

**DUNDAS CITY COUNCIL  
REGULAR MINUTES AGENDA  
Monday, March 13, 2023  
7:00 p.m. City Hall**

**UNOFFICIAL MINUTES**

Present: Councilors Ashley Gallagher, Luke LaCroix, Grant Modory, Luke Swartwood  
Absent: Mayor Glenn Switzer  
Staff: City Engineer Dustin Tipp, City Administrator/Clerk Jenelle Teppen

**CALL TO ORDER**

Acting Mayor Modory called the meeting to order at 7:00 p.m. A quorum was present.

**PUBLIC FORUM** – No public presentation to the Council

**APPROVAL OF AGENDA**

**Motion by Gallagher, second by LaCroix, to approve the agenda. Motion Carried Unanimously (MCU)**

**CONSENT AGENDA**

**Motion by Swartwood, second by LaCroix, to approve the consent agenda as follows:**  
**Regular Minutes of February 27, 2023;**  
**Resolution 2023-08 A Resolution Authorizing Signatory Power and Authority to Open Accounts;**  
**Disbursements - \$206,212.04. MCU**

**OLD BUSINESS** – No old business brought before Council.

**ORDINANCES AND RESOLUTIONS** – No ordinances or resolutions brought before Council

**NEW BUSINESS**

Consider Receiving Quote and Awarding a Contract for Street Sweeping for 2023 and 2024  
Administrator Teppen reported on advertisement for quotes and indicated that Sanford Services, LLC was the only quote received. Sanford has held the contract for street sweeping for at least four consecutive years.

**Motion by Gallagher, second by Swartwood to award a contract to Sanford Services, LL for Street Sweeping for 2023 and 2024. MCU**

Consider Appointing Abigail Guthrie to part-time Administrative Assistant Position.

Teppen reported on the process to recruit and interview for this position.

**Motion by Swartwood, second by LaCroix to appoint Abigail Guthrie to the position of part-time Administrative Assistant. MCU**

Consider Approving ECRT Parking Lot and Dog Park Relocation Concept Plan

City Engineer Tipp reported that the City Council reviewed the concept plan at their Work Session on February 27, 2023. Tipp has indicated on the plan an additional gate on the north side, and where a water source and porta-potty locations would be.

**Motion by LaCroix, second by Gallagher to approve the ECRT Parking Lot and Dog Park Concept Plan. MCU.**

**REPORTS OF OFFICERS, BOARDS AND COMMITTEES**

City Engineer – Dustin Tipp

Tipp reminded the City Council that the Pavement Management Plan – Funding Options discussion will take place in a Work Session on March 27, 2023.

**DUNDAS CITY COUNCIL  
REGULAR MEETING AGENDA  
Monday, March 27, 2023  
7:00 p.m. City Hall**

- 1. Call to Order/Pledge Allegiance**
- 2. Roll Call** Mayor Switzer, Council members Gallagher, LaCroix, Modory, Swartwood
- 3. Public Forum**
- 4. Approval of Agenda**
- 5. Consent Agenda** *(All items on the Consent Agenda are considered routine and have been made available to the City Council at least 2 days in advance of the meeting. The items will be enacted in one motion. There will be no separate discussion of these items unless a council member or citizen requests, then the item will be removed from this agenda and considered in normal sequence.)*
  - a. Regular Minutes of March 13, 2023
  - b. Pay Voucher Sunram Construction
  - c. Disbursements - \$132,671.30
- 6. Old Business**
- 7. Ordinances and Resolutions**
  - a. Ordinance 2023-01 Amending Chapter 30, Section §30.03 Minutes, and 30.04 Order of Business of the Dundas City Code
  - b. Ordinance 2023-02 Amending Chapter 93 Fire Prevention and Protection of the Dundas City Code
- 8. New Business**
  - a. Consider Accepting 2022 Financial Audit
  - b. Consider Approving Request from Hosanna Church – Northfield to Provide Police Overtime
  - c. Consider Amending the Personnel Policy to Allow Non-Union Employee Participation in the Minnesota State Retirement System Health Care Savings Plan
- 9. Reports of Officers, Boards and Committees**
  - b. City Engineer
  - c. City Administrator/Clerk
  - d. Mayor, Councilors and Committees
- 10. Announcements**
  - a. City Council Meeting – Monday, April 10 and 24 at 7:00 pm. City Hall
  - b. City Council Goal Setting – Thursday, April 6 t 6 pm, City Hall
  - b. Park & Recreation Advisory Board – Tuesday, April 11 at 7:00 p.m. City Hall
  - c. Planning Commission Meeting – Thursday, April 20 at 7:00 p.m. at City Hall
- 11. Work Session**
  - a. Discuss Pavement Management Plan Funding Options
- 12. Adjourn**

City Administrator/Clerk - Jenelle Teppen

Nothing to report

Mayor, Councilors and Committees

Nothing to report

ADJOURN

**Motion by LaCroix, second by Swartwood, to adjourn the meeting at 7:15 p.m.**

Minutes prepared by Jenelle Teppen, City Administrator/City Clerk

2023 POND MAINTENANCE  
PROJECT

Pay Voucher 1



<b>Client:</b> City of Dundas 100 Railway Street North Dundas, MN 55019	<b>Contractor:</b> Sunram Construction 20010 75th Avenue North Corcoran, MN 55340
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<b>WSB Project No.:</b> 019661-000
<b>Client Project No.:</b>
<b>State Project No.:</b>
<b>Federal Project No.:</b>

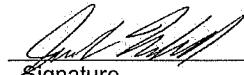
Contract Amount		Funds Encumbered	
Original Contract	\$71,723.00	Original	\$71,723.00
Contract Changes	\$0.00	Additional	N/A
Revised Contract	\$71,723.00	Total	\$71,723.00

Work Certified To Date	
Base Bid Items	\$68,363.00
Contract Changes	\$0.00
Material On Hand	\$0.00
Total	\$68,363.00

Work Certified This Voucher	Work Certified To Date	Less Amount Retained	Less Previous Payments	Amount Paid This Voucher	Total Amount Paid To Date
\$68,363.00	\$68,363.00	\$3,418.15	\$0.00	\$64,944.85	\$64,944.85
Percent Retained: 5%			Percent Complete: 95.32%		

This is to certify that the items of work shown in this Pay Voucher have been actually furnished for the work comprising the above-mentioned project in accordance with the plans and specifications heretofore approved.

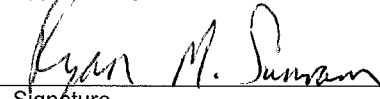
Approved By WSB

  
\_\_\_\_\_  
Signature

March 7, 2023

\_\_\_\_\_  
Date

Approved By Sunram Construction

  
\_\_\_\_\_  
Signature

3-09-2023

\_\_\_\_\_  
Date

Approved By City of Dundas

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

2023 POND MAINTENANCE  
PROJECT

Pay Voucher 1



Payment Summary				
No.	Up Through Date	Work Certified Per Voucher	Amount Retained Per Voucher	Amount Paid Per Voucher
1	03/07/23	\$68,363.00	\$3,418.15	\$64,944.85

Funding Category Name	Work Certified To Date	Less Amount Retained	Less Previous Payments	Amount Paid This Voucher	Total Amount Paid To Date
local	\$68,363.00	\$3,418.15	\$0.00	\$64,944.85	\$64,944.85

Accounting Number	Funding Source	Amount Paid This Voucher	Revised Contract Amount	Funds Encumbered To Date	Paid Contractor To Date
1	Local	\$64,944.85	\$71,723.00	\$71,723.00	\$64,944.85

Contract Item Status									
Line No.	Item	Description	Unit	Unit Price	Contract Quantity	Quantity This Voucher	Amount This Voucher	Quantity To Date	Amount To Date
1	2021.501	MOBILIZATION	LS	\$14,400.50	1	1	\$14,400.50	1	\$14,400.50
2	2101.501 /WR02	CLEARING AND GRUBBING	L S	\$13,500.00	1	1	\$13,500.00	1	\$13,500.00
3	2106.601	DEWATERING	LS	\$4,000.00	1	1	\$4,000.00	1	\$4,000.00
4	2106.607	EXCAVATION - CHANNEL AND POND (LV)	CY	\$31.25	870	966	\$30,187.50	966	\$30,187.50
5	2511.507 /WR01	RANDOM RIPRAP CLASS III (FIELDSTONE)	CY	\$115.00	19	15	\$1,725.00	15	\$1,725.00
6	2573.502	STORM DRAIN INLET PROTECTION	EA	\$200.00	2	0	\$0.00	0	\$0.00
7	2573.503	SEDIMENT CONTROL LOG TYPE WOOD FIBER	LF	\$5.00	100	0	\$0.00	0	\$0.00
8	2573.503	FLOTATION SILT CURTAIN TYPE MOVING WATER	L F	\$25.00	100	0	\$0.00	0	\$0.00
9	2573.602 /WR01	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EACH	\$1,250.00	1	1	\$1,250.00	1	\$1,250.00
10	2575.504	ROLLED EROSION PREVENTION CATEGORY 20	S Y	\$2.50	1000	0	\$0.00	0	\$0.00
11	2575.505	SEEDING	ACRE	\$5,000.00	0.4	0.4	\$2,000.00	0.4	\$2,000.00
12	2575.509	Seed Mixture 25-141	LB	\$50.00	2	2	\$100.00	2	\$100.00
13	2575.509	SEED MIXTURE 33-261	L B	\$75.00	16	16	\$1,200.00	16	\$1,200.00
<b>Bid Totals:</b>							<b>\$68,363.00</b>		<b>\$68,363.00</b>

Project Category Totals		
Category	Amount This Voucher	Amount To Date
Base Bid	\$68,363.00	\$68,363.00

Contract Change Item Status											
CC	CC No.	Line No.	Item	Description	Units	Unit Price	Contract Quantity	Quantity This Voucher	Amount This Voucher	Quantity To Date	Amount To Date
Contract Change Totals:											

Contract Change Totals				
No.	Contract Change	Description	Amount This Voucher	Amount To Date

Material On Hand Additions					
Line No.	Item	Description	Date	Added	Comments

Material On Hand Balance						
Line No.	Item	Description	Date	Added	Used	Remaining

**CITY OF DUNDAS DISBURSEMENT REPORT**  
**Council Meeting March 27, 2023**

<b>DATE</b>	<b>PAYABLE</b>	<b>AMOUNT</b>
3/23/2023	PERA	\$5,113.29
3/23/2023	State of MN Empower Retirement	\$600.00
3/22/2023	MN Dept of Revenue	\$1,672.16
3/23/2023	IRS	\$8,156.77
3/23/2023	Payroll PP# 6 Employees	\$22,035.30
	<b>Sub Total Paid Payroll and Sales Liabilities</b>	<b>\$37,577.52</b>
3/22/2023	Quadient Leasing	\$207.96
3/23/2023	Quadient Postage (Neopost)	\$700.00
3/23/2023	NEXTIVA VOIP	\$189.70
3/27/2023	Invoices - Payment March 27, 2023	\$93,996.12
	<b>Sub Total Paid Claims and Service Liabilities</b>	<b>\$95,093.78</b>
<b>TOTAL</b>	<b>Disbursement for February 27, 2023</b>	<b>\$132,671.30</b>

# CITY OF DUNDAS

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## Payments

Current Period: March 2023

Payments Batch AP032723				Total
Refer		0 ALDRICH TECNNNOLOGY CONSULT	-	
Cash Payment	E 101-41000-309	EDP, Software and Desi	Microsoft Exchange Online (Plan 2)- Monthly	\$160.00
Invoice	8162	3/21/2023		
Transaction Date	3/21/2023	Frandsen Bank	10100	<b>Total</b> \$160.00
Refer		0 ALPHA TRAINING & TACTICS LLC	-	
Cash Payment	E 101-42100-208	Training and Licensing	FIREARMS Professional Training for Law Enforcement	\$675.00
Invoice	2023-0073	3/9/2023		
Transaction Date	3/9/2023	Frandsen Bank	10100	<b>Total</b> \$675.00
Refer		0 AUTOMATIC SYSTEMS CO	-	
Cash Payment	E 602-49450-309	EDP, Software and Desi	SCADA alarms	\$118.00
Invoice	40076	3/6/2023		
Cash Payment	E 601-49400-309	EDP, Software and Desi	SCADA alarms	\$118.00
Invoice	40076	3/6/2023		
Transaction Date	3/6/2023	Frandsen Bank	10100	<b>Total</b> \$236.00
Refer		0 BERGANKDV	-	
Cash Payment	E 101-41000-301	Auditing and Acct g Ser	Auditing and Acct g Services	\$4,550.00
Invoice	1187693	3/16/2023		
Cash Payment	E 225-43150-301	Auditing and Acct g Ser	Auditing and Acct g Services	\$350.00
Invoice	1187693	3/16/2023		
Cash Payment	E 601-49400-301	Auditing and Acct g Ser	Auditing and Acct g Services	\$875.00
Invoice	1187693	3/16/2023		
Cash Payment	E 602-49450-301	Auditing and Acct g Ser	Auditing and Acct g Services	\$875.00
Invoice	1187693	3/16/2023		
Cash Payment	E 603-49500-301	Auditing and Acct g Ser	Auditing and Acct g Services	\$350.00
Invoice	1187693	3/16/2023		
Transaction Date	3/16/2023	Frandsen Bank	10100	<b>Total</b> \$7,000.00
Refer		0 DICK-S/LAKEVILLE SANITATION	-	
Cash Payment	E 603-49500-384	Refuse/Garbage Dispos	Feb 2023 Service Charges	\$8,584.59
Invoice	23-Feb	3/1/2023		
Transaction Date	3/1/2023	Frandsen Bank	10100	<b>Total</b> \$8,584.59
Refer		0 ENDRES WINDOW CLEANING	-	
Cash Payment	E 101-41000-440	Cleaning Service	Window Cleaning Service	\$147.15
Invoice	140886	3/6/2023		
Transaction Date	3/6/2023	Frandsen Bank	10100	<b>Total</b> \$147.15
Refer		0 EPIC ENTERPRISES, INC	-	
Cash Payment	E 101-42100-440	Cleaning Service	MISC Services - PD & PW February 1,8,15,2023	\$18.07
Invoice	16002	2/28/2023		
Cash Payment	E 101-43100-440	Cleaning Service	MISC Services - PD & PW February 1,8,15,2023	\$18.08
Invoice	16002	2/28/2023		
Transaction Date	2/28/2023	Frandsen Bank	10100	<b>Total</b> \$36.15
Refer		0 GUTH ELECTRIC, LLC	-	
Cash Payment	E 410-43100-500	Capital Outlay	5 street light fixtures	\$9,228.00
Invoice	2314	2/28/2023		



CITY OF DUNDAS

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Payments

Current Period: March 2023

Cash Payment	E 101-43124-400	Repairs and Maintenan	Replace light fixture at Railway & Hester		\$425.00
Invoice 2336				2/28/2023	
Transaction Date	2/28/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$9,653.00</b>
Refer	0	MENARDS, INC	-		
Cash Payment	E 101-42100-400	Repairs and Maintenan	12' X 6GA BOOSTER CABLE		\$15.98
Invoice 43216				3/9/2023	
Cash Payment	E 101-43100-200	Supplies	Shop Supplies		\$174.86
Invoice 43206				3/9/2023	
Transaction Date	3/9/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$190.84</b>
Refer	0	MINNESOTA VALLEY TESTING LA	-		
Cash Payment	E 601-49400-310	Professional Services	coliform test, chlorine report		\$53.90
Invoice 1189121				3/9/2023	
Transaction Date	3/9/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$53.90</b>
Refer	0	NAC, INC.	-		
Cash Payment	E 101-41000-313	Planning Fee s	February 2023 Technical Assistance - Meetings		\$645.00
Invoice 26203				3/3/2023	
Cash Payment	E 101-41000-313	Planning Fee s	Discuss Tractor Supply		\$129.00
Invoice 26203				3/3/2023	
Cash Payment	E 101-41000-313	Planning Fee s	Discuss tree preservation regulations/Review		\$129.00
Invoice 26203				3/3/2023	
Cash Payment	E 101-41000-313	Planning Fee s	Expenses (mileage, communications, supplies, etc.)		\$56.25
Invoice 26203				3/3/2023	
Transaction Date	3/3/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$959.25</b>
Refer	0	NCPERS GROUP LIFE INS	-		
Cash Payment	G 101-21712	Life Insurance	Life Insurance April 2023		\$32.00
Invoice 433600042023				3/1/2023	
Transaction Date	3/1/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$32.00</b>
Refer	0	PORTILLO, NICOLE	-		
Cash Payment	E 101-41000-200	Supplies	Tissue Paper		\$6.65
Invoice Mar-23				1/27/2023	
Cash Payment	E 101-41000-322	Postage	Certified Mail to IRS		\$9.00
Invoice Mar-23				1/27/2023	
Cash Payment	E 101-45200-200	Supplies	Easter Candy		\$407.81
Invoice Mar-23				1/27/2023	
Transaction Date	1/27/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$423.46</b>
Refer	0	R.J. SAYERS DISTRIBUTING, LLC	-		
Cash Payment	E 101-43100-200	Supplies	SAYERS SOLUTION E777-A		\$48.00
Invoice 26434				3/16/2023	
Transaction Date	3/16/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$48.00</b>
Refer	0	RICE CO. PROPERTY TAX & ELEC	-		
Cash Payment	E 101-41110-400	Repairs and Maintenan	DS200 Maintenance May 2023 to April2024		\$227.50
Invoice 2023-19				3/22/2023	
Cash Payment	E 101-41110-400	Repairs and Maintenan	Omni Maintenance 01/01/23 to 12/31/23		\$225.00
Invoice 2023-19				3/22/2023	
Transaction Date	3/22/2023	Frandsen Bank	10100	<b>Total</b>	<b>\$452.50</b>

CITY OF DUNDAS

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Payments

Current Period: March 2023

Refer	0	SPRINT	-		
Cash Payment	E 101-43100-321	Telephone & Communi	Phone Services March 2023		\$60.96
Invoice	292583318256	3/18/2023			
Transaction Date	3/18/2023	Frandsen Bank	10100	<b>Total</b>	\$60.96
Refer	0	VERIZON	-		
Cash Payment	E 101-42100-321	Telephone & Communi	PD Phone Services		\$128.47
Invoice	9929927358	3/11/2023			
Transaction Date	3/11/2023	Frandsen Bank	10100	<b>Total</b>	\$128.47
Refer	0	FRANSDEN BANK & TRUST	-		
Cash Payment	G 101-21708	H.S.A. Withholdings	Feb- Mar 2023 HSA - Matt Summer		\$210.00
Invoice					
Transaction Date		Frandsen Bank	10100	<b>Total</b>	\$210.00
Refer	0	SUNRAM CONSTRUCTION	-		
Cash Payment	E 225-43150-500	Capital Outlay	Pond Rehab. 2023 - Pay Voucher 1		\$64,944.85
Invoice	1				
Transaction Date	3/23/2023	Frandsen Bank	10100	<b>Total</b>	\$64,944.85

Fund Summary

	10100 Frandsen Bank	
101 GENERAL FUND		\$8,498.78
225 STORM SEWER		\$65,294.85
410 PUBLIC WORKS CAPITAL OUTLAY		\$9,228.00
601 WATER		\$1,046.90
602 SEWER		\$993.00
603 REFUSE		\$8,934.59
		<u>\$93,996.12</u>

Pre-Written Checks	\$0.00
Checks to be Generated by the Computer	\$93,996.12
<b>Total</b>	<u>\$93,996.12</u>



## REQUEST FOR CITY COUNCIL ACTION

TO: City Council Members

FROM: Jenelle Teppen, City Administrator

SUBJECT: Consider Ordinance 2023-01 Amending City Code Section §30.03 Minutes and §30.04 Order of Business

DATE: For the City Council Meeting of March 27, 2023

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### PURPOSE/ACTION REQUESTED

Consider approving Ordinance 2023-01 amending Sections 30.03 and 30.04 of the City Code.

### SUMMARY

In an effort to ensure that we are following the City Code and to streamline the City Council's order of business on the meeting agendas, I offer the attached amendments to the Code.

The first, Section 30.03 is regarding the official meeting minutes and the taping of the meetings.

The second, Section 30.04 is regarding the City Council's order of business. I suggest eliminating some of the headings. This doesn't impact any item that comes to the Council via the regular agenda, it offers flexibility in the order of items on the agenda.

### RECOMMENDATION

Motion to approve Ordinance 2023-01 amending City Code Section §30.03 Minutes and §30.04 Order of Business.

**ORDINANCE 2023-01**

**CITY OF DUNDAS  
RICE COUNTY  
STATE OF MINNESOTA**

*An Ordinance Amending Section §30.03 Minutes, 30.04 Order of Business  
of the Dundas City Code*

**THE CITY COUNCIL OF THE CITY OF DUNDAS, MINNESOTA, ORDAINS AS FOLLOWS:**

**Section 1.** Section 30.03 is amended by adding the underlined language and deleting the language in ~~strikeout~~ to read as follows:

(B) *Approval.* The minutes of each meeting shall be ~~kept~~ taken by the City Clerk-Treasurer reduced to typewritten form, ~~shall be signed by the City Clerk Treasurer, and copies thereof shall be delivered to each Council member as soon as practicable after the meeting.~~ At the next regular City Council meeting ~~following the delivery,~~ approval of the minutes shall be considered by the City Council. The minutes need not be read aloud, but the presiding officer shall call for any additions or corrections. If there is no objection to a proposed addition or correction, it may be made without a vote of the City Council. If there is an objection, the City Council shall vote upon the addition or correction. If there are no additions or corrections, the minutes shall stand approved.

~~(C) *Tape recording of meetings.* Meetings of the City Council may be tape recorded by the City Clerk Treasurer. Tapes shall be preserved at least one year. However, only The written minutes of the Council shall constitute the official minutes of the City.~~

**Section 2.** Section 30.04 (A and B) is amended by adding the underlined language and deleting the language in ~~strikeout~~ to read as follows:

- (A) *Order established.* Each meeting of the City Council shall convene at the time and place appointed therefor. City Council business shall be conducted in the following order unless varied by the presiding officer:
- (1) Call to order;
  - (2) Roll call;
  - (3) Approval of minutes;
  - (4) Consent agenda;
  - ~~(5) Public hearings;~~
  - ~~(6) Unfinished business;~~
  - ~~(7) Ordinances and resolutions;~~
  - ~~(8) New business;~~
  - ~~(9) Petitions, requests and communications;~~
  - (5) Regular Agenda
  - (10) (6) Reports of officers, boards and committees;
  - ~~(11) Miscellaneous; and~~
  - ~~(12)~~ (7) Adjournment.

~~(B) *Petitions and agenda.* Petitions and other papers addressed to the City Council shall be read by the City Clerk-Treasurer upon presentation of the same to the City Council. All persons desiring to present new business before the City Council shall inform the City Clerk-Treasurer thereof by at least 12:00 noon of the third business day before new business is to be heard. For good reason, the City Council may waive this requirement and amend the agenda. The City Clerk-Treasurer shall prepare an agenda of the new business for submission to the City Council on or before the time of the next regular meeting.~~

**Section 2.** This Ordinance is effective upon its passage and publication in accordance with law.

**APPROVED** by the City Council of Dundas, Minnesota, on this 27th day of March 2023.

**CITY OF DUNDAS BY:**

**ATTEST:**

\_\_\_\_\_  
Glenn Switzer, Mayor

\_\_\_\_\_  
Jenelle Teppen, City Administrator/Clerk

Ordinance 2023-01



## REQUEST FOR CITY COUNCIL ACTION

TO: City Council Members

FROM: Jenelle Teppen, City Administrator

SUBJECT: Consider Ordinance 2023-02 Repealing and Replacing Chapter 93 of the Dundas City Code Fire Prevention and Protection

DATE: For the City Council Meeting of March 27, 2023

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### PURPOSE/ACTION REQUESTED

Consider approving Ordinance 2023-02 that repeals Chapter 93 Fire Prevention and Protection in its entirety and replaces it with the attached.

### SUMMARY

Chapter 93 of the City Code deals with Fire Prevention and Protection. As you will recall, with the hiring of the full-time NAFRS Fire Chief, a good portion of his position is devoted to Fire Code Enforcement.

As part of the effort to coordinate and consolidate those code enforcement responsibilities under the purview of the NAFRS Joint Powers Board and Fire Chief, the two cities in the NAFRS Fire District – Northfield and Dundas are adopting corresponding regulations.

Attached are both the current Chapter 93 of the City Code and a redrafted version. Northfield has adopted the updated code language, while the Dundas City Council is asked to consider adopting the new language.

NAFRS Fire Chief/Code Enforcement Official Tom Nelson will be in attendance to answer any questions or address concerns.

### RECOMMENDATION

Motion to approve Ordinance 2023-02 Repealing and Replacing Chapter 93 Fire Prevention and Protection of the Dundas City Code.

A subsequent motion is requested to adopt the attached Summary Ordinance.

## CHAPTER 93: FIRE PREVENTION AND PROTECTION

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### Section

#### *Open Burning*

- 93.01 Definitions
- 93.02 Prohibited materials
- 93.03 Permit required for open burning
- 93.04 Purposes allowed for open burning
- 93.05 Permit application for open burning; permit fees
- 93.06 Permit process for open burning
- 93.07 Permit holder responsibility
- 93.08 Revocation of open burning permit
- 93.09 Denial of open burning permit
- 93.10 Burning ban or air quality alert
- 93.11 Rules and laws adopted by reference

### OPEN BURNING

#### § 93.01 DEFINITIONS.

For the purpose of this subchapter, the following definitions apply unless the context clearly indicates or requires a different meaning.

**FIRE CHIEF, FIRE MARSHAL and ASSISTANT FIRE MARSHALS.** The Fire Chief, Fire Marshal and Assistant Fire Marshals of the Fire Department which provides fire protection services to the City.

**OPEN BURNING.** The burning of any matter if the resultant combustion products are emitted directly to the atmosphere without passing through a stack, duct or chimney, except a “recreational fire”, as defined herein. Mobile cooking devices such as manufactured hibachis, charcoal grills, wood smokers and propane or natural gas devices are not defined as **OPEN BURNING**.

**RECREATIONAL FIRE.** A fire set with approved starter fuel no more than three feet in height, contained within the border of a “recreational fire site” using dry, clean wood; producing little detectable smoke, odor or soot beyond the property line; conducted with an adult tending the fire at all times; for recreational, ceremonial, food preparation for social purposes; extinguished completely before quitting the occasion; and respecting weather conditions, neighbors, burning bans and air quality so that nuisance, health or safety hazards will not be created. No more than one **RECREATIONAL FIRE** is allowed on any property at one time.

#### **RECREATIONAL FIRE SITE.**

(1) An area of no more than a three-foot diameter circle (measured from the inside of the fire ring or border); completely surrounded by non-combustible and non-smoke or odor producing material, either of natural rock, cement, brick, tile or blocks or ferrous metal only and which area is depressed

below ground, on the ground, or on a raised bed. Included are permanent outdoor wood burning fireplaces. Burning barrels are not **RECREATION FIRE SITES**, as defined herein.

(2) **RECREATIONAL FIRE SITES** shall not be located closer than 25 feet to any structure.

**STARTER FUELS.** Dry, untreated, unpainted, kindling, branches, cardboard or charcoal fire starter. Paraffin candles and alcohols are permitted as **STARTER FUELS** and as aids to ignition only. Propane gas torches or other clean gas burning devices causing minimal pollution must be used to start an open burn.

### **WOOD.**

(1) Dry, clean fuel only such as twigs, branches, limbs, "presto logs," charcoal, cord wood or untreated dimensional lumber;

(2) The term does not include wood that is green with leaves or needles, rotten, wet, oil soaked or treated with paint, glue or preservatives; and

(3) Clean pallets may be used for recreational fires when cut into three-foot lengths.

(Prior Code, § 902.60)

### **§ 93.02 PROHIBITED MATERIALS.**

(A) No person shall conduct, cause or permit open burning oils, petro fuels, rubber, plastics, chemically treated materials or other materials which produce excessive or noxious smoke such as tires, railroad ties, treated, painted or glued wood composite shingles, tar paper, insulation, composition board, sheetrock, wiring, paint or paint fillers.

(B) No person shall conduct, cause or permit open burning of hazardous waste or salvage operations, open burning of solid waste generated from an industrial or manufacturing process or from a service or commercial establishment or building material generated from demolition of commercial or institutional structures.

(C) No person shall conduct, cause or permit open burning of discarded material resulting from the handling, processing, storage, preparation, serving or consumption of food.

(Prior Code, § 902.61) Penalty, see § 10.99

### **§ 93.03 PERMIT REQUIRED FOR OPEN BURNING.**

No person shall start or allow any open burning on any property in the City without first having obtained an open burn permit; except that, a permit is not required for any fire which is a recreational fire, as defined in § 93.01 of this chapter.

(Prior Code, § 902.62) Penalty, see § 10.99

### **§ 93.04 PURPOSES ALLOWED FOR OPEN BURNING.**

(A) Open burn permits may be issued only for the following purposes:

(1) Elimination of fire or health hazard that cannot be abated by other practical means;

(2) Ground thawing for utility repair and construction;

(3) Disposal of vegetative matter for managing forest, prairie or wildlife habitat, and in the development and maintenance of land and rights-of-way where chipping, composting, landspreading or other alternative methods are not practical;



(4) Disposal of diseased trees generated on site, diseased or infected nursery stock, diseased bee hives;

(5) Disposal of unpainted, untreated, non-glued lumber and wood shakes generated from construction, where recycling, reuse, removal or other alternative disposal methods are not practical; and

(6) Burning of grass and leaves if it can be accomplished without endangering public safety, or creating a public nuisance.

(B) Fire training permits can only be issued by the state's Department of Natural Resources.

(Prior Code, § 902.63) Penalty, see § 10.99

### **§ 93.05 PERMIT APPLICATION FOR OPEN BURNING; PERMIT FEES.**

(A) Open burning permits shall be obtained by making application on a form prescribed by the Department of Natural Resources (DNR) and adopted by the Fire Department. The permit application shall be presented to the Fire Chief or designee for reviewing and processing those applications.

(B) An open burning permit may require the payment of a fee. Permit fees shall be in § 34.01 of this code of ordinances.

(Prior Code, § 902.64) Penalty, see § 10.99

### **§ 93.06 PERMIT PROCESS FOR OPEN BURNING.**

Upon receipt of the completed open burning permit application and permit fee, the Fire Chief or designee may schedule a preliminary site inspection to locate the proposed burn site, note special conditions and set dates and time of permitted burn and review fire safety considerations.

(Prior Code, § 902.65)

### **§ 93.07 PERMIT HOLDER RESPONSIBILITY.**

(A) Prior to starting an open burn, the permit holder shall be responsible for confirming that no burning ban or air quality alert is in effect. Every open burn event shall be constantly attended by the permit holder or his or her competent representative. The open burning site shall have available, appropriate communication and fire suppression equipment as set out in the fire safety plan.

(B) The open burn fire shall be completely extinguished before the permit holder or his or her representative leaves the site. No fire may be allowed to smolder with no person present. It is the responsibility of the permit holder to have a valid permit, as required by this subchapter, available for inspection on the site by the Police Department, Fire Department, MPCA representative or DNR Forest Officer.

(C) The permit holder is responsible for compliance and implementation of all general conditions, special conditions and the burn event safety plan as established in the permit issued. The permit holder shall be responsible for all costs incurred as a result of the burn, including, but not limited to, fire suppression and administrative fees.

(Prior Code, § 902.66) Penalty, see § 10.99

### **§ 93.08 REVOCATION OF OPEN BURNING PERMIT.**

(A) The open burning permit is subject to revocation at the discretion of a DNR Forest Officer, the Fire Chief or designee.

(B) Reasons for revocation include, but are not limited to, a fire hazard existing or developing during the course of the burn, any of the conditions of the permit being violated during the course of the burn, pollution or nuisance conditions developing during the course of the burn or a fire smoldering with no flame present.

(Prior Code, § 902.67) Penalty, see § 10.99

### **§ 93.09 DENIAL OF OPEN BURNING PERMIT.**

If established criteria for the issuance of an open burning permit are not met during review of the application, it is determined that a practical alternative method for disposal of the material exists, or a pollution or nuisance condition would result, or if a burn event safety plan cannot be drafted to the satisfaction of the Fire Chief or designee, these officers may deny the application for the open burn permit.

(Prior Code, § 902.68)

### **§ 93.10 BURNING BAN OR AIR QUALITY ALERT.**

No recreational fire or open burn will be permitted when the City or DNR has officially declared a burning ban due to potential hazardous fire conditions or when the MPCA has declared an air quality alert.

(Prior Code, § 902.69) Penalty, see § 10.99

### **§ 93.11 RULES AND LAWS ADOPTED BY REFERENCE.**

The provisions of M.S. §§ 88.16 to 88.22, as they may be amended from time to time, and the Minnesota Uniform Fire Code, Minn. Rules Ch. 1510, as these statutes and rules may be amended from time to time, are hereby adopted by reference and made a part of this subchapter as if fully set forth at this point.

(Prior Code, § 902.70)

**ORDINANCE 2023-02**

**CITY OF DUNDAS  
RICE COUNTY  
STATE OF MINNESOTA**

*An Ordinance Amending Chapter 93: FIRE PREVENTION AND PROTECTION  
of the Dundas City Code*

THE CITY COUNCIL OF THE CITY OF DUNDAS, MINNESOTA, ORDAINS AS FOLLOWS:

**Section 1.** Chapter 93 is repealed in its entirety and replaced with the following:

§ 93.01 DEFINITIONS.

For the purpose of this subchapter, the following definitions apply unless the context clearly indicates or requires a different meaning.

*BURN EVENT SAFETY PLAN* means a written prescription for the prescribed fire including critical elements such as the weather conditions under which the burn will be conducted, number of personnel and duties of each, and the type and, amount and placement of equipment needed to safely conduct the burn.

*BURNER* means a burn barrel or similar enclosure for burning.

*CONSTRUCTION PERMIT* means a permit that allows the applicant to install or modify systems and equipment for which a permit is required by the MSFC.

*CORPORATION COUNSEL* when used in the MSFC means the attorney for the city.

*FIRE CHIEF* means the fire chief employed by the Northfield Area Fire and Rescue Service.

*FIRE CODE OFFICIAL* means the fire chief or the fire chief's designees.

*FIRE DEPARTMENT* means the Northfield Area Fire and Rescue Service.

*JOINT POWERS AGREEMENT* means the Joint Powers Agreement, by and between the city of Northfield, the city of Dundas, and the Northfield Rural Fire Protection District, as the same may be amended from time to time, adopted pursuant to Minnesota Statutes, section 471.59.

*JURISDICTION* means all areas within the corporate limits of city of Dundas.

*MINNESOTA STATE FIRE CODE, FIRE CODE* or *MSFC* means the Minnesota State Fire Code adopted pursuant to Minnesota Statutes, section 299F.011, and as modified by Minnesota Rules, Chapter 7511, and the appendices thereto, except as otherwise provided in this chapter.

*NORTHFIELD AREA FIRE AND RESCUE SERVICE* or *NAFRS* means the joint powers organization governed by the NAFRS Board and established by the Joint Powers Agreement for the purposes of providing fire services, including fire protection, suppression, prevention, technical rescue, non-transport emergency medical services and code enforcement for the above-referenced parties within the fire services area established in the Joint Powers Agreement, including but not limited to the jurisdiction of the city.

*OPEN FIRE, OPEN BURN OR OPEN BURNING* means a fire burning in matter, whether concentrated or dispersed, which is not contained within a fully enclosed firebox, structure, or

vehicle, and from which the products of combustion are emitted directly to the open atmosphere without passing through a stack, duct, or chimney.

*OPEN BURN PERMIT* means a permit that allows the applicant to conduct an open burn pursuant to article III of this chapter.

*OPERATIONAL PERMIT* means a permit that allows the applicant to conduct an operation or business for which a permit is required by the MSFC for either (a) a prescribed period or (b) until renewed or revoked.

*PERMIT* means, but is not limited to, "operational permits," "construction permits" and "open burn permits."

*PORTABLE OUTDOOR FIREPLACE* means a portable, outdoor, solid-fuel-burning fireplace that may be constructed of steel, concrete, clay or other noncombustible material. A portable outdoor fireplace may be open in design, or may be equipped with a small hearth opening and a short chimney or chimney opening in the top.

*RECREATIONAL FIRE.* A fire set with approved starter fuel no more than three feet in height, contained within the border of a "recreational fire site" using dry, clean wood; producing little detectable smoke, odor or soot beyond the property line; for recreational, ceremonial, food preparation for social purposes; extinguished completely before quitting the occasion; and respecting weather conditions, neighbors, burning bans and air quality so that nuisance, health or safety hazards will not be created. No more than one *RECREATIONAL FIRE* is allowed on any property at one time.

#### RECREATIONAL FIRE SITE.

- (1) An area of no more than a three-foot diameter circle (measured from the inside of the fire ring or border); completely surrounded by non-combustible and non-smoke or odor producing material, either of natural rock, cement, brick, tile or blocks or ferrous metal only and which area is depressed below ground, on the ground, or on a raised bed. Included are permanent outdoor wood burning fireplaces. Burning barrels are not RECREATION FIRE SITES, as defined herein.
- (2) RECREATIONAL FIRE SITES shall not be located closer than 25 feet to any structure.

*STARTER FUELS.* Dry, untreated, unpainted, kindling, branches, cardboard or charcoal fire starter. Paraffin candles and alcohols are permitted as *STARTER FUELS* and as aids to ignition only. Propane gas torches or other clean gas burning devices causing minimal pollution must be used to start an open burn.

#### WOOD.

- (1) Dry, clean fuel only such as twigs, branches, limbs, "presto logs," charcoal, cord wood or untreated dimensional lumber;
- (2) The term does not include wood that is green with leaves or needles, rotten, wet, oil soaked or treated with paint, glue or preservatives; and
- (3) Clean pallets may be used for recreational fires when cut into three-foot lengths.

## **OPEN BURNING**

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- 93.02 Recreational fire - requirements
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## **OPEN BURN PERMIT**

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**§ 93.01. Purpose.**

The purpose of this article is to establish permitted categories of open burn events for residents and farms within the city and to provide for a permitted process for residential and agricultural open burning, except when such open burning is defined as a ~~campfire or~~ recreational fire or portable outdoor fireplace as prescribed in this article.

**§ 93.02 Recreational fire and portable outdoor fireplace requirements**

- (a) *Fire site.* A recreational fire site shall be no more than a three-foot-diameter circle, measured from the inside of the fire ring or border and shall be completely surrounded by noncombustible and nonsmoke-or odor-producing material, either of natural rock, cement, brick, tile or block of ferrous metal only and which area is depressed below ground, on the ground, or on a raised bed.
- (b) *Burning.* A recreational fire may be ignited only with an approved starter fluid, using dry clean wood; shall produce little detectable smoke, odor or soot beyond the property line; and shall be conducted with due respect for weather conditions, neighbors, burning bans, and air quality so that a nuisance or health or safety hazard will not be created.
- (c) Recreational fires must be at least 25 feet away from all buildings or combustible materials. Combustible materials are things such as wood, paper, and plastics.
- (d) Conditions which could cause a recreational fire to spread within 25 feet of a structure shall be eliminated prior to ignition.
- (e) Recreational fires shall be located a minimum of 10 feet from LP-Gas containers that are filled on site by the LP-Gas company.
- (f) Recreational fires and portable outdoor fireplaces must be constantly attended until the fire is extinguished.

**Sec. 93.03. Prohibited materials and practices.**

- (a) No person shall conduct, cause or permit open burning of oils, petrol fuels, rubber, plastics, chemically treated materials, or other materials which produce excessive or noxious smoke, such as tires; railroad ties; treated, painted or glued wood; composite shingles; tarpaper; insulation; composition board; sheetrock; wiring; paint; or paint fillers.
- (b) No person shall conduct, cause or permit open burning of hazardous waste or salvage operations or open burning of solid waste generated from an industrial or manufacturing process or from a service or commercial establishment or building material generated from demolition of any structure. No person shall conduct, cause or permit open burning of discarded material resulting from the handling, processing, storage, preparation, serving or consumption of food.
- (c) The burning of any leaves, brush, refuse, or other materials of like nature is prohibited.
- (d) No fire shall be allowed to smolder.

(e) The use of burners is prohibited under this article.

**Sec. 93.04. Burning ban or air quality alert.**

No recreational fire or open burn will be permitted when the city or the department of natural resources has officially declared a burning ban due to potentially hazardous fire conditions or when the state pollution control agency (MPCA) has declared an air quality alert.

OPEN BURN PERMIT

**Sec. 93.05. Permit Required.**

No person shall start or allow any open burning on any property in the city without first having obtained an open burning permit from fire chief or the fire chief's designee, except a permit is not required for any fire which is a recreational fire or portable outdoor fireplace as defined in this article. Fire training and permanent burn site permits can only be issued by a certified department of natural resources forest officer.

**Sec. 93.06. Application.**

Open burn permits shall be obtained by making application on a form prescribed by NAFRS. The permit application shall be presented to the city staff person designated by the fire chief for reviewing and processing the application.

**Sec. 93.07. Fee for open burn permits; permit violations and penalties.**

All open burn permits shall require a nonrefundable application fee in an amount to be set by NAFRS from time to time by resolution, which shall be paid to NAFRS at the time of application for such permit. Any person who starts or allows any open burning on any property in the city without first having obtained a permit as provided in this division shall also incur and shall pay a penalty in the amount of two times the then-effective permit application fee in addition to the cost for NAFRS to respond to the fire in an amount to be set by NAFRS from time to time by resolution. Persons billed by NAFRS for fire service resulting from a permit violation under this section shall have 30 days to pay the invoiced amount from the date of the invoice. If the fire service charge is not paid by that time, it will be considered delinquent and NAFRS shall mail a notice of delinquency to the fire service recipient. If the fire service charges remain unpaid for 30 days after the date of the notice of delinquency, NAFRS will use all practical and reasonable legal means to collect the fire service charges. The person who received fire services shall be liable for all collection costs incurred by NAFRS including, but not limited to, reasonable attorney fees and court costs. If the fire service charges remain unpaid for 30 days after the date of the notice of delinquency, NAFRS may submit the delinquent charges to the city finance director on or before August 15 of each year in order that the same may be brought to the city council for consideration of certifying the unpaid fire service charges to the county auditor in the county in which the recipient of the services owns real property for collection in like manner with property taxes. The county auditor is responsible for remitting to the city all charges collected on behalf of the city under this section. The city must give the property owner notice of its intent to certify the unpaid fire service charges to taxes prior to the same being heard by the city council. Unpaid charges received by the city from the county auditor following certification shall be remitted to NAFRS less the City's costs of certification.

**Sec. 93.08. Site inspection; notice to fire department.**

- (a) Upon receipt of the completed open burn permit application and permit fee, the fire chief or the fire chief's designee may schedule a preliminary site inspection to locate the proposed burn site, draft a fire event safety plan, note special conditions, set dates and times of the permitted burn and review fire safety considerations.
- (b) Two days before burning, the permit holder shall notify NAFRS of the proposed burn day and approximate time of commencement of the burn. The day of burning, the permit holder shall contact the Rice/Steele County 911 Center to advise the same of the burn before burning begins.

**Sec. 93.09. Denial.**

If it is established that any criterion for the issuance of an open burn permit as provided herein is not met, or if during review of the application it is determined that a practical alternative method of disposal of the material exists, or a pollution or nuisance condition would result, or if a burn event safety plan cannot be drafted to the satisfaction of the fire chief, then the open burn permit application may be denied.

**Sec. 93.10. Permit holder responsibility.**

- (a) Prior to starting an open burn, the permit holder shall be responsible for confirming that no burning ban or air quality alert is in effect.
- (b) Every open burn event shall be constantly attended by the permit holder or ~~his/her competent~~ the permit holder's representative.
- (c) The open burn site shall have available appropriate communication and fire suppression equipment as set out in the burn event safety plan.
- (d) The open burn fire shall be completely extinguished before the permit holder or ~~his/her competent~~ the permit holder's representative leaves the site.
- (e) It is the responsibility of the permit holder to have a valid permit, as required by this division, available for inspection on the site by the police department, fire department, or department of natural resources forest officer.
- (f) The permit holder is responsible for compliance with and implementation of all general conditions, special conditions and the burn event safety plan as established in the permit issued.
- (g) The permit holder shall be responsible for all costs incurred as a result of the burn, including but not limited to fire suppression and administrative fees.

**Sec. 93.11. Revocation.**

The open burn permit is subject to revocation at the discretion of a department of natural resources forest officer, the ~~city~~ fire chief or other commissioned state fire warden. Reasons for revocation may include but are not limited to a fire hazard existing or developing during the course of the burn, pollution or nuisance conditions developing during the course of the burn, or a fire smoldering with no flame present.

**§ 93.11 RULES AND LAWS ADOPTED BY REFERENCE.**

The provisions of M.S. §§ 88.16 to 88.22, as they may be amended from time to time, and the Minnesota Uniform Fire Code, Minn. Rules Ch. 1510, as these statutes and rules may be



amended from time to time, are hereby adopted by reference and made a part of this subchapter as if fully set forth at this point.

### **§ 93.12 RULES AND LAWS ADOPTED BY REFERENCE.**

- (a) The Minnesota State Fire Code (“MSFC”), as adopted pursuant to Minnesota Statutes, section 299F.011, and as modified by Minnesota Rules, Chapter 7511, is hereby adopted by reference, and incorporated in this section as completely as if set out in full. Except for deletions, modifications or amendments by this section, every provision contained in the MSFC, together with appendices D and O, is adopted and made a part of this chapter and shall be known and may be cited as the "Fire Code" of the city. This section incorporates the MSFC and adopts future amendments in accordance with Minnesota Statutes, Section 645.31, Subdivision 2.
- (b) Amendments to the Minnesota State Fire Code. The following shall be amendments to the Fire Code: are hereby adopted by reference, and incorporated in this section as if completely set out in full:
  - (1) Appendix D – Fire Apparatus Access Roads
    - (i) Covers access road specifications, locations, turnaround requirements, and distances from structures.
    - (ii) Addresses fire lane designation, signage, and maintenance.
  - (2) Appendix O - Fires or barbecues on balconies or patios. This provision is adopted pursuant to the authority of Minnesota Statutes, section 299F.011, subd. 4, as it may be amended from time to time, and shall supersede less restrictive provisions of state law to the contrary.
    - (i) Open Flame Prohibited. In any structure containing three or more dwelling units, where dwelling units are configured vertically above or below other dwelling units, no person shall kindle, maintain, or cause any fire or open flame on any balcony above ground level, or on any ground floor patio within 15 feet of a structure.
      - a. Exception: Listed electric or gas-fired barbecue grills that are permanently mounted and wired or plumbed to the building's gas supply or electrical system and that maintain a minimum clearance of 18 inches on all sides, unless listed for lesser clearances, may be installed on balconies and patios when approved by the chief.
    - (ii) Fuel Storage Prohibited. No person shall store or use any fuel, barbecue, torch, or other similar heating or lighting chemical or device in the locations designated in clause (1).i. above.

### **Sec. 93.13 Permits and fees.**

- (a) Operational permits and construction permits, respectively, as defined herein shall be required as authorized under the Fire Code and as determined by the fire chief.

- (b) Open burn permits, as defined herein shall be required as authorized under 93.06 as determined by the fire chief.
- (c) A person desiring a permit as required by the Fire Code or this chapter shall submit an application to the fire chief along with the required fee as established by NAFRS from time to time.
- (d) Specific permit types and their fees shall be approved as required by resolution of the NAFRS Board and will be posted on the NAFRS website.
- (e) Unless otherwise noted, all permits shall expire one year from the date of issuance.
- (f) For any permit required or authorized by the MSFC or this chapter, except an open burn permit under article III of this chapter, the following provisions shall apply:
  - (1) Application. Permit applications must be made to the fire chief on forms prescribed by NAFRS. All questions asked or information required by the application forms shall be answered fully and completely by the applicant. The applicant must comply with applicable laws, regulations, ordinances, and any additional requirements of NAFRS.
  - (2) Denial. The fire code official may deny any permit application when the activity for which the permit is sought violates any applicable law, statute, rule, regulation, or ordinance or is contrary to the public health, safety, or welfare.
  - (3) Conditions. Any permit may be subject to conditions that protect the public health, safety and welfare.
  - (4) Permit Fee. Upon submission of a permit application, the applicant must pay a permit fee to NAFRS.
  - (5) Revocation. A permit is subject to revocation by the fire code official for failure to comply with permit conditions or failure to comply with any other applicable law, rule, regulation, or ordinance.
- (g) The building official and the fire chief shall act as a committee to determine and specify, after giving affected persons an opportunity to be heard, any new materials, processes or occupancies which will require permits, in addition to those now enumerated in the MSFC or this chapter. The fire code official will post such list of required permits on the NAFRS website and distribute copies thereof to interested persons.

**Sec. 93.14 Fire inspections and fees.**

- (a) *Purpose.* NAFRS, in order to ensure the health, safety and public welfare of the structures, buildings, homes, and businesses located in the city (collectively the “facilities”), shall inspect existing, redeveloped and newly constructed facilities in accordance with the Fire Code, the policies established by NAFRS, and City Code.
- (b) *Fire inspection and permit fees.* Fire inspection fees for all facilities located in the city, including but not limited to new construction, additions, redevelopment and alterations where a building permit is required, shall be in an amount to be set by NAFRS as a fee schedule from time to time.

- (c) *Frequency of inspections for facilities.* NAFRS shall establish a schedule at the discretion of the NAFRS Board by which facilities are to be inspected in the city. The schedule shall designate the frequency of inspections.

**Sec. 93.15 Enforcement.**

- (a) The fire chief of the Northfield Area Fire and Rescue Services (NAFRS) is appointed the fire code official for the city of Dundas.
- (b) The MSFC and any state statutes and city ordinances pertaining to fire and life safety shall be enforced by the fire code official. The fire code official may issue an order to any person who violates the Fire Code or any provisions of this chapter of the city code. The person to whom the order is directed must comply with the order no later than the deadline for compliance specified in the order unless an appeal is filed in accordance with this article.
- (c) The city administrator, building official, and police chief, along with their delegates, are also authorized, in the event the fire chief does not accordingly act, to enforce the provisions of the MSFC and this chapter within the city.
- (d) This chapter may be enforced pursuant to Dundas City Code, Chapter 10. The city may simultaneously pursue criminal, civil, administrative, and/or any other legal or equitable remedy available to the city for violations of this chapter.
- (e) NAFRS code enforcement shall work in concert with the city building official and other authorized city staff.

**Sec. 93.16 Penalties.**

- (a) Pursuant to Minnesota Statutes, section 299F.011, subd. 6, and Dundas City Code, Chapter 10, a person who violates a provision of the Minnesota State Fire Code or this chapter shall be guilty of a misdemeanor.
- (b) Each day a violation continues after notice thereof shall constitute a separate offense. Each act constitutes a separate offense.
- (c) No person shall be convicted for violating the Minnesota State Fire Code or this chapter unless the person shall have been given notice of the violation in writing and reasonable time to comply. The notice must contain a statement explaining the right to appeal the order(s).

**Sec. 93.17 Appeals and variances.**

- (a) *Appeal; application for variance.* A person may appeal an order of the fire chief, or apply for a variance from the order, by filing a written notice of appeal or a written variance application with the fire chief within 10 days after the date of the issuance of the order. Additionally, whenever the fire chief disapproves an application, including but not limited to variances to the Fire Code, or refuses to grant a permit applied for, or when the fire chief issues an order enforcing the Fire Code and the aggrieved party claims that the Fire Code does not apply, or that the true intent and meaning of the Fire Code have been misconstrued or wrongly interpreted, the aggrieved party may appeal from the decision or order of the fire chief to the NAFRS Board within 10 days of the fire chief's decision or order. All appeals specified in this section shall be made in writing and delivered to the fire chief for hearing by the NAFRS Board. An aggrieved party who does not appeal within the time specified shall be deemed to have waived all right to appeal.

- (b) *Hearing.* A hearing must be held within 30 days after receipt by the fire chief of a timely appeal or variance application. The hearing must be held before the NAFRS Board. The Minnesota rules of evidence need not be strictly followed, and the records of the fire chief must be considered without further foundation.
- (c) *Decision.* The NAFRS Board must issue a written decision within 30 days after the hearing, affirming, modifying, or overruling the fire chief's decision and approving or denying the variance application. The decision must be mailed or delivered to the person who filed the appeal or variance application, the fire chief, and the city clerk. The decision of the NAFRS Board is the final decision of the city.
- (d) *Variance considerations and decision standard.* In reviewing a variance application to the Fire Code or when considering an appeal of an order of the fire chief for variances from the Fire Code, the fire chief and the NAFRS Board, as applicable, shall take into consideration the benefit to be obtained by complying with the fire chief's decision or order and the effect on affordable housing, provided that the spirit of the Fire Code is complied with and public safety secured. In addition, a variance from the minimum requirements in the Fire Code may be granted by the fire chief, or the NAFRS Board upon a timely appeal of the fire chief's decision, as applicable, only if there is substantial compliance with the provisions of the Fire Code, the safety of the public and occupants of buildings will not be jeopardized, and undue hardship will result to the applicant unless the requested variance is granted.
- (e) *State fire marshal.* No appeal to the state fire marshal for a variance from orders issued by the fire chief or the NAFRS Board from the Fire Code shall be accepted until the applicant has first made application to the fire chief and the NAFRS Board and the same have acted on the application. The state fire marshal shall consider any decisions or recommendations of the fire chief and NAFRS Board. Any person aggrieved by a decision made by the state fire marshal under Minnesota Statutes, section 299F.011 may proceed before the state fire marshal as with a contested case in accordance with the Administrative Procedure Act.
- (f) *Liability.* Pursuant to Minnesota Statutes, section 299F.011, subd. 5a, the NAFRS Board is not liable for damages in connection with granting variances, abatements, denials, or modifications of orders from the Fire Code that are made in good faith.

## *FIRE LANES*

### **Sec. 93.18 Establishment.**

The NAFRS Board shall identify and recommend fire lanes on public or private property as may be necessary to comply with the Fire Code and in order that the travel of fire equipment may not be interfered with and that access to fire hydrants or buildings may not be obstructed. The recommended fire lanes shall be subject to review and approval by the city engineer.

### **Sec. 93.19 Existing fire lane signs.**

Fire lanes in existence prior to the effective date of this ordinance shall be permitted to remain using existing signs so long as such signs are maintained in good repair and condition. If the fire chief determines that such signs are not maintained as required in this chapter, the fire chief shall require and order signage as provided in this division, subject to review and approval by the city engineer.

### **Sec. 93.20 New fire lanes and sign specifications.**

Fire lanes established after the effective date of the ordinance or existing fire lanes changed after the effective date of this ordinance, shall be marked by signs, not more than 75 feet apart, bearing the words, "No Parking, Fire Lane" with the first and last sign marking the limits of the fire lane. The signs shall have red letters and a red border on a white background, shall be at least 12 inches by 18 inches in size and shall otherwise comply with the standards from time to time established by the fire chief for such signs, subject to review and approval by the city engineer. The symbol for "No Parking" may also be used with the words "Fire Lane" below it. The fire chief may recommend other styles of fire lane signs for review and approval by the city engineer.

### **Sec. 93.21 Maintenance of signs.**

When a fire lane is on public property or public right-of-way, the signs shall be erected and maintained by the city, and when on private property, they shall be erected by the owner at the owner's expense within 30 days after the owner has been notified of the order from the fire chief. After these signs are erected, they shall be maintained by the owner at the owner's expense. After the signs are erected, no person shall park a vehicle in or otherwise occupy or obstruct the fire lane.

### **Sec. 93.22 Unattended vehicles and obstruction prohibition.**

No person shall leave a vehicle unattended and occupying or otherwise obstructing a fire lane.

### **Sec. 93.23 Towing authorization.**

Whenever a police officer finds a vehicle unattended and occupying or obstructing a fire lane, the police officer is authorized to provide for removal and impoundment of the vehicle at the expense of the owner of the vehicle.

### **Sec. 93.24 Violation and citation.**

Violations of this section shall be governed and enforced under Chapter 10 of this code. Citations shall be issued to vehicles parked in fire lanes defined by this division.

### **Sec. 93.25 Violation.**

No person shall be cited for violating this division unless such person shall have been given notice of the violation in writing and have had a reasonable time to comply.

### **Sec. 93.26 Interpretation.**

In the event of a conflict between the provisions of this division and the Fire Code, as adopted by this chapter, the most stringent provision shall apply. Provided, however, that no provision of this chapter shall be interpreted to exceed the provisions of the Minnesota State Building Code.

### **Sec. 93.27 Severability.**

If any section, sentence, clause or phrase of this chapter is for any reason held to be invalid by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this chapter.

**Section 2.** This Ordinance is effective upon its passage and publication in accordance with law.

**APPROVED** by the City Council of Dundas, Minnesota, on this 27th day of March 2023.

**CITY OF DUNDAS BY:**

**ATTEST:**

\_\_\_\_\_  
Glenn Switzer, Mayor

\_\_\_\_\_  
Jenelle Teppen, City Administrator/Clerk

Ordinance 2023-02

**SUMMARY OF  
ORDINANCE 2023-02**

**CITY OF DUNDAS  
STATE OF MINNESOTA**

*An Ordinance Repealing and Replacing Chapter 93: FIRE PREVENTION AND  
PROTECTION of the Dundas City Code*

The following is the official summary of Ordinance 2023-02, which was approved and adopted by the Dundas City Council on March 27, 2022:

Chapter 93 of the Dundas City Code is repealed in its entirety and replaced with updated regulations.

A copy of the entire Ordinance 2023-02 is available for inspection by any person during regular office hours at the Dundas City Hall, 100 Railway Street North, Dundas, MN 55019; and is posted at the Dundas City website: [www.cityofdundas.org](http://www.cityofdundas.org).

Published by order:  
Jenelle Teppen, City Administrator/Clerk  
in the *Faribault Daily News* on April 1, 2023

**City of Dundas  
Rice County, Minnesota**

**Communications Letter**

**December 31, 2022**



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

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

In planning and performing our audit of the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundas, Minnesota, as of and for the year ended December 31, 2022, 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, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

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

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated March 13, 2023, on such statements.

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

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
March 13, 2023

## **City of Dundas Other Deficiency**

### **Lack of Segregation of Accounting Duties**

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

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

We recommend management, along with the Members of the City Council, evaluate the risks related to the deficiency and respond with improvements to processes to mitigate these risks. In doing this, management and the Members of the City Council must weigh the costs associated with adding more staff or procedures to its operations.

## **City of Dundas Required Communication**

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2022. Professional standards require that we advise you of the following matters related to our audit.

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

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

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

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

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

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

### **Our Responsibility in Relation to *Government Auditing Standards***

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

## **City of Dundas Required Communication**

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

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

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

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

### **Significant Risks Identified**

We have identified the following significant risks of material misstatement:

- Management Override of Controls – Management override of internal control is considered a risk in substantially all engagements as management may be incentivized to produce better results.
- Misappropriation of Assets – If duties cannot be appropriately segregated, there is a risk of unauthorized disbursements being made by the City. In addition, generally this results in less review taking place as transactions are recorded in the financial statements.
- Improper Revenue Recognition – Revenue recognition is considered a fraud risk on substantially all engagements as it generally has a significant impact on the results of the government's operations. In addition, complexities exist surrounding the calculation and recording of various revenue sources.

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

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

#### *Significant Accounting Estimates*

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

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

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program. Examples are salaries, benefits, and supplies.

**City of Dundas**  
**Required Communication**

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

*Significant Accounting Estimates (Continued)*

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

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

*Financial Statement Disclosures*

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

**Significant Difficulties Encountered during the Audit**

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

**Uncorrected and Corrected Misstatements**

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements as a whole and each opinion unit. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

**Disagreements with Management**

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

**Representations Requested from Management**

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

**Management's Consultations with Other Accountants**

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

## **City of Dundas Required Communication**

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

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

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

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

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

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

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



## City of Dundas Financial Analysis

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

### General Fund – Revenues

The graphs below and on the following page represent the General Fund revenues by source. Overall, revenue in 2022 increased \$97,948 to a total of \$1,421,585 in 2022, an increase of 7.4%. The largest increase of \$89,377 was realized in taxes and special assessments due to an increase in the allocation of the tax levy for the General Fund. Licenses and permits increased \$39,555 in 2022 as building permit revenue was greater compared to 2021. Intergovernmental revenue decreased \$35,096 due in large part to receiving less funding from the Small City Assistance Program in 2022. Charges for services decreased \$18,547 related to zoning and other fees.

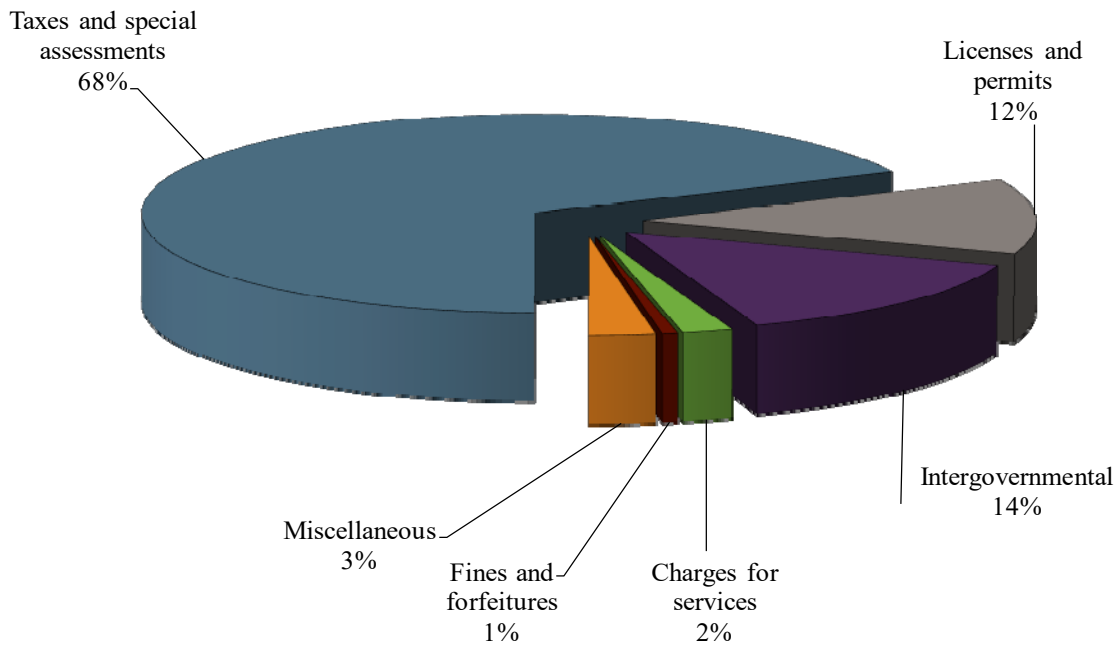
	2018	2019	2020	2021	2022
Taxes and special assessments	\$ 969,210	\$ 1,005,968	\$ 1,144,650	\$ 879,928	\$ 969,305
Licenses and permits	125,661	74,370	184,064	133,590	173,145
Intergovernmental	221,509	209,085	330,430	237,047	201,951
Charges for services	16,935	58,550	96,765	47,881	29,334
Fines and forfeitures	24,741	26,112	11,329	9,206	9,090
Miscellaneous	26,907	56,101	28,677	15,985	38,760
<b>Total Revenues</b>	<b>\$ 1,384,963</b>	<b>\$ 1,430,186</b>	<b>\$ 1,795,915</b>	<b>\$ 1,323,637</b>	<b>\$ 1,421,585</b>

The overall allocation of revenues among the various sources changed from 2021 to 2022 as shown on the following page. The allocation remained relatively consistent from 2021 but did change relative to the changes in revenue explained above.

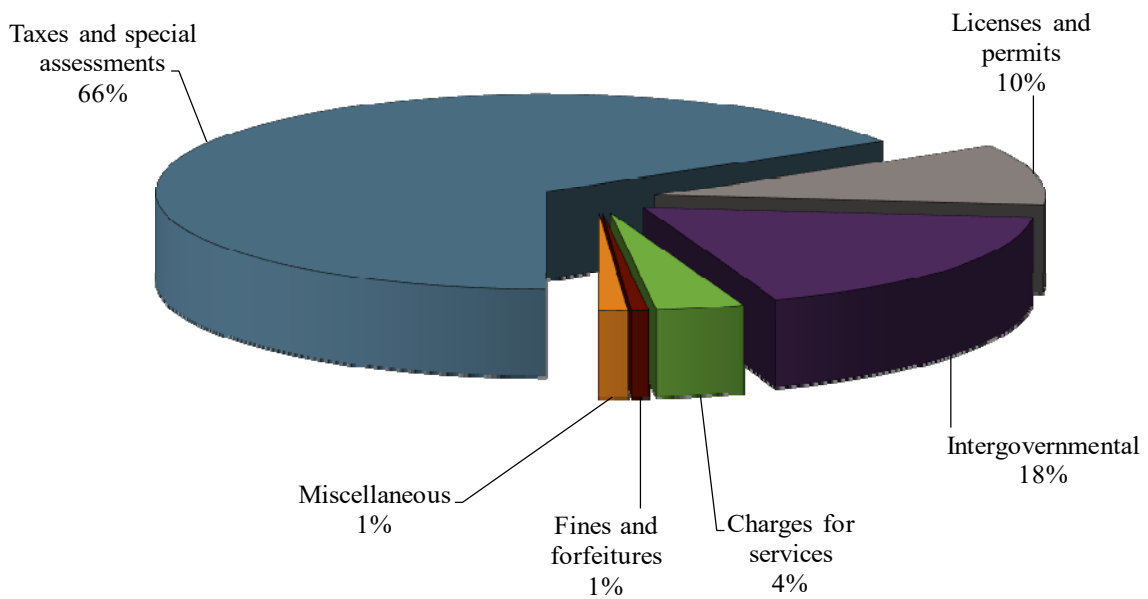
# City of Dundas Financial Analysis

## General Fund – Revenues (Continued)

**2022 General Fund Revenues**



**2021 General Fund Revenues**



**City of Dundas  
Financial Analysis**

**General Fund – Revenues Budget to Actual**

The chart below outlines the budgeted revenues compared to actual revenues for the General Fund.

For 2022, actual revenues of \$1,421,585 came in \$58,402, or 4.3%, over budgeted revenue of \$1,363,183. There was a variance of \$46,645 in licenses and permits, which was over budget due primarily to conservative budgeting for building permits. Insurance proceeds of \$137,666 were received for a roof damage insurance claim, which was not budgeted. Other budgeted revenue categories were in line with actual revenues.

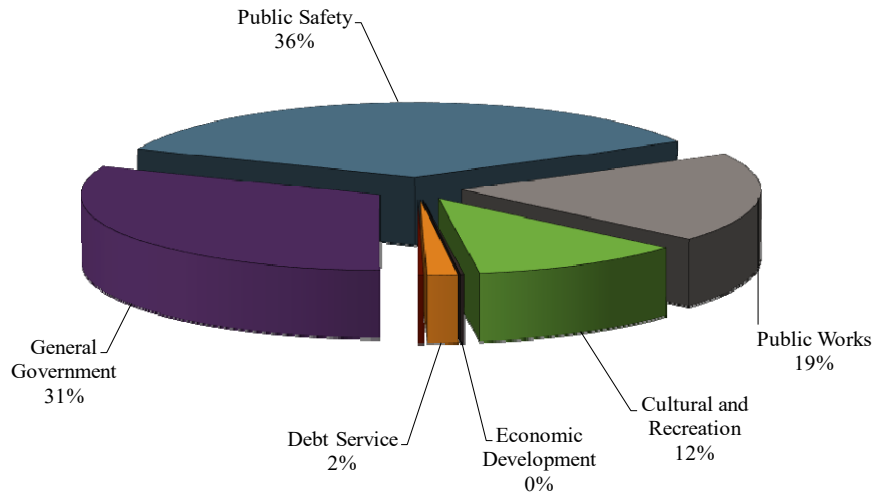
	Budgeted Amounts <u>Final</u>	Actual Amounts	Variance With Final Budget - Over (Under)
<b>Revenues</b>			
Property taxes	\$ 972,274	\$ 969,305	\$ (2,969)
Licenses and permits	126,500	173,145	46,645
Intergovernmental	200,709	201,951	1,242
Charges for services	28,700	29,334	634
Fines and forfeitures	15,000	9,090	(5,910)
Miscellaneous	20,000	38,760	18,760
Total Revenues	<u>1,363,183</u>	<u>1,421,585</u>	<u>58,402</u>
<b>Expenditures</b>			
General government	398,633	461,481	62,848
Public safety	575,805	530,949	(44,856)
Public works	267,920	284,127	16,207
Cultural and recreation	89,050	170,281	81,231
Economic development	-	3,053	3,053
Capital outlay	7,300	4,990	(2,310)
Debt service	24,475	24,472	(3)
Total Expenditures	<u>1,363,183</u>	<u>1,479,353</u>	<u>116,170</u>
<b>Other Financing Sources</b>			
Insurance proceeds	-	137,666	137,666
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 79,898</u>	<u>\$ 79,898</u>

## City of Dundas Financial Analysis

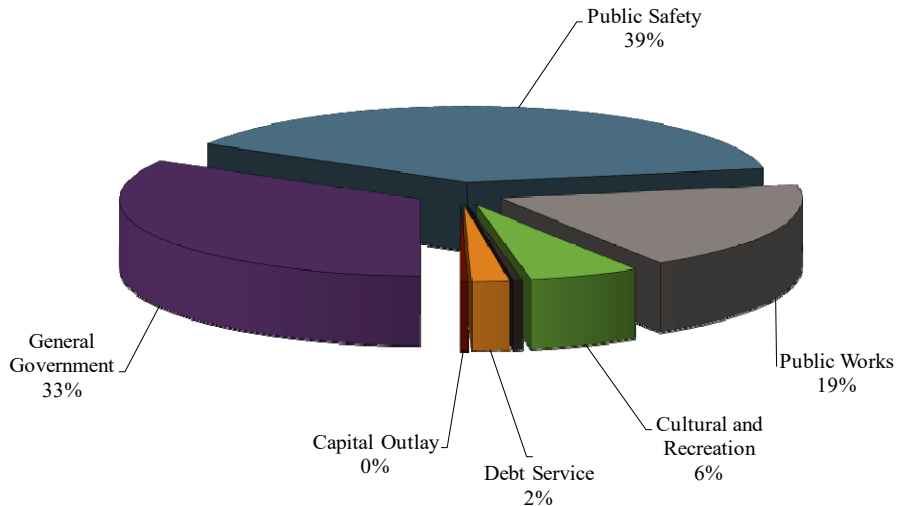
### General Fund – Expenditures

General Fund expenditures increased \$229,041, or 18.3%, from 2021 to 2022. There was a \$95,794 increase in Cultural and Recreation expenditures due in large part to roof repairs needed as a result of a hail storm. Public Works expenditures increased by \$47,157 related to an increase in salary expenditures with more hours worked by employees. There was a \$46,265 increase in the Public Safety program due to higher salary expenditures based on police staffing levels related to vacant positions in 2021. General Government expenditures increased by \$43,982 due to greater fees for engineering, repairs and maintenance, and salaries in 2022. The following graphs represent the General Fund expenditures by function, with Public Safety making up the largest expenditure category. Except for the increase in culture and recreation expenditures as noted above, the percentage of expenditures by function stayed relatively consistent from 2021 to 2022.

**2022 General Fund Expenditures**



**2021 General Fund Expenditures**



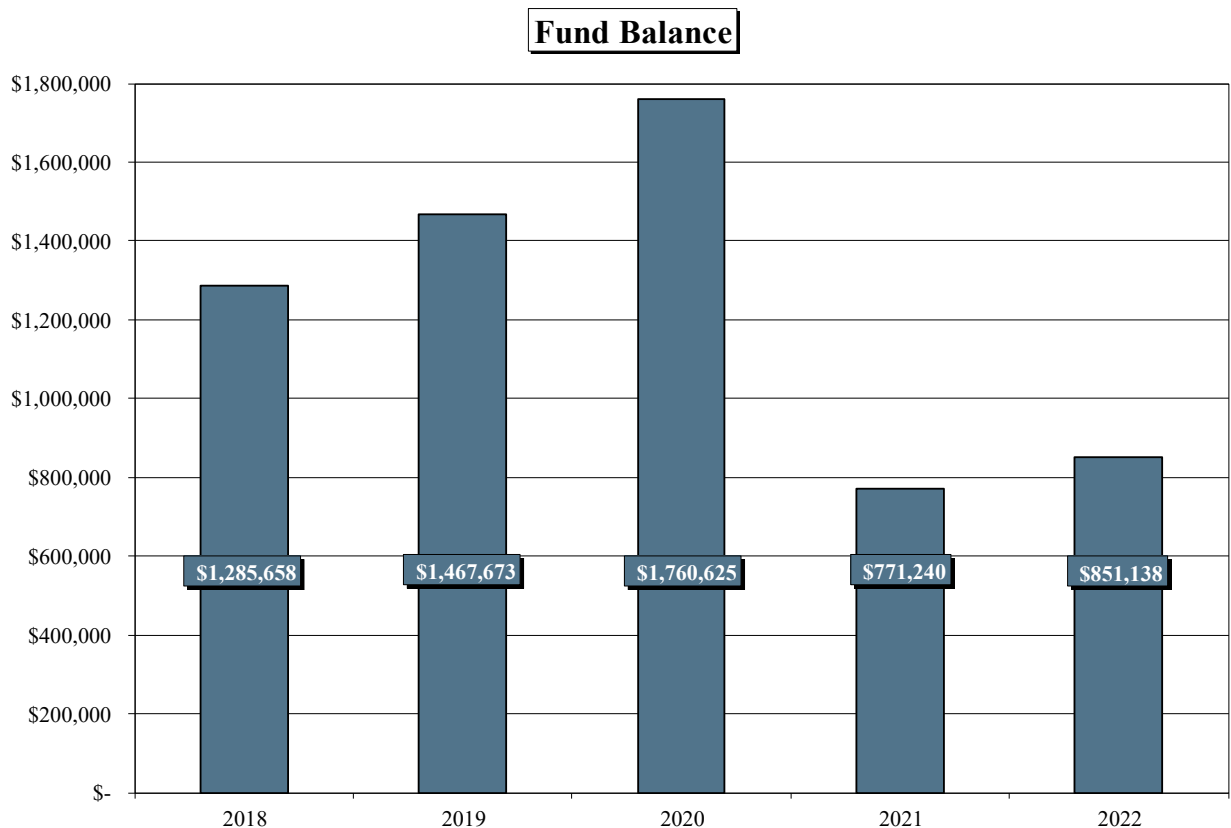
## City of Dundas Financial Analysis

### General Fund – Expenditures Budget to Actual

The budget of \$1,363,183 had a variance of \$116,170, or 8.5%, when compared to actual expenditures of \$1,479,353. The largest variance was in Cultural and Recreation expenditures, which were \$81,231 over budget due in part to roof repair costs from hail damage that were not anticipated with the budget. General Government expenditures came in \$62,848 over budget due to engineering fees along with repair and maintenance costs exceeding budgeted expenditures in 2022. Public Safety expenditures were \$44,856 under budget based on lower than anticipated police salary and benefit expenditures. Other budgeted expenditure types were in line with actual expenditures.

### General Fund – Fund Balance

The graph below shows the General Fund balances for the past five years. Fund balance increased in 2022 due to revenues exceeding expenditures. The unrestricted fund balance of \$851,138 at the end of 2022 represents approximately seven months of budgeted 2023 expenditures of \$1,452,313. The City's target General Fund balance is to maintain an unassigned fund balance of an amount not less than 55% of the next year's budgeted expenditures of the General Fund. At December 31, 2022, the unassigned fund balance in the General Fund represented 57% of 2023 budgeted expenditures.

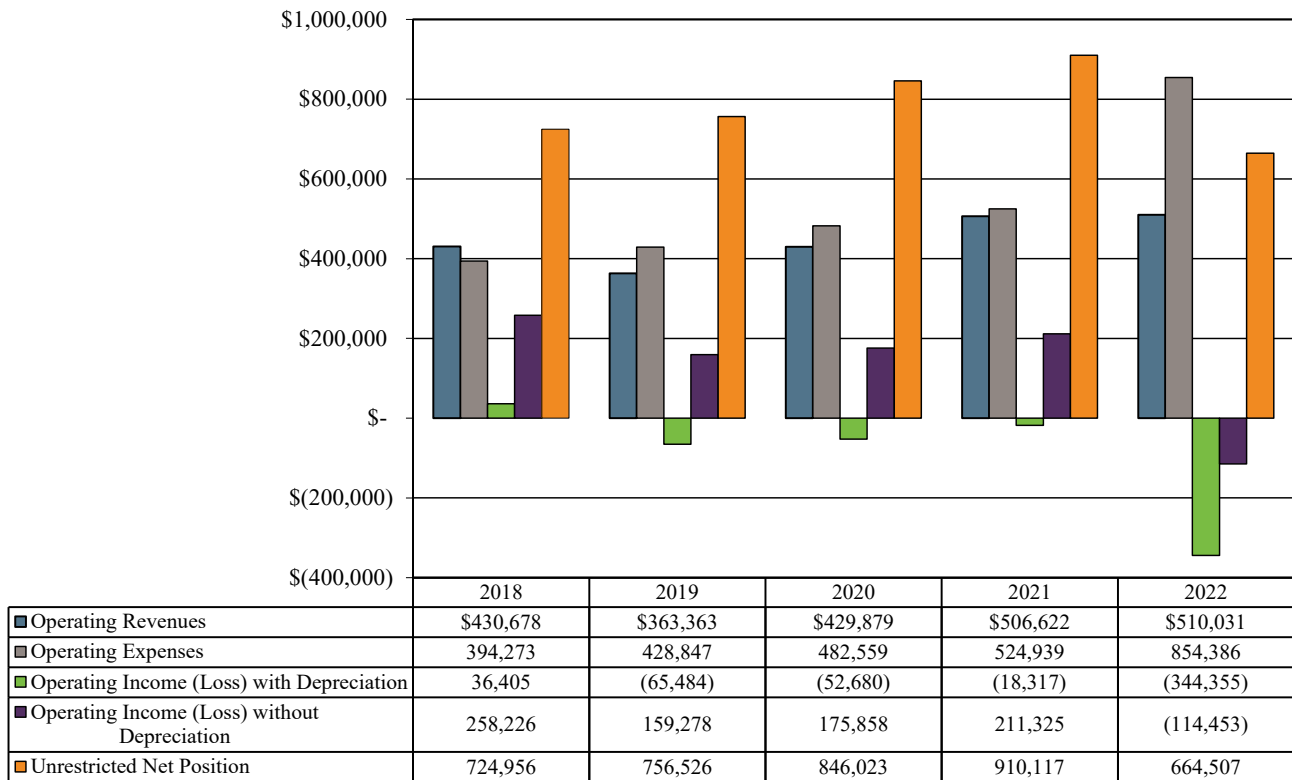


## City of Dundas Financial Analysis

### Water Utility Fund

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

#### Water Utility Fund

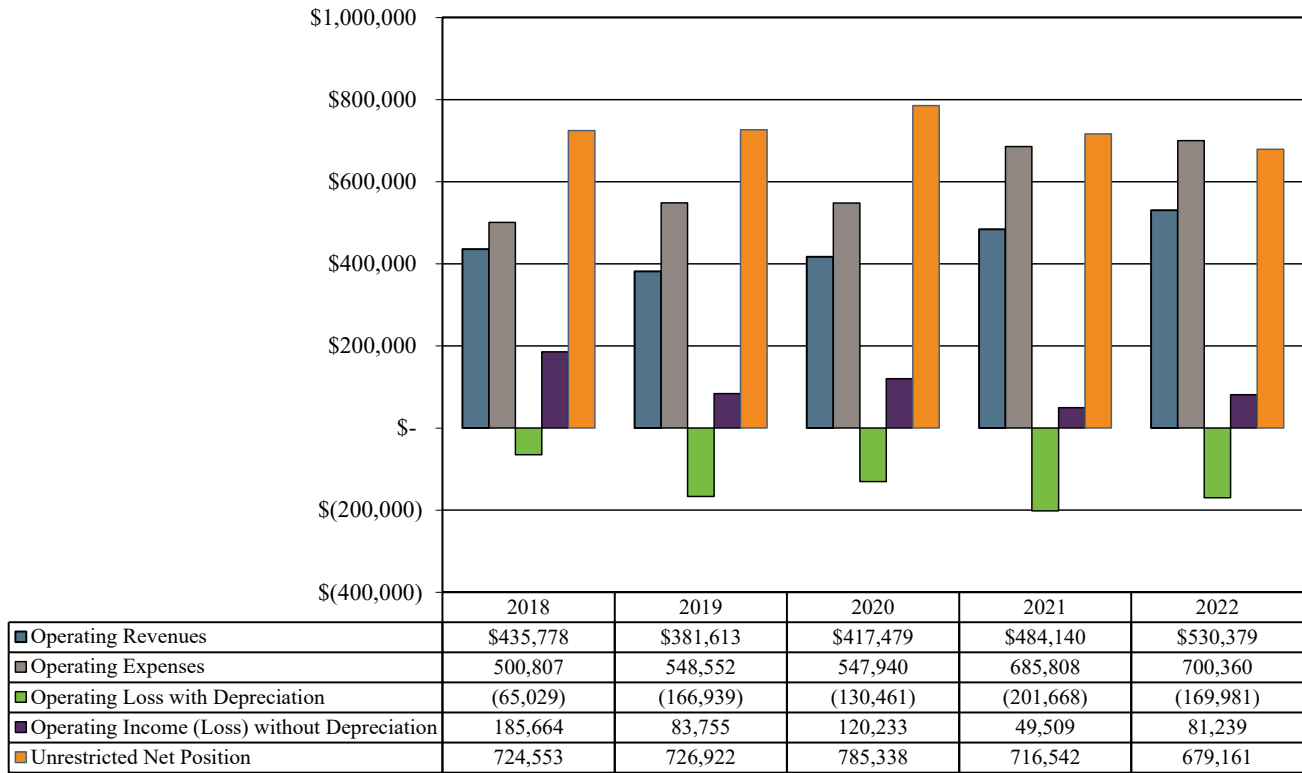


In 2022, operating revenues increased \$3,409 while operating expenses increased \$329,447 from 2021 to 2022. The large increase in expenditures was due to increases in water meter supplies, repairs and maintenance, and other related expenses. The result of 2022 activity was an operating loss without depreciation of \$114,453. Unrestricted net position decreased \$245,610 from 2021 to 2022.

**City of Dundas  
Financial Analysis**

**Sewer Utility Fund**

**Sewer Utility Fund**

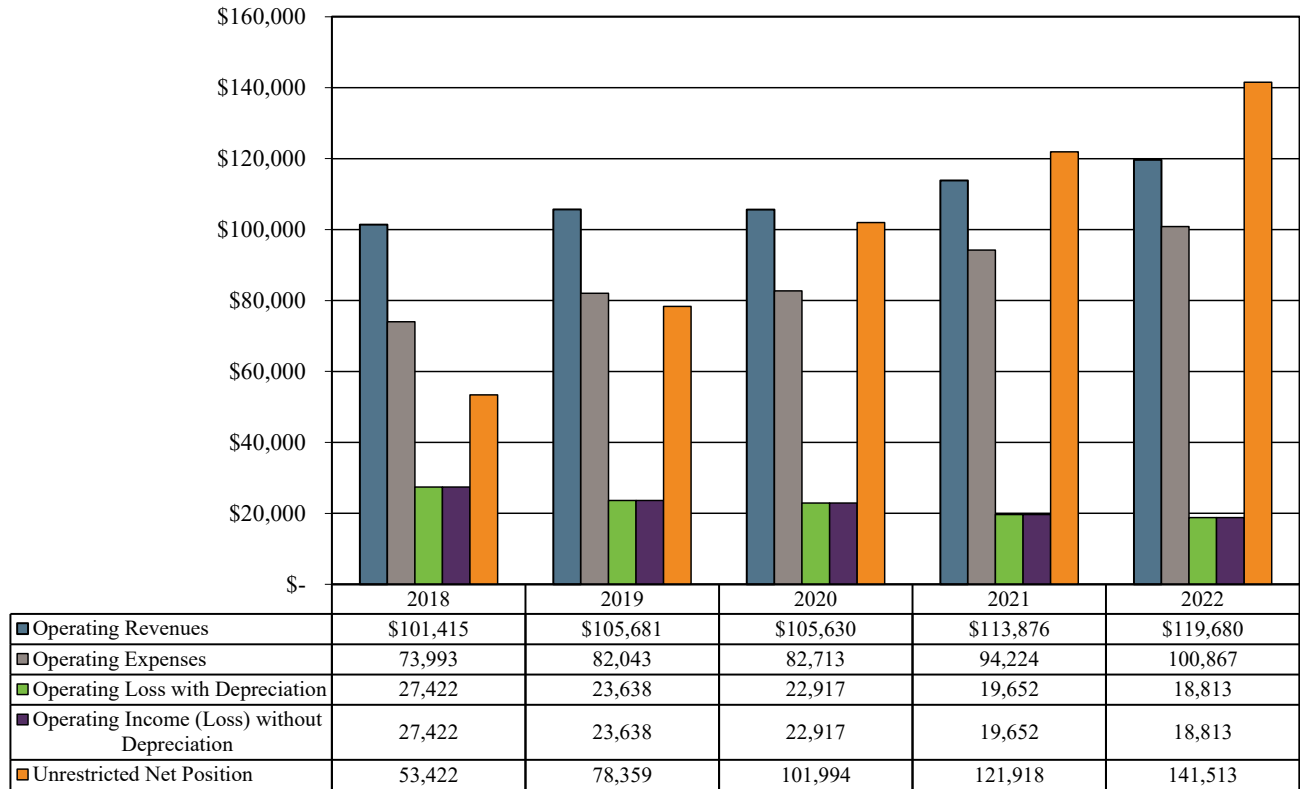


In 2022, operating revenues increased \$46,239 due to increases in rates, customers, and usage. Operating expenses increased \$14,552 from 2021 to 2022 with more costs for salaries, benefits, and repairs and maintenance in 2022. The result of 2022 activity was operating income, without depreciation, of \$81,239. Unrestricted net position decreased \$37,381 from 2021 to 2022.

**City of Dundas  
Financial Analysis**

**Refuse Utility Fund**

**Refuse Utility Fund**



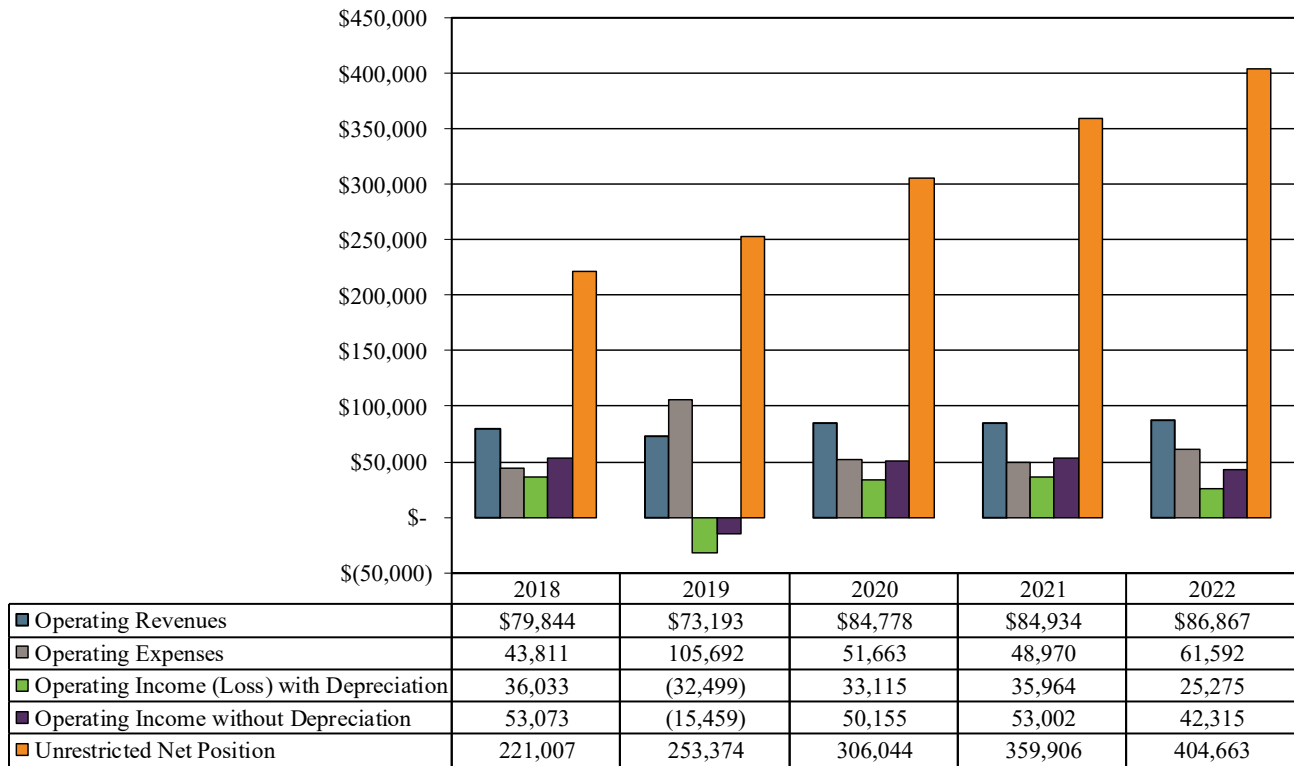
Refuse utility operating revenues increased \$5,804 while expenses increased \$6,643 from 2021 to 2022. Revenue increased with added customers while expenses increased based on higher garbage disposal costs. The result of 2022 activity was operating income of \$18,813. Unrestricted net position increased \$19,595 from 2021 to 2022.



**City of Dundas  
Financial Analysis**

**Storm Water Utility Fund**

**Storm Water Utility Fund**



In 2022, operating revenues increased \$1,933 while expenses increased \$12,622. Expenditures increased with higher pension expense, engineering fees, and maintenance costs. The result of 2022 activity was operating income, without depreciation, of \$42,315. Unrestricted net position increased \$44,757 from 2021 to 2022.

## **City of Dundas Emerging Issues**

### **Executive Summary**

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

- **Accounting Standard Update – GASB Statement No. 96 – Subscription-Based Information Technology Arrangements**  
GASB has issued GASB Statement No. 96 relating to accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.
- **Accounting Standard Update – GASB Statement No. 100 – Accounting Changes and Error Corrections**  
GASB has issued GASB Statement No. 100 relating to accounting and financial reporting for accounting changes and error corrections. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability.
- **Accounting Standard Update – GASB Statement No. 101 – Compensated Absences**  
GASB has issued GASB Statement No. 101 relating to accounting and financial reporting for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

### **Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

**City of Dundas  
Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, – which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

**City of Dundas  
Emerging Issues**

**Accounting Standard Update – GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (Continued)***

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

GASB Statement No. 96 is effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

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

**Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62***

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

## **City of Dundas Emerging Issues**

### **Accounting Standard Update – GASB Statement No. 100 – *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 (Continued)***

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB Statement No. 100 is effective for reporting periods beginning after June 15, 2023. Earlier application is encouraged.

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

### **Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences***

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

**City of Dundas**  
**Emerging Issues**

**Accounting Standard Update – GASB Statement No. 101 – *Compensated Absences* (Continued)**

This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 101 is effective for reporting periods beginning after December 15, 2023. Earlier application is encouraged.

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

**City of Dundas  
Rice County, Minnesota**

**Financial Statements**

**December 31, 2022**

**City of Dundas  
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**City of Dundas  
Elected Officials and Administration  
December 31, 2022**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Glenn Switzer	Mayor	December 31, 2022
Larry Fowler	Council Member	December 31, 2022
Luke Swartwood	Council Member	December 31, 2024
Luke La Croix	Council Member	December 31, 2024
Grant Modory	Council Member	December 31, 2022
<u>Administration</u>		
Jenelle Teppen	City Administrator	
Abdo Financial Solutions, LLC	Consulting Finance Manager	

## Independent Auditor's Report

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

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

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundas, as of and for the year ended December 31, 2022, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundas, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter – Implementation of GASB 87**

The City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

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

## **Responsibilities of Management for the Financial Statements (Continued)**

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

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

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2023, on our consideration of the City'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 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's internal control over financial reporting and compliance.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
March 13, 2023

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

As management of the City of Dundas, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,824,541 (net position). Of this amount, \$3,124,317 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- There was a decrease in the City's total net position of \$482,675. The decrease is attributable to the governmental activities and business-type activities, decreasing net position by \$52,464 and decreasing net position by \$430,211, respectively. The main contributor to the decrease was a decrease in Water Fund for the purchase of water meters and a decrease in Sewer Fund to increased repairs and maintenance.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,606,008, a decrease of \$307,806 in comparison with the prior year. Approximately 51.4% of this total amount, \$826,189, is unassigned and available for spending at the City's discretion. An additional 11.1% of this total amount, \$178,634, is restricted for specific purposes. An additional 35.9% of this amount, \$576,236, is assigned by management to show the intent of the funds but is also available for spending at the City's discretion. The remaining 1.6% of this amount, \$24,949, is nonspendable for prepaid items.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$826,189, which is 55.8% of total General Fund expenditures or 56.9% of next year's General Fund budget.
- The City's total debt decreased \$514,576 during the current fiscal year. The decrease is due to regular bond payments made throughout the year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

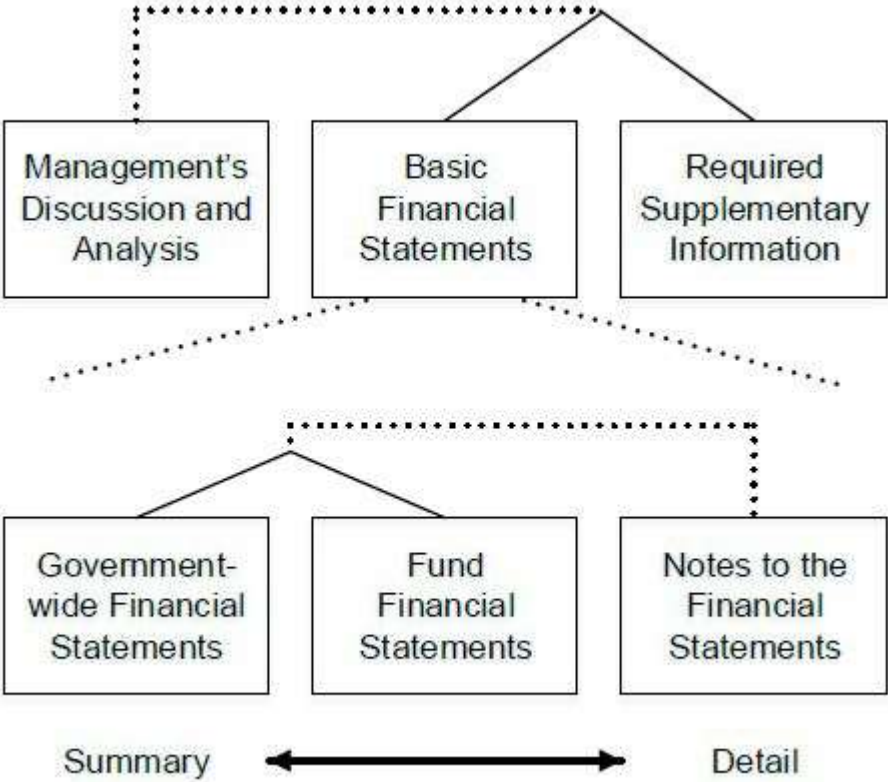


Figure 2 on the following page, summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	Activities the City operates similar to private businesses, such as the water and sewer system	Instances in which the City administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Net Position</li> <li>• Statements of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of deferred outflows/ inflows of resources information	All deferred outflows/ inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/ inflows of resources, regardless of when cash is received or paid	All deferred outflows/ inflows of resources, regardless of when cash is received or paid
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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



## City of Dundas Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Government-wide Financial Statements (Continued).** The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements start on page 20 of this report.

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

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

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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Governmental Funds (Continued).** The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General and Capital Improvements funds, both 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 or schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 22 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds. The Water Utility, Sewer Utility, Refuse Utility and Storm Water Utility funds are considered to be major enterprise funds.

The basic proprietary fund financial statements start on page 27 of this report.

**Fiduciary Funds.** Fiduciary funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial fund is used to account for assets that the City holds for others in an agency capacity.

The basic fiduciary fund financial statement can be found on page 32 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 33 of this report.

## City of Dundas Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

**Required Supplementary Information.** Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 5 and the Schedules of City's Proportionate Share of Net Pension Liability, the Schedules of City Contributions and the notes to the Required Supplementary Information starting on page 62 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.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining fund financial statements and schedules start on page 72 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,824,541 at the close of the most recent fiscal year.

The largest part of the City's net position (74.6%) is the investment in capital assets. The investment in capital assets (e.g., land, buildings, machinery, and equipment) is reduced by any related debt used to acquire those assets that is still outstanding to arrive at capital assets net of related debt. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

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

**City of Dundas' Summary of Net Position**

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 2,034,871	\$ 2,343,022	\$ (308,151)	\$ 2,350,740	\$ 2,379,806	\$ (29,066)
Capital assets	6,331,255	6,254,887	76,368	8,521,437	9,019,599	(498,162)
Total assets	<u>8,366,126</u>	<u>8,597,909</u>	<u>(231,783)</u>	<u>10,872,177</u>	<u>11,399,405</u>	<u>(527,228)</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows of resources related to pensions	468,433	310,862	157,571	61,598	61,575	23
<b>Liabilities</b>						
Noncurrent liabilities outstanding	4,084,046	3,723,909	360,137	1,794,861	1,991,068	(196,207)
Other liabilities	391,221	391,705	(484)	625,642	466,070	159,572
Total liabilities	<u>4,475,267</u>	<u>4,115,614</u>	<u>359,653</u>	<u>2,420,503</u>	<u>2,457,138</u>	<u>(36,635)</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows of resources related to pensions	45,300	426,701	(381,401)	2,723	63,082	(60,359)
<b>Net Position</b>						
Net investment in capital assets	2,941,255	2,640,895	300,360	6,620,705	6,832,277	(211,572)
Restricted for other purposes	49,000	8,401	40,599	-	-	-
Restricted for debt service	89,264	71,165	18,099	-	-	-
Unrestricted	1,234,473	1,645,995	(411,522)	1,889,844	2,108,483	(218,639)
Total net position	<u>\$ 4,313,992</u>	<u>\$ 4,366,456</u>	<u>\$ (52,464)</u>	<u>\$ 8,510,549</u>	<u>\$ 8,940,760</u>	<u>\$ (430,211)</u>

An additional portion of the City's net position (1.07%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,124,317) may be used to meet the City's ongoing obligations to citizens and creditors.

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

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

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

**Governmental Activities.** Governmental activities decreased the City's net position by \$52,464. Key elements of the changes are as follows:

**City of Dundas' Changes in Net Position**

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 227,519	\$ 170,602	\$ 56,917	\$ 1,328,386	\$ 1,298,223	\$ 30,163
Operating grants and contributions	27,312	60,286	(32,974)	-	79	(79)
Capital grants and contributions	174	2,000	(1,826)	-	-	-
General Revenues						
Taxes	1,405,047	1,255,198	149,849	-	-	-
Intergovernmental revenues not restricted to specific programs	181,087	179,017	2,070	-	-	-
Interest and investment income	7,186	302	6,884	13,199	5,542	7,657
Miscellaneous	4,594	73,751	-	-	-	-
Gain (loss) on sale of capital assets	-	69,723	-	-	(10,054)	10,054
Total revenues	1,852,919	1,810,879	180,920	1,341,585	1,293,790	47,795
Expenses						
General government	715,936	645,154	70,782	-	-	-
Public safety	865,879	463,334	402,545	-	-	-
Public works	112,166	279,143	(166,977)	-	-	-
Culture and recreation	98,984	100,001	(1,017)	-	-	-
Economic development	16,548	9,153	7,395	-	-	-
Interest and fiscal charges	95,870	103,794	(7,924)	-	-	-
Water	-	-	-	880,390	555,501	324,889
Sewer	-	-	-	728,947	716,477	12,470
Refuse	-	-	-	100,867	94,224	6,643
Storm sewer	-	-	-	61,592	48,970	12,622
Total expenses	1,905,383	1,600,579	304,804	1,771,796	1,415,172	356,624
Change in Net Position	(52,464)	210,300	(262,764)	(430,211)	(121,382)	(308,829)
Net Position, January 1	4,366,456	4,156,156	210,300	8,940,760	9,062,142	(121,382)
Net Position, December 31	\$ 4,313,992	\$ 4,366,456	\$ (52,464)	\$ 8,510,549	\$ 8,940,760	\$ (430,211)

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

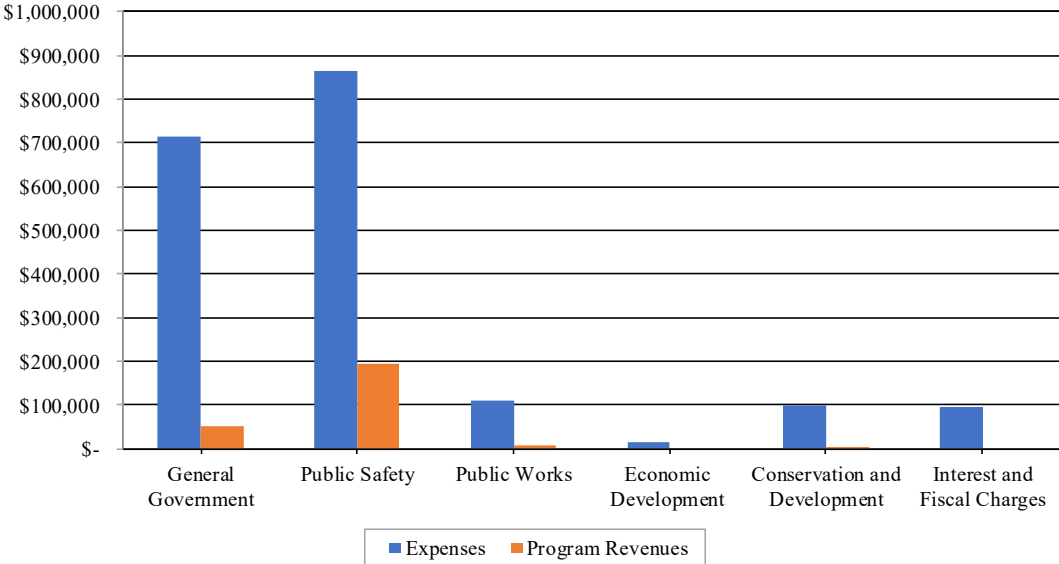
**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Governmental Activities (Continued).**

There were decreases in miscellaneous and gain (loss) on sale of capital assets that outpaced the increases in operating expenses in the governmental funds, resulting in a decrease in the net position. Increases in charges for service in the business-type activities were offset by increases in operating expenses. Notably, there was an increase in tax revenue due to an increase in taxes levied by the City. Expenses increased in the governmental activities, except for public works and increased in the business type activities.

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

**Expenses and Program Revenues - Governmental Activities**

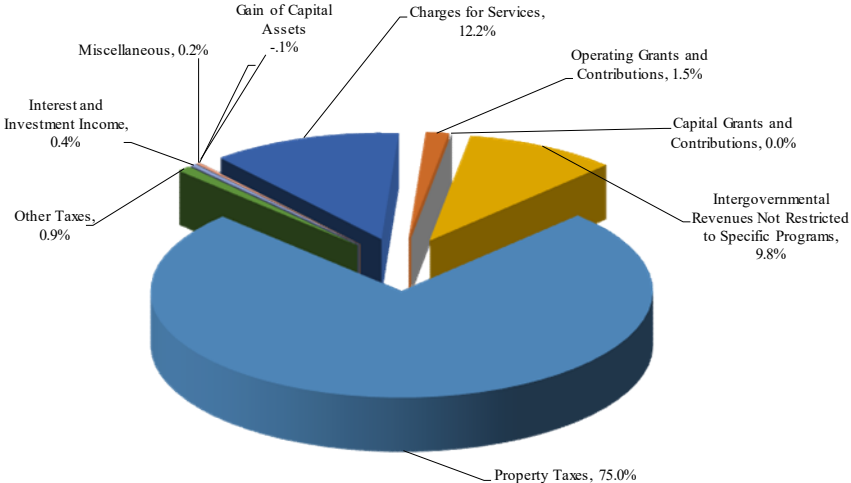


**City of Dundas  
Management's Discussion and Analysis**

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

**Governmental Activities (Continued).**

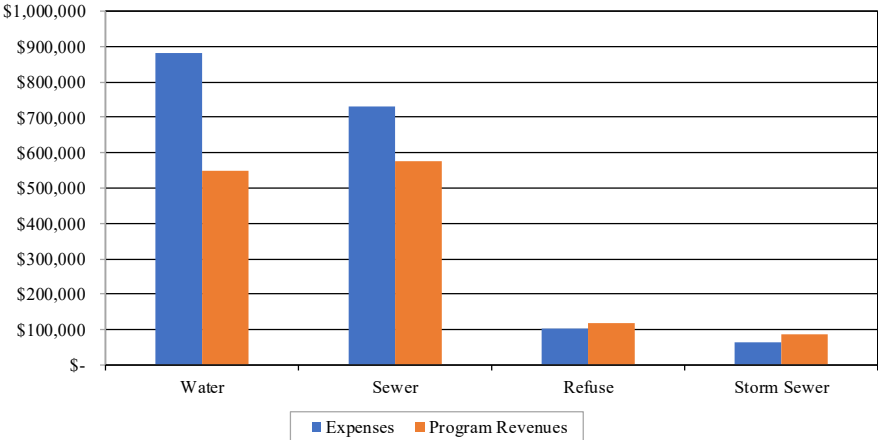
**Revenues by Source - Governmental Activities**



**Business-type Activities.** Business-type activities decreased the City's net position by \$430,211.

- Operating loss in the Water Utility fund of \$332,220, and in the Sewer Fund of \$155,278, accounts for most of the decrease. The offsetting increase is due to Refuse of \$18,813 and Storm Sewer of \$25,275.

**Expenses and Program Revenues - Business-type Activities**

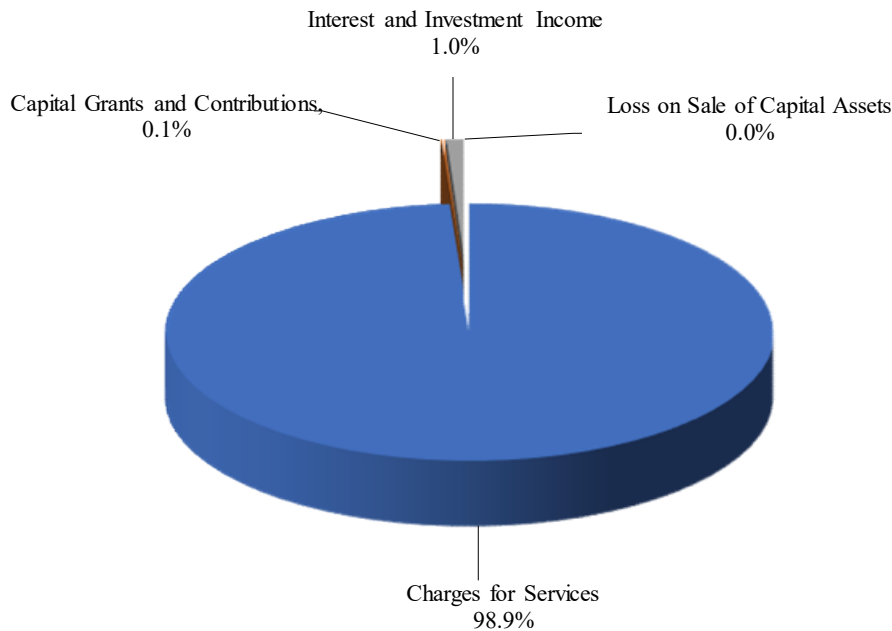


**City of Dundas  
Management's Discussion and Analysis**

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

**Business-type Activities (Continued).**

**Revenues by Source - Business-type Activities**



**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

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

The *General Fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General Fund was \$851,138. The City's General Fund balance increased \$79,898 during the current fiscal year. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total budgeted expenditures. Total unassigned fund balance represents 55.8% of total 2022 expenditures.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.



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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's General Fund budget was not amended during the year. The budget was balanced for 2022. Fund balance increased \$79,898 from the prior year.

Overall revenues were over budget by \$58,402. The most significant positive revenue variance was from licenses and permits which was \$46,645 over budget. The most significant negative revenue variance was from investment income which were less than budget by \$16,707.

Overall expenditures were over budget by \$116,170. The most significant positive expenditure variance was from Public Safety which was \$45,156 under budget. The most significant negative expenditure variance was from the cultural and recreational program which was more than budget by \$81,231. This was due to the expenses from the hailstorm for the roof damages.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2022, amounts to \$14,852,692 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, land improvements, and infrastructure.

Additional information on the City's capital assets can be found in Note 5 starts on page 46 of this report.

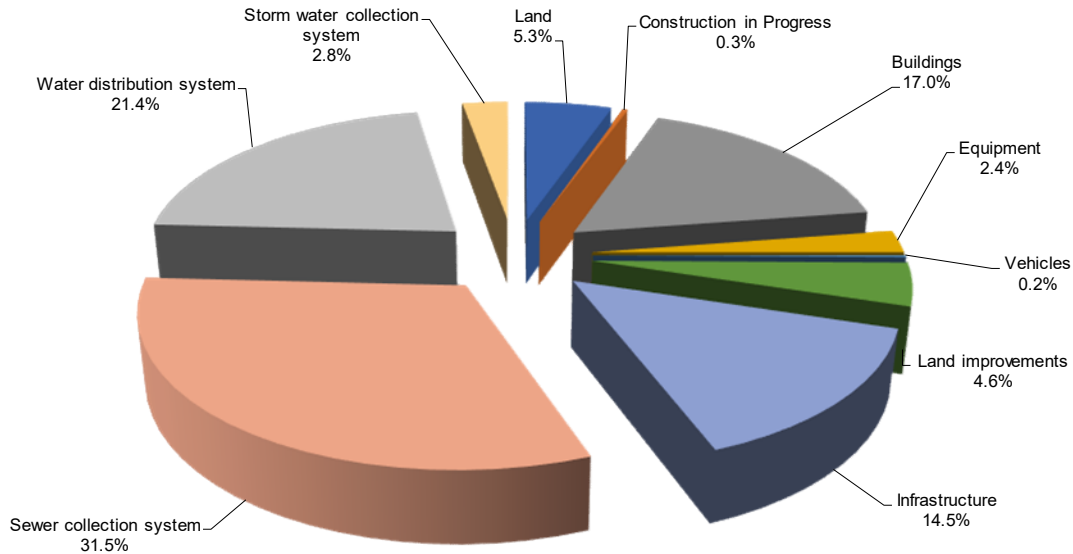
**City of Dundas' Capital Assets  
(Net of Depreciation)**

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 558,674	\$ 558,674	\$ -	\$ 223,396	\$ 223,396	\$ -
Construction in Progress	40,715	-	40,715	-	-	-
Buildings	2,525,427	2,619,856	(94,429)	-	-	-
Equipment	347,646	141,447	206,199	7,963	20,263	(12,300)
Vehicles	33,250	45,637	(12,387)	-	-	-
Land improvements	677,948	588,492	89,456	-	-	-
Infrastructure	2,147,595	2,300,781	(153,186)	-	-	-
Sewer collection system	-	-	-	4,703,324	4,951,762	(248,438)
Water distribution system	-	-	-	3,177,792	3,398,176	(220,384)
Storm water collection system	-	-	-	408,962	426,002	(17,040)
<b>Total</b>	<b>\$ 6,331,255</b>	<b>\$ 6,254,887</b>	<b>\$ 76,368</b>	<b>\$ 8,521,437</b>	<b>\$ 9,019,599</b>	<b>\$ (498,162)</b>

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

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

**Capital Assets (Continued).**



**Long-term Debt.** At the end of the current fiscal year, the City had total debt outstanding of \$5,344,270. While all of the City's bonds have revenue streams, they are also backed by the full faith and credit of the City.

**City of Dundas' Outstanding Debt**

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Improvement Bonds	\$ 3,390,000	\$ 3,590,000	\$ (200,000)	\$ -	\$ -	\$ -
General Obligation Revenue Bonds	-	-	-	1,905,000	2,190,000	(285,000)
Other long term debt	-	23,992	(23,992)	-	-	-
Bond discounts	(14,598)	(15,984)	1,386	(6,929)	(9,099)	2,170
Bond premium	68,137	73,516	(5,379)	2,660	6,421	(3,761)
<b>Total</b>	<u>\$ 3,443,539</u>	<u>\$ 3,671,524</u>	<u>\$ (227,985)</u>	<u>\$ 1,900,731</u>	<u>\$ 2,187,322</u>	<u>\$ (286,591)</u>

The City's total debt decreased during the current fiscal year.

Additional information on the City's long-term debt can be found in Note 5 starting on page 48 of this report.

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

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

The City of Dundas has a comprehensive budgeting process which includes review by department heads and the City Council. The City considers factors such as state aid, county aid, and fees when reviewing revenues. Expenses are monitored based on any potential staffing or equipment needs and changes in resources such as fuel. The City Council also strives to increase and diversify the tax base.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Dundas, 100 Railway Street North, Post Office Box 70, Dundas, Minnesota, 55019.

## **BASIC FINANCIAL STATEMENTS**

**City of Dundas**  
**Statement of Net Position**  
**December 31, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (including cash equivalents)	\$ 1,654,588	\$ 2,222,484	\$ 3,877,072
Receivables			
Accounts	21,287	90,731	112,018
Interest	131	-	131
Delinquent property taxes	10,590	-	10,590
Delinquent special assessments	40	1,760	1,800
Deferred special assessments	27,363	28,004	55,367
Due from other governments	4,545	-	4,545
Prepaid items	24,949	7,761	32,710
Equity interest in joint venture	291,378	-	291,378
Capital assets (net of accumulated depreciation)			
Capital assets not being depreciated	599,389	223,396	822,785
Capital assets being depreciated	5,731,866	8,298,041	14,029,907
Total assets	<u>8,366,126</u>	<u>10,872,177</u>	<u>19,238,303</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources related to pensions	468,433	61,598	530,031
Total assets and deferred outflows of resources	<u>\$ 8,834,559</u>	<u>\$ 10,933,775</u>	<u>\$ 19,768,334</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable	\$ 30,203	\$ 72,345	\$ 102,548
Contracts payable	2,143	-	2,143
Due to other governments	5,388	39,192	44,580
Salaries and benefits payable	10,288	4,107	14,395
Deposits payable	51,471	-	51,471
Unearned revenue	-	179,879	179,879
Interest payable	40,370	15,213	55,583
Current portion of compensated absences	46,358	24,906	71,264
Noncurrent portion of compensated absences	69,538	37,359	106,897
Current portion of long-term debt	205,000	290,000	495,000
Noncurrent portion of long-term debt	3,238,539	1,610,732	4,849,271
Net pension liability	775,969	146,770	922,739
Total liabilities	<u>4,475,267</u>	<u>2,420,503</u>	<u>6,895,770</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources related to pensions	45,300	2,723	48,023
<b>Net Position</b>			
Net investment in capital assets	2,941,255	6,620,705	9,561,960
Restricted for debt service	89,264	-	89,264
Restricted for other purposes	49,000	-	49,000
Unrestricted	1,234,473	1,889,844	3,124,317
Total net position	<u>4,313,992</u>	<u>8,510,549</u>	<u>12,824,541</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,834,559</u>	<u>\$ 10,933,775</u>	<u>\$ 19,768,334</u>

**City of Dundas**  
**Statement of Activities**  
**Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Governmental activities</b>							
General government	\$ 715,936	\$ 51,570	\$ -	\$ -	\$ (664,366)	\$ -	\$ (664,366)
Public safety	865,879	165,844	27,312	-	(672,723)	-	(672,723)
Public works	112,166	8,280	-	-	(103,886)	-	(103,886)
Cultural and recreation	98,984	1,825	-	174	(96,985)	-	(96,985)
Economic development	16,548	-	-	-	(16,548)	-	(16,548)
Interest and fiscal charges	95,870	-	-	-	(95,870)	-	(95,870)
<b>Total governmental activities</b>	<b>1,905,383</b>	<b>227,519</b>	<b>27,312</b>	<b>174</b>	<b>(1,650,378)</b>	<b>-</b>	<b>(1,650,378)</b>
<b>Business-type activities</b>							
Water	880,390	548,170	-	-	-	(332,220)	(332,220)
Sewer	728,947	573,669	-	-	-	(155,278)	(155,278)
Refuse	100,867	119,680	-	-	-	18,813	18,813
Storm sewer	61,592	86,867	-	-	-	25,275	25,275
<b>Total business-type activities</b>	<b>1,771,796</b>	<b>1,328,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(443,410)</b>	<b>(443,410)</b>
<b>Total governmental and business-type activities</b>	<b>\$ 3,677,179</b>	<b>\$ 1,555,905</b>	<b>\$ 27,312</b>	<b>\$ 174</b>	<b>(1,650,378)</b>	<b>(443,410)</b>	<b>(2,093,788)</b>
<b>General revenues</b>							
Property taxes					1,072,185	-	1,072,185
Property taxes levied for debt service					316,981	-	316,981
Franchise taxes					15,881	-	15,881
Intergovernmental revenues not restricted to specific programs					181,087	-	181,087
Interest and investment income					7,186	13,199	20,385
Miscellaneous					6,009	-	6,009
Net income (loss) from joint ventures					(1,415)	-	(1,415)
<b>Total general revenues</b>					<b>1,597,914</b>	<b>13,199</b>	<b>1,611,113</b>
Change in net position					(52,464)	(430,211)	(482,675)
Net position - beginning					4,366,456	8,940,760	13,307,216
Net position - ending					<b>\$ 4,313,992</b>	<b>\$ 8,510,549</b>	<b>\$ 12,824,541</b>

See notes to basic financial statements.

**City of Dundas**  
**Balance Sheet - Governmental Funds**  
**December 31, 2022**

	General Fund (101)	Capital Projects		Total Governmental Funds
		Public Works Capital Outlay Fund (410)	Nonmajor Governmental Funds	
<b>Assets</b>				
Cash and investments	\$ 896,787	\$ 133,756	\$ 624,045	\$ 1,654,588
Receivables				
Accounts	5,010	-	16,277	21,287
Interest	131	-	-	131
Delinquent property taxes	10,590	-	-	10,590
Delinquent special assessments	40	-	-	40
Deferred special assessments	27,363	-	-	27,363
Due from other governments	4,513	-	32	4,545
Prepaid items	24,949	-	-	24,949
Total assets	<u>\$ 969,383</u>	<u>\$ 133,756</u>	<u>\$ 640,354</u>	<u>\$ 1,743,493</u>
<b>Liabilities</b>				
Accounts payable	\$ 21,793	\$ -	\$ 8,410	\$ 30,203
Contracts payable	-	-	2,143	2,143
Due to other governments	5,388	-	-	5,388
Salaries and benefits payable	10,072	-	216	10,288
Deposits payable	43,000	-	8,471	51,471
Total liabilities	<u>80,253</u>	<u>-</u>	<u>19,240</u>	<u>99,493</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - property taxes	10,589	-	-	10,589
Unavailable revenue - special assessments	27,403	-	-	27,403
Total deferred inflows of resources	<u>37,992</u>	<u>-</u>	<u>-</u>	<u>37,992</u>
<b>Fund Balances</b>				
Nonspendable	24,949	-	-	24,949
Restricted	-	-	178,634	178,634
Assigned	-	133,756	442,480	576,236
Unassigned	826,189	-	-	826,189
Total fund balances	<u>851,138</u>	<u>133,756</u>	<u>621,114</u>	<u>1,606,008</u>
 Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 969,383</u>	<u>\$ 133,756</u>	<u>\$ 640,354</u>	<u>\$ 1,743,493</u>

**City of Dundas**  
**Reconciliation of the Balance Sheet to**  
**the Statement of Net Position - Governmental Funds**  
**December 31, 2022**

Total fund balances - governmental funds	\$ 1,606,008
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Capital assets	9,880,468
Less accumulated depreciation	(3,549,213)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Principal payable on bonds and note from direct borrowing	(3,390,000)
Unamortized bond premiums and discounts	(53,539)
Compensated absences payable	(115,896)
Net pension liability	(775,969)
Deferred outflows of resources and deferred Inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(45,300)
Deferred outflows of resources related to pensions	468,433
Governmental funds do not report an asset for equity interest in joint ventures.	291,378
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Property taxes	10,590
Special assessments	40
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred special assessments	27,362
Governmental funds do not report a liability for accrued interest until due and payable.	(40,370)
Total net position - governmental activities	\$ 4,313,992



**City of Dundas**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Governmental Funds**  
**Year Ended December 31, 2022**

	General Fund (101)	Capital Projects		Total Governmental Funds
		Public Works Capital Outlay Fund (410)	Nonmajor Governmental Funds	
<b>Revenues</b>				
Taxes	\$ 969,305	\$ 40,000	\$ 364,821	\$ 1,374,126
Licenses and permits	173,145	-	-	173,145
Intergovernmental	201,951	-	-	201,951
Charges for services	29,334	-	-	29,334
Fines and forfeitures	9,090	-	-	9,090
Miscellaneous				
Investment income	3,293	1,391	2,502	7,186
Other	35,467	-	19,250	54,717
Total revenues	<u>1,421,585</u>	<u>41,391</u>	<u>386,573</u>	<u>1,849,549</u>
<b>Expenditures</b>				
Current				
General government	461,481	-	-	461,481
Public safety	530,949	-	-	530,949
Public works	284,127	-	-	284,127
Cultural and recreation	170,281	-	-	170,281
Economic development	3,053	-	13,495	16,548
Debt service				
Principal	23,992	-	200,000	223,992
Interest	480	-	102,047	102,527
Capital outlay				
General government	4,663	-	-	4,663
Public safety	327	292,561	22,246	315,134
Cultural and recreation	-	-	185,319	185,319
Total expenditures	<u>1,479,353</u>	<u>292,561</u>	<u>523,107</u>	<u>2,295,021</u>
Excess of revenues over (under) expenditures	(57,768)	(251,170)	(136,534)	(445,472)
<b>Other Financing Sources (Uses)</b>				
Insurance proceeds	137,666	-	-	137,666
Transfers in	-	310,902	367,459	678,361
Transfers out	-	-	(678,361)	(678,361)
Total other financing sources (uses)	<u>137,666</u>	<u>310,902</u>	<u>(310,902)</u>	<u>137,666</u>
Net change in fund balances	79,898	59,732	(447,436)	(307,806)
<b>Fund Balances</b>				
Beginning of year	<u>771,240</u>	<u>74,024</u>	<u>1,068,550</u>	<u>1,913,814</u>
End of year	<u>\$ 851,138</u>	<u>\$ 133,756</u>	<u>\$ 621,114</u>	<u>\$ 1,606,008</u>

**City of Dundas**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to**  
**the Statement of Activities - Governmental Funds**  
**Year Ended December 31, 2022**

Net change in fund balances - total governmental funds: \$ (307,806)

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

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

Capital outlay	422,500
Depreciation expense	(346,132)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(46,099)
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Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective. Pension expense	(2,498)
--	---------

Governmental funds do not report income or loss in a joint venture.	(1,415)
---	---------

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.	223,992
--	---------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,664
--	-------

The governmental funds report the effect of bond premiums, discounts, and other similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Amortization of bond premiums and discounts	3,993
--	-------

Certain revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Deferred special assessments	2,547
--	-------

Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds. Delinquent property taxes	(4,210)
--	---------

Change in net position of governmental activities	\$ 85,202
---	-----------

**City of Dundas**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual	
<b>Revenues</b>			
Property taxes	\$ 972,274	\$ 969,305	\$ (2,969)
Licenses and permits	126,500	173,145	46,645
Intergovernmental	200,709	201,951	1,242
Charges for services	28,700	29,334	634
Fines and forfeitures	15,000	9,090	(5,910)
Miscellaneous			
Investment income	20,000	3,293	(16,707)
Other	-	35,467	35,467
Total revenues	<u>1,363,183</u>	<u>1,421,585</u>	<u>58,402</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	398,633	461,481	62,848
Public safety	576,105	530,949	(45,156)
Public works	267,920	284,127	16,207
Cultural and recreation	89,050	170,281	81,231
Economic development	-	3,053	3,053
<b>Debt service</b>			
Principal	23,995	23,992	(3)
Interest and other charges	480	480	-
<b>Capital outlay</b>			
General government	3,500	4,663	1,163
Public safety	3,500	327	(3,173)
Total expenditures	<u>1,363,183</u>	<u>1,479,353</u>	<u>116,170</u>
Excess of revenues over expenditures	-	(57,768)	(57,768)
<b>Other financing sources</b>			
Insurance proceeds	-	137,666	137,666
Net change in fund balance	<u>\$ -</u>	<u>79,898</u>	<u>\$ 79,898</u>
<b>Fund Balance</b>			
Beginning of year		<u>771,240</u>	
End of year		<u>\$ 851,138</u>	

**City of Dundas**  
**Statement of Net Position - Proprietary Funds**  
**December 31, 2022**

	Water Utility Fund (601)	Sewer Utility Fund (602)	Refuse Utility Fund (603)	Storm Water Utility Fund (225)	Total Proprietary Funds
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 768,290	\$ 903,521	\$ 133,513	\$ 417,160	\$ 2,222,484
Accounts receivable	32,769	42,410	12,491	3,061	90,731
Special assessment receivable					
Delinquent	333	287	93	1,047	1,760
Deferred	7,907	11,004	4,514	4,579	28,004
Prepaid items	4,869	2,859	-	33	7,761
Total current assets	<u>814,168</u>	<u>960,081</u>	<u>150,611</u>	<u>425,880</u>	<u>2,350,740</u>
Noncurrent assets					
Capital assets					
Land	147,273	76,123	-	-	223,396
Machinery and equipment	54,353	27,544	-	-	81,897
Infrastructure	7,542,344	9,542,531	-	670,060	17,754,935
Total capital assets	<u>7,743,970</u>	<u>9,646,198</u>	<u>-</u>	<u>670,060</u>	<u>18,060,228</u>
Less accumulated depreciation	<u>(4,417,744)</u>	<u>(4,859,949)</u>	<u>-</u>	<u>(261,098)</u>	<u>(9,538,791)</u>
Net capital assets	<u>3,326,226</u>	<u>4,786,249</u>	<u>-</u>	<u>408,962</u>	<u>8,521,437</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows of resources related to pension activity	<u>31,446</u>	<u>22,093</u>	<u>-</u>	<u>8,059</u>	<u>61,598</u>
Total assets and deferred outflows of resources	<u>\$ 4,171,840</u>	<u>\$ 5,768,423</u>	<u>\$ 150,611</u>	<u>\$ 842,901</u>	<u>\$ 10,933,775</u>
<b>Liabilities</b>					
Current liabilities					
Accounts payable	\$ 53,822	\$ 3,050	\$ 8,217	\$ 7,256	\$ 72,345
Due to other governments	1,449	36,862	881	-	39,192
Salaries and benefits payable	2,271	1,583	-	253	4,107
Interest payable	11,564	3,649	-	-	15,213
Unearned revenue	-	179,879	-	-	179,879
Current portion of compensated absences	14,274	9,748	-	884	24,906
Current portion of long-term debt	150,000	140,000	-	-	290,000
Total current liabilities	<u>233,380</u>	<u>374,771</u>	<u>9,098</u>	<u>8,393</u>	<u>625,642</u>
Noncurrent liabilities					
Noncurrent portion of compensated absences	21,410	14,623	-	1,326	37,359
Noncurrent portion of long-term debt	716,574	894,158	-	-	1,610,732
Net pension liability	74,927	52,642	-	19,201	146,770
Total noncurrent liabilities	<u>812,911</u>	<u>961,423</u>	<u>-</u>	<u>20,527</u>	<u>1,794,861</u>
Total liabilities	<u>1,046,291</u>	<u>1,336,194</u>	<u>9,098</u>	<u>28,920</u>	<u>2,420,503</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflows of resources related to pension activity	<u>1,390</u>	<u>977</u>	<u>-</u>	<u>356</u>	<u>2,723</u>
<b>Net Position</b>					
Net investment in capital assets	2,459,652	3,752,091	-	408,962	6,620,705
Unrestricted	664,507	679,161	141,513	404,663	1,889,844
Total net position	<u>3,124,159</u>	<u>4,431,252</u>	<u>141,513</u>	<u>813,625</u>	<u>8,510,549</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 4,171,840</u>	<u>\$ 5,768,423</u>	<u>\$ 150,611</u>	<u>\$ 842,901</u>	<u>\$ 10,933,775</u>

See notes to basic financial statements.

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**City of Dundas**  
**Statement of Revenues, Expenses, and Changes**  
**in Net Position - Proprietary Funds**  
**Year Ended December 31, 2022**

	Water Utility Fund (601)	Sewer Utility Fund (602)	Refuse Utility Fund (603)	Storm Water Utility Fund (225)	Total Proprietary Funds
Operating revenues					
Charges for services	\$ 453,832	\$ 526,551	\$ 119,680	\$ 86,867	\$ 1,186,930
Permits, hookup fees and penalties	-	3,828	-	-	3,828
Miscellaneous operating revenues	56,199	-	-	-	56,199
Total operating revenues	<u>510,031</u>	<u>530,379</u>	<u>119,680</u>	<u>86,867</u>	<u>1,246,957</u>
Operating expenses					
Administrative	54,789	36,491	-	13,952	105,232
Maintenance and operations	569,695	412,649	100,867	30,600	1,113,811
Depreciation	229,902	251,220	-	17,040	498,162
Total operating expenses	<u>854,386</u>	<u>700,360</u>	<u>100,867</u>	<u>61,592</u>	<u>1,717,205</u>
Operating income (loss)	(344,355)	(169,981)	18,813	25,275	(470,248)
Nonoperating revenues (expenses)					
Investment income	4,384	5,591	782	2,442	13,199
Refunds and reimbursements	1,749	-	-	-	1,749
Connection charges	36,390	43,290	-	-	79,680
Interest expense	(26,004)	(28,587)	-	-	(54,591)
Total nonoperating revenues (expenses)	<u>16,519</u>	<u>20,294</u>	<u>782</u>	<u>2,442</u>	<u>40,037</u>
Change in net position	(327,836)	(149,687)	19,595	27,717	(430,211)
Net position					
Beginning of year	<u>3,451,995</u>	<u>4,580,939</u>	<u>121,918</u>	<u>785,908</u>	<u>8,940,760</u>
End of year	<u>\$ 3,124,159</u>	<u>\$ 4,431,252</u>	<u>\$ 141,513</u>	<u>\$ 813,625</u>	<u>\$ 8,510,549</u>

**City of Dundas**  
**Statement of Cash Flows - Proprietary Funds**  
**Year Ended December 31, 2022**

	Water Utility Fund (601)	Sewer Utility Fund (602)
<b>Cash Flows - Operating Activities</b>		
Receipts from customers and users	\$ 508,793	\$ 438,853
Payments to suppliers	(474,099)	(378,341)
Payments to employees	(78,003)	(58,418)
Net cash flows - operating activities	(43,309)	2,094
<b>Cash Flows - Noncapital Financing Activities</b>		
Refunds and reimbursements	1,749	-
<b>Cash Flows - Capital and Related Financing Activities</b>		
Principal paid on debt	(145,000)	(140,000)
Interest paid on debt	(30,555)	(27,775)
Special assessments	(143)	(778)
Connection charges	36,390	43,290
Intergovernmental revenue	-	179,879
Net cash flows - capital and related financing activities	(139,308)	54,616
<b>Cash Flows - Investing Activities</b>		
Interest and dividends received	4,384	5,591
Net change in cash and cash equivalents	(176,484)	62,301
<b>Cash and Cash Equivalents</b>		
January 1	944,774	841,220
December 31	\$ 768,290	\$ 903,521
<b>Reconciliation of Operating Gain (Loss) to Net Cash Flows - Operating Activities</b>		
Operating income (loss)	\$ (344,355)	\$ (169,981)
Adjustments to reconcile operating gain (loss) to net cash flows		
Operating activities:		
Depreciation expense	229,902	251,220
Pension related activity	8,362	5,802
Accounts receivable	(1,238)	(1,587)
Unearned revenue	-	(89,939)
Prepaid items	(1,220)	(886)
Accounts payable	49,923	1,401
Due to other governmental units	422	(4,050)
Salaries payable	956	653
Compensated absences payable	13,939	9,461
Total adjustments	301,046	172,075
Net cash flows - operating activities	\$ (43,309)	\$ 2,094

Refuse Utility Fund (603)	Storm Water Utility Fund	Total Proprietary Funds
\$ 117,998	\$ 86,390	\$ 1,152,034
(100,187)	(13,477)	(966,104)
-	(16,875)	(153,296)
<u>17,811</u>	<u>56,038</u>	<u>32,634</u>
-	-	1,749
-	-	(285,000)
-	2,442	(55,888)
(150)	(2,047)	(3,118)
-	-	79,680
-	-	179,879
<u>(150)</u>	<u>395</u>	<u>(84,447)</u>
782	-	10,757
18,443	56,433	(39,307)
<u>115,070</u>	<u>360,727</u>	<u>2,261,791</u>
<u>\$ 133,513</u>	<u>\$ 417,160</u>	<u>\$ 2,222,484</u>
\$ 18,813	\$ 25,275	\$ (470,248)
-	17,040	498,162
-	6,378	20,542
(1,682)	(477)	(4,984)
-	-	(89,939)
-	(33)	(2,139)
643	7,100	59,067
37	-	(3,591)
-	57	1,666
-	698	24,098
<u>(1,002)</u>	<u>30,763</u>	<u>502,882</u>
<u>\$ 17,811</u>	<u>\$ 56,038</u>	<u>\$ 32,634</u>



**City of Dundas  
Statement of Fiduciary Net Position  
December 31, 2022**

	Custodial Fund
	Dundas Baseball Association Activity Fund (801)
<b>Assets</b>	
Accounts receivable	\$ -
<b>Net Position</b>	
Restricted net position	\$ -

**Statement of Changes in Fiduciary Net Position  
Year Ended December 31, 2022**

	Dundas Baseball Association Activity Fund (801)
<b>Additions</b>	
Refunds and reimbursements	\$ 5,319
<b>Deductions</b>	
Program expenditures	13,336
Change in net position	(8,017)
<b>Net Position</b>	
Beginning of year	8,017
End of year	\$ -

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

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

**A. Reporting Entity**

The City of Dundas (the "City") is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

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

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

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

For each of the categories above, the specific entities are identified as follows:

**Joint Ventures and Jointly Governed Organizations**

**The Northfield Area Fire and Rescue Service**

The City has a joint powers agreement with the City of Northfield and the Northfield Rural Fire Protection District for fire protection, suppression, prevention, technical rescue and non-transport emergency medical services. The Northfield Area Fire and Rescue Service Joint Powers Board is a legal entity separate from the City. A funding percentage of 5.85% is provided by the City of Dundas for the Northfield Area Fire and Rescue Service for the 2021 year, and an equity interest in the same percentage is reported on the City's financial statements.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The fiduciary funds are only reported in the statement of fiduciary net position and the statement of changes in fiduciary net position at the fund financial statement level. 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.

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

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

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

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

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Aggregate information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements.

Custodial Funds are presented in the fiduciary fund financial statements. Since, by definition, these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the City, these Funds are not incorporated into the government-wide 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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue. On the modified accrual basis, receivables that will not be collected within the available period have been reported as deferred inflow of resources.

**Description of Funds:**

Major Governmental Funds:

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

Public Works Capital Outlay Fund – This fund is a capital project fund type and accounts for capital improvements to the City related to the Public Works department.

Proprietary Funds:

Water Utility Fund – This fund is used to account for the activities related to the operation of the water distribution system.

Sewer Utility Fund – This fund is used to account for the activities related to the operation of the sanitary sewer collection and treatment system.

Refuse Utility Fund – This fund is used to account for the activities related to the operation of the refuse utility system.

Storm Water Utility Fund – This fund is used to account for the activities related to the operation of the storm water utility system.

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

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

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

**Description of Funds: (Continued)**

Fiduciary Fund:

Dundas Baseball Association Activity Fund – This fund accounts for the amounts related to this program held by the City in a strictly custodial capacity.

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

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

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

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

**1. Deposits and Investments**

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

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

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

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

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

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

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

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

**2. Property Taxes**

The City Council annually adopts a tax levy and certifies it to Rice County (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. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Rice County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

The City recognizes property tax revenue in the period for which the taxes were levied. 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.

**3. Special Assessments**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with *Minnesota Statutes*. These assessments are collectible by the City over a term usually consistent with the terms 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.

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

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

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

**3. Special Assessments (Continued)**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with *Minnesota Statutes*. These assessments are collectible by the City over a term usually consistent with the terms 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.

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 *Minnesota 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.

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council.

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. All remaining delinquent and deferred assessments receivable in governmental funds are offset by deferred inflows of resources. In the proprietary funds all special assessment receivables are shown as revenue in the year they are recorded.

**4. Prepaid Items**

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

**5. Capital Assets**

Capital assets, which include land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, works of art and historical treasures acquired by the City for use in providing services to its citizens, 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 as noted on the table below and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

**5. Capital Assets (Continued)**

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.

<u>Assets</u>	<u>Threshold</u>
Land and land improvements	\$1 - 25,000
Buildings and improvements	25,000
Other improvements	25,000
Machinery and equipment	5,000
Vehicles	5,000
Infrastructure	50,000

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

<u>Assets</u>	<u>Years</u>
Building and improvements	10-40
Other improvements	10-40
Machinery and equipment	5-15
Vehicles	10-15
Infrastructure	20-50

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

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



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

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

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

**6. Deferred Outflows/Inflows of Resources (Continued)**

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

**7. Pensions**

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

**8. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay accumulates and vests and sick pay accumulates and vests with certain limitations. Upon retirement or death, one-half of an employee's sick leave, up to a maximum of 120 days, is paid to the retiree or the employee's spouse or estate, and one-half is used to pay for health and dental insurance.

Accumulated unpaid vacation and sick leave for employees is recorded as an expense and liability in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**9. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as an expense in the year the bond is issued. Bonds payable are reported net of the applicable bond premium or discount.

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

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

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

**9. Long-Term Obligations (Continued)**

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

**10. Fund Balance**

**a. Classification**

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

- **Nonspendable Fund Balances** – These are amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted Fund Balances** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balances** – These are amounts comprised of unrestricted funds used for a specific purpose pursuant to constraints imposed by formal action of the City Council and that remain binding unless removed by the City Council by subsequent formal action.
- **Assigned Fund Balances** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed and include all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed. The City Council has delegated authority to assign and remove fund balance assignments to the Finance Director.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

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

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

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

**10. Fund Balance (Continued)**

**b. Minimum Fund Balance**

The City's target General Fund balance is to maintain an unassigned fund balance of an amount not less than 55% of the next year's budgeted expenditures of the General Fund.

**11. Net Position**

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**12. Use of Estimates**

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

**13. Budgetary Information**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. Budgeted expenditure appropriations lapse at year-end. Financial controls for debt service funds are achieved through bond indenture provisions.

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

1. The City's Administrator submits to the City Council a proposed operating budget, which includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The preliminary property tax levy is legally enacted through passage of a resolution and certified to the County by September 15 of each year.
4. The final budget is legally adopted through the passage of a resolution by December 20 of each year.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. The City Council may authorize the transfer of budgeted amounts between funds.

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

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

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

**13. Budgetary Information (Continued)**

7. The legal level of budgetary control (i.e., the level at which expenditures may not exceed appropriations) is the fund level. For management purposes, budgetary control is maintained within the department level. Also, inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean it will be spent. The budget process is flexible in that, where the need has been properly demonstrated, the City Administrator can make an adjustment within the department budget. Therefore, there is a constant review process, and expenditures are not approved until it has been determined that 1) adequate funds were appropriated, 2) the expenditure is still necessary, and 3) funds are available.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

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

**A. Deposits**

**Custodial Credit Risk – Deposits:** This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy that requires the District's deposits be collateralized as required by *Minnesota Statutes* for an amount exceeding FDIC, SAIF, BIF, or FCUA coverage. As of December 31, 2022, the City's bank balances of \$1,269,549 was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name. The book balance as of December 31, 2022, was as follows:

Checking accounts	\$ 1,176,663
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**B. Investments**

Investment Type	Fair Value	Investment Maturities		
		Less than 1 Year	1-5 Years	6-10 Years
Money market mutual funds	\$ 1,772,220	\$ 1,772,220	\$ -	\$ -
Brokered certificates of deposit	678,842	678,842	-	-
Municipal securities	249,247	249,247	-	-
Total	\$ 2,700,309	\$ 2,700,309	\$ -	\$ -

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Concentration of Credit Risk: The City's investment policy states the City will diversify its investment to avoid incurring unreasonable risks inherent in over investing in specific maturities, issuers, institutions, or class of securities. The City was exposed to this risk as the following brokered certificate of deposit and brokered security exceeded 5% of total investments; 4M – Texas Capital Bank brokered CD, 4M – Greenstate Credit Union, IA brokered CD, 4M – Servisfirst Bank, FL brokered CD.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market value interest rates. The City's objective relating to interest rate risk is to mitigate declines in market value of investments due to changes in interest rates. The policy states that the City will provide for liquidity by reviewing cash flow requirements and make investments to meet the shorter cash flow needs, thereby avoiding the need to sell securities in the open market prior to maturity. The City will also manage the average maturity of the overall portfolio to be consistent with the risk profile of the City not to exceed five years.

Custodial Credit Risk – Investments: For an investment, this is the risk 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. The City's policy states the City will limit investments to investment types allowed by statutes and policy and only use per-qualifying financial institutions, brokers/dealers, intermediaries, and advisors. The City will also diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. Insurance or collateral may be required to ensure return of principal.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fully fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating service. The City's investment policy limits investments to those with a credit rating allowed by state statutes.

The City has the following recurring fair value measurements as of December 31, 2022:

- \$249,247 of \$2,700,309 are valued using various market and industry inputs (Level 2 inputs)

Remaining investments are presented at cost or net asset value.

**C. Deposits and Investments**

Summary of cash deposits and investments as of December 31, 2022, were as follows:

Deposits (Note 3.A.)	\$ 1,176,663
Investments (Note 3.B.)	2,700,309
Petty Cash	100
Total	\$ 3,877,072

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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

Deposits and investments are presented in the December 31, 2022, basic financial statements as follows:

Statement of Net Position	
Cash and investments	<u><u>\$ 3,877,072</u></u>

**NOTE 3 – INTERFUND ACTIVITY**

**B. Interfund Transfers**

Transfers during the year ended December 31, 2022, were as follows:

Transfer In	Transfer Out	Amount
Public Works Capital Outlay Fund	Other nonmajor governmental fund	\$ 310,902
Other nonmajor governmental fund	Other nonmajor governmental fund	367,459
Total transfers		\$ 678,361

The transfers out were made from the Capital Improvements Fund to move cash reserves to department-specific capital outlay funds.

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

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 558,674	\$ -	\$ -	\$ 558,674
Construction in progress	-	40,715	-	40,715
Total capital assets not being depreciated	<u>558,674</u>	<u>40,715</u>	<u>-</u>	<u>599,389</u>
Capital assets being depreciated				
Buildings	3,304,699	-	-	3,304,699
Equipment	332,586	246,576	-	579,162
Vehicles	190,888	-	-	190,888
Land improvements	839,118	135,209	-	974,327
Infrastructure	4,232,003	-	-	4,232,003
Total capital assets being depreciated	<u>8,899,294</u>	<u>381,785</u>	<u>-</u>	<u>9,281,079</u>
Less accumulated depreciation for				
Buildings	684,843	94,429	-	779,272
Equipment	191,139	40,377	-	231,516
Vehicles	145,251	12,387	-	157,638
Land improvements	250,626	45,753	-	296,379
Infrastructure	1,931,222	153,186	-	2,084,408
Total accumulated depreciation	<u>3,203,081</u>	<u>346,132</u>	<u>-</u>	<u>3,549,213</u>
Total capital assets being depreciated, net	<u>5,696,213</u>	<u>35,653</u>	<u>-</u>	<u>5,731,866</u>
Governmental activities capital assets, net	<u>\$ 6,254,887</u>	<u>\$ 76,368</u>	<u>\$ -</u>	<u>\$ 6,331,255</u>

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

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 223,396	\$ -	\$ -	\$ 223,396
Capital assets being depreciated				
Sewer collection system	9,542,531	-	-	9,542,531
Water distribution system	7,542,344	-	-	7,542,344
Storm water collection system	670,060	-	-	670,060
Equipment	61,437	-	-	61,437
Software	20,460	-	-	20,460
Total capital assets being depreciated	<u>17,836,832</u>	<u>-</u>	<u>-</u>	<u>17,836,832</u>
Less accumulated depreciation for				
Sewer collection system	4,590,769	248,438	-	4,839,207
Water distribution system	4,144,168	220,384	-	4,364,552
Storm water collection system	244,058	17,040	-	261,098
Equipment	41,174	12,300	-	53,474
Software	20,460	-	-	20,460
Total accumulated depreciation	<u>9,040,629</u>	<u>498,162</u>	<u>-</u>	<u>9,538,791</u>
Total capital assets being depreciated, net	<u>8,796,203</u>	<u>(498,162)</u>	<u>-</u>	<u>8,298,041</u>
Business-type activities capital assets, net	<u>\$ 9,019,599</u>	<u>\$ (498,162)</u>	<u>\$ -</u>	<u>\$ 8,521,437</u>



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

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

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

Governmental activities	
General government	\$ 225,404
Public safety	12,387
Public works	53,374
Cultural and recreation	54,967
	<hr/>
Total depreciation expense - governmental activities	\$ 346,132
	<hr/> <hr/>
Business-type activities	
Water	\$ 229,902
Sewer	251,220
Storm water	17,040
	<hr/>
Total depreciation expense - governmental activities	\$ 498,162
	<hr/> <hr/>

**NOTE 5 – LONG-TERM DEBT**

**A. General Obligation Bonds**

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

G.O. bonds are direct obligations and pledge the full faith and credit of the City.

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

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

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

	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>12/31/22 Balance</u>	<u>Due Within One Year</u>
Governmental activities						
General obligation improvement bonds						
2013A CIP Bonds	9/4/2013	2.00-3.70%	\$ 750,000	2/1/2029	\$ 390,000	\$ 50,000
2013A Street Reconstruction Bonds	9/4/2013	2.00-3.00%	545,000	2/1/2029	290,000	40,000
2018A Bonds	8/9/2018	3.00-4.00%	810,000	2/1/2039	730,000	30,000
2020A CIP Bonds	1/16/2020	2.00-3.00%	2,145,000	2/1/2040	1,980,000	85,000
Bond discounts					(14,598)	-
Bond premium					68,137	-
Compensated absences					115,896	46,358
Total governmental activities					<u>3,559,435</u>	<u>251,358</u>
Business-Type activities						
General obligation revenue bonds						
2013A Refunding Bonds	9/1/2013	2.00-3.25%	\$ 2,355,000	2/1/2026	570,000	135,000
2014A Refunding Bonds	12/11/2014	0.40-3.25%	845,000	12/1/2024	180,000	90,000
2016A Sewer Revenue Bonds	9/4/2013	0.90-2.85%	1,100,000	11/1/2037	860,000	50,000
2018A Bonds	8/9/2018	3.00-4.00%	810,000	2/1/2039	295,000	15,000
Bond discounts					(6,929)	-
Bond premium					2,660	-
Compensated absences					62,266	24,906
Total business-type activities					<u>1,962,997</u>	<u>314,906</u>
Total long-term liabilities					<u>\$5,522,432</u>	<u>\$566,265</u>

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

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

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

Long-term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
General obligation improvement bonds				
2013A CIP Bonds	\$ 440,000	\$ -	\$ (50,000)	\$ 390,000
2013A Street Reconstruction Bonds	325,000	-	(35,000)	290,000
2018A Bonds	760,000	-	(30,000)	730,000
2020A CIP Bonds	2,065,000	-	(85,000)	1,980,000
Note from direct borrowing				
East Cannon River Trail Note	23,992	-	(23,992)	-
Bond discounts	(15,984)	-	1,386	(14,598)
Bond premium	73,516	-	(5,379)	68,137
Compensated absences	69,797	78,440	(32,341)	115,896
Total governmental activities	<u>3,741,321</u>	<u>78,440</u>	<u>(260,326)</u>	<u>3,559,435</u>
Business-type activities				
General obligation revenue bonds				
2013A Refunding Bonds	700,000	-	(130,000)	570,000
2014A Refunding Bonds	270,000	-	(90,000)	180,000
2016A Sewer Revenue Bonds	910,000	-	(50,000)	860,000
2018A Bonds	310,000	-	(15,000)	295,000
Bond discounts	(9,099)	-	2,170	(6,929)
Bond premium	6,421	-	(3,761)	2,660
Compensated absences	38,167	37,191	(13,092)	62,266
Total business-type activities	<u>2,225,489</u>	<u>37,191</u>	<u>(299,683)</u>	<u>1,962,997</u>
Total long-term liabilities	<u>\$ 5,966,810</u>	<u>\$ 115,631</u>	<u>\$ (560,009)</u>	<u>\$ 5,522,432</u>

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

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

**NOTE 5 – LONG-TERM DEBT (CONTINUED)**

**D. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term liabilities:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>G.O. Bonds</u>		<u>G.O. Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 205,000	\$ 93,661	\$ 290,000	\$ 49,575
2024	215,000	87,036	295,000	41,800
2025	225,000	80,086	210,000	33,875
2026	230,000	72,768	215,000	27,863
2027	240,000	64,849	70,000	23,875
2028-2032	940,000	221,279	365,000	94,493
2033-2037	845,000	117,434	420,000	42,753
2038-2040	490,000	17,531	40,000	1,360
Total	<u>\$3,390,000</u>	<u>\$754,644</u>	<u>\$1,905,000</u>	<u>\$315,594</u>

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

**NOTE 6 – FUND BALANCES/NET POSITION**

**A. Fund Balances**

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

	General Fund	Public Works Capital Outlay Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Prepaid items	\$ 24,949	\$ -	\$ -	\$ 24,949
Restricted				
Debt service	-	-	129,634	129,634
Capital asset purchases	-	-	27,759	27,759
Economic development	-	-	21,241	21,241
Assigned				
Capital improvements	-	-	1,233	1,233
Developer escrow	-	-	4,029	4,029
Public safety capital asset acquisition	-	-	31,856	31,856
Public works capital asset acquisition	-	133,756	-	133,756
Parks and recreation capital asset acquisition	-	-	405,362	405,362
Unassigned	826,189	-	-	826,189
 Total fund balance	 <u>\$ 851,138</u>	 <u>\$ 133,756</u>	 <u>\$ 621,114</u>	 <u>\$ 1,606,008</u>

**B. Net Position**

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

**NOTE 7 – RISK MANAGEMENT**

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

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims.

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

**NOTE 7 – RISK MANAGEMENT (CONTINUED)**

The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

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

At December 31, 2022, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

**NOTE 8 – PENSION PLANS**

The City participates in various pension plans, total pension expense for the year ended December 31, 2022, was \$89,747. The components of pension expense are noted in the following plan summaries.

The General Fund and Proprietary Funds typically liquidates the liability related to the pensions.

**Public Employees' Retirement Association**

**A. Plan Description**

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

**General Employees Retirement Plan**

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

**Public Employees Police and Fire Plan**

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

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**B. Benefits Provided**

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

**General Employees Plan Benefits**

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

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

**Police and Fire Plan Benefits**

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

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

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**C. Contributions**

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.5% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were \$33,700. The City's contributions were equal to the required contributions as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.8% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.7% for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$24,897. The City's contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$427,682 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$12,407.

The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0054% at the end of the measurement period and 0.0048% for the beginning of the period.



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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

City's proportionate share of net pension liability	\$ 427,682
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>12,407</u>
Total	<u><u>\$ 440,089</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$82,001 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the City recognized \$1,854 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 3,573	\$ 3,978
Net collective difference between projected and actual investment earnings	20,515	-
Changes in proportion	52,193	2,764
Changes in actuarial assumptions	86,363	1,192
Contributions paid to PERA subsequent to the measurement date	<u>16,850</u>	<u>-</u>
Total	<u><u>\$ 179,494</u></u>	<u><u>\$ 7,934</u></u>

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**D. Pension Costs (Continued)**

General Employees Fund Pension Costs (Continued)

The \$16,850 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Pension Expense</u> <u>Amount</u>
2023	\$ 56,658
2024	60,547
2025	(1,172)
2026	<u>38,677</u>
Total	<u>\$ 154,710</u>

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$496,083 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0114% at the end of the measurement period and 0.0125% for the beginning of the period.

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

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**D. Pension Costs (Continued)**

Police and Fire Fund Pension Costs (Continued)

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$7,746 for its proportionate share of the Police and Fire Plan's pension expense. Included in this amount, the City recognized \$4,204 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$1,026 for the year ended December 31, 2022, as revenue and an offsetting reduction of the net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 32,186	\$ -
Net collective difference between projected and actual investment earnings	-	3,086
Changes in proportion	3,897	32,850
Changes in actuarial assumptions	302,005	4,153
Contributions paid to PERA subsequent to the measurement date	<u>12,449</u>	<u>-</u>
Total	<u><u>\$ 350,537</u></u>	<u><u>\$ 40,089</u></u>

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**D. Pension Costs (Continued)**

Police and Fire Fund Pension Costs (Continued)

The \$12,449 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, 2023. 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
2023	\$ 55,046
2024	52,558
2025	43,843
2026	99,617
2027	46,935
Total	\$ 297,999

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

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

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

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**F. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

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

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

The following changes in actuarial assumptions and plan provisions occurred in 2022:

**General Employees Fund**

**Changes in Actuarial Assumptions**

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

**Changes in Plan Provisions**

- There have been no changes since the previous valuation.

**Police and Fire Fund**

**Changes in Actuarial Assumptions**

- The mortality improvement scale was changed from MP-2020 to MP-2021.
- The single discount rate was changed from 6.5% to 5.4%

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

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

Police and Fire Fund (Continued)

Changes in Plan Provisions

- There have been no changes since the previous valuation.

**G. Discount Rate**

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net positions of the General Employees Fund 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in the fiscal year ended June 30, 2061, projected benefit payments exceed the fund's projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.4% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

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

**NOTE 8 – PENSION PLANS (CONTINUED)**

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

**H. Pension Liability Sensitivity**

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

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
City's proportionate share of the General Employees Fund net pension liability	\$ 675,546	\$ 427,682	\$ 224,395
	1% Decrease in Discount Rate (4.4%)	Current Discount Rate (5.4%)	1% Increase in Discount Rate (6.4%)
City's proportionate share of the Police and Fire Fund net pension liability	\$ 750,758	\$ 496,083	\$ 290,193

**I. Pension Plan Fiduciary Net Position**

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

**NOTE 9 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* establishes that a Subscription-Based Information Technology Arrangement (SBITA) results in a right-to-use subscription asset and a corresponding liability. Under this statement, a governmental entity generally should recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. This statement will be effective for the year ending December 31, 2023.

**REQUIRED SUPPLEMENTARY INFORMATION**



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

For Fiscal Year Ended June 30,	City's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	City's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0040%	\$ 307,301	\$ -	\$ 307,301	\$ 235,811	130.32%	78.19%
2016	0.0038%	308,541	4,082	312,623	242,335	127.32%	68.91%
2017	0.0380%	242,589	3,052	245,641	244,996	99.02%	75.90%
2018	0.0037%	205,261	6,695	211,956	250,027	82.10%	79.53%
2019	0.0039%	215,622	6,666	222,288	273,080	78.96%	80.23%
2020	0.0037%	221,832	6,815	228,647	264,760	83.79%	79.06%
2021	0.0048%	204,982	6,201	211,183	343,147	59.74%	87.00%
2022	0.0054%	427,682	12,407	440,089	403,787	105.92%	76.67%

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

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

For Fiscal Year Ended June 30,	City's Proportion of the Net Pension Liability (Asset)	City's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the City	Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0150%	\$ 170,435	\$ -	\$ 170,435	\$ 137,542	123.91%	86.61%
2016	0.0160%	642,108	-	642,108	162,187	395.91%	63.88%
2017	0.0160%	216,019	-	216,019	164,639	131.21%	85.43%
2018	0.0171%	182,268	-	182,268	180,506	100.98%	88.84%
2019	0.0175%	183,943	-	183,943	184,505	99.70%	89.26%
2020	0.0143%	188,489	4,429	192,918	160,814	117.21%	87.19%
2021	0.0125%	95,362	4,350	99,712	151,396	62.99%	93.66%
2022	0.0114%	496,083	21,675	517,758	138,282	358.75%	70.53%

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

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 17,689	\$ 17,689	\$ -	\$ 235,853	7.50%
2016	18,175	18,175	-	242,333	7.50%
2017	18,372	18,372	-	244,960	7.50%
2018	18,752	18,752	-	250,027	7.50%
2019	20,083	20,083	-	267,773	7.50%
2020	24,723	24,723	-	329,640	7.50%
2021	26,539	26,539	-	353,853	7.50%
2022	33,700	33,700	-	449,333	7.50%

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

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

Fiscal Year Ending December 31,	Statutorily Required Contribution	in Relation to the Statutorily Required	Contribution Deficiency (Excess)	City's Covered Payroll	as a Percentage of Covered Payroll
2015	\$ 22,282	\$ 22,282	\$ -	\$ 137,543	16.20%
2016	26,365	26,365	-	162,747	16.20%
2017	26,723	26,723	-	164,957	16.20%
2018	29,242	29,242	-	180,506	16.20%
2019	31,725	31,725	-	187,168	16.95%
2020	25,983	25,983	-	146,797	17.70%
2021	24,094	24,094	-	136,124	17.70%
2022	24,897	24,897	-	140,661	17.70%

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

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

**General Employees Fund**

**2022 Changes**

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

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

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

**General Employees Fund (Continued)**

**2020 Changes (Continued)**

Changes in Plan Provisions

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

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

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

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

**General Employees Fund (Continued)**

**2017 Changes (Continued)**

Changes in Plan Provisions

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

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

**Police and Fire Fund**

**2022 Changes**

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from scale MP-2020 to scale MP-2021.
- The single discount rate was changed from 6.5% to 5.4%.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2021 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2020 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

**Police and Fire Fund (Continued)**

**2019 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2018 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

**2017 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.

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

**Police and Fire Fund (Continued)**

**2017 Changes (Continued)**

Changes in Actuarial Assumptions (Continued)

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**2015 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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



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**SUPPLEMENTARY INFORMATION**

**City of Dundas  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2022**

	Special Revenue			Debt Service
	Gambling Fund (201)	Economic Development (235)	Total Special Revenue Funds	G.O. Improvement Bonds 2013A Fund (300)
<b>Assets</b>				
Cash and investments	\$ 17,749	\$ 21,425	\$ 39,174	\$ 113,476
Accounts receivable	10,010	-	10,010	-
Prepaid items	-	32	32	-
<b>Total assets</b>	<u>\$ 27,759</u>	<u>\$ 21,457</u>	<u>\$ 49,216</u>	<u>\$ 113,476</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 320
Contracts Payable	-	-	-	-
Deposits payable	-	-	-	-
Salaries and Benefits Payable	-	216	216	-
<b>Total liabilities</b>	<u>-</u>	<u>216</u>	<u>216</u>	<u>320</u>
<b>Fund Balances</b>				
Restricted	27,759	21,241	49,000	113,156
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<u>27,759</u>	<u>21,241</u>	<u>49,000</u>	<u>113,156</u>
<b>Total liabilities and fund balances</b>	<u>\$ 27,759</u>	<u>\$ 21,457</u>	<u>\$ 49,216</u>	<u>\$ 113,476</u>

Debt Service			Capital Projects	
G.O. Improvement Bonds 2018A (304)	G.O. Improvement Bonds 2020A (305)	Total Debt Service Funds	Public Safety Capital Outlay Fund (425)	Capital Improvements Fund (246,401)
\$ 2,841	\$ 14,277	\$ 130,594	\$ 31,856	\$ 1,233
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,841</u>	<u>\$ 14,277</u>	<u>\$ 130,594</u>	<u>\$ 31,856</u>	<u>\$ 1,233</u>
\$ 320	\$ 320	\$ 960	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>320</u>	<u>320</u>	<u>960</u>	<u>-</u>	<u>-</u>
2,521	13,957	129,634	-	-
-	-	-	31,856	1,233
-	-	-	-	-
<u>2,521</u>	<u>13,957</u>	<u>129,634</u>	<u>31,856</u>	<u>1,233</u>
<u>\$ 2,841</u>	<u>\$ 14,277</u>	<u>\$ 130,594</u>	<u>\$ 31,856</u>	<u>\$ 1,233</u>

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**City of Dundas  
Combining Balance Sheet -  
Nonmajor Governmental Funds  
December 31, 2022**

	Capital Projects			Total Nonmajor Governmental Funds
	Parks and Recreation Capital Outlay Fund (426)	Escrow Deposits (430)	Total Capital Project Funds	
<b>Assets</b>				
Cash and investments	\$ 412,804	\$ 8,384	\$ 454,277	\$ 624,045
Accounts receivable	-	6,267	6,267	16,277
Prepaid items	-	-	-	32
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 412,804</u>	<u>\$ 14,651</u>	<u>\$ 460,544</u>	<u>\$ 640,354</u>
<b>Liabilities</b>				
Accounts payable	\$ 5,299	\$ 2,151	\$ 7,450	\$ 8,410
Contracts Payable	2,143	-	2,143	2,143
Deposits payable	-	8,471	8,471	8,471
Salaries and Benefits Payable	-	-	-	216
Total liabilities	<u>7,442</u>	<u>10,622</u>	<u>18,064</u>	<u>19,240</u>
<b>Fund Balances</b>				
Restricted	-	-	-	178,634
Assigned	405,362	4,029	442,480	442,480
Unassigned	-	-	-	-
Total fund balances	<u>405,362</u>	<u>4,029</u>	<u>442,480</u>	<u>621,114</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 412,804</u>	<u>\$ 14,651</u>	<u>\$ 460,544</u>	<u>\$ 640,354</u>

**Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended December 31, 2022**

	Special Revenue			Debt Service
	Gambling Fund (201)	Economic Development (235)	Total Special Revenue Funds	GO Improvement Bonds 2013A Fund (300)
<b>Revenues</b>				
Property taxes	\$ -	\$ 34,840	\$ 34,840	\$ 118,448
Miscellaneous				
Investment income	108	74	182	475
Other	19,250	-	19,250	-
Total revenues	<u>19,358</u>	<u>34,914</u>	<u>54,272</u>	<u>118,923</u>
<b>Expenditures</b>				
Current				
Economic development	-	13,495	13,495	-
Debt service				
Principal	-	-	-	85,000
Interest and other charges	-	-	-	24,403
Capital outlay				
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>13,495</u>	<u>13,495</u>	<u>109,403</u>
Excess of revenues over (under) expenditures	19,358	21,419	40,777	9,520
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	19,358	21,419	40,777	9,520
<b>Fund Balances</b>				
Beginning of year	<u>8,401</u>	<u>(178)</u>	<u>8,223</u>	<u>103,636</u>
End of year	<u>\$ 27,759</u>	<u>\$ 21,241</u>	<u>\$ 49,000</u>	<u>\$ 113,156</u>

Debt Service			Capital Projects		
GO Improvement Bonds 2018A (304)	GO Improvement Bonds 2020A (305)	Total Debt Service Funds	Public Safety Capital Outlay Fund (425)	Capital Improvements Fund (246,401)	Parks and Recreation Capital Outlay Fund (426)
\$ 58,181	\$ 140,352	\$ 316,981	\$ 13,000	\$ -	\$ -
5	21	501	210	-	1,609
-	-	-	-	-	-
<u>58,186</u>	<u>140,373</u>	<u>317,482</u>	<u>13,210</u>	<u>-</u>	<u>1,609</u>
-	-	-	-	-	-
30,000	85,000	200,000	-	-	-
26,880	50,764	102,047	-	-	-
-	-	-	22,246	-	-
-	-	-	-	-	-
-	-	-	-	-	185,319
<u>56,880</u>	<u>135,764</u>	<u>302,047</u>	<u>22,246</u>	<u>-</u>	<u>185,319</u>
1,306	4,609	15,435	(9,036)	-	(183,710)
-	-	-	-	-	367,459
-	-	-	-	(678,361)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(678,361)</u>	<u>367,459</u>
1,306	4,609	15,435	(9,036)	(678,361)	183,749
<u>1,215</u>	<u>9,348</u>	<u>114,199</u>	<u>40,892</u>	<u>679,594</u>	<u>221,613</u>
<u>\$ 2,521</u>	<u>\$ 13,957</u>	<u>\$ 129,634</u>	<u>\$ 31,856</u>	<u>\$ 1,233</u>	<u>\$ 405,362</u>



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**Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended December 31, 2022**

	Capital Projects		Total Nonmajor Governmental Funds
	Escrow Deposits (430)	Total Capital Project Funds	
<b>Revenues</b>			
Property taxes	\$ -	\$ 13,000	\$ 364,821
Miscellaneous			
Investment income	-	1,819	2,502
Other	-	-	19,250
Total revenues	-	14,819	386,573
<b>Expenditures</b>			
Current			
Economic development	-	-	\$ 13,495
Debt service			
Principal	-	-	200,000
Interest and other charges	-	-	102,047
Capital outlay			
Public safety	-	22,246	22,246
Public works	-	-	-
Parks and recreation	-	185,319	185,319
Total expenditures	-	207,565	523,107
Excess of revenues over (under) expenditures	-	(192,746)	(136,534)
<b>Other Financing Sources (Uses)</b>			
Transfers in	-	367,459	367,459
Transfers out	-	(678,361)	(678,361)
Total other financing sources (uses)	-	(310,902)	(310,902)
Net change in fund balances	-	(503,648)	(447,436)
<b>Fund Balances</b>			
Beginning of year	4,029	946,128	1,068,550
End of year	\$ 4,029	\$ 442,480	\$ 621,114

**City of Dundas**  
**Detailed Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	Original and Final	Actual Amounts	
<b>Revenues</b>			
Taxes			
Property taxes	\$ 972,274	\$ 969,305	\$ (2,969)
Licenses and permits			
Building and plan fees	116,000	156,580	40,580
Alcoholic beverages	8,000	11,700	3,700
Other	2,500	4,865	2,365
Total licenses and permits	<u>126,500</u>	<u>173,145</u>	<u>46,645</u>
Intergovernmental revenue			
Local government aids	174,159	174,159	-
Market value credit	450	480	30
State aid for street maintenance	-	-	-
Police grants	26,000	27,312	1,312
PERA aid	100	-	(100)
Total intergovernmental revenue	<u>200,709</u>	<u>201,951</u>	<u>1,242</u>
Charges for services			
Park	2,500	1,825	(675)
Zoning and subdivision	5,000	3,965	(1,035)
Rents	4,200	4,200	-
Other	17,000	19,344	2,344
Total charges for services	<u>28,700</u>	<u>29,334</u>	<u>634</u>
Fines and forfeitures	15,000	9,090	(5,910)
Miscellaneous revenues			
Investment income	20,000	3,293	(16,707)
Contributions and donations	-	174	174
Other	-	35,293	35,293
Total miscellaneous revenues	<u>20,000</u>	<u>38,760</u>	<u>18,760</u>
Total revenues	<u>1,363,183</u>	<u>1,421,585</u>	<u>58,402</u>
<b>Expenditures</b>			
General government			
Administration			
Current	278,073	362,604	84,531
Capital outlay	3,500	4,210	710
Total administrative	<u>281,573</u>	<u>366,814</u>	<u>85,241</u>
Council and elections			
Current	31,710	32,560	850
Capital outlay	-	453	453
Total council and elections	<u>31,710</u>	<u>33,013</u>	<u>1,303</u>
Planning and zoning			
Current	88,850	66,317	(22,533)
Total general government	<u>402,133</u>	<u>466,144</u>	<u>64,011</u>

**City of Dundas**  
**Detailed Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended December 31, 2022**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original and Final		
<b>Expenditures (Continued)</b>			
Public safety			
Police			
Current	\$ 402,050	\$ 365,020	\$ (37,030)
Capital outlay	3,500	327	(3,173)
Total police	405,550	365,347	(40,203)
Fire			
Current	59,000	53,820	(5,180)
Animal control			
Current	500	-	(500)
Building and inspections			
Current	114,255	112,109	(2,146)
Civil defense			
Current	300	-	(300)
Total public safety	579,605	531,276	(48,329)
Public works			
Streets and highways			
Current	234,920	254,986	20,066
Street lighting			
Current	33,000	29,141	(3,859)
Total public works	267,920	284,127	16,207
Cultural and recreation			
Current	89,050	170,281	81,231
Economic development:			
Current	-	3,053	3,053
Debt service			
Principal	23,995	23,992	(3)
Interest and other charges	480	480	-
Total debt service	24,475	24,472	(3)
Total expenditures	1,363,183	1,479,353	116,170
Excess of revenues over (under) expenditures	-	(57,768)	(57,768)
<b>Other financing sources</b>			
Insurance proceeds	-	137,666	137,666
Net change in fund balance	\$ -	79,898	\$ (255,269)
<b>Fund Balance</b>			
Beginning of year		771,240	
End of year		\$ 851,138	

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**Report on Internal Control over Financial  
Reporting and on Compliance and other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundas, Minnesota, as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 13, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
March 13, 2023

**Minnesota Legal Compliance**

**Independent Auditor's Report**

Honorable Mayor and Members  
of the City Council  
City of Dundas

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dundas, Minnesota, as of and for the year ended December 31, 2022, and the related notes to financial statements, and have issued our report thereon dated March 13, 2023.

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

This report is intended solely for the information and use of those charged with governance and management of the City and the Office of the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
March 13, 2023





## REQUEST FOR CITY COUNCIL ACTION

TO: City Council Members

FROM: Jenelle Teppen, City Administrator

SUBJECT: Consider Approving a Request to Provide Police Overtime to Hosanna Church – Northfield for Police Overtime

DATE: For the City Council Meeting of March 27, 2023

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### PURPOSE/ACTION REQUESTED

Consider approving a request for Police overtime to Hosanna Church – Northfield, located at 205 2nd St South Dundas.

### SUMMARY

The Police Department has received a request from Hosanna Church – Northfield to provide Police Officer presence at their Sunday services from 8:30 am to 12 Noon. They have also requested Police Officer presence at their Good Friday and Easter Sunday services.

The request specifically stated the following desired outcomes regarding posting a Police Officer inside the church:

1. Build relationships with the community.
2. Be available for Emergencies (medical or security) and communicate with additional EMS/Fire as needed.
3. Assist in escorting of offering at the end of the second service from the giving boxes to the front office.

I have attached a draft agreement to provide these services.

The hours would be available to Police Officers outside their regularly scheduled shifts and would be compensated at one and a half times their regular rate of pay. I have assigned a \$100/hour cost to cover the hourly overtime rate as well as an additional amount to cover administrative costs for billing, equipment, etc.

### RECOMMENDATION

Motion to approve the agreement with Hosanna Church - Northfield for Police Overtime Services.



CITY OF DUNDAS  
POLICE DEPARTMENT

LAW ENFORCEMENT CONTRACTUAL SERVICE AGREEMENT

The Dundas Police Department has been asked by the undersigned to provide off-duty police officer contractual law enforcement services, subject to the approval of the Chief of Police or designee.

Services are requested on the following dates and times: Sunday Services and other agreed upon dates and times in 2023.

Type of Event: \_\_\_\_\_ Estimated Attendance \_\_\_\_\_

The undersigned agrees to pay the City of Dundas for these services at a rate of \$100.00/ per hour, per officer, with a three (3) hour minimum for each officer. The undersigned is requesting \_\_\_\_\_ officer(s) to work this event, to perform the following duties: \_\_\_\_\_, for an estimated time of: \_\_\_\_\_.

The undersigned will pay for services rendered within fourteen (14) days of the receipt of an invoice from the City of Dundas.

Assigned officers are considered to be City of Dundas employees acting in the course and scope of their official duties while providing the requested services and remain subject to all laws and City or Police Department policies and requirements. On behalf of itself, its officers, agents and employees, the undersigned releases, indemnifies and holds harmless the City, its officers, agents, and employees from any and all claims asserted against either the undersigned or the City arising out of the City's performance of this agreement, except to the extent that the claim arises out of the willful misconduct of an officer, agent or employee of the City.

This agreement is effective on the date signed and remains in effect for the calendar year in which it was executed. In cases of event cancellation, this agreement may be terminated by the undersigned, with the occurrence of default, by providing a 24-hour written notice.

The Dundas Police Department will make every effort to provide the service requested, but are under no obligation, and reserve the right to cancel without notice due to emergency or unforeseen circumstances.

Executed this \_\_\_\_\_ of \_\_\_\_\_  
(day) (month) (year)

\_\_\_\_\_  
(Authorized Signature) (Title)

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(Organization or Establishment)

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## REQUEST FOR CITY COUNCIL ACTION

TO: City Council Members

FROM: Jenelle Teppen, City Administrator

SUBJECT: Consider Amending the City's Personnel Policy to Allow Non-Union Employees to Participate in the Minnesota State Retirement System's Health Care Saving Plan Program

DATE: For the City Council Meeting of March 27, 2023

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### PURPOSE/ACTION REQUESTED

Consider amending the City's Personnel Policy to allow non-union employees to participate in the Minnesota State Retirement System's (MSRS) Health Care Savings Plan (HCSP).

### SUMMARY

MSRS offers an employer sponsored program that allows Minnesota Public employees to invest money in a medical savings account while employed. The plan is administered by MSRS.

Employees are enrolled and contribute to the HCSP as directed by the bargaining agreement or personnel policy.

In the 2023-2025 Collective Bargaining Agreement with LELS, a clause was agreed to that provides Police Officers with the following:

*Employees who leave in good standing shall have 50% of all accumulated and unused sick leave placed in the Minnesota State Retirement System's Health Care Savings Plan (MSRS HCSP).*

*After an employee's three-year anniversary date of employment with the City, two (2) hours of sick leave per month that the employee accrues will be converted into cash and deposited in their MSRS HCSP.*

A majority of each employee group must agree to the language regarding the HCSP that is either in a bargaining agreement or in the Personnel Policy. A majority of the City's non-union employees have agreed to the proposed language.

I have attached the sections of the Personnel Policy with the proposed amendments underlined.

### RECOMMENDATION

Motion to amend the City's Personnel Policy to allow non-union employees to participate in the MSRS HCSP.

## Section 1.01 Sick Leave

Sick leave is authorized absence from work with pay, granted to qualified full-time and part-time employees. Sick leave is a privilege, not a right.

Employees are to use this paid leave only when they are unable to work for medical reasons and under the conditions explained below. Sick leave does not accrue during an unpaid leave of absence.

- Full-time employees will accumulate sick leave at a rate of one day/8 hours per month. Two (2) hours of sick leave per month that the employee accrues will be converted into cash and deposited in their MSRS HCSP.
- Temporary and seasonal employees will not earn or accrue sick leave.
- Sick leave may be used only for days when the employee would otherwise have been at work. It cannot be used for scheduled days off.

Sick leave may be used as follows:

- When an employee is unable to perform work duties due to illness or disability (including pregnancy).
- For medical, dental or other care provider appointments.
- When an employee has been exposed to a contagious disease of such a nature that his/her presence at the workplace could endanger the health of others.
- To care for the employee's injured or ill children, including stepchildren or foster children, for such reasonable periods as the employee's attendance with the child may be necessary.
- To take children, or other family members to a medical, dental or other care provider appointment.
- To care for an ill spouse, father, father-in-law, mother, mother-in-law, stepparent, grandparent, grandchild, sister or brother.

Pursuant to Minn. Stat. §181.9413, eligible employees may use up to 160 hours of sick leave in any 12-month period (January 1 to December 31) for absences due to an illness of or injury to the employee's adult child, spouse, sibling, parent, grandparent, stepparent, parent-in-law (mother-in-law and father-in-law), and grandchild (includes step-grandchild, biological, adopted, or foster grandchild).

- Safety leave. Employees are authorized to use sick leave for reasonable absences for themselves or relatives (employee's adult child, spouse, sibling, parent, mother-in-law, father-in-law, grandchild, grandparent, or stepparent) who are providing or receiving assistance because they, or a relative, is a victim of sexual assault, domestic abuse, or stalking. Safety leave for those listed, other than the employee and the employee's child, is limited to 160 hours in any 12-month period (January 1 to December 31).

After accrued sick leave has been exhausted, vacation leave may be used upon approval of the city administrator, to the extent the employee is entitled to such leave.

To be eligible for sick leave pay, the employee will:

- Communicate with his/her immediate supervisor, as soon as possible after the scheduled start of the workday, for each and every day absent;
- Keep his/her immediate supervisor informed of the status of the illness/injury or the condition of the ill family member;
- Submit a physician's statement upon request.

After an absence, a physician's statement may be required on the employee's first day back to work, indicating the nature of the illness or medical condition and attesting to the employee's ability to return to work and safely perform the essential functions of the job with or without reasonable accommodation.

Any work restrictions must be stated clearly on the return-to-work form. Employees who have been asked to provide such a statement may not be allowed to return to work until they comply with this provision. Sick leave may be denied for any employee required to provide a doctor's statement until such a statement is provided.

The city has the right to obtain a second medical opinion to determine the validity of an employee's workers' compensation or sick leave claim, or to obtain information related to restrictions or an employee's ability to work. The city will arrange and pay for an appropriate medical evaluation when it is required by the city.

Any employee who makes a false claim for sick leave will be subject to discipline up to and including termination.

An employee may accumulate sick leave not to exceed a maximum of ninety (90) days or seven hundred twenty (720) hours.

Employees must normally use sick leave prior to using paid vacation, or compensatory time and prior to an unpaid leave of absence during a medical leave.

In the event of the death of an employee's spouse, parents, brother, sister or children, five (5) days of accumulated sick leave may be used.

Sick leave will normally not be approved after an employee gives notice that he or she will be terminating employment. Exceptions must be approved by the city administrator.

Employees are allowed to trade in accumulated sick time to help a fellow employee who has depleted their sick leave bank due to protracted illness. This trade in shall require that an employee at a lower rate of pay than the ill employee, the sick leave time shall be prorated to that of the ill employee to make up for the difference in wage. If the trade in wage is higher than the ill employee, it shall be credited on an equal basis. These situations will be dealt with on a case by case basis under the approval of the City Administrator or designee.



leave in good standing shall have 50% of all accumulated and unused sick leave placed in the Minnesota State Retirement System's Health Care Savings Plan (MSRS HCSP).

Upon separation from employment, the amount of accrued sick leave to be paid, up to the maximum of \$7,000, will be computed in the following manner:

- |  |      |
|--|------|
| a. Less than 6 full years of continuous employment   | 33%  |
| b. Start of the 7 <sup>th</sup> year through end of 17 <sup>th</sup> year of continuous employment | 67%  |
| c. Start of the 18 <sup>th</sup> year of continuous employment and thereafter                      | 100% |



**City of Dundas**  
**Public Works Staff Meeting / City Engineer Update 03/22/23**

**March 23, 2023**  
**Agenda**

*The City Administrator, Public Works Director, and City Engineer meet at least monthly to plan and review projects and tasks, and to discuss public works matters of all types. The agenda used for the most recent Public Works staff meeting forms the basis for the updates that are provided to the City Council. Following is the most recent Public Works staff meeting agenda with notes added.*

1. 2021 Street Maintenance
  - 5% retainage will be held until spring of 2022 to reassess tack coat on driveway at 307 Hester Street W before approving final payment.
2. 2022 Sidewalk/Trail Improvements
  - ECRT North-south connection along 1st Street North.
    - Private utility conflicts exist in the boulevards and further investigation is required to determine sign locations. **Staff plans to place the pedestrian crossing signs in April.**
3. 2022 Storm Sewer Maintenance
  - Hester Street
    - On the south side of Hester Street between the Menard and City ponds; the storm sewer outlet from 3<sup>rd</sup> Street will be extended, and the pond side slopes flattened in this area. 9-12-22 Easement documents were approved by Council. Staff is working with Menard to get the documents executed.
  - Modification work to the catch basin near the Dundas Dome driveway. Structure cannot be lowered. Lower grade around casting and structure and rip rap area. Regrade from road and Dundas Dome swale to improve drainage with the possible addition of a concrete flume from street to catch basin. Staff is developing a concept plan for this work. Staff is preparing a plan to send out for quotes.
4. 2023 Street Lighting
  - On Railway Street down to West Avenue; and including lights at each end of the pedestrian bridge over the Cannon River.
  - **The poles and fixtures have been delivered. Staff plans to schedule install within the next few weeks, weather permitting.**
5. Comprehensive Transportation Planning
  - 4-13-22 Staff prepared a Joint Road Policy, and the policy was reviewed with Bridgewater Township officials. Staff is waiting on comments from BWT officials with regards to the JRP.
  - Staff is preparing a preliminary road design and estimate of project costs for street improvements for a portion of 115th Street between CSAH 20 and CSAH 22. Costs are being prepared for state aid design option vs paving the existing gravel. Initial project

funding has been identified in the draft CIP. 11-3-21 Staff met with Rice County. County plans to reconstruct CSAH 20 in 2025 and plans look at options to realign the intersection of CSAH 20, 115<sup>th</sup> Street and TH 3. Coordination between City, BWT, State and County will be required.

- 4/12/21 the City Council approved a resolution in support of Rice County preparing a planning Study of Decker Avenue from TH 19 to CSAH 1.

#### 6. CSAH 1/TH 3 Pedestrian Crossing

- The scope of work includes installing a trail along CSAH 1, connecting to the existing sidewalks on Schilling Drive, Cannon Road, and North Stafford Road. A trail connection would also be made to the existing trail along TH 3. Pedestrian crossing improvements would be made to the intersection of TH 3 and CSAH 1. Ditch grading and storm sewer improvements would be made to accommodate the trails.
- A portion of the \$121,900 capital expenditure budgeted for Sidewalk/Trail in 2021 is to further preliminary design of these crossing concepts.
- 12-21-22 Staff submitted the AT Grant Application to MnDOT.
- **3-21-22 The project was not selected for the AT Grand Funding. Staff will resume discussions with Rice County about executing the project with County participation.**

#### 7. ECRT Parking Lot and Dog Park Relocation

- An aggregate base parking area is proposed to be created at the ECRT on the NE corner of 1st Street N / Everett Street as part of the dog park relocation
- Staff has completed excavation of the parking lot area and placement of gravel base. The gravel was installed to design elevations that will allow it to be paved with a future project.
- A preliminary plan and dog park layout was presented to the Parks and Recreation Advisory Board on 7-12-22. The concept plan was reviewed at the Parks and Recreation Advisory Board meeting on 9-13-22 by a representative from Canines at Play, who approved of the plan. The concept plan was presented at the February 27<sup>th</sup> Council Meeting. The concept plan was approved by Council March 13<sup>th</sup> Council Meeting.
- The dog park relocation is in the CIP for 2023 and the parking lot improvements in 2024
- **Staff plans to solicit quotes for the fence work in the coming weeks.**

#### 8. Forest Avenue and Depot Street

- Based on the soil borings for Forest Avenue, extensive pavement repair has been included in the CIP for 2023. Future construction will likely include pavement reclamation and a bituminous overlay.
- Based on pavement cores in the roadway on Depot Street from Hester Street to Forest Avenue, the recommendation for rehabilitation of the roadway is full pavement removal and replacement or full depth reclamation. Funding for the project has been identified in the CIP for 2024.
- Roadway patching will be done as necessary in problem areas on the two roadways until they are reconstructed with future projects.

#### 9. Mill Towns Trail Head Improvement Project

- All work is complete on the project except for the benches. **The contractor has received the benches and plans to install them when the snow melts.**

## 10. Northfield Wastewater Treatment

- Meeting was held with City of Northfield on 10/5/21 and 10/11/21
  - Staff performed survey on a section of the sewer shed with high TSS results. Survey results show potential problems with the lines. Staff is coordinating cleaning and televising of lines. Testing will be performed after lines are cleaned. Televising and cleaning of the lines is complete. One area of pipe has installation/settlement issues. Staff is working to identify solutions to correct the pipe in the area. Staff has prepared a plan for the repairs to the sewer system by Kwik Trip and Menards. Staff is looking at preliminary costs to evaluate the options.
  - Staff is exploring a new connection between existing manholes to bypass the area of concern. Private utility companies have submitted their maps. Staff will review City infrastructure in the area to create a concept plan and costs.
  - Meetings will be set up twice a year with the City of Northfield to discuss the City of Dundas' wastewater flows with respect to the limits set in the agreement and to stay updated on things Northfield is working on, such as the permit amendment.
  - Northfield staff indicated that they are planning to hire a consultant in 2023 to review the Wastewater Agreement. They expect the consultant would suggest modifications to the Agreement to reflect growth projections for both the City of Northfield and the City of Dundas.
  - The PCA provided information on the possibility of Dundas having its own wastewater facility. Staff is reviewing the information in order to determine the feasibility of the facility. The information was presented at a Council work session on July 11<sup>th</sup>.
  - Northfield received written approval from the PCA for the permit amendment. The City of Northfield will approve future sanitary sewer extension permits and the surcharge will be discontinued while the City's flows remain within the revised limits.

## 11. Public Works Tasks

- The storm water code and fees are under review, including sump pump connection requirements. Staff met with Andrew Albers to discuss his concerns regarding the amount of City fees he pays and research he has done on fee options.
- The City received an inquiry regarding converting the Access Road west of TH 3 between CSAH 1 and Hester Street to a public street; a draft policy will be prepared for reviewing these types of requests.

## 12. Regional Storm Water and Wetland

- This will be the next storm water pond cleaning project for the pond located south of County Road 1, adjacent to the dog park and north of County Road 1, east of Weaver Road; the focus for work at the regional pond will be clearing trees/brush and removing sediment.
- Quotes were received from 3 contractors for the work, with Sunram Construction, Inc. being the apparent low quote. Based on the prices received and the timing of the dog park relocation, staff has decided to only perform the work on the pond north of County Road 1 in 2023. The work in the pond south of County Road 1 will be completed in 2024/2025.
- 1-23-23 Council accepted the quotes and awarded the contract to Sunram Construction, Inc.
- The Contractor has completed the tree removals and pond excavation. Cleanup and stabilization work remains.

- Project is identified in the CIP for 2023.

#### 13. Stoneridge Hills 2nd

- 6-13-22 Preliminary Plat, Final Plat and Developer's Agreement were approved by Council.
- Because the plat was not recorded within the required 100 days of approval, the Developer will need to reapply for final plat approval.
- The City will require a signed Developer's Agreement with securities, signed mylars and the final revised construction and landscape plans to move forward with the development.

#### 14. West Avenue Apartments

- Weekly and rainfall inspections will be done on behalf of the City through the duration of construction ensure erosion control issues do not arise.
- Grading and excavation began on the site on 5/2.
- Council approved an amendment to the Developer's agreement to extend the completion date to September 1, 2023.

#### 15. Pavement Management Plan

- 1-23-23 Plan was presented to Council.
- At the February 27<sup>th</sup> Council Meeting, a work session was held to discuss costs associated with recommended maintenance activities.
- ***A work session will be held at the March 27<sup>th</sup> Council meeting to discuss funding options.***

#### 16. Public Works Cold Storage

- 1-18-23 City Staff that utilizes the existing public works building met to discuss the future cold storage building layout and dimensions. The preliminary figure will be revised based on the discussions. Staff will present the figure and building details at a future meeting.
- The preliminary site plan and building details were presented to Council at the February 27<sup>th</sup> Council Meeting.
- ***Staff is working to identify contractors who perform this type of work and plan to solicit quotes in mid to late April.***

#### 17. Preliminary Effluent Review

- 7-25-22 Council approved a proposal to complete the preliminary effluent review.
- 1-5-23 Staff has started work on the review.

#### 18. Sanitary Sewer and Water Comprehensive Plan

- 1-5-23 Staff has started on the comprehensive plan. The work is budgeted for 2023 in the enterprise fund budget.

#### 19. Transportation Comprehensive Plan

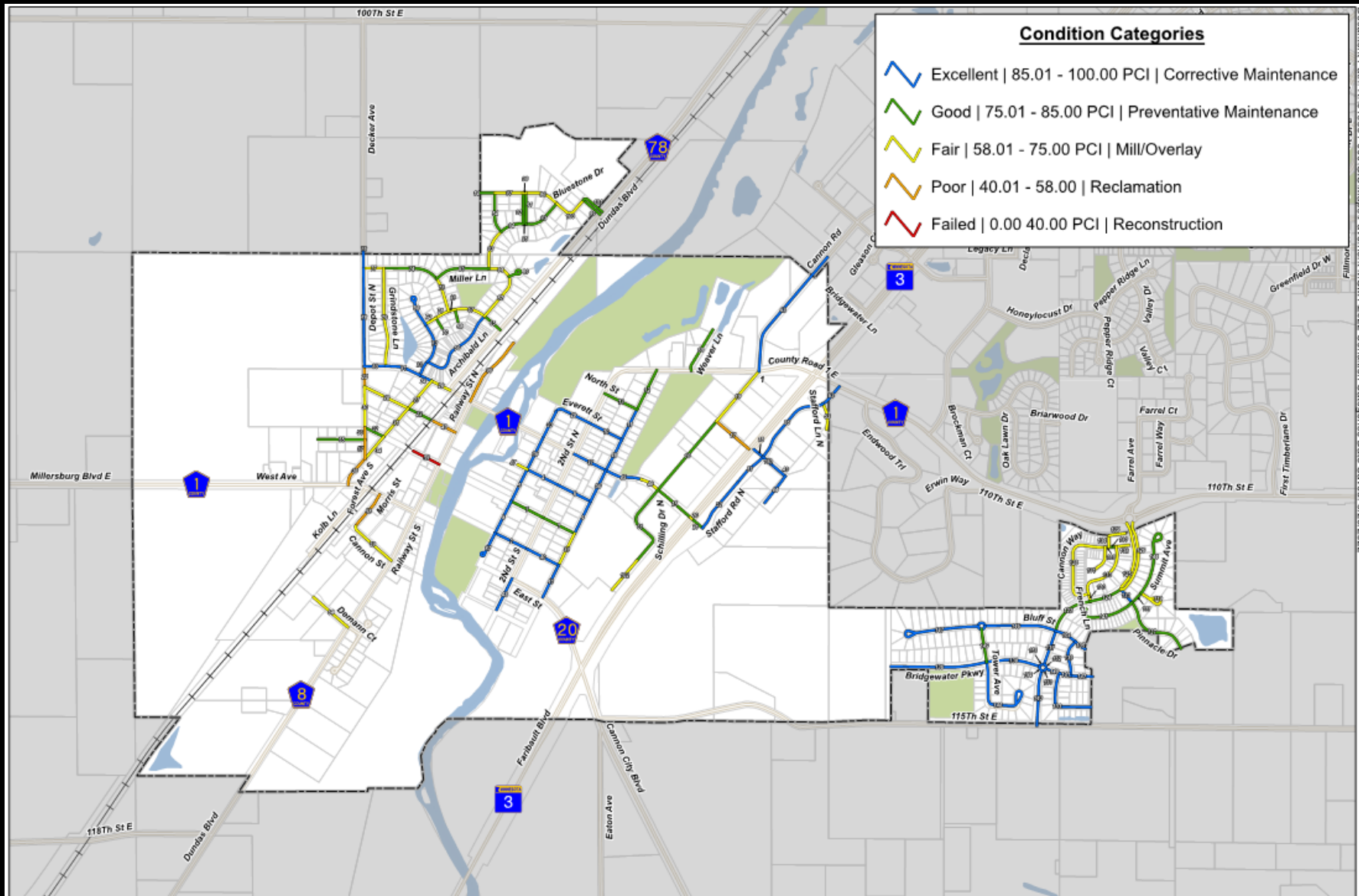
- 1-5-23 Staff has started work on the comprehensive plan. The work is budgeted for 2023 in the general fund budget.

# Dundas Pavement Management Plan

March 27, 2023

DUNDAS

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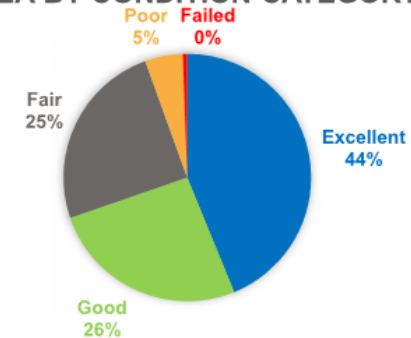


## Current PCI

Condition Category	PCI Range	Percentage of City Streets	Mileage
Excellent	85 - 100	43.8%	4.7 mi.
Good	75 - 85	25.9%	2.8 mi.
Fair	58 - 75	24.8%	2.9 mi.
Poor	40 - 58	4.9%	0.6 mi.
Very Poor	0 - 40	0.6%	0.1 mi.

- Approximately 11 miles of City streets
- Overall PCI rating for all City streets is 80.9

PERCENTAGE OF ROADWAY SURFACE AREA BY CONDITION CATEGORY



## Costs to Address Maintenance Needs Over 10-Years

Condition Category	Recommended Maintenance	PCI Range	Percentage of City Streets	Mileage	Cost Over 10-Years	Average Annual Budget
Excellent	Corrective	85 - 100	33.3%	3.7 mi.	N/A	N/A
Good	Crack Seal and Chip Seal	75 - 85	34.2%	3.8 mi.	\$407,000	\$40,700
Fair	Mill and Overlay	58 - 75	26.1%	2.9 mi.	\$1,995,000	\$199,500
Poor	Reclamation	40 - 58	5.4%	0.6 mi.	\$780,000	\$78,000
Very Poor	Reconstruction	0 - 40	0.9%	0.1 mi.	\$322,000	\$32,200
Annual inflation rate = 3%					Total Average Annual Budget	\$350,400





# Funding



# Available Funding Options

1. 100% Tax Levy
2. Maximize Assessments
3. Taxes and Assessments
4. Franchise Fees



## 100% Tax Levy

Costs related to the City's Pavement Management Plan (PMP) would be funded 100% through the tax levy.

The City's 2023 General Tax Levy is \$1,534,177. The 2024 General Tax Levy would need to increase by 22% to accommodate \$350,000 in the City's annual budget for PMP improvements.

Tax Exempt properties would not contribute to funding the City's PMP improvements under this scenario.



## Maximize Assessments

The City can sell bonds to fund 100% of the PMP improvements. The bond is paid back through the collection of special assessments over a period of years.

Special assessments can be levied in accordance with State Statute 429.

The amount to be specially assessed cannot exceed the benefit to the property.

There are administrative costs associated with executing the 429 process.

Special assessments can be levied against tax exempt properties.



## **Maximize Assessments (continued)**

The City would need to establish a Special Assessment policy under this scenario.



## Taxes and Assessments

A combination of levying for taxes and assessing property owners to fund projects identified in the pavement management program (PMP).

Tax exempt properties can specially assessed for the improvements from which they receive benefit, but would not contribute towards that portion of the projects being funded by the tax levy.

The amount to be specially assessed cannot exceed the benefit to the property.

There are administrative costs associated with executing the 429 process.



## **Taxes and Assessments (continued)**

Under this scenario, the City can sell still bonds to fund a portion of the PMP improvements. The bond is paid back through the collection of special assessments over a period of years.

The City would need to establish a Special Assessment policy under this scenario.



## Natural Gas & Electric Franchise Fees

Cities have franchise agreements with private utility companies for their use of public-owned right-of-way for private business purposes.

State Statute 216B.36 allows municipalities to charge utility companies a franchise fee for the use of public-owned right-of-way. This fee is then generally passed on to the utility customers.





## **Natural Gas & Electric Franchise Fees (continued)**

With franchise fees, residential property owners pay a small monthly charge on their gas bill, and businesses/institutions pay a monthly charge based on their meter size. The franchise fees can either be a fixed monthly fee or a percentage-based fee. The franchise fees can be set aside in a dedicated fund and would be used solely for expenditures related to the PMP.

Tax Exempt properties would contribute to funding the City's PMP improvements under this scenario.



## Next Steps

1. Discuss the funding sources to be further considered with the City's PMP implementation.
2. Staff to bring back funding estimates and possible policy revisions for Council review following discussion.

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THANK YOU

