>

CITY OF CHAMPLIN, MINNESOTA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$7,769,880	\$7,769,371	\$8,563,970	\$8,782,135
Tax increments	2,952,971	2,874,796	154,263	170,241
Other taxes	655,126	650,611	653,246	655,089
Unrestricted grants and contributions	104,616	2,019	204	237,632
Gain (loss) on sale of capital asset	2,855	14,440	132,155	5,140
Investment earnings	540,549	296,918	(685,732)	1,094,079
Insurance reimbursements	-	-	-	-
Miscellaneous	-	-	-	-
Transfers	319,329	2,298,518	548,345	(586,776)
Total governmental activities	<u>12,345,326</u>	<u>13,906,673</u>	<u>9,366,451</u>	<u>10,357,540</u>
Business-type activities:				
Investment earnings	591,137	321,139	(676,519)	1,059,893
Miscellaneous	-	-	-	-
Gain (loss) on sale of capital asset	-	-	-	-
Transfers	(319,329)	(2,298,518)	(548,345)	-
Total business-type activities	<u>271,808</u>	<u>(1,977,379)</u>	<u>(1,224,864)</u>	<u>1,059,893</u>
Total primary government	<u>\$12,617,134</u>	<u>\$11,929,294</u>	<u>\$8,141,587</u>	<u>\$11,417,433</u>
Change in Net Position				
Governmental activities	(\$5,520,592)	(\$8,419,392)	(\$527,594)	\$678,007
Business-type activities	1,085,432	(813,273)	(399,687)	1,399,462
Total primary government	<u>(\$4,435,160)</u>	<u>(\$9,232,665)</u>	<u>(\$927,281)</u>	<u>\$2,077,469</u>

Table 2
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Fiscal Year					
2015	2016	2017	2018	2019	2020
\$8,808,587	\$9,042,111	\$9,617,649	\$10,201,173	\$10,777,092	\$11,571,475
166,053	179,938	209,762	201,239	202,508	355,194
659,617	848,293	924,529	956,540	973,447	996,905
230,332	233,819	-	-	-	-
1,659,982	9,100	-	2,140	-	1,742,642
392,463	204,875	383,329	338,645	830,093	642,364
-	-	240,766	-	-	-
-	-	479,767	1,106,930	1,026,916	697,094
494,881	583,836	737,801	1,978,490	887,820	2,199,720
<u>12,411,915</u>	<u>11,101,972</u>	<u>12,593,603</u>	<u>14,785,157</u>	<u>14,697,876</u>	<u>18,205,394</u>
244,034	448,687	317,619	373,168	793,586	582,180
-	-	77,318	77,427	84,258	628,342
-	-	-	-	-	7,185
(494,881)	(583,836)	(737,801)	(1,978,490)	(887,820)	(2,199,720)
<u>(250,847)</u>	<u>(135,149)</u>	<u>(342,864)</u>	<u>(1,527,895)</u>	<u>(9,976)</u>	<u>(982,013)</u>
<u>\$12,161,068</u>	<u>\$10,966,823</u>	<u>\$12,250,739</u>	<u>\$13,257,262</u>	<u>\$14,687,900</u>	<u>\$17,223,381</u>
\$4,091,075	\$2,043,994	\$3,444,330	\$2,647,112	\$6,506,910	\$12,800,291
361,113	1,801,812	2,292,170	501,836	534,088	(2,402,972)
<u>\$4,452,188</u>	<u>\$3,845,806</u>	<u>\$5,736,500</u>	<u>\$3,148,948</u>	<u>\$7,040,998</u>	<u>\$10,397,319</u>

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CITY OF CHAMPLIN, MINNESOTA**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**

Last Ten Fiscal Years

(accrual basis of accounting)

Table 3

Fiscal Year	Property Tax	Tax Increments	Other Taxes	Total
2011	\$7,769,880	\$2,952,971	\$655,126	\$11,377,977
2012	7,769,371	2,874,796	650,611	11,294,778
2013	8,563,970	154,263	653,246	9,371,479
2014	8,782,135	170,241	655,089	9,607,465
2015	8,808,587	166,053	659,617	9,607,465
2016	9,042,111	179,938	848,293	10,070,342
2017	9,617,649	209,762	924,529	10,751,940
2018	10,193,503	201,239	956,540	11,351,282
2019	10,777,092	202,508	973,447	11,953,047
2020	11,571,475	355,194	996,905	12,923,574

CITY OF CHAMPLIN, MINNESOTA
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General fund:				
Nonspendable	\$129,074	\$158,976	\$134,297	\$156,873
Unassigned	3,880,131	3,897,786	3,999,398	4,065,191
Total general fund:	<u>\$4,009,205</u>	<u>\$4,056,762</u>	<u>\$4,133,695</u>	<u>\$4,222,064</u>
All other governmental funds:				
Nonspendable	\$3,470,554	\$4,644,856	\$4,649,908	\$4,653,662
Restricted	3,140,823	1,012,089	5,184,843	5,199,626
Committed	681,180	721,841	751,394	823,363
Assigned	10,975,385	15,702,905	15,627,521	17,677,528
Unassigned	-	(2,257,429)	(2,708,163)	(2,617,609)
Total all other governmental funds	<u>\$18,267,942</u>	<u>\$19,824,262</u>	<u>\$23,505,503</u>	<u>\$25,736,570</u>

Table 4

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$135,172	\$125,719	\$700,311	\$104,767	\$72,985	\$40,698
4,136,926	4,220,179	4,628,787	4,262,733	4,966,713	4,702,514
<u>\$4,272,098</u>	<u>\$4,345,898</u>	<u>\$5,329,098</u>	<u>\$4,367,500</u>	<u>\$5,039,698</u>	<u>\$4,743,212</u>
\$4,627,663	\$4,623,865	\$2,221,379	\$83,984	\$95,534	\$102,481
4,696,257	4,755,621	1,991,738	2,332,967	2,101,901	2,050,703
813,607	945,270	734,293	1,009,151	1,152,654	2,249,505
20,483,857	20,593,745	20,272,261	23,569,682	22,915,477	31,180,926
(2,591,384)	(2,533,440)	(2,099,911)	(4,496,209)	(4,005,180)	(2,034,160)
<u>\$28,030,000</u>	<u>\$28,385,061</u>	<u>\$23,119,760</u>	<u>\$22,499,575</u>	<u>\$22,260,386</u>	<u>\$33,549,455</u>

CITY OF CHAMPLIN, MINNESOTA
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes:				
Property	\$7,808,908	\$7,766,597	\$8,606,844	\$8,685,801
Tax increments	2,881,362	2,865,253	175,771	170,241
Other	655,126	650,611	653,246	655,089
Special assessments	518,518	661,720	335,290	345,288
Licenses and permits	270,353	327,249	325,211	377,851
Intergovernmental	1,103,141	1,035,377	1,322,359	1,842,293
Charges for services	2,737,216	5,112,757	2,395,092	2,785,259
Fines and forfeits	330,383	314,380	353,073	259,552
Investment income	535,023	292,406	(671,453)	1,070,880
Other revenues	210,164	292,636	432,862	317,902
Total revenues	<u>17,050,194</u>	<u>19,318,986</u>	<u>13,928,295</u>	<u>16,510,156</u>
Expenditures				
General government	10,148,616	7,529,562	2,492,523	2,091,492
Public safety	4,159,438	4,293,082	4,504,931	4,683,585
Public works	3,057,424	3,242,112	3,514,463	3,833,066
Parks and recreation	1,219,203	1,273,029	1,217,167	1,321,056
Cemetery	17,613	17,697	18,161	18,177
Other	140,670	157,571	145,845	160,894
Capital outlay	1,779,613	2,353,523	1,966,467	2,107,668
Debt service				
Principal	3,105,000	770,000	905,000	625,000
Interest and fiscal charges	457,102	391,491	364,285	436,762
Bond issuance costs	-	-	71,931	-
Total expenditures	<u>24,084,679</u>	<u>20,028,067</u>	<u>15,200,773</u>	<u>15,277,700</u>
Excess of revenues over (under) expenditures	(7,034,485)	(7,034,485)	(1,272,478)	1,232,456
Other financing sources (uses)				
Transfers in	3,374,845	5,894,446	3,374,430	3,996,249
Transfers out	(3,055,516)	(3,595,928)	(2,826,085)	(2,914,409)
Proceeds from sale of land	-	-	-	-
Bond proceeds	-	-	4,350,152	-
Premium on bonds issued	-	-	-	-
Bond issuance costs	-	-	-	-
Capital lease issued	-	-	-	-
Proceeds from sale of capital assets	2,855	14,440	132,155	5,140
Total other financing sources (uses)	<u>322,184</u>	<u>2,312,958</u>	<u>5,030,652</u>	<u>5,030,652</u>
Net change in fund balances	<u>(\$6,712,301)</u>	<u>\$1,603,877</u>	<u>\$3,758,174</u>	<u>\$6,263,108</u>
Debt service as a percentage of noncapital expenditures	15.97%	6.57%	9.64%	8.06%

Table 5

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$8,922,554	\$9,083,806	\$9,604,479	\$10,193,503	\$10,776,859	\$11,603,353
166,053	179,938	209,762	201,239	202,508	355,194
659,617	848,293	924,529	956,540	973,447	996,905
785,477	1,323,479	785,077	963,270	1,215,695	2,192,389
533,640	609,397	786,337	588,212	475,166	705,535
3,022,374	1,940,365	2,292,673	5,549,908	3,277,897	2,859,649
4,284,831	4,421,736	4,812,517	2,734,236	2,988,954	4,128,340
258,895	257,335	202,470	230,330	200,479	152,722
389,088	202,657	380,216	336,091	807,863	626,996
256,277	240,214	458,643	1,074,749	873,279	696,927
19,278,806	19,107,220	20,456,703	22,828,078	21,792,147	24,318,010
2,211,220	1,937,179	4,302,798	3,804,931	1,853,187	2,290,750
4,745,456	5,105,555	4,924,630	5,059,913	5,199,861	6,164,157
3,739,007	5,074,348	6,059,675	7,379,041	3,685,200	2,694,617
1,364,246	1,265,947	1,304,042	1,313,755	1,364,469	1,202,945
18,626	18,750	12,307	14,433	19,245	17,402
176,135	169,582	196,593	210,726	172,872	188,315
5,051,274	4,943,681	3,617,639	7,582,411	9,474,244	8,641,448
2,780,000	460,000	4,850,000	385,000	395,000	415,837
447,374	297,276	226,258	90,681	82,880	171,943
-	-	-	-	-	-
20,533,338	19,272,318	25,493,942	25,840,891	22,246,958	21,787,414
(1,254,532)	(165,098)	(5,037,239)	(3,012,813)	(454,811)	2,530,596
8,192,429	3,677,140	737,801	1,978,490	887,820	6,430,191
(7,697,548)	(3,093,304)	-	(549,600)	-	(6,312,990)
-	-	-	-	-	1,720,000
-	-	-	-	-	6,285,000
-	-	-	-	-	346,367
-	-	-	-	-	-
-	-	-	-	-	110,452
3,103,115	9,100	-	2,140	-	22,642
3,597,996	592,936	737,801	1,431,030	887,820	8,601,662
\$2,343,464	\$427,838	(\$4,299,438)	(\$1,581,783)	\$433,009	\$11,132,258
20.85%	5.29%	21.72%	2.41%	3.20%	4.47%

CITY OF CHAMPLIN, MINNESOTA
TAX CAPACITY AND ESTIMATED ACTUAL VALUE
OF ALL TAXABLE PROPERTY
Years 2011 Through 2020

Table 6

Fiscal Year	Real Property		Personal Property (b)		Total		Total Direct Tax Rate	Percent of Total Tax Capacity Value to Total Estimated Actual Value
	Tax Capacity Value	Estimated Actual Value (a)	Tax Capacity Value	Estimated Actual Value	Tax Capacity Value	Estimated Actual Value		
2011	\$20,689,371	\$1,889,104,900	\$199,769	\$10,223,600	\$20,889,140	\$1,899,328,500	0.39212	1.10%
2012	18,078,059	1,788,582,600	208,225	10,700,600	18,286,284	1,799,283,200	0.41195	1.02%
2013	16,786,875	1,666,184,300	230,881	11,866,400	17,017,756	1,678,050,700	0.44772	1.01%
2014	16,537,344	1,645,302,200	227,898	11,700,400	16,765,242	1,657,002,600	0.44803	1.01%
2015	18,063,772	1,786,805,900	231,102	11,857,600	18,294,874	1,798,663,500	0.41240	1.02%
2016	18,694,964	1,838,839,000	241,173	12,450,400	18,936,137	1,851,289,400	0.42749	1.02%
2017	20,216,498	1,971,618,100	252,540	13,020,000	20,469,038	1,984,638,100	0.43002	1.03%
2018	22,302,070	2,159,639,900	281,873	14,484,900	22,583,943	2,174,124,800	0.41185	1.04%
2019	24,588,720	2,373,210,400	300,813	15,358,400	24,889,533	2,388,568,800	0.39611	1.04%
2020	26,731,015	2,557,752,400	288,727	14,754,600	27,019,742	2,572,507,000	0.39560	1.05%

(a) Estimated Market Values are established by the City Assessor on January 2 of each year using the mass appraisal method. Tax Capacity Value is calculated using a formula specified by legislative action.

(b) Tax Capacity Values for Personal Property have been adjusted for tax increment and fiscal disparities. Estimated Market Value for personal property has not been adjusted for these items.

Source: Hennepin County Property Tax Division
Hennepin County Assessor

CITY OF CHAMPLIN, MINNESOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Table 7

Year	City of Champlin			Overlapping Rates		
	Operating	Debt	Total	School	County and Special Districts (a)	Total
2011	0.36825	0.02387	0.39212	0.23999	0.56520	1.19731
2012	0.39535	0.01660	0.41195	0.23325	0.59495	1.24015
2013	0.41998	0.02774	0.44772	0.26801	0.61151	1.32724
2014	0.42033	0.02770	0.44803	0.28265	0.62428	1.35496
2015	0.38728	0.02512	0.41240	0.22482	0.57759	1.21481
2016	0.40243	0.02506	0.42749	0.20885	0.56490	1.20124
2017	0.40695	0.02307	0.43002	0.18590	0.53406	1.14998
2018	0.39172	0.02013	0.41185	0.18392	0.51781	1.11358
2019	0.37767	0.01844	0.39611	0.16330	0.50465	1.06406
2020	0.37844	0.01716	0.39560	0.16893	0.49303	1.05756

(a) Includes Metro Council, Metro Transit District, Mosquito Control and Hennepin County Park Museum.

Source: Hennepin County Property Tax Division

CITY OF CHAMPLIN, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
December 31, 2020

Table 8

Taxpayer	Type of Business	2020			2011		
		Tax Capacity Value	% of Total City Tax Capacity Value	Rank	Tax Capacity Value	% of Total City Tax Capacity Value	Rank
VOYRS/Sater/Seymour & Pease LLP	Industrial	\$291,250	1.08%	1			
Target Corporation	Commercial	219,510	0.81%	2	244,310	1.17%	1
Eagle Partners IV LLC	Industrial	218,030	0.81%	3			
Opus Properties LLC	Industrial	209,990	0.78%	4			
Champlin Leased Hsg Ascts IV	HSG - Low Income	189,403	0.70%	5			
JLL Alunation & Asvisry Serv	Apartment	186,125	0.69%	6			
Applewood Pointe Co-op Champ	Industrial	159,375	0.59%	7			
Mulp LL LLC	Industrial	143,110	0.53%	8			
OIRE Minnesota L L C	Industrial	134,120	0.50%	9			
OIRE Minnesota LLC	Industrial	133,240	0.49%	10	80,270	0.38%	10
Liberty Property Ltd Partnership	Industrial				174,750	0.84%	2
MIAP (MN) LLC	Industrial				142,250	0.68%	3
Opus Real Estate Commercial	Industrial				142,140	0.68%	4
Inland Champlin Marketplace	Commerical				120,990	0.58%	5
Wilcox Paper Company	Industrial				105,650	0.51%	6
Engelsma Limited Partnership	Commerical				103,670	0.50%	7
Lifetime Fitness	Commerical				93,930	0.45%	8
OIRE National Minnesota LLC	Industrial				84,510	0.40%	9
Total Principal Taxpayers		\$1,884,153	6.97%		\$1,292,470	6.20%	

Source: Hennepin County Assessors Office

CITY OF CHAMPLIN, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Table 9

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$7,765,835	\$7,517,605	96.8%	\$248,230	\$7,765,835	100.00%
2012	7,531,050	7,452,580	99.0%	78,470	7,531,050	100.00%
2013	8,839,029	8,513,368	96.3%	325,661	8,839,029	100.00%
2014	8,836,429	8,556,091	96.8%	280,338	8,836,429	100.00%
2015	9,022,342	8,760,464	97.1%	261,878	9,022,342	100.00%
2016	9,313,686	9,067,876	97.4%	245,810	9,313,686	100.00%
2017	9,864,571	9,815,453	99.5%	44,731	9,860,184	99.96%
2018	10,427,325	10,338,972	99.2%	75,992	10,414,964	99.88%
2019	10,988,592	10,881,762	99.0%	80,418	10,962,180	99.76%
2020	11,865,885	10,936,289	92.2%	0	10,936,289	92.17%

Source: Hennepin County Property Tax Division

CITY OF CHAMPLIN, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds (a)	Tax Increment Bonds	Improvement Bonds	Housing Development Bonds	Capital Leases
2011	\$5,595,000	\$625,000	\$1,430,000	\$2,740,000	\$0
2012	5,540,000	275,000	1,200,000	2,605,000	0
2013	9,500,000	0	970,000	2,470,000	0
2014	9,215,000	0	785,000	2,325,000	0
2015	8,915,000	0	630,000	0	0
2016	8,605,000	0	480,000	0	0
2017	4,235,000	0	0	0	0
2018	3,850,000	0	0	0	0
2019	3,455,000	0	0	0	0
2020	4,530,000	0	0	0	0

(a) Includes all long-term general obligation debt. (Property tax supported only.) Excludes special assessment supported debt, water revenue supported debt, and tax increment supported debt.

Source: Champlin Finance Department

Table 10

Business-Type Activities		Total Primary Government	Population	Per Capita	As a % of Personal Income
Water Bonds	Premium/ (Discount)				
\$1,880,000	\$10,292	\$12,247,732	23,223	530	1.5%
1,645,000	9,606	11,246,355	23,536	485	1.4%
1,400,000	119,399	14,432,595	23,499	613	1.8%
0	86,786	12,411,786	22,880	527	1.5%
0	119,638	9,664,638	22,741	425	1.2%
0	112,910	9,197,910	23,343	394	1.1%
0	87,602	4,322,602	23,690	182	0.5%
0	78,744	3,928,744	23,927	164	0.4%
0	69,886	3,524,886	24,231	145	0.4%
0	193,914	4,723,914	25,268	187	0.5%

CITY OF CHAMPLIN, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Population	Tax Capacity Value	Taxable Market Value	General Obligation Bonds (a)
2011	23,223	20,889,140	1,899,328,500	5,595,000
2012	23,536	18,286,284	1,799,283,200	5,540,000
2013	23,499	17,017,756	1,678,050,700	9,500,000
2014	22,880	16,765,242	1,657,002,600	9,215,000
2015	22,741	18,294,874	1,798,663,500	8,915,000
2016	23,343	18,936,137	1,851,289,400	8,605,000
2017	23,690	20,469,038	1,984,638,100	4,235,000
2018	23,927	22,583,943	2,174,124,800	3,850,000
2019	24,231	24,889,533	2,388,568,800	3,455,000
2020	25,268	27,019,742	2,572,507,000	11,745,000

(a) Includes all long-term general obligation debt. (Property tax supported only.) Excludes special assessment supported debt, water revenue supported debt, and tax increment supported debt.

(b) The years 2013 to 2015 include crossover refunding bonds and the amounts held in escrow to pay the refunded bonds.

Table 11

Premium/ (Discount)	Less: Amounts Available in Debt Service Fund (b)	Total	As a Percent Of		Per Capita
			Tax Capacity Value	Market Value	
10,292	17,528	5,587,764	26.70%	0.29%	242
9,606	33,906	5,515,700	30.16%	0.31%	238
119,399	4,337,222	5,282,177	31.04%	0.31%	214
86,786	4,298,965	5,002,821	29.84%	0.30%	213
119,638	4,265,858	4,768,780	26.07%	0.27%	210
112,910	4,457,555	4,260,355	22.50%	0.23%	183
87,602	58,270	4,264,332	20.83%	0.21%	180
78,744	92,612	3,836,132	16.99%	0.18%	160
69,886	156,367	3,368,519	13.53%	0.14%	139
193,914	521,223	11,417,691	42.26%	0.44%	452

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CITY OF CHAMPLIN, MINNESOTA**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

As of December 31, 2020

Table 12

	Net General Obligation Debt Being Paid from Taxes	Percentage Applicable to City (c)	Amount Applicable to City of Champlin Share of Debt
Direct debt:			
City of Champlin (a)	\$4,723,914	100.00%	\$4,723,914
Overlapping debt:			
Hennepin County	998,790,298	1.11%	11,086,572
School District #11	288,591,152	9.86%	28,455,088
Three Rivers Park District	42,954,642	1.11%	476,797
Hennepin Regional Railroad Authority	93,859,422	1.58%	1,482,979
Metropolitan Council (b)	103,225,628	1.11%	1,145,804
Total overlapping debt	1,527,421,142		42,647,240
Total direct and overlapping debt	\$1,532,145,056		\$47,371,154

(a) Excludes Special Assessment Bonds.

(b) Includes debt for Metropolitan Council Transit Operations.

(c) The percentage of overlapping debt applicable is estimated by using the portion of taxable tax capacity of the City of Champlin that is within the boundaries of the various local governmental units' boundaries and dividing it by the total taxable tax capacity value of the local governmental unit.

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

Source: Hennepin County Auditor

Anoka County Auditor

CITY OF CHAMPLIN, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year			
	2011	2012	2013	2014
Debt limit	\$56,979,855	\$53,978,496	\$50,341,521	\$49,710,078
Total net debt applicable to limit	<u>5,577,472</u>	<u>3,231,094</u>	<u>5,162,778</u>	<u>4,916,035</u>
Legal debt margin	<u>\$51,402,383</u>	<u>\$50,747,402</u>	<u>\$45,178,743</u>	<u>\$44,794,043</u>
Total net debt applicable to the limit as a percentage of debt limit	10.85%	6.37%	11.43%	10.97%

Note: Under state statute, the City's outstanding general obligation debt should not exceed 3% of the total market value of taxable property beginning in 2008. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Source: Hennepin County Taxpayers Department
City of Champlin Finance Department

Table 13

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$54,405,059	\$55,538,682	\$59,539,143	\$65,223,744	\$71,657,064	\$77,175,210
4,649,142	3,883,541	4,051,230	3,643,954	3,260,955	3,971,399
<u>\$49,755,917</u>	<u>\$51,655,141</u>	<u>\$55,487,913</u>	<u>\$61,579,790</u>	<u>\$68,396,109</u>	<u>\$73,203,811</u>

9.34%	7.52%	7.30%	5.92%	4.77%	5.43%
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Legal Debt Margin Calculation for Fiscal Year 2020

Market value	\$2,572,507,000
Debt limit (3% of market value)	77,175,210
Debt applicable to limit:	
General Obligation Bonds	4,530,000
Less: Amount set aside for repayment of general obligation debt	<u>558,601</u>
Total net debt applicable to limit	<u>3,971,399</u>
Legal debt margin	<u>\$73,203,811</u>

CITY OF CHAMPLIN, MINNESOTA**PLEDGED REVENUE COVERAGE****Last Ten Fiscal Years**

Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service	
				Principal	Interest
2011	\$2,477,231	\$1,568,185	\$675,573	\$230,000	\$75,891
2012	2,598,298	1,656,310	941,988	235,000	66,509
2013	1,789,293	1,854,991	(65,698)	235,000	57,141
2014	2,552,520	2,002,239	550,281	1,400,000	6,514
2015	2,366,334	2,032,333	334,001	-	-
2016	3,611,218	1,872,649	1,738,569	-	-
2017	2,794,698	1,950,458	844,240	-	-
2018	2,855,693	2,009,199	846,494	-	-
2019	2,825,836	2,106,801	719,035	-	-
2020	2,942,076	4,837,421	(1,895,345)	-	-

Source: City of Champlin Finance Department

Table 14

Coverage	Special Assessment Collections	Debt Service		Coverage
		Principal	Interest	
2.21	\$518,518	\$240,000	\$51,007	1.78
3.12	661,720	230,000	44,783	2.41
(0.22)	335,290	220,000	39,007	1.29
0.39	345,288	195,000	32,407	1.52
N/A	785,477	155,000	28,351	4.36
N/A	1,323,479	150,000	23,358	7.63
N/A	785,077	480,000	2,093	1.63
N/A	963,270	385,000	83,898	2.05
N/A	1,215,695	395,000	76,015	2.58
N/A	1,798,169	400,000	71,515	3.81

CITY OF CHAMPLIN, MINNESOTA**DEMOGRAPHIC AND ECONOMIC STATISTICS³**

Last Ten Fiscal Years

Table 15

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ¹	Median Age ²	School Enrollment ³	Unemployment Rate ¹
2011	23,223	\$795,039,405	\$34,235	35.0	38,058	5.90%
2012	23,536	819,382,304	34,814	36.0	37,625	5.00%
2013	23,499	822,511,998	35,002	36.0	37,399	4.30%
2014	22,880	820,522,560	35,862	36.0	37,280	3.60%
2015	22,741	786,065,406	34,566	36.0	37,161	3.00%
2016	23,343	813,993,753	34,871	37.0	37,262	3.30%
2017	23,690	864,329,650	36,485	38.4	37,900	3.00%
2018	23,927	916,380,173	38,299	39.4	36,485	2.30%
2019	24,231	984,117,834	40,614	39.6	39,057	2.90%
2020	25,268	1,026,234,552	40,614	39.6	39,057	4.40%

¹ Source: Metropolitan Council. 2019 population is the United States Census. 2019 and 2020 is an estimate.² Source: United States Census Bureau. 2019 & 2020 is an estimate.³ School enrollment statistics are for Anoka-Hennepin District 11 of which the City of Champlin is a part.⁴ The City of Champlin is part of the contiguous Twin City metropolitan area. Demographic and economic statistics are used for Hennepin County. Most residents work and shop outside the boundaries of the City and Hennepin County information is more relevant.

CITY OF CHAMPLIN, MINNESOTA**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

Table 16

Employer	2020			2011			Percentage of Total City Employment
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
I.S.D. No. 11 (Anoka Hennepin)	688	1	36.75%	728	1	35.29%	
Super Target	261	2	13.94%	300	2	14.54%	
Life Time Fitness, Inc.	200	3	10.68%	150	4	7.27%	
Egan Companies	160	4	8.55%				
First Student	148	5	7.91%	140	5	6.79%	
Cub Foods/County Market	142	6	7.59%	114	6	5.53%	
City of Champlin	94	7	5.02%	92	8	4.46%	
Champlin Shores	70	8	3.74%	90	9	4.36%	
Cardinal Health	60	9	3.21%	89	10	4.31%	
Rapid Packaging	49	10	2.62%				
McLean Midwest				260	3	12.60%	
Automatic Door and Fireplace, Inc.				100	7	4.85%	
Total Principal Employers	<u>1,872</u>			<u>2,063</u>			

Source: Champlin Community Development Department

CITY OF CHAMPLIN, MINNESOTA**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**

Last Ten Fiscal Years

Function	Full-time Equivalent			
	2011	2012	2013	2014
General government	11.60	11.60	11.80	11.80
Public safety				
Police				
Officers	25.00	25.00	25.00	25.00
Civilians	6.00	6.00	6.00	6.00
Building	4.00	4.00	4.00	4.00
Highways and streets				
Engineering	2.60	2.60	2.60	2.60
Maintenance	15.00	16.00	16.00	16.00
Culture and recreation	5.50	5.50	5.50	5.50
Storm water	1.00	1.00	1.00	1.00
Water	2.00	2.00	2.00	2.00
Sewer	2.00	2.00	2.00	2.00
Total	74.70	75.70	75.90	75.90

Source: City of Champlin Finance Department

Table 17

Employees as of December 31					
2015	2016	2017	2018	2019	2020
11.80	11.80	11.80	11.80	12.80	12.30
26.00	26.00	26.00	26.00	26.00	26.00
6.00	6.00	6.00	6.00	6.00	6.00
4.00	4.00	4.00	4.00	4.00	4.00
2.60	2.60	2.60	2.60	2.60	2.60
16.00	16.00	16.00	16.00	17.00	17.00
5.50	5.50	5.50	5.50	5.50	5.50
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	2.00
76.90	76.90	76.90	76.90	78.90	78.40

CITY OF CHAMPLIN, MINNESOTA
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function ²	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Police				
Citations issued	5,688	5,389	5,980	4,503
Calls for service	12,653	12,338	12,647	8,053
Building				
Number of building permits issued	607	606	523	557
Valuation of building permits issued	\$4,767,196	\$3,516,561	\$3,931,412	\$9,776,151
Highways and streets ¹				
Sealcoating (in miles)	8.60	-	6.17	8.36
Mill and overlay (in miles)	0.42	0.47	-	-
Reclamation	1.16	0.55	-	-
Water				
Total connections	7,453	7,461	7,456	7,462
Gallons pumped (in millions)	881	998	843	624

¹ The engineering department does sealcoating and mill and overlay projects on alternate years.

Mill and overlay projects are completed on an as needed basis.

² Indicators are not available for the general government function

Source: City of Champlin

Table 18

Fiscal Year					
2015	2016	2017	2018	2019	2020
4,544	4,620	3,093	3,987	3,497	2,705
7,875	6,887	7,968	8,081	10,701	13,369
579	632	1,641	1,255	767	768
\$27,861,008	\$49,509,292	\$49,566,143	\$16,980,711	\$14,904,047	\$61,410,945
-	-	-	-	-	-
0.43	0.42	1.55	-	1.70	1.91
-	0.78	1.87	1.40	2.50	2.82
7,457	7,453	7,662	7,702	7,744	7,874
755	768	846	860	757	879

CITY OF CHAMPLIN, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function ¹	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Police				
Stations	1	1	1	1
Patrol units	12	12	12	12
Fire stations	1	1	1	1
Highways and streets				
Streets (miles)	96	96	96	96
Street lights	1,053	1,053	1,053	1,053
Culture and recreation				
Parks	26	26	26	26
Ice Forum	1	1	1	1
Community centers	1	1	1	1
Water				
Wells	9	9	9	9
Sewer				
Lift stations	9	9	9	9

¹ No capital asset indicators are available for the general government function

Source: City of Champlin Finance Department

Table 19

Fiscal Year					
2015	2016	2017	2018	2019	2020
1	1	1	1	1	1
12	12	12	12	12	12
1	1	1	1	1	1
97	98	98	98	98	98
1,053	1,067	1,103	1,322	1,437	1,570
26	26	30	32	32	32
1	1	1	1	1	1
1	1	1	1	1	1
9	9	9	9	9	9
9	9	8	8	8	8

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