

**REVISED PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 5, 2025**

**NEW ISSUE  
NOT BANK QUALIFIED**

**BOOK ENTRY ONLY  
S&P GLOBAL RATINGS' RATING "AA+"**

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is: (i) excludable from gross income for federal income tax purposes and is not a preference item for purposes of the federal alternative minimum tax imposed on individuals, (ii) is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes, (iii) is includable in the income of corporations and financial institutions for purposes of the Minnesota franchise tax, and (iv) is not a specific tax preference item for purposes of the Minnesota alternative minimum tax applicable to individuals, estates and trust. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. The City has designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986. For a more detailed description of such opinions of Bond Counsel, see "Tax Matters" herein.*

**ANOKA COUNTY, MINNESOTA  
\$21,500,000\*  
General Obligation Capital Improvement Plan Bonds, Series 2025A**

**Dated Date: Date of Delivery (Estimated to be March 6, 2025)**

**Interest Due: Each February 1 and August 1  
Commencing February 1, 2026**

| <u>Maturity*</u> | <u>Amount*</u> | <u>Rate</u> | <u>Yield</u> | <u>Price</u> | <u>Maturity*</u> | <u>Amount*</u> | <u>Rate</u> | <u>Yield</u> | <u>Price</u> |
|------------------|----------------|-------------|--------------|--------------|------------------|----------------|-------------|--------------|--------------|
| 2/1/2027         | \$1,130,000    | _____%      | _____%       | _____        | 2/1/2035         | \$1,455,000    | _____%      | _____%       | _____        |
| 2/1/2028         | 1,170,000      | _____       | _____        | _____        | 2/1/2036         | 1,505,000      | _____       | _____        | _____        |
| 2/1/2029         | 1,205,000      | _____       | _____        | _____        | 2/1/2037         | 1,560,000      | _____       | _____        | _____        |
| 2/1/2030         | 1,240,000      | _____       | _____        | _____        | 2/1/2038         | 1,620,000      | _____       | _____        | _____        |
| 2/1/2031         | 1,275,000      | _____       | _____        | _____        | 2/1/2039         | 1,680,000      | _____       | _____        | _____        |
| 2/1/2032         | 1,325,000      | _____       | _____        | _____        | 2/1/2040         | 1,745,000      | _____       | _____        | _____        |
| 2/1/2033         | 1,365,000      | _____       | _____        | _____        | 2/1/2041         | 1,815,000      | _____       | _____        | _____        |
| 2/1/2034         | 1,410,000      | _____       | _____        | _____        |                  |                |             |              |              |

The General Obligation Capital Improvement Plan Bonds, Series 2025A (the "Bonds" or the "Issue") are being issued by Anoka County, Minnesota (the "County" or the "Issuer") pursuant to Minnesota Statutes, Chapter 475 and Section 373.40, as amended. Proceeds of the Bonds will be used to finance the Rum River Decentralization Project, the 911 Center, and to pay costs associated with issuance of the Bonds. See *Authority and Purpose* herein for additional information.

The Bonds are valid and binding general obligations of the County and are payable from ad valorem taxes. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount. See *Security/Sources and Uses of Funds* herein for additional information.

The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest.

Principal due with respect to the Bonds is payable annually on February 1, commencing February 1, 2027. Interest due with respect to the Bonds is payable semiannually on February 1 and August 1, commencing February 1, 2026. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. The Paying Agent/Registrar will be U.S. Bank Trust Company, National Association, St. Paul, Minnesota.

**Proposals: Monday, February 10, 2025 11:30 A.M., Central Time  
Award: Tuesday, February 11, 2025 9:30 A.M., Central Time**

Bids may contain a maturity schedule providing for any combination of serial or term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above at a price of par plus accrued interest. Bids must be for not less than \$21,285,000 (99.00%) and accrued interest on the total principal amount of the Bonds. **Bids will not be subject to cancellation – see "Establishment of Issue Price" in the Notice of Sale herein for additional details.** *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* A Good Faith Deposit (the "Deposit") in the amount of \$430,000, in the form of a federal wire transfer payable to the order of the County, will only be required from the apparent winning bidder, and must be received within two hours after the receipt of bids. See Notice of Sale for additional details. Award of the Bonds will be on the basis of True Interest Cost (TIC).

\* Preliminary, subject to change.



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THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WHEN, AS AND IF ACCEPTED BY THE UNDERWRITER(S) NAMED ON THE FRONT COVER OF THIS OFFICIAL STATEMENT AND SUBJECT TO AN OPINION AS TO VALIDITY OF THE BONDS BY BOND COUNSEL. SUBJECT TO APPLICABLE SECURITIES LAWS AND PREVAILING MARKET CONDITIONS, THE UNDERWRITER(S) INTENDS, BUT IS NOT OBLIGATED, TO EFFECT SECONDARY MARKET TRADING FOR THE BONDS. CLOSING DATE IS ESTIMATED TO BE MARCH 6, 2025.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT IN CONNECTION WITH THE OFFERS MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY OR THE UNDERWRITER(S). NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY SINCE THE DATE HEREOF. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. THE INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE COUNTY AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS BY, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY, THE UNDERWRITER(S).

WITHIN THE MEANING OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12, THE INFORMATION INCLUDED IN THE PRELIMINARY OFFICIAL STATEMENT IS DEEMED FINAL BY THE ISSUER AS OF ITS DATE AND IS ACCURATE AND COMPLETE IN ALL MATERIAL RESPECTS, EXCEPT FOR THE OMISSION OF THE OFFERING PRICE(S), INTEREST RATE(S), SELLING COMPENSATION, AGGREGATE PRINCIPAL AMOUNT, PRINCIPAL AMOUNT PER MATURITY, DELIVERY DATE, RATING(S), OTHER TERMS OF THE ISSUE DEPENDING ON SUCH MATTERS, AND THE IDENTITY OF THE UNDERWRITER(S).

## SUMMARY OF OFFERING

**Anoka County, Minnesota**  
**\$21,500,000 \***  
**General Obligation Capital Improvement Plan Bonds, Series 2025A**  
*(Book-Entry Only)*

|                                 |   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
|---------------------------------|---|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|----------|-----------|--|--|
| AMOUNT -                        | \$21,500,000  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| ISSUER -                        | Anoka County, Minnesota (the “County” or the “Issuer”)  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| AWARD DATE -                    | February 11, 2025   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| MUNICIPAL ADVISOR -             | Northland Securities, Inc. (the “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402, telephone: 612-851-5900 or 800-851-2920   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| TYPE OF ISSUE -                 | General Obligation Capital Improvement Plan Bonds, Series 2025A (the “Bonds” or the “Issue”)  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| AUTHORITY, PURPOSE & SECURITY - | The General Obligation Capital Improvement Plan Bonds, Series 2025A (the “Bonds”) are being issued by Anoka County, Minnesota (the “County”) pursuant to Minnesota Statutes, Chapter 475 and Section 373.40, as amended. Proceeds of the Bonds will be used to finance the Rum River Decentralization Project, the 911 Center, and to pay costs associated with issuance of the Bonds. The Bonds are valid and binding general obligations of the County and are payable from ad valorem taxes. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount. See <i>Authority and Purpose</i> as well as <i>Security/Sources and Uses of Funds</i> herein for additional information. |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| DATE OF ISSUE -                 | Date of Delivery (Estimated to be March 6, 2025)  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| INTEREST PAID -                 | Semiannually on each February 1 and August 1, commencing February 1, 2026, to registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| MATURITIES* -                   |   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
|                                 | <table><tr><td>2/1/2027</td><td>\$1,130,000</td><td>2/1/2031</td><td>\$1,275,000</td><td>2/1/2035</td><td>\$1,455,000</td><td>2/1/2039</td><td>\$1,680,000</td></tr><tr><td>2/1/2028</td><td>1,170,000</td><td>2/1/2032</td><td>1,325,000</td><td>2/1/2036</td><td>1,505,000</td><td>2/1/2040</td><td>1,745,000</td></tr><tr><td>2/1/2029</td><td>1,205,000</td><td>2/1/2033</td><td>1,365,000</td><td>2/1/2037</td><td>1,560,000</td><td>2/1/2041</td><td>1,815,000</td></tr><tr><td>2/1/2030</td><td>1,240,000</td><td>2/1/2034</td><td>1,410,000</td><td>2/1/2038</td><td>1,620,000</td><td></td><td></td></tr></table>  | 2/1/2027 | \$1,130,000 | 2/1/2031 | \$1,275,000 | 2/1/2035 | \$1,455,000 | 2/1/2039 | \$1,680,000 | 2/1/2028 | 1,170,000 | 2/1/2032 | 1,325,000 | 2/1/2036 | 1,505,000 | 2/1/2040 | 1,745,000 | 2/1/2029 | 1,205,000 | 2/1/2033 | 1,365,000 | 2/1/2037 | 1,560,000 | 2/1/2041 | 1,815,000 | 2/1/2030 | 1,240,000 | 2/1/2034 | 1,410,000 | 2/1/2038 | 1,620,000 |  |  |
| 2/1/2027                        | \$1,130,000   | 2/1/2031 | \$1,275,000 | 2/1/2035 | \$1,455,000 | 2/1/2039 | \$1,680,000 |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| 2/1/2028                        | 1,170,000   | 2/1/2032 | 1,325,000   | 2/1/2036 | 1,505,000   | 2/1/2040 | 1,745,000   |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| 2/1/2029                        | 1,205,000   | 2/1/2033 | 1,365,000   | 2/1/2037 | 1,560,000   | 2/1/2041 | 1,815,000   |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| 2/1/2030                        | 1,240,000   | 2/1/2034 | 1,410,000   | 2/1/2038 | 1,620,000   |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| REDEMPTION -                    | The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest. See <i>Description of the Bonds</i> herein for additional information.  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| BOOK-ENTRY -                    | The Bonds will be issued as fully registered and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which principal and interest payments will be made. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any whole multiple thereof. Purchasers will not receive physical delivery of the Bonds.  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| PAYING AGENT/REGISTRAR -        | U.S. Bank Trust Company, National Association, St. Paul, Minnesota  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| TAX DESIGNATIONS -              | <u>NOT Private Activity Bonds</u> - The Bonds are not “private activity bonds” as defined in Section 141 of the Internal Revenue Code of 1986, as amended (the “Code”).<br><br><u>Not Bank Qualified Tax-Exempt Obligations</u> - The County will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| LEGAL OPINION -                 | Kutak Rock LLP, Minneapolis, Minnesota (“Bond Counsel”)   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| BOND RATING -                   | The County received an underlying rating of “AA+” from S&P Global Ratings (“S&P”). See <i>Bond Rating</i> herein for additional information.  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| CLOSING -                       | Estimated to be March 6, 2025   |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |
| PRIMARY CONTACTS -              | Cory Kampf, Chief Financial Officer, Anoka County, Minnesota 763-324-1751<br>Tammy Omdal, Managing Director, Northland Securities, Inc., 612-851-4964<br>Jessica Green, Managing Director, Northland Securities, Inc., 612-851-5930<br>George Eilertson, Managing Director, Northland Securities, Inc., 612-851-5906  |          |             |          |             |          |             |          |             |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |          |           |  |  |

\* Preliminary, subject to change.

ANOKA COUNTY, MINNESOTA

**PRINCIPAL COUNTY OFFICIALS**

**Elected Officials**

| <u>Name</u>    | <u>Position</u> | <u>Term Expires</u> |
|----------------|-----------------|---------------------|
| Scott Schulte  | Commissioner    | January 2027        |
| Julie Braastad | Commissioner    | January 2027        |
| John Heinrich  | Commissioner    | January 2027        |
| Julie Jeppson  | Commissioner    | January 2029        |
| Mandy Meisner  | Commissioner    | January 2029        |
| Mike Gamache   | Commissioner    | January 2029        |
| Jeff Reinert   | Commissioner    | January 2027        |

**County Board of Commissioners**

**Primary Contacts**

|               |                         |           |
|---------------|-------------------------|-----------|
| Jim Dickinson | Administrator           | Appointed |
| Cory Kampf    | Chief Financial Officer | Appointed |

**BOND COUNSEL**

Kutak Rock LLP  
Minneapolis, Minnesota

**MUNICIPAL ADVISOR**

Northland Securities, Inc.  
Minneapolis, Minnesota

## **NOTICE OF SALE**

\$21,500,000\*

GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN BONDS, SERIES 2025A

ANOKA COUNTY, MINNESOTA  
(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Bonds will be offered for sale according to the following terms:

### **TIME AND PLACE:**

Proposals (also referred to herein as “bids”) will be opened by the County’s Chief Financial Officer, or designee, on Monday, February 10, 2025, at 11:30 A.M., CT, at the offices of Northland Securities, Inc. (the County’s “Municipal Advisor”), 150 South 5th Street, Suite 3300, Minneapolis, Minnesota 55402. Consideration of the Proposals for award of the sale will be by the County Board at its meeting at the County Offices beginning Tuesday, February 11, 2025 at 9:30 A.M., CT.

### **SUBMISSION OF PROPOSALS**

Proposals may be:

- a) submitted to the office of Northland Securities, Inc.,
- b) emailed to [PublicSale@northlandsecurities.com](mailto:PublicSale@northlandsecurities.com)
- c) for proposals submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900 or 612-851-5915, or
- d) submitted electronically.

Notice is hereby given that electronic proposals will be received via PARITY™, or its successor, in the manner described below, until 11:30 A.M., CT, on Monday, February 10, 2025. Proposals may be submitted electronically via PARITY™ or its successor, pursuant to this Notice until 11:30 A.M., CT, but no Proposal will be received after the time for receiving Proposals specified above. To the extent any instructions or directions set forth in PARITY™, or its successor, conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, or its successor, potential bidders may contact Northland Securities, Inc. or i-Deal® at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

Neither the County nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™ or its successor. All bidders are advised that each Proposal shall be deemed to constitute a contract between the bidder and the County to purchase the Bonds regardless of the manner in which the Proposal is submitted.

### **BOOK-ENTRY SYSTEM**

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds.

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\* The County reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

Individual purchases of the Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the County through U.S. Bank Trust Company, National Association, St. Paul, Minnesota (the “Paying Agent/Registrar”), to DTC, or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the bond certificates with DTC. The County will pay reasonable and customary charges for the services of the Paying Agent/Registrar.

**DATE OF ORIGINAL ISSUE OF BONDS**

Date of Delivery (Estimated to be March 6, 2025)

**AUTHORITY/PURPOSE/SECURITY**

The Bonds are being issued pursuant to Minnesota Statutes, Chapter 475 and Section 373.40. Proceeds will be used to finance the Rum River Decentralization Project and the 911 Center project and to pay the costs associated with the issuance of the Bonds. The Bonds are payable from ad valorem taxes. The full faith and credit of the County is pledged to their payment and the County has validly obligated itself to levy ad valorem taxes in the event of any deficiency in the debt service account established for this issue.

**INTEREST PAYMENTS**

Interest is due semiannually on each February 1 and August 1, commencing February 1, 2026, to registered owners of the Bonds appearing of record in the Bond Register as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date.

**MATURITIES**

Principal is due annually on February 1, inclusive, in each of the years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 2027        | \$1,130,000   | 2032        | \$1,325,000   | 2037        | \$1,560,000   |
| 2028        | 1,170,000     | 2033        | 1,365,000     | 2038        | 1,620,000     |
| 2029        | 1,205,000     | 2034        | 1,410,000     | 2039        | 1,680,000     |
| 2030        | 1,240,000     | 2035        | 1,455,000     | 2040        | 1,745,000     |
| 2031        | 1,275,000     | 2036        | 1,505,000     | 2041        | 1,815,000     |

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

**INTEREST RATES**

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity.* All Bonds of the same maturity must bear a single uniform rate from date of issue to maturity.

**ESTABLISHMENT OF ISSUE PRICE  
(HOLD-THE-OFFERING-PRICE RULE MAY APPLY – BIDS NOT CANCELLABLE)**

The winning bidder shall assist the County in establishing the issue price of the Bonds and shall execute and deliver to the County at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent

communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the County and Bond Counsel. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County's Municipal Advisor and any notice or report to be provided to the County may be provided to the County's Municipal Advisor.

The County intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the County may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.**

In the event that the competitive sale requirements are not satisfied, the County shall promptly so advise the winning bidder. The County may then determine to treat the initial offering price to the public as of the award date of the Bonds as the issue price of each maturity by imposing on the winning bidder the Hold-the-Offering-Price Rule as described in the following paragraph (the "Hold-the-Offering-Price Rule"). Bids will **not** be subject to cancellation in the event that the County determines to apply the Hold-the-Offering-Price Rule to the Bonds. **Bidders should prepare their bids on the assumption that the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.**

By submitting a bid, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the award date for the Bonds and ending on the **earlier** of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the award date; or
- (2) the date on which the underwriters have sold at least 10% of a maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the "10% Test"), at which time only that particular maturity will no longer be subject to the Hold-the-Offering-Price Rule.

The County acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure

of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to comply with the Hold-the-Offering-Price Rule, if applicable if and for so long as directed by the winning bidder and as set forth in the related pricing wires, (B) to promptly notify the winning bidder of any sales of Bonds that to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public, and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires.

*Notes: Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:*

- (1) "public" means any person other than an underwriter or a related party,*
- (2) "underwriter" means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public).*
- (3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation or another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and*
- (4) "sale date" means the date that the Bonds are awarded by the County to the winning bidder.*



## **ADJUSTMENTS TO PRINCIPAL AMOUNT AFTER PROPOSALS**

The County reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to the award of Proposals by the County and shall be at the sole discretion of the County. The successful bidder may not withdraw or modify its Proposal once submitted to the County for any reason, including post-sale adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

## **OPTIONAL REDEMPTION**

Bonds maturing on February 1, 2033 through 2041 are subject to redemption and prepayment at the option of the County on February 1, 2032 and any date thereafter, at a price of par plus accrued interest. Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the maturities and principal amounts within each maturity to be redeemed shall be determined by the County and if only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar.

## **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Bonds in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

## **DELIVERY**

Delivery of the Bonds will be within thirty days after award, subject to an approving legal opinion by Kutak Rock LLP, Bond Counsel. The legal opinion will be paid by the County and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

## **TYPE OF PROPOSAL**

Proposals of not less than \$21,285,000 (99.00%) and accrued interest on the principal sum of \$21,500,000 must be filed with the undersigned prior to the time of sale. Proposals must be unconditional except as to legality. Proposals for the Bonds should be delivered to Northland Securities, Inc. and addressed to:

Cory Kampf, Chief Financial Officer  
2100 3<sup>rd</sup> Avenue  
Anoka, Minnesota 55303

A good faith deposit (the "Deposit") in the amount of \$430,000 in the form of a federal wire transfer (payable to the order of the County) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Proposals. The apparent winning bidder will receive notification of the wire instructions from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the County may choose to reject their Proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of their original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

The County will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Proposal, said amount will be retained by the County. No Proposal can be withdrawn after the time set for receiving Proposals unless the meeting of the County scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

### **AWARD**

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The County's computation of the interest rate of each Proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The County will reserve the right to: (i) waive non-substantive informalities of any Proposal or of matters relating to the receipt of Proposals and award of the Bonds, (ii) reject all Proposals without cause, and (iii) reject any Proposal which the County determines to have failed to comply with the terms herein.

### **INFORMATION FROM SUCCESSFUL BIDDER**

The successful bidder will be required to provide, in a timely manner, certain information relating to the initial offering price of the Bonds necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended.

### **OFFICIAL STATEMENT**

By awarding the Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the County agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format as prescribed by the Municipal Securities Rulemaking Board (MSRB).

### **FULL CONTINUING DISCLOSURE UNDERTAKING**

The County will covenant in the resolution awarding the sale of the Bonds and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the County, and notices of certain material events, as required by SEC Rule 15c2-12.

### **NOT BANK QUALIFIED**

The County will not designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

### **BOND INSURANCE AT UNDERWRITER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Bonds. Any increase in the costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the County has requested and received a rating on the Bonds from a rating agency, the County will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Bonds.

The County reserves the right to reject any and all Proposals, to waive informalities and to adjourn the sale.

Dated: December 5, 2024

BY ORDER OF THE ANOKA COUNTY BOARD

/s/ Cory Kampf  
Chief Financial Officer

Additional information may be obtained from:

Northland Securities, Inc.

150 South 5<sup>th</sup> Street, Suite 3300

Minneapolis, Minnesota 55402

Telephone No.: 612-851-5900

## EXHIBIT A

### ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[UNDERWRITER]”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Initial Offering Price of the Bonds.***

(a) [UNDERWRITER] offered each Maturity of the Bonds to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Bonds, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms.***

(a) *Holding Period* means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (\_\_\_\_\_), or (ii) the date on which [UNDERWRITER] has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Issuer* means the Economic Development Authority of the City of Becker, Minnesota.

(c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [UNDERWRITER] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded

from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

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

Name: \_\_\_\_\_

Dated: \_\_\_\_\_, 2025

**SCHEDULE A**  
**INITIAL OFFERING PRICES OF THE BONDS**  
*(Attached)*

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**

*(Attached)*

## ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER] (“[UNDERWRITER]”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [UNDERWRITER] are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [UNDERWRITER] to purchase the Bonds.

(b) [UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is \_\_\_\_\_.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [UNDERWRITER]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Kutak Rock LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By \_\_\_\_\_

Name \_\_\_\_\_

Its \_\_\_\_\_



**SCHEDULE A**  
**EXPECTED OFFERING PRICES**

*(Attached)*

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

## **AUTHORITY AND PURPOSE**

The General Obligation Capital Improvement Plan Bonds, Series 2025A (the “Bonds” or the “Issue”) are being issued by Anoka County, Minnesota (the “County”) pursuant to Minnesota Statutes, Chapter 475 and Section 373.40, as amended. Proceeds from issuance of the Bonds will be used to finance the Rum River Decentralization Project, the 911 Center, and to pay costs associated with issuance of the Bonds.

## **SECURITY/SOURCES AND USES OF FUNDS**

### **Security**

The Bonds are valid and binding general obligations of the County and are payable from ad valorem taxes. The full faith and credit of the County is also pledged to their payment. In the event of any deficiency in the Debt Service Account established for this Issue, the County has validly obligated itself to levy additional ad valorem taxes upon all of the taxable property within the County, without limitation of amount.

### **Sources and Uses of Funds**

Following are the sources and uses of funds in connection with the issuance of the Bonds.

#### *Sources of Funds*

|                         |                       |
|-------------------------|-----------------------|
| Par Amount of Bonds     | <u>\$ 21,500,000*</u> |
| Total Sources of Funds: | <u>\$ 21,500,000</u>  |

#### *Uses of Funds*

|  |                      |
|--|----------------------|
| Deposit to Project Fund                  | \$ 20,495,000        |
| Capitalized Interest                     | 685,845              |
| Costs of Issuance/Underwriter’s Discount | 319,050              |
| Rounding Amount                          | <u>105</u>           |
| Total Uses of Funds:                     | <u>\$ 21,500,000</u> |

## **BONDHOLDERS’ RISKS**

An investment in the Bonds involves an element of risk. In order to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement (including the appendices hereto) in order to make a judgment as to whether the Bonds are an appropriate investment.

### **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history of economic prospects connected with a particular issue, any secondary marketing practices in connection with a particular bond issue are suspended or terminated. Additionally, prices of bond issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price of the Bonds.

### **Ratings Loss**

S&P Global Ratings has assigned a rating of “AA+” to the Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is

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\* Preliminary, subject to change.

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

Additional regulation of rating agencies could materially alter the methodology, rating levels, and types of ratings available, for example, and these changes, if ever, could materially affect the market value of the Bonds.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and the actual results. These differences could be material and could impact the availability of funds of the Issuer to pay debt service when due on the Bonds.

### **Tax Exemption and Loss of Tax Exemption**

If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) and post-issuance tax covenants of the Issuer may result in the inclusion of interest on the Bonds in gross income of the recipient for federal income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation, retroactive to the date of issuance.

It is also possible that actions of the Issuer after the closing of the Bonds will alter the tax status of the Bonds, and, in the extreme, remove the tax exempt status from the Bonds. In that instance, the Bonds are not subject to mandatory prepayment, and the interest rate on the Bonds does not increase or otherwise reset.

### **Pending Federal and State Tax Legislation**

From time to time, there is State legislation proposed, as well as Presidential proposals, proposals of various federal committees, and legislative proposals pending in Congress that could, if enacted, alter or amend one or more of the federal or state tax matters described herein in certain respects or would adversely affect the market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what forms any of such proposals, either pending or that may be introduced, may be enacted and there can be no assurance that such proposals will not apply to the Bonds. In addition, regulatory actions are from time to time announced or proposed, and litigation threatened or commenced, which if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

### **Tax Levy Procedures**

The Bonds are general obligations of the Issuer, payable from and secured by a continuing ad valorem tax levied against all of the property valuation within the Issuer. A failure on the part of the Issuer to make a timely levy request or a levy request by the Issuer that is inaccurate or is insufficient to make full payments of the debt service of the Bonds for a particular fiscal year may cause Bondholders to experience delay in the receipt of distributions of principal of and/or interest on the Bonds. In the event of a default in the payment of principal of or interest on the Bonds, there is no provision for acceleration of maturity of the principal of the Bonds. Consequently, the

remedies of the owners of the Bonds (consisting primarily of an action in the nature of mandamus requiring the Issuer and certain other public officials to perform the terms of the resolution for the Bonds) may have to be enforced from year to year.

### **Factors Beyond Issuer's Control**

A combination of epidemic, pandemic, economic, climatic, political or civil disruptions outside of the control of the Issuer, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local governments. Real or perceived threats to the financial stability of the Issuer may have an adverse effect on the value of the Bonds in the secondary market. State of Minnesota cash flow problems could also affect local governments, including reductions in, or delayed payments of, local government state aid (LGA) and possibly increase Issuer property taxes.

### **Cybersecurity**

The Issuer, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Issuer will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

### **Suitability of Investment**

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

### **Summary**

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should become thoroughly familiar with this entire Official Statement and the Appendices hereto.

## **DESCRIPTION OF THE BONDS**

### **Details of Certain Terms**

The Bonds will be dated, as originally issued, as of the date of delivery (estimated to be March 6, 2025), and will be issued as fully registered Bonds in the denominations of \$5,000 or any integral multiple thereof. Principal, including mandatory redemptions on the Bonds, if applicable, will be payable annually February 1, commencing February 1, 2027. Interest on the Bonds will be payable semiannually on each February 1 and August 1, commencing February 1, 2026. The Bonds when issued, will be registered in the name of Cede & Co. (the "Registered Holder"), as nominee of The Depository Trust Company, New York, New York ("DTC"), the initial custodian for the Bonds, to which principal and interest payments on the Bonds will be made so long as Cede & Co. is the Registered Holder of the Bonds. See "Book-Entry System" in *Description of the Bonds* herein for additional information. So long as the Book-Entry Only System is used, individual purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof ("Authorized Denominations"). Individual purchasers ("Beneficial Owners") of the Bonds will not receive physical delivery of bond certificates, and registration, exchange, transfer, tender and redemption of the Bonds with respect to Beneficial Owners shall be governed by the Book-Entry Only System.

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the principal of and premium, if any, on the Bonds will be payable upon presentation and surrender at the offices of the Paying Agent and Bond Registrar or a duly appointed successor. Interest on the Bonds will be paid by check or draft mailed by the Bond Registrar to the registered holders thereof as such appear on the registration books maintained by the Bond Registrar as of the close of business on the fifteenth day (whether or not a business day) of the calendar month next preceding such interest payment date (the “Record Date”).

### **Registration, Transfer and Exchange**

So long as the Book-Entry Only System is used, payments from Cede & Co., as the Registered Holder, to the Beneficial Owners shall be governed by the Book-Entry Only System. If the Book-Entry Only System is discontinued, the Bonds may be transferred upon surrender of the Bonds at the principal office of the Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his or her attorney duly authorized in writing. The Bonds, upon surrender thereof at the principal office of the Bond Registrar, may also be exchanged for other Bonds of the same series, of any authorized denominations having the same form, terms, interest rates and maturities as the Bonds being exchanged. The Bond Registrar will require the payment by the Bond holder requesting such exchange or transfer of any tax or governmental charge required to be paid with respect to such exchange or transfer. The Bond Registrar is not required to (i) issue, transfer or exchange any Bond during a period beginning at the opening of business fifteen days before any selection of Bonds of a particular stated maturity for redemption in accordance with the provisions of the Bond resolution and ending on the day of the first mailing of the relevant notice of redemption or (ii) to transfer any Bonds or portion thereof selected for redemption.

### **Optional Redemption**

The Bonds maturing on February 1, 2033 and thereafter are subject to redemption, in whole or in part, on February 1, 2032 and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Bonds to be prepaid shall be at the discretion of the County. Notice of redemption shall be given by written notice to the registered owner of the Bonds not less than 30 days prior to such redemption date.

### **Book-Entry System**

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect

Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtcc.org](http://www.dtcc.org).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

### **FULL CONTINUING DISCLOSURE**

In order to assist the Underwriter(s) in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to a resolution awarding the Issue and a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the County on or before Bond closing, the County has and will covenant for the benefit of holders of the Bonds to annually provide certain financial and operating data, relating to the County to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Certificate in substantially the form attached hereto as Appendix B.

To the best of its knowledge, the County has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events within the past five years. A failure by the County to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Please see *Appendix B – Continuing Disclosure Undertaking* herein for additional information.

The County has retained a Dissemination Agent for its continuing disclosure filings.

### **UNDERWRITER**

The Bonds are being purchased by \_\_\_\_\_ (the "Underwriter") at a purchase price of \$ \_\_\_\_\_, which is the par amount of the Bonds of \$ \_\_\_\_\_ less the Underwriter's discount of \$ \_\_\_\_\_, plus the original issue premium of \$ \_\_\_\_\_.

### **MUNICIPAL ADVISOR**

The County has retained Northland Securities, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. Northland Securities, Inc. is registered as a municipal advisor with both the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources that have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

Northland Securities, Inc., is a subsidiary of Northland Capital Holdings, Inc. First National of Nebraska, Inc., is the parent company of Northland Capital Holdings, Inc. and First National Bank of Omaha.

### **FUTURE FINANCING**

The County does not anticipate the need to issue any additional general obligation debt within the next three months.

### **BOND RATING**

The County received an underlying rating of "AA+" from S&P Global Ratings ("S&P"). No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the opinion of S&P and any explanation of the significance of this rating may be obtained only from S&P. There is no assurance that a rating will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of S&P, circumstances so warrant. A revision or withdrawal of the rating may have



an adverse effect on the market price of the Bonds. This rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

### **LITIGATION**

As of the date of this Official Statement, the County is not aware of any threatened or pending litigation that questions the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

The following describes one lawsuit currently pending against the County where plaintiffs have made demands for monetary damages that are significant:

In the case of Deyonta Green v. Anoka County, the plaintiff filed a claim against the County and other defendants alleging the County did not provide adequate healthcare while the plaintiff was in the jail. The plaintiff made a claim for monetary damages which the County disputed. At a settlement conference, the County agreed to resolve its portion of the case by paying Plaintiff \$2.55 million. The County anticipates dismissal order in the next two -to-three weeks. The County has adequate reserves set aside to pay this settlement.

In addition to the suit described above, there have been some occurrences in the jail in the past two years that could lead to claims. However, there are no active lawsuits.

### **CERTIFICATION**

The County will furnish a statement to the effect that this Official Statement to the best of its knowledge and belief, as of the date of sale and the date of delivery, is true and correct in all material respects, and does not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

The County has always promptly met all payments of principal and interest on its indebtedness when due.

### **LEGALITY**

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving opinion of Kutak Rock LLP, Minneapolis, Minnesota (“Bond Counsel”) as to validity and tax exemption. A copy of such opinion will be available at the time of the delivery of the Bonds. See *Appendix A – Form of Legal Opinion*.

Bond Counsel has not participated in the preparation of this Official Statement and is not passing upon its accuracy, completeness or sufficiency. Bond Counsel has not examined, nor attempted to examine, or verify, any of the financial or statistical statements or data contained in this Official Statement, and will express no opinion with respect thereto.

### **TAX EXEMPTION**

#### **General Matters**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds [(including any original issue discount properly allocable to the owner of a Bonds)] is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the EDA with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The EDA has covenanted to comply with such requirements. Bond Counsel has expressed no opinion

regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

Bond Counsel is also of the opinion that, under existing State of Minnesota statutes, interest on the Bonds is excludable from taxable net income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Bonds is includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Bonds under the laws of the State of Minnesota or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached as Appendix B.

***Original Issue Discount.*** The Bonds that have an original yield above their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

**Original Issue Premium.** The Bonds that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

**Bank Qualified.** The EDA has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in calendar year 2024 (excluding certain private activity and refunding bonds) and that it has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80 percent of that portion of such institutions’ interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

### **Backup Withholding**

An owner of Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

**PROSPECTIVE PURCHASERS OF THE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS.**

# ANOKA COUNTY, MINNESOTA

## GENERAL INFORMATION

### Location, Access and Transportation

Anoka County is located in the northwestern portion of the Twin Cities Metropolitan Area. The County is comprised of 20 cities and one township. Access is provided via Interstate I-35E and I-35W, and I-694, U.S. Highways 10, 169 and 610, State Highways 65 and 47. The Anoka County/Blaine Airport is located in the County. Rail service is provided by Burlington Northern Santa Fe Railroad. Northstar, the state’s first commuter rail line, became operational in November 2009. The Northstar line operates between the City of Big Lake and downtown Minneapolis, and has stops in the cities of Elk River, Ramsey, Anoka, Coon Rapids, and Fridley.

### Area

272,960 Acres  
(426.5 Square Miles)

### Population\*

|             |         |                      |         |
|-------------|---------|----------------------|---------|
| 1980 Census | 195,998 | 2010 Census          | 330,844 |
| 1990 Census | 243,641 | 2020 Census          | 363,887 |
| 2000 Census | 298,084 | 2024 County Estimate | 374,000 |

### Income Data<sup>1</sup>

Comparative income levels are listed below for the Anoka County, the State of Minnesota and the United States.

|                      | Anoka County | State of Minnesota | United States |
|----------------------|--------------|--------------------|---------------|
| Median Family Income | \$114,908    | \$111,492          | \$96,922      |
| Per Capita Income    | 44,418       | 46,957             | 43,289        |

### Labor Force Data<sup>2</sup>

Comparative average labor force and unemployment rate figures for 2024 (through September) and year-end 2023 are listed below. Figures are not seasonally adjusted and numbers of people are estimated by place of residence.

|                          | 2024 (September)                |                              | 2023                            |                              |
|--------------------------|---------------------------------|------------------------------|---------------------------------|------------------------------|
|                          | <i>Civilian<br/>Labor Force</i> | <i>Unemployment<br/>Rate</i> | <i>Civilian<br/>Labor Force</i> | <i>Unemployment<br/>Rate</i> |
| Anoka County             | 198,977                         | 3.3%                         | 199,737                         | 2.8%                         |
| Minneapolis-St. Paul MSA | 2,015,744                       | 3.2                          | 2,023,955                       | 2.7                          |
| Minnesota                | 3,099,169                       | 3.3                          | 3,099,923                       | 2.8                          |

### County Government

Anoka County was organized on May 23, 1857. The County has a governing body with a seven-member Commission which meets twice each month. Commissioners are elected by District and serve overlapping four-year terms.

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\* Source: U.S. Census Bureau.

<sup>1</sup> Source: 2019-2023 American Community Survey, U.S. Census Bureau.

<sup>2</sup> Source: Minnesota Department of Employment and Economic Development website.

Mr. Jim Dickinson was appointed as the County Administrator on September 9, 2024. Responsibilities include managing the County budget, assisting the County Board to ensure the effectiveness of all County services, and providing county board agendas and minutes.

Mr. Cory Kampf has been the County’s Chief Financial Officer since October 13, 2014. Under the direction of the County Administrator and the County Board, the Chief Financial Officer directs and administers the financial affairs of the County. Responsibilities include financial operations (treasury and treasury compliance, cash management, investments, debt management, payments, grants, and receivables), budgeting (preparation of the County’s operating and capital improvement budgets, multi-year forecasting), financial operations (county-wide financial reporting systems, managing the general ledger accounting system, and preparation of the County’s Annual Comprehensive Financial Report).

**Bargaining Units/Labor Contracts**

The County’s labor union/associations are shown below. The County is in ongoing negotiations with all bargaining units with contract’s expiring December 31, 2024.

| <u>Bargaining Unit</u>   | <u>Contract Expiration</u>           | <u>Number of Employees</u> |
|--|--------------------------------------|----------------------------|
| International Union of Operating Engineers, Local 49                           | December 31, 2024                    | 84                         |
| Law Enforcement Labor Services, Inc. (Work Release Officers’ Unit)             | December 31, 2024                    | 29                         |
| Law Enforcement Labor Services, Inc. (Licensed Officers)                       | December 31, 2024                    | 94                         |
| Law Enforcement Labor Services, Inc. (Detention Sergeants/Lieutenants)         | December 31, 2024                    | 12                         |
| Law Enforcement Labor Services, Inc. (Detention Deputies/Corporals)            | December 31, 2024                    | 82                         |
| Law Enforcement Labor Services, Inc. (Sergeants)                               | December 31, 2024                    | 12                         |
| Law Enforcement Labor Services, Inc. (Investigators)                           | December 31, 2024                    | 28                         |
| Law Enforcement Labor Services, Inc. (Licensed Commanders and Lieutenants)     | December 31, 2024                    | 13                         |
| Law Enforcement Labor Services, Inc. (Central Communications Dispatchers)      | December 31, 2027                    | 40                         |
| Law Enforcement Labor Services, Inc. (Medical Examiner Office Investigators)   | December 31, 2024                    | 10                         |
| Law Enforcement Labor Services, Inc. (Sheriff’s Office Clerical and Technical) | Negotiating 1 <sup>st</sup> Contract | 20                         |
| American Federation of State, County and Municipal Employees                   | December 31, 2024                    | 80                         |
| Total Union Employees  |                                      | 504                        |

**Capital Improvement Plan**

Anoka County annually reviews and updates its five-year Capital Improvement Plan, and reviews and considers the requests of the various elected and appointed department heads. The first year of the five-year plan is adopted as the Capital Improvements Budget becomes operative. Years two through five are for planning purposes and are further reviewed in subsequent reviews.

**Employee Pension Programs**

The County participates in contributory pension plans through the Public Employees Retirement Association (PERA) under Minnesota Statutes, Chapters 353 and 356, which cover all full-time and certain part-time employees. PERA administers the Public Employees Retirement Fund (PERF), the Public Employees Correctional Fund (PECF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. Benefits are established by State Statute. State Statute requires the County to fund current service pension cost as it accrues. Defined retirement 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF (formerly “PERF”). That report may be obtained at [www.mnpera.org](http://www.mnpera.org), or by writing to PERA at 60 Empire Drive, #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

The County makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Coordinated Plan members were required to contribute 6.50% of their annual covered salary in 2023. PEPFF members were required to 11.80% of their annual covered salary in 2023. PECF members are required to contribute 5.83% of their annual covered salary. The County is currently required to contribute 7.50% for Coordinated Plan member, 17.70% for PEPFF members and 8.75% for PECF members. County contributions to PERF, PEPFF and PECF for the past five years have been as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 2023        | \$13,035,838  | 2020        | \$11,057,057  |
| 2022        | 11,830,528    | 2019        | 10,664,784    |
| 2021        | 11,248,546    |             |               |

The contribution amounts are equal to the contractually required contributions for each year as set by state statute.

### **Other Postemployment Benefits (OPEB)**

#### *Plan Description*

The County operates a single-employer retiree benefit plan which provides postemployment health care and life insurance benefits for retirees, their spouses and dependents. There are 1,894 active, 1,020 inactive employees receiving benefits, and 61 inactive employees receiving only non-medical benefits.

#### *Changes in Net OPEB Liability*

|   |                               |
|---|-------------------------------|
|   | <u>Net OPEB<br/>Liability</u> |
| Balance at December 31, 2022                      | <u>\$ 35,360,589</u>          |
| Changes for the year:                             |                               |
| Service Cost                                      | \$ 1,684,167                  |
| Interest  | 8,127,955                     |
| Difference between expected and actual experience | (3,761,403)                   |
| Contributions – employer                          | (1,835,408)                   |
| Net Investment Income                             | (22,300,186)                  |
| Changes of Assumptions                            | <u>4,437,869</u>              |
| Net Changes                                       | <u>(13,647,006)</u>           |
| Total OPEB liability end of fiscal year 2023      | <u>\$ 21,713,583</u>          |

Additional information regarding the County’s OPEB obligations is provided in the County’s Annual Financial Report, excerpts of which are provided in Appendix C of this Official Statement, with particular reference to Note 3.

**Cash and Investment Balances as of November 30, 2024 (unaudited)**

| <i>Fund</i>                        |                    |
|------------------------------------|--------------------|
| General                            | \$ 120,532,180     |
| Special Revenue                    | 98,656,199         |
| Debt Service                       | 19,127,876         |
| Capital Projects                   | 105,900,004        |
| Proprietary                        | 31,262,068         |
| Trust and Agency                   | 15,106,284         |
| Irrevocable OPEB Trust             | <u>127,096,279</u> |
| Total Cash and Investment Balances | \$517,680,890      |

**General Fund Budget Summary**

|                                    | <u>2024 Budget</u>  | <u>2025 Budget</u>  |
|------------------------------------|---------------------|---------------------|
| Revenues:                          |                     |                     |
| Property Taxes                     | \$96,232,755        | \$118,499,221       |
| Licenses and Permits               | 487,019             | 359,895             |
| Intergovernmental Revenue          | 24,907,570          | 19,858,428          |
| Charges for Services               | 26,788,823          | 28,780,217          |
| Fines and Forfeits                 | 909,018             | 872,869             |
| Miscellaneous                      | 15,297,676          | 14,805,077          |
| Transfers In                       | <u>8,879,064</u>    | <u>9,755,553</u>    |
| Total Revenues                     | \$173,501,925       | \$192,931,260       |
| Expenditures:                      |                     |                     |
| General Government                 | \$74,272,210        | \$85,422,769        |
| Economic Development               | 0                   | 163,660             |
| Public Safety                      | 98,835,100          | 106,950,216         |
| Culture and Recreation             | 167,623             | 167,623             |
| Conservation                       | <u>226,992</u>      | <u>226,992</u>      |
| Total Expenditures                 | \$173,501,925       | \$192,931,260       |
| Revenues Over (Under) Expenditures | 0                   | 0                   |
| Beginning Fund Balance (January 1) | \$72,934,312        | \$72,934,312        |
| Ending Fund Balance (December 31)  | <u>\$72,934,312</u> | <u>\$72,934,312</u> |

## Financial Institutions<sup>1</sup>

The following banks/financial institutions serve Anoka County.

| <u>Bank Name</u>                          | <u>Bank Name</u>                       |
|---|--|
| BMO Bank, N.A.                            | The Huntington National Bank           |
| Border Bank                               | The First Bank of Elk River            |
| Cortrust Bank National Association        | U.S. Bank National Association         |
| Falcon National Bank                      | Wells Fargo Bank, National Association |
| Farmers & Merchants Savings Bank          | Village Bank                           |
| First Resource Bank                       | Minnco Credit Union                    |
| Highland Bank                             | SharePoint Credit Union                |
| JPMorgan Chase Bank, National Association | Magnifi Financial                      |
| MidWestOne Bank                           | Wings Credit Union                     |
| Northeast Bank                            | Affinity Plus Federal Credit Union     |
| Pine River State Bank                     | TruStone Financial                     |
| Premier Bank                              | Blaze Credit Union                     |
| Security Bank & Trust Company             | Expedition Credit Union                |
| Old National Bank                         | Anoka Hennepin Credit Union            |

## Education

Nine independent school districts serve the County: ISD No. 11, Anoka-Hennepin; ISD No. 12, Centennial; ISD No. 13, Columbia Heights; ISD No. 14, Fridley; ISD No. 15, St. Francis; ISD No. 16, Spring Lake Park; ISD No. 624, White Bear Lake; ISD No. 728, Elk River, and ISD No. 831, Forest Lake.

## Major/Leading Employers

The following are some of the major employers within the County:

| <u>Name</u>                | <u>Product/Service</u>           | <u>Number of Employees</u> |
|----------------------------|----------------------------------|----------------------------|
| ISD No. 11, Anoka-Hennepin | Education                        | 6,500                      |
| Medtronic Corporation      | Medical Devices                  | 3,000                      |
| Mercy and United Hospital  | Medical Services                 | 3,000                      |
| Anoka County               | County Government                | 2,000                      |
| Northtown Mall             | Retail                           | 1,500                      |
| Target Corporation         | Retail                           | 1,500                      |
| Cummins Power Generation   | Generator Manufacturing          | 1,500                      |
| Federal Premium Ammunition | Ammunition Manufacturing         | 950                        |
| RMS Company                | Medical and Aerospace Components | 950                        |

Source: *The County and Data Axle Reference Solutions*

<sup>1</sup> Source: Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration website.



## Largest Taxpayers<sup>1</sup>

Following are ten of the largest taxpayers in the County:

| <u>Name</u>                   | <u>Classification</u>   | <u>2023/2024<br/>Tax<br/>Capacity</u> | <u>Percent of<br/>Total Tax<br/>Capacity<br/>(\$610,736,227)<sup>2</sup></u> |
|-------------------------------|-------------------------|---------------------------------------|--|
| Minnegasco Inc.               | Gas Utility             | \$3,403,594                           | 0.56%  |
| Medtronic Inc.                | Medical Device Services | 2,914,476                             | 0.48   |
| Coon Rapids Riverdale Village | Retail                  | 1,844,942                             | 0.30   |
| BNSF Railroad                 | Railroad Transportation | 1,594,398                             | 0.26   |
| Target Corporation            | Retail                  | 1,245,064                             | 0.20   |
| Xcel Energy                   | Electric Utility        | 1,057,029                             | 0.17   |
| Nicola MSP I Ltd Partnership  | Commercial/Retail       | 1,038,260                             | 0.17   |
| Allina Health System          | Health Care             | 1,015,329                             | 0.17   |
| Dayton-Hudson Corp            | Industrial              | 922,584                               | 0.15   |
| AX Blaine35 LP                | Commercial              | <u>899,644</u>                        | <u>0.15</u>  |
|                               |                         | <u>\$15,935,320</u>                   | <u>2.61%</u>   |

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<sup>1</sup> As reported by Anoka County.

<sup>2</sup> Before tax increment deduction and fiscal disparity adjustments.

## **MINNESOTA VALUATIONS; PROPERTY TAX CLASSIFICATIONS**

### **Market Value**

State Law defines the “market value” of real property as the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arm's-length transaction. The assessor uses sales and market value income trends to estimate the value of property in an open market transaction. This value is also called “estimated market value”. This value is set on January 2 of each year. Property taxes levied each year are based on the value of property on January 2 of the preceding year. According to Minnesota Statutes, Chapter 273, all real property subject to taxation is to be appraised at maximum intervals of five years.

### **Taxable Market Value**

The “taxable market value” is the amount used for calculating property taxes. The taxable market value may differ from the estimated market value due to the application of special programs that exclude value from taxation. These programs currently include, but are not limited to, Homestead Market Value Exclusion and Green Acres.

### **Market Value Exclusion**

In 2011, the State Legislature eliminated the Homestead Market Value Credit. The Credit was an amount paid by the State to local taxing jurisdictions to reduce taxes paid by homesteaded property. The Credit has been replaced by a Homestead Market Value Exclusion. The Exclusion reduces the taxable market value (beginning with taxes payable 2012) of a jurisdiction by excluding a portion of the value of homesteaded property from taxation. For taxes payable in 2025, a homestead valued at \$95,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of \$38,000 at \$95,000 of market value. For a homestead valued between \$95,000 and \$517,200, the exclusion is \$38,000 minus nine percent of the valuation over \$95,000. For a homestead valued at \$517,200 or more, there is no valuation exclusion.

### **Sales Ratio**

The Minnesota Department of Revenue conducts the Assessment Sales Ratio Study to compare real estate sales prices to local assessor valuations. The State uses the study results to ensure consistency in property assessments across the state. There are three different sales ratio studies that cover three distinct time periods. The 12-month study includes sales that occur from October 1st of a given year to September 30th of the following year and are compared to market values used for property taxation. The median ratio from the 12-month study is the sales ratio used to calculate indicated and economic market values.

### **Economic and Indicated Market Value**

“Economic market value” and “indicated market value” reflect adjustments made to account for the effects of the sales ratio. The economic market value is determined by dividing the estimated market value of the jurisdiction by the sales ratio. Economic market value provides an estimation of the full value of property if it were valued at 100% of its value in the marketplace (prior to the application of legislatively mandated exclusions). The indicated market value is determined by dividing the taxable market value of the jurisdiction by the sales ratio. This value represents an estimation of the “full value” of property for taxation, after the deduction of legislative exclusions.

### **Net Tax Capacity**

Property taxes are calculated on the basis of the “net tax capacity value”. Net tax capacity is calculated by multiplying the taxable market value of a parcel by the statutory class rate for the use classification of the property. These class rates are subject to revisions by the State Legislature. The table following this section contains current and historical class rates for primary property classifications.

## **Tax Cycle**

Minnesota local government ad valorem property taxes are extended and collected by the various counties within the state. The process begins in the fall of every year with the certification, to the county auditor, of all local taxing districts' property tax levies. Local tax rates are calculated by dividing each taxing district's levy by its net tax capacity. One percentage point of local tax rate represents one dollar of tax per \$100 net tax capacity. A list of taxes due is then prepared by the county auditor and turned over to the county treasurer on or before the first Monday in January.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements (excluding manufactured homes) are to be mailed out no later than March 31, and manufactured home property tax statements no later than July 15. The due dates for payment of real and personal property taxes (excluding manufactured homes) are one-half on or before May 15 (May 31 for resorts) and one-half on or before October 15 (November 15 for farm property). Personal property taxes for manufactured homes become due one-half on or before August 31 and one-half on or before November 15. Delinquent property taxes are penalized at various rates depending on the type of property and the length of delinquency.

## **Tax Levies for General Obligation Bonds (Minnesota Statutes, Section 475.61)**

State Law requires the governing body of any municipality issuing general obligations, prior to delivery of the obligations, to levy by resolution a direct general ad valorem tax upon all taxable property in the municipality to be spread upon the tax rolls for each year of the term of the obligations. The tax levies for all years shall be specified and such that if collected in full will, together with estimated collections of special assessments and other revenues pledged for the payment of said obligations, produce at least five percent in excess of the amount needed to meet the principal and interest payments on the obligations when due.

Such resolution shall irrevocably appropriate the taxes so levied and any special assessments or other revenues so pledged to the municipality's debt service fund or a special debt service fund or account created for the payment of one or more issues of obligations.

The governing body may, at its discretion, at any time after the obligations have been authorized, adopt a resolution levying only a portion of such taxes, to be filed, assessed, extended, collected and remitted, and the amount therein levied shall be credited against the tax required to be levied prior to delivery of the obligations.

The recording officer of the municipality shall file in the office of the county auditor of each county in which any part of the municipality is located a certified copy of the resolution, together with full information regarding the obligations for which the tax is levied. No further action by the municipality is required to authorize the extension, assessment and collection of the tax, but the municipality's liability on the obligations is not limited thereto and its governing body shall levy and cause to be extended, assessed and collected any additional taxes found necessary for full payment of the principal and interest. The auditor shall annually assess and extend upon the tax rolls the amount specified for such year in the resolution, unless the amount has been reduced as authorized below or, if the municipality is located in more than one county, the portion thereof that bears the same ratio to the whole amount as the tax capacity value of taxable property in that part of the municipality located in the county bears to the tax capacity value of all taxable property in the municipality.

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of that levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality.

## **Levy Limits**

The State Legislature periodically enacts limitations on the ability of cities and counties to levy property taxes. Levy limits were reenacted in 2013 and applied to all counties with a population over 5,000 and all cities with a population over 2,500 for taxes payable in 2014 only. Levies “to pay the costs of the principal and interest on bonded indebtedness” and “to provide for the bonded indebtedness portion of payments made to another political subdivision of the State of Minnesota” are designated special levies and can be levied in addition to the amount allowed by levy limitations.

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The following is a partial summary of these factors:

*Property Tax Classifications*

| <u>Class</u> | <u>Type of Property</u>   | <u>Class Rate Schedule</u> |                       |                       |
|--------------|---|----------------------------|-----------------------|-----------------------|
|              |   | <u>2021/<br/>2022</u>      | <u>2022/<br/>2023</u> | <u>2023/<br/>2024</u> |
| 1a           | <u>Residential Homestead</u> : First \$500,000  | 1.00%                      | 1.00%                 | 1.00%                 |
|              | Over \$500,000  | 1.25                       | 1.25                  | 1.25                  |
| 1c           | <u>Commercial seasonal-residential recreational-</u><br>under 250 days and includes homestead                 |                            |                       |                       |
|              | First \$600,000   | .50                        | .50                   | .50                   |
|              | \$600,001-2,300,000   | 1.00                       | 1.00                  | 1.00                  |
|              | Over \$2,300,000 <sup>†</sup>   | 1.25                       | 1.25                  | 1.25                  |
| 2a           | <u>Agricultural Homestead – House, Garage, One Acre:</u>  |                            |                       |                       |
|              | First \$500,000   | 1.00                       | 1.00                  | 1.00                  |
|              | Over \$500,000  | 1.25                       | 1.25                  | 1.25                  |
|              | Remainder of Farm* –  |                            |                       |                       |
|              | First \$1,880,000   |                            |                       |                       |
|              | Over \$1,880,000  |                            |                       |                       |
|              | First \$1,890,000   | 0.50                       | 0.50                  |                       |
|              | Over \$1,890,000  | 1.00                       | 1.00                  |                       |
|              | First \$2,150,000   |                            |                       | 0.50                  |
|              | Over \$2,150,000  |                            |                       | 1.00                  |
|              | <u>Agricultural Homestead Land</u> <sup>1</sup>   | 1.00                       | 1.00                  | 1.00                  |
| 2a           | <u>Non-Homestead Agricultural Productive Land</u> <sup>*</sup>  | 1.00                       | 1.00                  | 1.00                  |
| 2b           | <u>Non-Homestead Rural Vacant Land</u> <sup>2</sup>   | 1.00                       | 1.00                  | 1.00                  |
| 3a           | <u>Commercial/Industrial and Public Utility</u>   |                            |                       |                       |
|              | First \$150,000 <sup>†</sup>  | 1.50                       | 1.50                  | 1.50                  |
|              | Over \$150,000 <sup>†</sup>   | 2.00                       | 2.00                  | 2.00                  |
| 4a           | <u>Apartment</u> (4+ units, incl. private for-profit hospitals)   | 1.25                       | 1.25                  | 1.25                  |
| 4bb(1)       | <u>Residential Non-Homestead</u> (Single Unit)  |                            |                       |                       |
|              | First \$500,000   | 1.00                       | 1.00                  | 1.00                  |
|              | Over \$500,000  | 1.25                       | 1.25                  | 1.25                  |
| 4c(1)        | <u>Seasonal Residential Recreational/Commercial</u> <sup>†</sup><br>(Resort): First \$500,000                 | 1.00                       | 1.00                  | 1.00                  |
|              | Over \$500,000  | 1.25                       | 1.25                  | 1.25                  |
| 4c(12)       | <u>Seasonal Residential Recreational</u> <sup>†</sup><br>Non-Commercial (Cabin): First \$500,000 <sup>*</sup> | 1.00                       | 1.00                  | 1.00                  |
|              | Over \$500,000 <sup>*</sup>   | 1.25                       | 1.25                  | 1.25                  |
| 4d           | <u>Qualifying Low-Income Rental Housing</u>   |                            |                       |                       |
|              | First \$100,000   |                            | .75                   | .75                   |
|              | Over \$100,000  |                            | .25                   | .25                   |
|              | First \$174,000   | .75                        |                       |                       |
|              | Over \$174,000  | .25                        |                       |                       |

<sup>†</sup> Subject to the state general property tax.

\* Exempt from referendum market value-based taxes.

<sup>1</sup> Homestead remainder & non-homestead; includes structures.

<sup>2</sup> Homestead remainder & non-homestead; includes minor ancillary structures.

**ANOKA COUNTY, MINNESOTA**

**ECONOMIC AND FINANCIAL INFORMATION<sup>1</sup>**

**Valuations**

|                                 | <i>Estimated<br/>Market Value<br/>2023/2024</i> | <i>Net Tax<br/>Capacity<br/>2023/2024</i> |
|---------------------------------|---|---|
| Real Property                   | \$ 54,101,071,600                               | \$ 604,990,563                            |
| Personal Property               | 300,092,400                                     | 5,745,664                                 |
| Less Tax Increment Deduction    | ---   | (21,453,587)                              |
| Fiscal Disparities <sup>2</sup> | ---   |   |
| (Contribution to Pool)          | ---   | (45,132,162)                              |
| Distribution from Pool          | ---   | <u>71,158,245</u>                         |
|                                 | <u>\$ 54,401,164,000</u>                        | <u>\$ 615,308,723</u>                     |

**Valuation Trends (Real and Personal Property)**

| <i>Levy Year/<br/>Collection<br/>Year</i> | <i>Economic<br/>Market Value</i> | <i>Sales<br/>Ratio</i> | <i>Estimated<br/>Market Value</i> | <i>Market Value<br/>Homestead<br/>Exclusion</i> | <i>Taxable<br/>Market Value</i> | <i>Tax<br/>Capacity<br/>Before Tax<br/>Increments</i> | <i>Tax<br/>Capacity<br/>After Tax<br/>Increments</i> |
|---|----------------------------------|------------------------|-----------------------------------|---|---------------------------------|---|--|
| 2023/24                                   | \$54,483,681,500                 | 94.56%                 | \$54,401,164,000                  | \$ 723,704,403                                  | \$53,078,253,519                | \$610,736,227   | \$615,308,723  |
| 2022/23                                   | 54,660,705,023                   | 93.38                  | 51,035,013,500                    | 739,301,757                                     | 49,749,430,365                  | 562,031,074   | 574,148,457  |
| 2021/22                                   | 47,820,669,500                   | 88.55                  | 42,335,415,900                    | 1,162,848,280                                   | 40,684,489,650                  | 464,194,710   | 481,945,798  |
| 2020/21                                   | 42,661,812,083                   | 93.08                  | 39,642,862,000                    | 1,299,106,487                                   | 37,901,478,797                  | 435,406,606   | 453,476,407  |
| 2019/20                                   | 39,794,923,680                   | 94.14                  | 34,547,426,500                    | 1,507,716,002                                   | 33,686,968,630                  | 398,421,940   | 395,512,424  |

**Breakdown of Valuations**

2023/2024 Tax Capacity, Real and Personal Property (before tax increment and fiscal disparities adjustments):

|                           |                       |                |
|---------------------------|-----------------------|----------------|
| Residential Homestead     | \$ 373,297,825        | 61.12%         |
| Agricultural              | 4,558,051             | 0.75           |
| Commercial & Industrial   | 137,445,115           | 22.51          |
| Public Utility            | 973,553               | 0.16           |
| Railroad                  | 1,619,212             | 0.26           |
| Residential Non-Homestead | 86,646,228            | 14.19          |
| Seasonal Recreational     | 450,579               | 0.07           |
| Personal Property         | <u>5,745,664</u>      | <u>0.94</u>    |
| Totals:                   | <u>\$ 610,736,227</u> | <u>100.00%</u> |

<sup>1</sup> Property valuations, tax rates, and tax levies and collections are provided by Anoka County. Economic market value and sales ratio are provided by the Minnesota Department of Revenue.

<sup>2</sup> Fiscal Disparities Law

The 1971 Legislature enacted a “fiscal disparities law” which allows all the Twin City Metropolitan Area Municipalities to share in commercial/industrial growth, regardless of where the growth occurred geographically. Forty percent (40%) of every metropolitan municipality’s growth in commercial/industrial assessed valuation is pooled and then redistributed to all municipalities on the basis of population and per capita valuation after the tax increment and fiscal disparity adjustments.

## Tax Capacity Rates

Tax capacity rates for a County resident within the City of Coon Rapids, for the past five-assessable/collection years have been as follows:

| <u>Levy Year/<br/>Collection Year</u> | <u>2019/20<br/>Tax<br/>Capacity<br/>Rates</u> | <u>2020/21<br/>Tax<br/>Capacity<br/>Rates</u> | <u>2021/22<br/>Tax<br/>Capacity<br/>Rates</u> | <u>2022/23<br/>Tax<br/>Capacity<br/>Rates</u> | <u>2023/24<br/>Tax<br/>Capacity<br/>Rates</u> |
|---------------------------------------|---|---|---|---|---|
| Anoka County                          | 33.078%                                       | 31.086  | 29.254%                                       | 24.176%                                       | 25.629%                                       |
| City of Coon Rapids                   | 40.199  | 38.553  | 38.468  | 35.158  | 36.770  |
| ISD No. 11 (Anoka-Hennepin)           | 16.948  | 16.152  | 16.319  | 13.671  | 13.592  |
| Regional Rail Authority               | 0.494   | 0.481   | 0.351   | 0.306   | 0.000   |
| Special Districts                     | <u>5.017</u>                                  | <u>4.866</u>                                  | <u>4.807</u>                                  | <u>4.114</u>                                  | <u>4.480</u>                                  |
| Totals:                               | <u>95.736%</u>                                | <u>91.138%</u>                                | <u>89.199%</u>                                | <u>77.425%</u>                                | <u>80.471%</u>                                |

## Tax Levies and Collections<sup>1</sup>

| <u>Levy/Collect</u> | <u>Net Levy</u> | <u>Collected During Collection<br/>Year</u> |                          | <u>Collected and/or Abated as of<br/>12/31/2023</u> |                |
|---------------------|-----------------|---|--------------------------|---|----------------|
|                     |                 | <u>Amount</u>                               | <u>Percent</u>           | <u>Amount</u>                                       | <u>Percent</u> |
| 2023/2024           | \$156,633,587   |   | In Process of Collection |   |                |
| 2022/2023           | 143,278,279     | \$142,482,930                               | 99.44%                   | \$142,482,930                                       | 99.44%         |
| 2021/2022           | 143,438,924     | 142,543,599                                 | 99.38                    | 143,423,015   | 99.99          |
| 2020/2021           | 143,459,697     | 142,653,141                                 | 99.44                    | 143,420,866   | 99.97          |
| 2019/2020           | 143,577,575     | 142,253,045                                 | 99.08                    | 143,525,564   | 99.96          |

<sup>1</sup> 2023/2024 property taxes are currently in the process of collection/reporting and updated figures are not yet available from Anoka County.

## SUMMARY OF DEBT AND DEBT STATISTICS

### Statutory Debt Limit<sup>1</sup>

Minnesota Statutes, Section 475.53 states that a city or county may not incur or be subject to a net debt in excess of three percent (3%) of its estimated market value. Net debt is, with limited exceptions, debt paid solely from ad valorem taxes.

Computation of Legal Debt Margin as of February 2, 2025:

|                                  |                         |
|----------------------------------|-------------------------|
| 2023/2024 Estimated Market Value | \$ 54,401,164,000       |
| Multiplied by 3%                 | x <u>          .03</u>  |
| Statutory Debt Limit             | <u>\$ 1,632,034,920</u> |

Less outstanding debt applicable to debt limit:

|   |                   |
|---|-------------------|
| \$20,145,000 G.O. Refunding Bonds, Series 2013A                             | \$ 3,485,000      |
| \$2,750,000 G.O. Airport Refunding Bonds, Series 2015A                      | 1,570,000         |
| \$8,040,000 G.O. Capital Improvement Refunding Bonds, Series 2015B          | 1,625,000         |
| \$8,780,000 G.O. Capital Improvement Plan Bonds, Series 2016A               | 5,050,000         |
| \$15,890,000 G.O. Capital Improvement Refunding Bonds, Series 2017A         | 5,055,000         |
| \$9,970,000 G.O. Bonds, Series 2018A  | 1,735,000         |
| \$10,115,000 G.O. Capital Improvement Plan Refunding Bonds, Series 2020A    | 3,225,000         |
| \$21,500,000 G.O. Capital Improvement Plan Bonds, Series 2024A (This Issue) | <u>21,500,000</u> |

Total debt applicable to debt limit \$ 43,245,000

Legal debt margin \$ 1,588,789,920

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<sup>1</sup> Effective June 2, 1997 and pursuant to Minnesota Statutes 465.71, any lease revenue or public project revenue bond issues/agreements of \$1,000,000 or more are subject to the statutory debt limit. Lease revenue or public project revenue bond issues/agreements less than \$1,000,000 are not subject to the statutory debt limit.



**ANOKA COUNTY, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM TAXES**  
**(As of February 2, 2025, Plus This Issue)**

| Purpose:                | G.O.<br>Refunding<br>Bonds,<br>Series<br>2013A | G.O.<br>Airport<br>Refunding<br>Bonds (AMT),<br>Series 2015A | G.O. Capital<br>Improvement<br>Refunding<br>Bonds,<br>Series 2015B | G.O. Capital<br>Improvement<br>Plan Bonds,<br>Series<br>2016A |             |      |
|-------------------------|--|--|--|---|-------------|------|
| <b>Dated:</b>           | 02/05/13                                       | 03/24/15   | 03/24/15   | 04/19/16  |             |      |
| <b>Original Amount:</b> | \$20,145,000                                   | \$2,750,000  | \$8,040,000  | \$8,780,000   |             |      |
| <b>Maturity:</b>        | 1-Feb  | 1-Feb  | 1-Feb  | 1-Feb   |             |      |
| <b>Interest Rates:</b>  | 3.00%  | 3.00-4.00%   | 2.00-4.00%   | 2.00-3.00%  |             |      |
|                         | 2025   | \$0  | \$0  | \$0   | \$0         | 2025 |
|                         | 2026   | 835,000  | 175,000  | 390,000   | 585,000     | 2026 |
|                         | 2027   | 855,000  | 180,000  | 405,000   | 600,000     | 2027 |
|                         | 2028   | 890,000  | 190,000  | 410,000   | 610,000     | 2028 |
|                         | 2029   | 905,000  | 190,000  | 420,000   | 625,000     | 2029 |
|                         | 2030   | 0  | 200,000  | 0   | 635,000     | 2030 |
|                         | 2031   | 0  | 205,000  | 0   | 650,000     | 2031 |
|                         | 2032   | 0  | 210,000  | 0   | 665,000     | 2032 |
|                         | 2033   | 0  | 220,000  | 0   | 680,000     | 2033 |
|                         |  | \$3,485,000  | \$1,570,000  | \$1,625,000   | \$5,050,000 |      |

Continued

| Purpose:         | Continued  |                                   |   | This Issue  |                                   |              |              |
|------------------|--|-----------------------------------|---|---|-----------------------------------|--------------|--------------|
|                  | G.O. Capital<br>Improvement<br>Refunding<br>Bonds,<br>Series 2017A | G.O.<br>Bonds,<br>Series<br>2018A | G.O. Capital<br>Improvement<br>Plan Refunding<br>Bonds,<br>Series 2020A | G.O. Capital<br>Improvement<br>Plan<br>Bonds,<br>Series 2024A |                                   |              |              |
| Dated:           | 04/27/17   | 11/20/18                          | 01/09/20  | 03/06/25  |                                   |              |              |
| Original Amount: | \$15,890,000   | \$9,970,000                       | \$10,115,000  | \$21,500,000  |                                   |              |              |
| Maturity:        | 1-Feb  | 1-Feb                             | 1-Feb   | 1-Feb   |                                   |              |              |
| Interest Rates:  | 3.00-5.00%   | 2.62-5.00%                        | 5.00%   |   |                                   | <b>TOTAL</b> | <b>TOTAL</b> |
|                  |  |                                   |   |   | <b>PRINCIPAL: PRIN &amp; INT:</b> |              |              |
| 2025             | \$0  | \$0                               | \$0   | \$0   | \$0                               | \$368,780    | 2025         |
| 2026             | 1,050,000  | 320,000                           | 1,575,000   | 0   | 4,930,000                         | 6,633,370    | 2026         |
| 2027             | 1,105,000  | 335,000                           | 1,650,000   | 1,130,000   | 6,260,000                         | 7,436,673    | 2027         |
| 2028             | 1,165,000  | 350,000                           | 0   | 1,170,000   | 4,785,000                         | 5,767,003    | 2028         |
| 2029             | 855,000  | 360,000                           | 0   | 1,205,000   | 4,560,000                         | 5,402,120    | 2029         |
| 2030             | 880,000  | 370,000                           | 0   | 1,240,000   | 3,325,000                         | 4,052,663    | 2030         |
| 2031             | 0  | 0                                 | 0   | 1,275,000   | 2,130,000                         | 2,778,224    | 2031         |
| 2032             | 0  | 0                                 | 0   | 1,325,000   | 2,200,000                         | 2,784,493    | 2032         |
| 2033             | 0  | 0                                 | 0   | 1,365,000   | 2,265,000                         | 2,782,408    | 2033         |
| 2034             | 0  | 0                                 | 0   | 1,410,000   | 1,410,000                         | 1,869,075    | 2034         |
| 2035             | 0  | 0                                 | 0   | 1,455,000   | 1,455,000                         | 1,865,006    | 2035         |
| 2036             | 0  | 0                                 | 0   | 1,505,000   | 1,505,000                         | 1,862,838    | 2036         |
| 2037             | 0  | 0                                 | 0   | 1,560,000   | 1,560,000                         | 1,861,868    | 2037         |
| 2038             | 0  | 0                                 | 0   | 1,620,000   | 1,620,000                         | 1,862,228    | 2038         |
| 2039             | 0  | 0                                 | 0   | 1,680,000   | 1,680,000                         | 1,858,268    | 2039         |
| 2040             | 0  | 0                                 | 0   | 1,745,000   | 1,745,000                         | 1,854,751    | 2040         |
| 2041             | 0  | 0                                 | 0   | 1,815,000   | 1,815,000                         | 1,852,208    | 2041         |
|                  | \$5,055,000  | \$1,735,000                       | \$3,225,000   | \$21,500,000  | \$43,245,000                      | \$52,891,972 |              |

NOTE: 74% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.

**ANOKA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY, MINNESOTA**  
**GENERAL OBLIGATION DEBT PAYABLE FROM REVENUES**  
**(As of February 2, 2025)**

| Purpose:         | Housing<br>Development<br>Revenue<br>Refunding Bonds,<br>Series 2018A | Housing<br>Development<br>Revenue<br>Refunding Bonds,<br>Series 2019A |                     |                      |      |
|------------------|---|---|---------------------|----------------------|------|
|                  |   |   | TOTAL<br>PRINCIPAL: | TOTAL<br>PRIN & INT: |      |
| Dated:           | 02/22/18  | 12/04/19  |                     |                      |      |
| Original Amount: | \$1,450,000   | \$8,290,000   |                     |                      |      |
| Maturity:        | 1-Jan   | 1-Feb   |                     |                      |      |
| Interest Rates:  | 2.50%   | 2.00-4.00%  |                     |                      |      |
| 2025             | \$0   | \$0   | \$0                 | \$88,081             | 2025 |
| 2026             | 200,000   | 520,000   | 720,000             | 883,261              | 2026 |
| 2027             | 0   | 645,000   | 645,000             | 782,461              | 2027 |
| 2028             | 0   | 660,000   | 660,000             | 771,361              | 2028 |
| 2029             | 0   | 505,000   | 505,000             | 593,061              | 2029 |
| 2030             | 0   | 525,000   | 525,000             | 597,711              | 2030 |
| 2031             | 0   | 535,000   | 535,000             | 596,844              | 2031 |
| 2032             | 0   | 560,000   | 560,000             | 610,066              | 2032 |
| 2033             | 0   | 575,000   | 575,000             | 612,438              | 2033 |
| 2034             | 0   | 590,000   | 590,000             | 614,331              | 2034 |
| 2035             | 0   | 365,000   | 365,000             | 378,359              | 2035 |
| 2036             | 0   | 380,000   | 380,000             | 384,513              | 2036 |
|                  | \$200,000   | \$5,860,000   | \$6,060,000         | \$6,912,488          |      |

(1)

**NOTE: 88% OF G.O. DEBT PAYABLE FROM REVENUES WILL BE RETIRED WITHIN TEN YEARS.**

- (1) The Bonds are special and limited obligations of the Authority. Payment of principal and interest on the Bonds is intended to be paid primarily from net revenues of a senior rental housing facility, which is owned and operated by the Authority and located in the City of Ham Lake. The Authority has projected that revenues pledged to the Bonds will equal or exceed 110% of the principal and interest due on the Bonds each year. Should pledged revenues be insufficient to pay the principal and interest on the Bonds, the City of Ham Lake is required to pay maturing principal and interest from moneys on hand in any fund of the City not pledged for another purpose and to levy a tax for this purpose upon all taxable property in the City, which tax is not subject to any limitation as to rate or amount.

**ANOKA COUNTY, MINNESOTA  
LEASE OBLIGATIONS  
(As of February 2, 2025)**

**Purpose:** Taxable  
Refunding  
Certificates of  
Participation,  
Series 2010

**Dated:** 07/22/10  
**Original Amount:** \$1,930,000  
**Maturity:** 1-Jun **TOTAL** **TOTAL**  
**Interest Rates:** 4.42-4.77% **PRINCIPAL:** **PRIN & INT:**

|      |                  |                  |                  |      |  |
|------|------------------|------------------|------------------|------|--|
|      |                  |                  |                  |      |  |
| 2025 | \$135,000        | \$135,000        | \$163,789        | 2025 |  |
| 2026 | 140,000          | 140,000          | 161,263          | 2026 |  |
| 2027 | 150,000          | 150,000          | 163,041          | 2027 |  |
| 2028 | 155,000          | 155,000          | 159,394          | 2028 |  |
|      | <u>\$580,000</u> | <u>\$580,000</u> | <u>\$647,487</u> |      |  |

**NOTE: 100% OF LEASE OBLIGATION DEBT WILL BE RETIRED WITHIN TEN YEARS.**

**ANOKA COUNTY REGIONAL RAIL AUTHORITY, MINNESOTA  
GENERAL OBLIGATION DEBT PAYABLE FROM TAXES  
(As of February 2, 2025)**

**Purpose:** Taxable G.O.  
Limited Tax  
Crossover  
Refunding Bonds,  
Series 2022A

|                         |             |                   |                        |      |
|-------------------------|-------------|-------------------|------------------------|------|
| <b>Dated:</b>           | 01/06/22    |                   |                        |      |
| <b>Original Amount:</b> | \$4,215,000 |                   |                        |      |
| <b>Maturity:</b>        | 1-Feb       | <b>TOTAL</b>      | <b>TOTAL</b>           |      |
| <b>Interest Rates:</b>  | 2.00%       | <b>PRINCIPAL:</b> | <b>PRIN &amp; INT:</b> |      |
|                         |             | <hr/>             | <hr/>                  |      |
| 2025                    | \$0         | \$0               | \$28,400               | 2025 |
| 2026                    | 1,405,000   | 1,405,000         | 1,447,750              | 2026 |
| 2027                    | 1,435,000   | 1,435,000         | 1,449,350              | 2027 |
|                         |             | <hr/>             | <hr/>                  |      |
|                         | \$2,840,000 | \$2,840,000       | \$2,925,500            |      |
|                         | (1)         |                   |                        |      |

**NOTE: 100% OF GENERAL OBLIGATION DEBT PAYABLE FROM TAXES WILL BE RETIRED WITHIN TEN YEARS.**

(1) These bonds refunded the 2025 through 2032 maturities of the Authority's \$27,155,000 General Obligation Limited Tax Refunding Bonds, Series 2015A, on February 1, 2024 at a price of par plus accrued interest.

**Indirect Debt\***

| <i>Issuers</i>                              | <i>2023/2024<br/>Tax Capacity<br/>Value<sup>(1)</sup></i> | <i>2023/2024<br/>Tax Capacity<br/>Value in<br/>County<sup>(1)</sup></i> | <i>Percentage<br/>Applicable<br/>in County</i> | <i>Outstanding<br/>General<br/>Obligation<br/>Debt</i> | <i>Taxpayers'<br/>Share<br/>of Debt</i> |
|---|---|---|--|--|---|
| Anoka County Regional<br>Railroad Authority | \$ 615,308,723  | \$ 615,308,723  | 100.00%  | \$ 2,840,000   | \$ 2,840,000                            |
| Andover                                     | 56,344,384  | 56,344,384  | 100.00   | 41,945,000   | 41,945,000                              |
| Anoka                                       | 28,370,467  | 28,370,467  | 100.00   | 21,170,000   | 21,170,000                              |
| Bethel                                      | 682,378   | 682,378   | 100.00   | 619,499 <sup>(2)</sup>                                 | 619,499                                 |
| Blaine                                      | 129,376,997   | 128,346,999   | 99.20  | 111,770,000  | 110,875,840                             |
| Centerville                                 | 7,540,090   | 7,540,090   | 100.00   | 857,181  | 857,181                                 |
| Circle Pines                                | 7,096,791   | 7,096,791   | 100.00   | 7,005,000  | 7,005,000                               |
| Columbia Heights                            | 26,678,369  | 26,678,369  | 100.00   | 16,285,000   | 16,285,000                              |
| Columbus                                    | 10,747,168  | 10,747,168  | 100.00   | 5,445,000  | 5,445,000                               |
| Coon Rapids                                 | 97,362,263  | 97,362,263  | 100.00   | 45,025,000   | 45,025,000                              |
| East Bethel                                 | 19,759,634  | 19,759,634  | 100.00   | 14,365,000   | 14,365,000                              |
| Fridley                                     | 47,039,719  | 47,039,719  | 100.00   | 67,750,000   | 67,750,000                              |
| Ham Lake                                    | 33,991,826  | 33,991,826  | 100.00   | 220,014  | 220,014                                 |
| Lexington                                   | 3,902,008   | 3,902,008   | 100.00   | 1,115,000  | 1,115,000                               |
| Lino Lakes                                  | 39,231,246  | 39,231,246  | 100.00   | 6,090,000  | 6,090,000                               |
| Nowthen                                     | 9,307,125   | 9,307,125   | 100.00   | 2,145,000  | 2,145,000                               |
| Ramsey                                      | 49,075,045  | 49,075,045  | 100.00   | 38,035,000   | 38,035,000                              |
| St. Francis                                 | 11,384,369  | 11,370,491  | 99.88  | 17,300,000   | 17,279,240                              |
| Spring Lake Park                            | 10,902,397  | 10,649,821  | 97.68  | 7,970,900  | 7,785,975                               |
| ISD 11 (Anoka-Hennepin)                     | 412,440,740   | 324,985,921   | 78.80  | 223,625,000  | 176,216,500                             |
| ISD 12 (Centennial)                         | 62,227,245  | 62,227,245  | 100.00   | 65,140,000   | 65,140,000                              |
| ISD 13 (Columbia Heights)                   | 36,093,762  | 36,093,762  | 100.00   | 12,886,769   | 12,886,769                              |
| ISD 14 (Fridley)                            | 24,623,292  | 24,623,292  | 100.00   | 38,865,000   | 38,865,000                              |
| ISD 15 (St. Francis)                        | 56,917,592  | 52,643,553  | 92.49  | 69,260,000   | 64,058,574                              |
| ISD 16 (Spring Lake Park)                   | 68,875,697  | 68,875,697  | 100.00   | 75,550,000   | 75,550,000                              |
| ISD 624 (White Bear Lake)                   | 135,037,064   | 5,441,883   | 4.03   | 405,880,000  | 16,356,964                              |
| ISD 728 (Elk River)                         | 152,363,590   | 8,495,895   | 5.58   | 248,170,000  | 13,847,886                              |
| ISD 831 (Forest Lake)                       | 99,733,750  | 31,921,475  | 32.01  | 160,450,000  | 51,360,045                              |
| Metropolitan Council                        | 6,313,906,529   | 615,308,723   | 9.75   | 7,645,000 <sup>(3)</sup>                               | 745,388                                 |
| Metropolitan Transit                        | 5,540,695,433   | 427,285,158   | 7.71   | 230,580,000 <sup>(4)</sup>                             | <u>17,777,718</u>                       |
|   |   |   |  | <i>Total:</i>  | <u>\$ 939,657,593</u>                   |

\* Only those taxing jurisdictions with general obligation debt outstanding are included. Debt figures do not include non-general obligation debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness. Also excludes debt payable primarily from revenues. Debt listed is as of February 2, 2025, unless otherwise noted.

(1) Tax Capacity Value is after tax increment deduction and fiscal disparities adjustments.

(2) As of December 31, 2023.

(3) Metropolitan Council has \$7,645,000 of general obligation debt outstanding as of December 31, 2023. This debt is payable from ad valorem taxes levied on all taxable property within the Metropolitan Taxing District. This amount excludes \$1,185,889,000 of general obligation debt payable from wastewater and sewer revenues, and lease agreements.

(4) Metropolitan Transit has \$230,580,000 of property tax supported general obligation debt outstanding as of December 31, 2023. Transit debt is issued by the Metropolitan Council for public transit operations and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District. This amount excludes \$270,715,000 of general obligation debt payable from revenues.

## General Obligation Debt

|  |                              |
|--|------------------------------|
| Bonds secured by taxes (Includes This Issue) | \$ 43,245,000                |
| Bonds secured by revenues                    | <u>6,060,000</u>             |
| <i>Direct General Obligation Debt</i>        | 49,305,000                   |
| Less bonds secured by revenues               | ( <u>6,060,000</u> )         |
| <i>Total Direct General Obligation Debt</i>  | 43,245,000                   |
| Add taxpayers' share of indirect debt        | <u>939,657,593</u>           |
| <i>Direct and Indirect Debt</i>              | <u><u>\$ 982,902,593</u></u> |

## Other Debt Obligations

### Leases

Information regarding leases can be found in the County's 2023 Annual Comprehensive Financial Report within Note 3: Detailed Notes on All Funds, C. Liabilities and Deferred Inflows of Resources, 7. Long-Term Obligations - Other.

### Conduit Debt

Information regarding leases can be found in the County's 2023 Annual Comprehensive Financial Report within Note 3: Detailed Notes on All Funds, C. Liabilities and Deferred Inflows of Resources, 9. Conduit Debt. This Note contains details on debt that was previously included in the debt schedules.

## Facts for Ratio Computations

|  |                  |
|--|------------------|
| 2023/2024 Economic Market Value        | \$54,483,681,500 |
| Population (2024 Estimate, Per County) | 374,000          |

## Debt Ratios Excluding Revenues

|                           | <i>Direct<br/><u>Debt</u></i> | <i>Indirect<br/><u>Debt</u></i> | <i>Direct and<br/><u>Indirect Debt</u></i> |
|---------------------------|-------------------------------|---------------------------------|--|
| To Estimated Market Value | 0.08%                         | 1.72%                           | 1.80%                                      |
| Per Capita                | \$116                         | \$2,512                         | \$2,628                                    |

**APPENDIX A**

**Proposed Form of Legal Opinion**



§ \_\_\_\_\_  
Anoka County, Minnesota  
General Obligation Capital Improvement Plan Bonds  
Series 2025A

We have acted as bond counsel to Anoka County, Minnesota (the “Issuer”) in connection with the issuance by the Issuer of its General Obligation Capital Improvement Plan Bonds, Series 2025A (the “Bonds”), originally dated March 6, 2025, and issued in the original aggregate principal amount of \$ \_\_\_\_\_. In such capacity and for the purpose of rendering this opinion we have examined certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

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

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

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. Interest on the Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes and is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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

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

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

Dated March \_\_\_, 2025 at Minneapolis, Minnesota.

## **APPENDIX B**

### **Continuing Disclosure Certificate**

§ \_\_\_\_\_  
Anoka County, Minnesota  
General Obligation Capital Improvement Plan Bonds  
Series 2025A

CONTINUING DISCLOSURE CERTIFICATE

March \_\_, 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Anoka County, Minnesota (the “Issuer”) in connection with the issuance of its General Obligation Capital Improvement Plan Bonds, Series 2025A (the “Bonds”), in the original aggregate principal amount of \$ \_\_\_\_\_. The Bonds are being issued pursuant to resolutions adopted by the Board of Commissioners of the Issuer (the “Resolutions”). The Bonds are being delivered to \_\_\_\_\_ (the “Purchaser”) on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

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

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

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

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

“Bonds” means the General Obligation Capital Improvement Plan Bonds, Series 2025A, issued by the Issuer in the original aggregate principal amount of \$ \_\_\_\_\_.

“Disclosure Certificate” means this Continuing Disclosure Certificate.

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

“Final Official Statement” means the deemed Final Official Statement, dated February \_\_, 2025, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

“GASB” means the Governmental Accounting Standards Board.

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

“Issuer” means Anoka County, Minnesota, which is the obligated person with respect to the Bonds.

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

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

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

“Purchaser” means \_\_\_\_\_.

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

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

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

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

(a) The Issuer shall provide to the Repository not later than twelve (12) months after the end of the Fiscal Year commencing with the year that ends December 31, 2024, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

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

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

1. Economic and Financial Information – “Valuations,” “Tax Capacity Rates,” and “Tax Levies and Collections”
2. Summary of Debt and Debt Statistics

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

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

Section 5. Reporting of Material Events.

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

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

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

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

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

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

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

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

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

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

Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

**ANOKA COUNTY, MINNESOTA**

(SEAL)

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Chair

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County Administrator



## **APPENDIX C**

### **County's Financial Statements**

The following financial statements are excerpts from the annual financial report for the year ended December 31, 2023. The complete financial report for the year 2023 and the prior two years are available for inspection at the County Offices and the office of Northland Securities, Inc. The reader of this Official Statement should be aware that the complete financial report may have further data relating to the excerpts presented in the appendix which may provide additional explanation, interpretation or modification of the excerpts.



## Independent Auditor's Report

Board of County Commissioners and  
Internal Audit Committee Members  
Anoka County  
Anoka, Minnesota

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anoka County, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Anoka County as of December 31, 2023, and the respective changes in financial position, and, where applicable, its 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 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 County, 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 – Change in Accounting Principles***

As discussed in Note 1.E. to the financial statements, in 2023, the County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principles. Also discussed in Note 1.E. to the financial statements, the County changed its capital asset threshold for financial reporting, which also represents a change in accounting principle. Our opinion is not modified with respect to these matters.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 County'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; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County'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, budgetary comparison schedules for the General Fund and each major special revenue fund, Schedule of Changes in Net OPEB Liability, Schedule of Investment Returns, PERA retirement plan schedules, and Notes to the Required Supplementary Information 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 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 Anoka County’s basic financial statements. The Combining and Individual Fund Financial Statements; Schedule of Deposits and Investments; Combined Schedule of Intergovernmental Revenue; Combining Schedule of Intergovernmental Revenue – Special Revenue Funds; Schedule of Expenditures of Federal Awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; capital asset schedules; Schedule of Fund Transfers; and Schedule of Revenues, Expenditures, and Changes in Fund Balance – Housing and Redevelopment Authority Special Revenue Fund Projects 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 Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

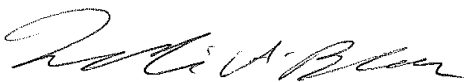
**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2024, on our consideration of Anoka County’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 Anoka County’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anoka County’s internal control over financial reporting and compliance.



Julie Blaha  
State Auditor



Chad Struss, CPA  
Deputy State Auditor

July 8, 2024

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(Unaudited)**

As management of Anoka County, we offer readers of Anoka County's financial statements this narrative overview and analysis of the financial activities of Anoka County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi to xiii of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of Anoka County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,098.3 million (net position). Of this amount, the County has \$107.2 million in unrestricted net position.
- The County's total net position increased by \$49.2 million or about 4.7 percent.
- As of the close of the current fiscal year, Anoka County's governmental funds reported combined ending fund balances of \$347.5 million. Approximately 61.3 percent of this total amount, \$213.1 million, is available for spending at the County's discretion (committed, assigned, and unassigned fund balances). \$173.5 million of these funds are committed or assigned for specific purposes.
- Combined assigned and unassigned fund balance for the General Fund was \$44.6 million or 29.2 percent of total General Fund expenditures.
- Anoka County's bonded debt decreased by \$9.5 million (-13.4 percent) during the current fiscal year, as the net result of scheduled debt service payments.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Anoka County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* provide readers with a broad overview of Anoka County's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all of Anoka County's assets, deferred outflows of resources, 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 Anoka County is improving or deteriorating.

The *Statement of Activities* presents information showing how Anoka County'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 compensated absences).

Both the Statement of Net Position and the Statement of Activities distinguish functions of Anoka County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Anoka County include general government, public safety, highways and streets, human services, sanitation, culture and recreation, including Chomonix Golf Course and Bunker Beach Aquatic Center, conservation of natural resources and economic development.

The government-wide financial statements can be found on pages 16 and 17 of this report.

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

**Governmental funds.** *Governmental funds* account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balance of spendable resources* available at the end of the fiscal year. In particular, committed, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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*.

Anoka County maintains eighteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road and Bridge and Human Services Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund, all of which are considered major governmental funds. Data from the other thirteen funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Anoka County adopts annual appropriated budgets for the General Fund, and the Road and Bridge, Human Services, County Library, Parks and Recreation, Medical Examiner, Cooperative Extension, Law Library, Regional Railroad Authority, Housing and Redevelopment Authority, and Joint Law Enforcement Council Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18 to 21 of this report.

**Proprietary funds.** Anoka County maintains one type of proprietary fund being the *internal service fund*. Internal service funds are an accounting device used to accumulate and allocate costs internally among Anoka County's various functions. Anoka County uses internal service funds to account for its pooled insurance and central fleet operations. These services benefit governmental functions, and have been allocated to *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22 to 24 of this report.

**Fiduciary funds.** Fiduciary funds account for resources held for the benefit of parties outside the government. Anoka County reports three fiduciary funds. The Other Postemployment Benefits Trust Fund is used to report contributions to an irrevocable trust fund and other postemployment benefits (OPEB) activity. The Private Purpose Trust Fund is used to account for funds in trust that the County is holding for individuals receiving social welfare assistance. The Custodial Funds account for monies held in a fiduciary capacity on behalf of school districts and special districts that use the County as a depository; property taxes and fees collected on behalf of other governments; and individual inmate accounts from the County jail. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Anoka County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 25 and 26 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 to 69 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents other information, including: a) required supplementary information, other than Management's Discussion and Analysis (MD&A), that includes budgetary comparison schedules and information about the County's OPEB and pension plans, which can be found on pages 71 to 89; b) combining and individual fund

statements referred to earlier in connection with nonmajor governmental funds, which can be found on pages 91 to 102 of this report; c) combining statements for the custodial funds, which can be found on pages 108 to 110; and d) Other Supplementary Information, including schedules on various financial aspects of the County, which can be found on pages 111 to 122.

### 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 Anoka County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,098.3 million at the close of the most recent fiscal year.

#### Anoka County Net Position (in Thousands)

|  | Governmental activities |                     |
|--|-------------------------|---------------------|
|  | 2023                    | 2022 *              |
| Current and other assets               | \$ 475,834              | \$ 473,799          |
| Capital assets                         | 935,136                 | 903,721             |
| <b>Total assets</b>                    | <b>1,410,970</b>        | <b>1,377,520</b>    |
| Deferred outflows of resources         | 85,125                  | 110,652             |
| Long-term liabilities outstanding      | 191,509                 | 305,816             |
| Other liabilities                      | 101,202                 | 97,082              |
| <b>Total liabilities</b>               | <b>292,711</b>          | <b>402,898</b>      |
| Deferred inflows of resources          | 105,116                 | 36,304              |
| Net position:                          |                         |                     |
| Net investment in capital assets       | 888,484                 | 848,187             |
| Restricted                             | 102,540                 | 86,387              |
| Unrestricted                           | 107,243                 | 114,397             |
| <b>Total net position, as reported</b> | <b>\$ 1,098,267</b>     | <b>\$ 1,048,970</b> |

\*Beginning balances were restated for the implementation of GASB 96, *Subscription-Based Information Technology Arrangements* and a new capital asset policy which increased the capitalization threshold. The related changes were not reflected in this table. See Note 1.E.

By far the largest portion of Anoka County's net position, \$888.5 million, reflects its investment in capital assets, both depreciated and amortized (e.g., land, buildings, infrastructure, machinery, and equipment), less any related outstanding debt used to acquire those assets. Anoka County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although Anoka County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of Anoka County's net position of \$102.5 million represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$107.2 million is unrestricted net position.

Net investment in capital assets increased \$40.3 million. Highway completed several road projects totaling \$67.2 million and had \$11.3 million in right of way purchases for the construction of service roads and roundabouts. Construction in Progress decreased by approximately \$40 million primarily due to Highway capitalized infrastructure, the significant progress made on the Emergency Communications Dispatch Center and the Economic Assistance building remodel. More information is provided later in this document under capital assets.

Restricted net position also increased by \$16.2 million. At the end of the legislative session in 2023, the State of Minnesota initiated some new or additional aid to counties. Anoka County received \$4.1 million in public safety aid, new metropolitan counties transportation account funding of \$2.5 million, and homeless prevention aid of \$1.8 million. There were other increases of \$7.8 million primarily due to the opioid settlement, adult protection funds, local housing aid, and the local option sales tax.

The County is reporting a decrease of \$74.9 million in net pension liability (NPL) for a total NPL of \$103.7 million. In addition to the NPL, the County is reporting deferred pension outflows of \$62.6 million and deferred pension inflows of \$69.3 million. For additional information, see Note 3.E on page 58 to 65.

The County is reporting a net Other Post Employment Benefit (OPEB) liability of \$21.7 million. In addition, the County is reporting deferred OPEB outflows of \$22.5 million and deferred OPEB inflows of \$30.9 million.

Additional details are outlined in the table, "Anoka County Changes in Net Position", and the discussion that follows.

**Anoka County Changes in Net Position**  
(in Thousands)

|  | Governmental activities |              |
|--|-------------------------|--------------|
|  | 2023                    | 2022         |
| Revenues:  |                         |              |
| Program revenues   |                         |              |
| Charges for services   | \$ 50,802               | \$ 49,726    |
| Operating grants and contributions                           | 129,985                 | 111,376      |
| Capital grants and contributions                             | 13,218                  | 24,539       |
| General revenues:  |                         |              |
| Property and transportation taxes                            | 167,234                 | 164,206      |
| Grants and contributions not restricted to specific programs | 39,757                  | 26,992       |
| Other  | 44,226                  | (6,216)      |
| Total revenues   | 445,222                 | 370,623      |
| Expenses:  |                         |              |
| General government   | 73,815                  | 58,847       |
| Public safety  | 112,816                 | 97,672       |
| Highway and streets  | 47,319                  | 50,852       |
| Human services   | 106,822                 | 98,494       |
| Sanitation   | 6,605                   | 4,716        |
| Culture and recreation                                       | 26,727                  | 23,277       |
| Conservation of natural resources                            | 656                     | 583          |
| Economic development   | 18,843                  | 12,610       |
| Interest on long-term debt                                   | 2,322                   | 2,640        |
| Total expenses   | 395,925                 | 349,691      |
| Increase (Decrease) in net position                          | 49,297                  | 20,933       |
| Net position - January 1, as reported                        | 1,058,115               | 1,036,396    |
| Change in accounting principle                               | (9,145)                 | (8,359)      |
| Net position, as restated *                                  | 1,048,970               | 1,028,037    |
| Net position - December 31                                   | \$ 1,098,267            | \$ 1,048,970 |

\*The County restated beginning net position to reflect the changes in accounting principles for GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and a new capital asset policy which increased the capitalization threshold. See Note 1.E.

**Governmental activities**

At the end of the legislative session in 2023, the State of Minnesota provided additional funding for various programs beginning in 2023 and 2024. In 2023, Anoka County received \$4.1 million in additional public safety aid, \$1.8 million in homeless prevention aid, and \$417 thousand in local housing aid. Three more programs will begin in 2024.

Economic development operating grants and contributions increased \$4 million in 2023. There was an increase of \$4 million to the Community Development Block Grant and they also received \$417 thousand of the new housing affordability aid.

Public safety operating grants and contributions increased due to additional public safety aid received of \$4.1 million, a new next generation 911 aid of \$0.25 million, and \$1.5 million for additional community corrections subsidies.

The County received increased federal administrative reimbursement for Child Support Enforcement, Medical Assistance, Temporary Assistance for Needy Families, Supplemental Nutrition Assistance Program and Child Support IV-D (\$2.4 million), for IV-E foster care services (\$1.6 million), state revenue for Family Homeless Prevention and Assistance Program (\$1 million) and Homeless Prevention Aid (\$1.8 million). Most other grants and contributions received in Human Services increased by an average of \$100 thousand.

Public safety charges for services revenue had increases for police services of \$500 thousand, bed space at the East Central Regional Juvenile Center of \$300 thousand, and emergency communications lease revenue of \$73 thousand.

Economic development charges for services is reflective of the increase in occupancy and rents for the four senior housing projects owned and operated by the County.

Highway charges for services and capital grants and contributions both decreased in 2023. In 2022, Anoka County sold a land parcel that was no longer needed which created a one-time increase in charges for services



which was not repeated in 2023. Capital grants and contributions decreased \$11.4 million due to completion of the Highway 10 joint project with MnDOT and the City of Anoka.

General revenues increased significantly in 2023 primarily due to increased grants and contributions, investment income and reimbursement from the State related to the Highway 10 project. Although, property taxes are down by \$2 million due to a shift in the Fiscal Disparities formula between the metro counties in Minnesota. This program was instituted to level the metro county's market value of personal and commercial property values.

Grants and contributions not restricted to specific programs increased by \$12.8 million as Anoka County continues to spend down the Coronavirus State and Local Fiscal Recovery Funds on various projects. The majority of this money is in the construction of the new Anoka County Emergency Communications Dispatch Center, due to be finished in 2024.

Other revenues increased significantly for 2023. Governmental Accounting Standards Board (GASB) Pronouncement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* requires investments be marked at fair value at year end. In 2022, the County reported an unrealized loss of \$24.9 million related to GASB No. 31, while this year an unrealized gain of \$7.5 million is reported. A realized gain of \$17 million was recognized in the County investment holdings. Other revenue increases are also attributed to reimbursement from the Minnesota Department of Transportation (MnDOT) for work completed by the County on the Highway 10 Anoka project (a joint project with the City of Anoka and MnDOT to reconstruct and improve roads and bridges). The County has also partnered with the City of Ramsey and MnDOT to realign county roads and build rail separation on two county roads currently exiting onto Highway 10. See also the discussion on capital assets located later in this report.

Total expenses for Anoka County increased by \$46.2 million in 2023. The County conducted a study of positions and salaries to become more competitive with other governmental agencies. This Helios study concluded at the end of first quarter 2023 and resulted in numerous increases in salaries and related payroll expenses, including payroll taxes and PERA. It affected all functions of government but significantly affected general government (\$8.3 million), public safety (\$8 million), human services (\$12.2 million), and (\$4.3) million between sanitation and culture and recreation.

In addition to the increase in salaries, General Government expenditures went up due to the loss on retirements of capital assets and current year depreciation.

Corrections received an additional \$1.5 million in community corrections subsidies classified as general program revenues which resulted in increased public safety expenditures. Also, as noted, public safety experienced an increase in salaries and related expenses due to the results of the compensation study.

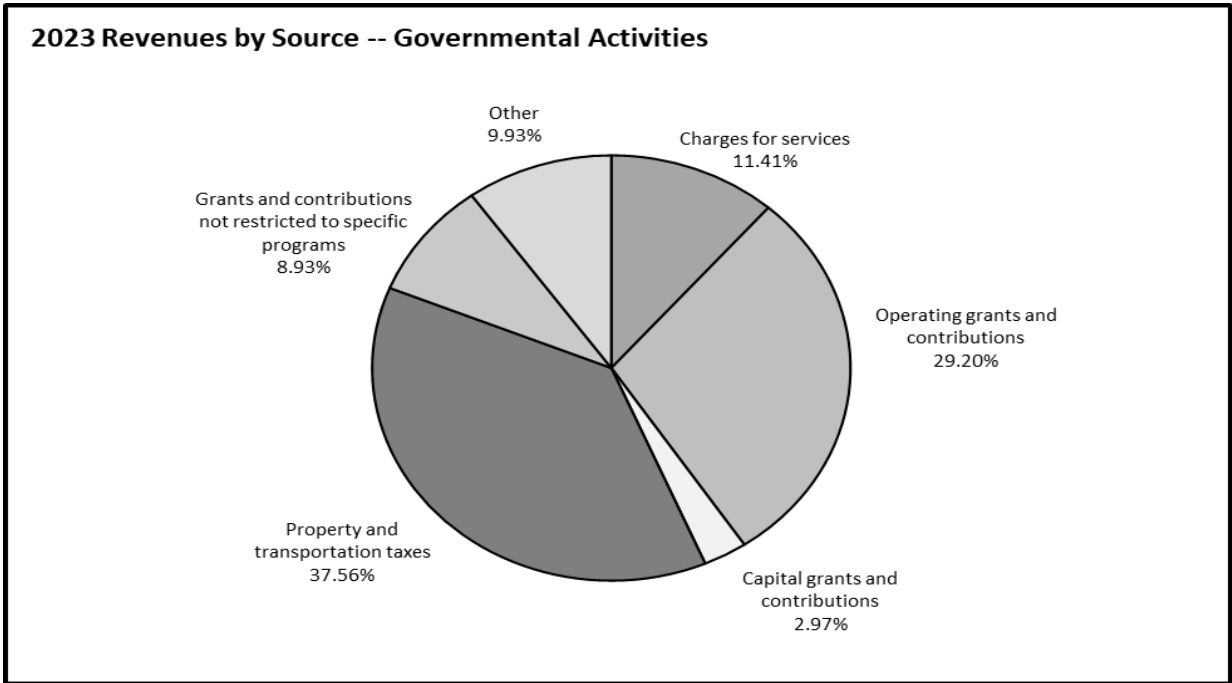
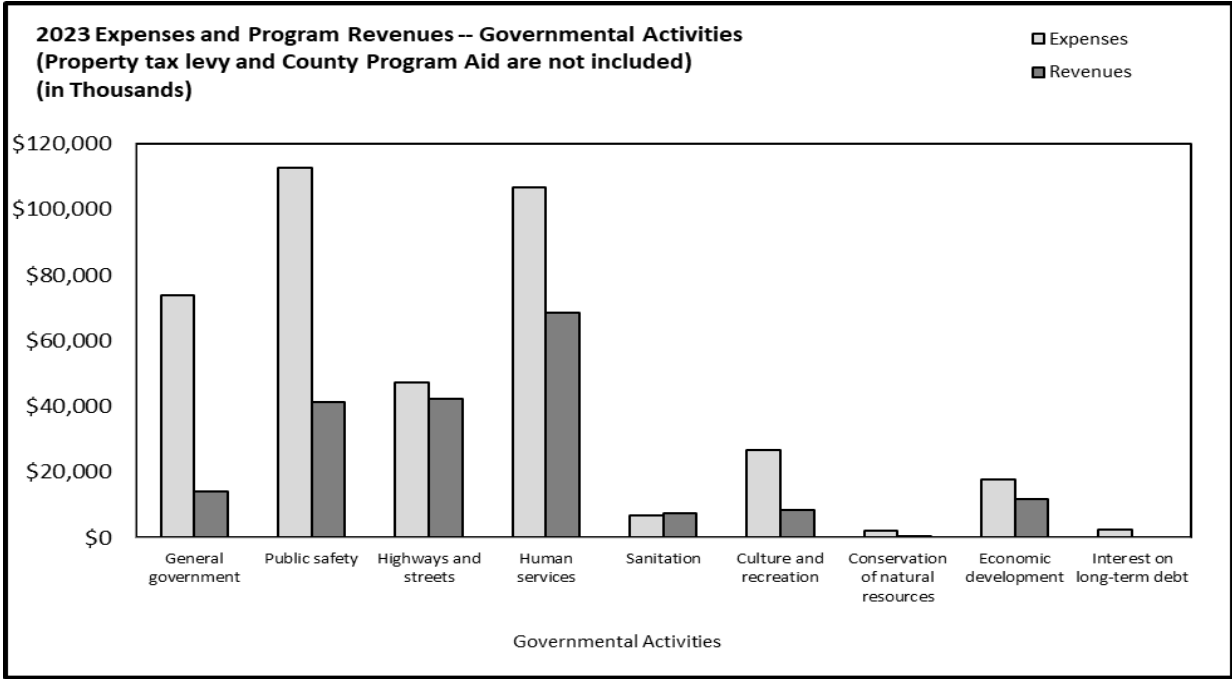
Highway and street expenditures decreased due to the completion of several large projects including the Highway 10 joint project with the City of Anoka and MnDOT.

Sanitation had increased expenditures due to anticipated grant money. The grant is a reimbursement grant so there is a timing difference between expenditures and revenue. Sanitation also had an increase in salaries and related costs, as noted above.

Other than salary expense, the increase in culture and recreation was for previously capitalized improvements and equipment expensed in 2023 due to the capital asset threshold change.

In economic development, properties were purchased for \$3.8 million and program expenditures increased by \$2.4 million due to additional Community Development Block Grant funding.

The graph below reflects program expenses and program revenues. The property tax levy and county program aid are not exhibited at the program level, but rather as general revenues, which are not displayed in this graph. General revenues are a significant portion of general government, public safety, human services, culture and recreation and interest on long-term debt. Therefore, the gap between the program expenses and revenues for those functions are greater than the gap between expenses and revenues for economic development. These programs are funded in large part with grant revenues, requiring a smaller portion of total expenses to be covered with general revenues. Sanitation received more outside revenue in 2023 than program expenses. These funds are available for use in future years for qualified projects.



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

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

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

As of the end of 2023, Anoka County's governmental funds reported combined ending fund balances of \$347.5 million. This is a \$24.3 million increase (7.5 percent) from 2022. The operating funds, excluding capital projects and debt service funds for the County reflect a \$22.0 million increase (13.6 percent) in fund balances. Approximately 61.3 percent, or \$213.1 million of the combined fund balance total, represents a combination of *committed, assigned and unassigned fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is *nonspendable* or *restricted* to indicate that it is not available for new spending because it has already been dedicated: a) to cover inventories and prepaid items (\$2.5 million); b) for amounts held by escrow agents and courts (\$16.9 million); c) for grants, legal settlements, donations, and revolving loans received but not yet fully expended (\$10.7 million); d) for debt service (\$22.5 million); e) for recorder's compliance (\$5.9 million); f) for sanitation (\$31.2 million); g) for a variety of public safety programs and initiatives (\$5.9 million) and h) for future transportation projects (\$38.9 million).

The General Fund is the chief operating fund of Anoka County. At the end of the current fiscal year, combined assigned and unassigned fund balance of the General Fund was \$44.6 million, while the total fund balance was \$72.9 million. As a measure of the General Fund's liquidity, it may be useful to compare assigned and unassigned fund balance to total fund expenditures. Combined assigned and unassigned fund balance represents 29.2 percent of total General Fund expenditures.

The fund balance of Anoka County's major funds increased by \$20.4 million as a result of the following:

- Fund balance in the General Fund increased by \$12.1 million due to increased intergovernmental revenue received for public safety (\$4.1 million), community corrections (\$1.5 million), and approximately \$1 million for next generation 911 aid, local housing aid, and voter aid. Also, as a result of the continued execution of the County's investment program, investment income came in over budget by \$9.9 million. The effect of Governmental Accounting Standards Board (GASB), Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires reporting the fair value of investments as opposed to the book value increased total revenues with a gain of \$6.9 million. This amount is required to be recognized in the financial statements.
- The Road and Bridge Fund showed a \$1.5 million increase in fund balance due to reduced expenditures related to the completion of several large projects. As a result of those closed projects, the county also received associated revenue.
- The Human Services Fund had an increase of \$4.6 million in fund balance due to reimbursement of operating expenses with the use of Coronavirus State and Local Fiscal Recovery Fund dollars.
- The Debt Service Funds' fund balance increased by \$6.5 million due to investments related to the 2022 Regional Rail refunding issuance which will be fully defeased in February 2024. Those investments did benefit from the mark to market and we saw increased investment earnings. The increase is also attributed to collections on conduit debt collected but not paid until 2024.
- Fund balance in the Capital Projects Fund decreased by \$4.2 million due to increased expenditures for several large projects including Rum River decentralization, and the finance enterprise system.

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

### **General Fund Budgetary Highlights**

The difference between the original adopted budget and the final amended budget for expenditures in the General Fund was \$0.5 million which is due to the addition of several smaller funding sources which became available during the fiscal year.

### **Capital Asset and Debt Administration**

**Capital assets.** In 2023, Anoka County made a change to the capital asset policy increasing the threshold for most of the asset classes. The change of threshold was reported as a restatement of net position in Note 1.E of the Notes to the Financial Statements.

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

- Land values increased \$11.3 million due to Right of Way (ROW) acquisitions for Highway 10 and Ramsey Gateway joint projects with the City of Anoka, the City of Ramsey, and the Minnesota Department of Transportation (MnDOT). Creation of the service roads and roundabouts required ROW purchases of several parcels.
- Buildings and structures decreased by \$5.1 million. Although there are additions to assets of \$1.9 million with improved security at the juvenile facilities located on the Lino Lakes campus or the additional structure at Rice Creek Compost site, that is offset by the deletion of park structures (\$1.2 million) and depreciation of existing assets (\$5.9 million).
- The decrease in improvements other than buildings of \$1.7 million and machinery and equipment of \$.3 million is current year depreciation on existing assets.
- The increase in infrastructure values of \$67.2 million results from the completion of several highway projects. Two overpass projects were CSAH 83 in Ramsey for \$30 million and the railroad overpass on Foley Boulevard in Coon Rapids for \$24.9 million. Anoka County is reviewing road grade separations on several county roads and have projects planned for the next couple of years. Two roundabout projects were completed: one at CSAH 83 and Alpine Drive for \$2.3 million and a second project with double roundabouts at CSAH 34 at Ware Road and Shadow Lake for \$6.1 million. These projects were completed for safety reasons due to the volume of traffic in those areas and the proximity to an elementary school. The project at CSAH 14 to CSAH 17 for \$8.9 million was a two lane to four lane conversion with a median curb to move a high volume of traffic in a safe manner dividing east and west bound traffic. Another project to safely deal with high volume traffic is CSAH 116 and Highway 47 for \$4.7 million. This project widened the bridge on CSAH 116 and added an additional turn lane onto Highway 47.
- Software assets include software that is maintained on site as well as GASB Statement No. 96, "Subscription-Based Information Technology Arrangements." The decrease of \$489 thousand is the addition of the new subscription based IT technology agreements less depreciation on existing assets.
- Construction in Progress (CIP) decreased significantly as a result of highway project completions discussed above. There were also new projects added to the CIP for \$41.9 million. They include a financial system (\$2.7 million), IT improvements to existing equipment (\$1.3 million), improvements made to the Blaine Human Services building to house Economic Assistance personnel creating a one stop for Human Service clients (\$2.6 million), continued construction of a new Emergency Communications Dispatch Center (\$15.6 million), and highway projects related to the Highway 10 and Ramsey Gateway joint projects with the City of Anoka, City of Ramsey, and MnDOT (\$10.8 million).

**Anoka County Capital Assets**  
(Net of Depreciation or Amortization, in Thousands)

|                                   | Governmental activities |                        |
|-----------------------------------|-------------------------|------------------------|
|                                   | 2023                    | 2022,<br>as restated * |
| Land                              | \$ 245,642              | \$ 234,356             |
| Buildings and structures          | 142,131                 | 147,280                |
| Improvements other than buildings | 14,329                  | 16,020                 |
| Machinery and equipment           | 19,355                  | 19,678                 |
| Infrastructure                    | 458,402                 | 391,238                |
| Software                          | 5,775                   | 6,264                  |
| Construction in progress          | 49,502                  | 88,885                 |
| <b>Total</b>                      | <b>\$ 935,136</b>       | <b>\$ 903,721</b>      |

\*Beginning balance restated for the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* and a new capital asset policy which increased the capitalization threshold. See Note 1.E

Additional information on Anoka County's capital assets can be found in Note 3.A.3. on pages 42 to 43 of this report.

**Long-term debt.** At the end of the current fiscal year, Anoka County had total bonded debt outstanding of \$61.6 million. Of this amount, \$54.1 million comprises debt backed by the full faith and credit of the County and \$7.5 million represents bonds secured solely by specified revenue sources, which are currently general obligation bonds supported by revenues.

**Anoka County Outstanding Debt**  
General Obligation and Revenue Bonds  
(in Thousands)

|  | Governmental activities |                  |
|--|-------------------------|------------------|
|  | 2023                    | 2022             |
| General obligation bonds and notes             | \$ 33,990               | \$ 41,350        |
| General obligation bonds supported by revenues | 7,475                   | 8,160            |
| Limited tax bonds                              | 20,125                  | 21,620           |
| <b>Total</b>                                   | <b>\$ 61,590</b>        | <b>\$ 71,130</b> |

Anoka County's total bonded debt decreased by \$9.5 million (-13.4 percent) due to scheduled debt service payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of its total estimated market value. The current debt limitation for Anoka County is \$1.63 billion. The current general debt obligation is \$54.1 million, less funds available of \$36.4 million, or approximately 3.3 percent of the general obligation debt limit allowed.

Additional information on Anoka County's long-term debt can be found in the Notes to the Financial Statements, notes 3.C.5 through 3.C.7 on pages 50 to 55 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Inflationary trends in the region compare favorably to national indices.
- Anoka County ranks fourth in size of Minnesota Counties.

These and other factors were considered in preparing Anoka County's budget for the 2023 fiscal year.

During the current fiscal year, the total fund balance in the major governmental funds increased by \$20.4 million. Debt service and capital project funds comprise \$163.6 million of the total fund balance to be used for future debt payments and completion of current capital projects. The Anoka County Financial Policies delegate authority to the Chief Financial Officer of Finance and Central Services to assign fund balance for a specific purpose to be spent in future years.

**Request for Information**

This financial report is designed to provide a general overview of Anoka County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Finance and Central Services, Anoka County, 2100 3rd Avenue, Suite 300, Anoka, Minnesota 55303. You may also contact us via email at [finance@co.anoka.mn.us](mailto:finance@co.anoka.mn.us) or visit our website at [www.anokacountymn.gov](http://www.anokacountymn.gov).

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**BASIC FINANCIAL STATEMENTS**

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

EXHIBIT 1

|  | <b>Primary<br/>Government</b>      |
|--|------------------------------------|
|  | <b>Governmental<br/>Activities</b> |
| <b><u>Assets</u></b>   |                                    |
| Cash, cash equivalents, and pooled investments                   | \$ 405,471,584                     |
| Cash and investments with escrow agents                          | 16,391,745                         |
| Funds held with courts   | 488,124                            |
| Delinquent taxes receivable                                      | 1,268,498                          |
| Special assessments receivable, non current                      | 6,188,823                          |
| Accounts receivable, net of allowance for doubtful accounts      | 1,644,173                          |
| Accrued interest receivable                                      | 3,700,941                          |
| Loans receivable, net of allowance for doubtful accounts         |                                    |
| Due within one year  | 386,484                            |
| Due in more than one year  | 2,327,387                          |
| Leases receivable  |                                    |
| Due within one year  | 579,111                            |
| Due in more than one year  | 4,493,072                          |
| Due from other governments                                       | 29,633,371                         |
| Inventories  | 2,367,860                          |
| Prepaid items  | 892,520                            |
| Capital assets not being depreciated or amortized                |                                    |
| Land   | 245,642,349                        |
| Construction in progress   | 49,501,549                         |
| Capital assets, net of accumulated depreciation or amortization: |                                    |
| Buildings and structures   | 142,131,558                        |
| Improvements other than buildings                                | 14,328,943                         |
| Machinery and equipment  | 19,354,918                         |
| Infrastructure   | 458,401,715                        |
| Software   | 5,775,328                          |
| <b>Total Assets</b>  | <b>1,410,970,053</b>               |
| <b><u>Deferred Outflows of Resources</u></b>                     |                                    |
| Deferred pension outflows  | 62,586,416                         |
| Deferred OPEB outflows   | 22,538,531                         |
| <b>Total Deferred Outflows of Resources</b>                      | <b>85,124,947</b>                  |
| <b><u>Liabilities</u></b>  |                                    |
| Accounts payable   | 5,847,755                          |
| Salaries payable   | 8,901,888                          |
| Contracts payable  | 5,106,078                          |
| Due to other governments   | 5,416,318                          |
| Matured interest payable   | 935,999                            |
| Unearned revenue   | 41,662,267                         |
| Noncurrent Liabilities:  |                                    |
| Due within one year  |                                    |
| Bonds and notes payable  | 24,115,000                         |
| Benefits payable   | 3,303,547                          |
| Compensated absences   | 1,059,494                          |
| Outstanding claims payable                                       | 3,023,515                          |
| Leases payable   | 542,911                            |
| Subscription technology arrangements payable                     | 1,269,751                          |
| Loans payable  | 17,219                             |
| Due in more than one year  |                                    |
| Bonds and notes payable  | 41,366,326                         |
| Benefits payable   | 2,390,958                          |
| Compensated absences   | 14,076,127                         |
| Outstanding claims payable                                       | 1,605,464                          |
| Leases payable   | 2,846,740                          |
| Subscription technology arrangements payable                     | 2,012,514                          |
| Loans payable  | 1,783,714                          |
| Net pension liability  | 103,714,122                        |
| Net Other postemployment benefits (OPEB) liability               | 21,713,583                         |
| <b>Total Liabilities</b>   | <b>292,711,290</b>                 |
| <b><u>Deferred Inflows of Resources</u></b>                      |                                    |
| Deferred lease inflows   | 4,894,843                          |
| Deferred pension inflows   | 69,290,770                         |
| Deferred OPEB inflows  | 30,931,317                         |
| <b>Total Deferred Inflows of Resources</b>                       | <b>105,116,930</b>                 |
| <b><u>Net Position</u></b>                                       |                                    |
| Net investment in capital assets                                 | 888,484,059                        |
| Restricted for:  |                                    |
| General government   | 6,222,739                          |
| Public safety  | 9,819,623                          |
| Highway  | 9,425,225                          |
| Human services   | 4,365,159                          |
| Sanitation   | 31,181,500                         |
| Culture and recreation   | 131,385                            |
| Conservation of natural resources                                | 154,515                            |
| Economic development   | 2,342,181                          |
| Capital projects   | 38,897,866                         |
| Unrestricted (deficit)   | 107,242,528                        |
| <b>Total net position</b>  | <b>\$ 1,098,266,780</b>            |

The notes to the financial statements are an integral part of this statement.



**ANOKA COUNTY  
ANOKA, MINNESOTA**

**EXHIBIT 2**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

| <b>Functions/Programs</b>                                    | <b>Program Revenues</b> |                                 |   |   | <b>Net (Expense)<br/>Revenue and<br/>Changes in Net<br/>Position</b> |
|--|-------------------------|---------------------------------|---|---|--|
|  | <b>Expenses</b>         | <b>Charges for<br/>Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital Grants<br/>and<br/>Contributions</b> | <b>Primary<br/>Government</b>  |
|  |                         |                                 |   |   | <b>Governmental<br/>Activities</b>                                   |
| Primary Government:  |                         |                                 |   |   |  |
| Governmental activities:                                     |                         |                                 |   |   |  |
| General government   | \$ 73,815,120           | \$ 8,378,420                    | \$ 5,712,429                                      | \$ -  | \$ (59,724,271)  |
| Public safety  | 112,815,798             | 24,327,040                      | 16,958,259  | -   | (71,530,499)   |
| Highways and streets   | 47,318,790              | 359,091                         | 30,446,824  | 11,551,965                                      | (4,960,910)  |
| Human services   | 106,821,864             | 3,704,950                       | 64,904,465  | -   | (38,212,449)   |
| Sanitation   | 6,604,799               | 5,232,890                       | 2,095,564   | -   | 723,655  |
| Culture and recreation                                       | 26,726,932              | 5,714,188                       | 1,101,122   | 1,665,908                                       | (18,245,714)   |
| Conservation of natural resources                            | 656,491                 | 7,174                           | -   | -   | (649,317)  |
| Economic development   | 18,842,932              | 3,077,753                       | 8,766,396   | -   | (6,998,783)  |
| Interest expense and fiscal charges on long-term debt        | 2,322,272               | -                               | -   | -   | (2,322,272)  |
| Total governmental activities                                | <u>\$ 395,924,998</u>   | <u>\$ 50,801,506</u>            | <u>\$ 129,985,059</u>                             | <u>\$ 13,217,873</u>                            | <u>\$ (201,920,560)</u>  |
| General Revenues:  |                         |                                 |   |   |  |
| Property taxes collected for general purposes                |                         |                                 |   |   | 139,350,454  |
| Property taxes collected for debt service                    |                         |                                 |   |   | 11,023,262   |
| Transportation taxes collected for transportation            |                         |                                 |   |   | 16,859,989   |
| Grants and contributions not restricted to specific programs |                         |                                 |   |   | 39,756,932   |
| Unrestricted investment earnings                             |                         |                                 |   |   | 25,162,454   |
| Miscellaneous  |                         |                                 |   |   | 19,064,025   |
| Total general revenues and transfers                         |                         |                                 |   |   | <u>251,217,116</u>   |
| Change in net position                                       |                         |                                 |   |   | 49,296,556   |
| Net position-January 1 as restated, see Note 1.E.            |                         |                                 |   |   | <u>1,048,970,224</u>   |
| Net position-December 31                                     |                         |                                 |   |   | <u>\$ 1,098,266,780</u>  |

The notes to the financial statements are an integral part of this statement.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

EXHIBIT 3

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2023**

|   | <b>General Fund</b>   | <b>Road and Bridge</b> | <b>Human Services</b> | <b>Debt Service</b>  | <b>Capital Projects</b> | <b>Other Governmental Funds</b> | <b>Total Governmental Funds</b> |
|---|-----------------------|------------------------|-----------------------|----------------------|-------------------------|---------------------------------|---------------------------------|
| <b>Assets</b>   |                       |                        |                       |                      |                         |                                 |                                 |
| Cash and pooled investments   | \$ 109,293,060        | \$ 25,326,040          | \$ 44,771,625         | \$ 22,325,299        | \$ 127,329,665          | \$ 41,162,395                   | \$ 370,208,084                  |
| Cash and investments with escrow agents                                   | -                     | -                      | -                     | 15,818,166           | -                       | 573,579                         | 16,391,745                      |
| Funds held with courts  | -                     | 488,124                | -                     | -                    | -                       | -                               | 488,124                         |
| Delinquent taxes receivable   | 993,467               | 29,005                 | 132,030               | -                    | -                       | 113,996                         | 1,268,498                       |
| Special assessments receivable, non current                               | -                     | -                      | -                     | -                    | -                       | 6,188,823                       | 6,188,823                       |
| Accounts receivable, net of allowance for doubtful accounts               | 663,483               | 63,877                 | 604,078               | 64,683               | 27,224                  | 210,930                         | 1,634,275                       |
| Accrued interest receivable   | 3,489,546             | 246                    | -                     | -                    | -                       | 211,149                         | 3,700,941                       |
| Loans receivable  | 71,772                | -                      | -                     | -                    | -                       | 2,642,099                       | 2,713,871                       |
| Leases receivable   | 1,263,680             | 29,513                 | -                     | 2,532,061            | -                       | 1,246,929                       | 5,072,183                       |
| Due from other funds  | 850,000               | -                      | -                     | -                    | -                       | -                               | 850,000                         |
| Due from other governments  | 3,881,776             | 13,330,453             | 9,684,247             | -                    | 1,367,304               | 1,212,137                       | 29,475,917                      |
| Advances to other funds   | -                     | -                      | -                     | -                    | 166,297                 | -                               | 166,297                         |
| Inventories   | -                     | 1,551,413              | -                     | -                    | -                       | 7,963                           | 1,559,376                       |
| Prepaid items   | 877,045               | 4,500                  | 8,690                 | -                    | -                       | 2,285                           | 892,520                         |
| <b>Total Assets</b>   | <b>121,383,829</b>    | <b>40,823,171</b>      | <b>55,200,670</b>     | <b>40,740,209</b>    | <b>128,890,490</b>      | <b>53,572,285</b>               | <b>440,610,654</b>              |
| <b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>       |                       |                        |                       |                      |                         |                                 |                                 |
| <b>Liabilities</b>  |                       |                        |                       |                      |                         |                                 |                                 |
| Accounts payable  | 1,636,697             | 149,839                | 1,257,544             | 548                  | 621,322                 | 658,335                         | 4,324,285                       |
| Salaries payable  | 5,484,813             | 343,180                | 2,331,642             | -                    | -                       | 667,796                         | 8,827,431                       |
| Contracts payable   | 600,223               | 850,906                | 631,200               | -                    | 2,903,714               | 120,035                         | 5,106,078                       |
| Due to other funds  | -                     | -                      | -                     | -                    | -                       | 850,000                         | 850,000                         |
| Due to other governments  | 1,095,262             | 2,322,452              | 1,782,087             | -                    | 55,723                  | 148,778                         | 5,404,302                       |
| Advances from other funds   | -                     | -                      | -                     | -                    | -                       | 166,297                         | 166,297                         |
| Matured interest payable  | -                     | -                      | -                     | 7,250                | -                       | -                               | 7,250                           |
| Unearned revenues   | 36,956,000            | 3,000                  | 3,131,149             | -                    | -                       | 1,571,819                       | 41,661,968                      |
| <b>Total Liabilities</b>  | <b>45,772,995</b>     | <b>3,669,377</b>       | <b>9,133,622</b>      | <b>7,798</b>         | <b>3,580,759</b>        | <b>4,183,060</b>                | <b>66,347,611</b>               |
| <b>Deferred Inflows of Resources</b>                                      |                       |                        |                       |                      |                         |                                 |                                 |
| Unavailable revenue   | 1,452,782             | 10,454,739             | 891,737               | -                    | -                       | 9,052,675                       | 21,851,933                      |
| Deferred lease inflows  | 1,223,740             | 29,419                 | -                     | 2,413,181            | -                       | 1,228,503                       | 4,894,843                       |
| <b>Total Deferred Inflows of Resources</b>                                | <b>2,676,522</b>      | <b>10,484,158</b>      | <b>891,737</b>        | <b>2,413,181</b>     | <b>-</b>                | <b>10,281,178</b>               | <b>26,746,776</b>               |
| <b>Fund Balances</b>  |                       |                        |                       |                      |                         |                                 |                                 |
| Nonspendable in (Note 3.D.)   |                       |                        |                       |                      |                         |                                 |                                 |
| General fund  | 877,045               | -                      | -                     | -                    | -                       | -                               | 877,045                         |
| Special revenue funds   | -                     | 1,555,913              | 8,690                 | -                    | -                       | 10,248                          | 1,574,851                       |
| Restricted in (Note 3.D.)   |                       |                        |                       |                      |                         |                                 |                                 |
| General fund  | 27,467,024            | -                      | -                     | -                    | -                       | -                               | 27,467,024                      |
| Special revenue funds   | -                     | 488,124                | 1,595,842             | -                    | -                       | 5,459,835                       | 7,543,801                       |
| Debt service fund   | -                     | -                      | -                     | 38,319,230           | -                       | -                               | 38,319,230                      |
| Capital projects fund   | -                     | -                      | -                     | -                    | 58,592,267              | -                               | 58,592,267                      |
| Committed in (Note 3.D.)  |                       |                        |                       |                      |                         |                                 |                                 |
| Special revenue funds   | -                     | -                      | -                     | -                    | -                       | 3,619,050                       | 3,619,050                       |
| Assigned in (Note 3.D.)   |                       |                        |                       |                      |                         |                                 |                                 |
| General fund  | 4,673,723             | -                      | -                     | -                    | -                       | -                               | 4,673,723                       |
| Special revenue funds   | -                     | 24,625,599             | 43,570,779            | -                    | -                       | 30,270,891                      | 98,467,269                      |
| Capital projects fund   | -                     | -                      | -                     | -                    | 66,717,464              | -                               | 66,717,464                      |
| Unassigned  | 39,916,520            | -                      | -                     | -                    | -                       | (251,977)                       | 39,664,543                      |
| <b>Total Fund Balances</b>  | <b>72,934,312</b>     | <b>26,669,636</b>      | <b>45,175,311</b>     | <b>38,319,230</b>    | <b>125,309,731</b>      | <b>39,108,047</b>               | <b>347,516,267</b>              |
| <b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b> | <b>\$ 121,383,829</b> | <b>\$ 40,823,171</b>   | <b>\$ 55,200,670</b>  | <b>\$ 40,740,209</b> | <b>\$ 128,890,490</b>   | <b>\$ 53,572,285</b>            | <b>\$ 440,610,654</b>           |

The notes to the financial statements are an integral part of this statement.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**EXHIBIT 4**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

|  |                     |                                |
|--|---------------------|--------------------------------|
| Total fund balances for governmental funds (Exhibit 3)   |                     | \$ 347,516,267                 |
| Total net position reported for governmental activities in the statement of net position is different because:   |                     |                                |
| Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and therefore are not reported in the funds.   |                     | 935,136,360                    |
| Deferred outflows resulting from pension obligations (\$62,586,416) and OPEB obligations (\$22,538,531) are not available resources and, therefore, are not reported in governmental funds.  |                     | 85,124,947                     |
| Internal service funds are used by the County to charge the cost of insurance (\$21,313,399) to the individual funds as well as cost of maintenance and fuel for the County vehicles and large equipment (\$2,992,211). The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. |                     | 24,305,610                     |
| Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities.  |                     |                                |
| Bonds and notes payable - net of premium and discount  | \$ (65,481,326)     |                                |
| Compensated absences   | (15,135,621)        |                                |
| Leases payable   | (3,389,651)         |                                |
| Subscription based technology arrangements payable   | (3,282,265)         |                                |
| Loans payable  | (1,800,933)         |                                |
| Net pension liability  | (103,714,122)       |                                |
| Net other postemployment benefits liability  | <u>(21,713,583)</u> |                                |
| Total long term liabilities  |                     | (214,517,501)                  |
| Matured interest payable is not due and payable in the current period and therefore, is not reported on the fund statements.   |                     |                                |
| Matured interest payable reported on Exhibit 1   | \$ (935,999)        |                                |
| Matured interest payable reported on Exhibit 3   | <u>7,250</u>        |                                |
|  |                     | (928,749)                      |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   |                     | 21,851,933                     |
| Deferred inflows resulting from pension obligations (\$69,290,770) and OPEB obligations (\$30,931,317) are not due and payable in the current period and, therefore, are not reported in governmental funds.   |                     | <u>(100,222,087)</u>           |
| Net position of governmental activities (Exhibit 1)  |                     | <b><u>\$ 1,098,266,780</u></b> |

The notes to the financial statements are an integral part of this statement.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

EXHIBIT 5

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

|   | <b>General<br/>Fund</b> | <b>Road and<br/>Bridge</b> | <b>Human<br/>Services</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|----------------------------|---------------------------|-------------------------|-----------------------------|---|---|
| <b>Revenues</b>   |                         |                            |                           |                         |                             |   |   |
| Taxes   | \$ 73,936,062           | \$ 8,038,274               | \$ 39,825,964             | \$ 11,023,262           | \$ 16,859,989               | \$ 17,478,456                           | \$ 167,162,007                          |
| Licenses and permits                                    | 357,893                 | 109,930                    | 1,081,017                 | -                       | -                           | 1,350                                   | 1,550,190                               |
| Intergovernmental                                       | 37,410,437              | 42,940,772                 | 69,065,579                | 3,002                   | 21,801,029                  | 14,881,601                              | 186,102,420                             |
| Charges for services                                    | 30,241,486              | -                          | 2,981,214                 | -                       | -                           | 9,205,155                               | 42,427,855                              |
| Fines and forfeitures                                   | -                       | -                          | -                         | -                       | -                           | 459,781                                 | 459,781                                 |
| Investment income                                       | 16,053,997              | 18,524                     | -                         | 86,037                  | 4,925                       | 880,504                                 | 17,043,987                              |
| Net change in fair value of investments                 | 6,871,315               | -                          | -                         | 605,701                 | -                           | -                                       | 7,477,016                               |
| Interest revenue - leases                               | 24,337                  | 1,061                      | -                         | 46,724                  | -                           | 24,001                                  | 96,123                                  |
| Miscellaneous   | 3,677,246               | 16,399,390                 | 498,762                   | 869,234                 | 415,625                     | 5,982,522                               | 27,842,779                              |
| <b>Total Revenues</b>                                   | <b>168,572,773</b>      | <b>67,507,951</b>          | <b>113,452,536</b>        | <b>12,633,960</b>       | <b>39,081,568</b>           | <b>48,913,370</b>                       | <b>450,162,158</b>                      |
| <b>Expenditures</b>                                     |                         |                            |                           |                         |                             |   |   |
| <b>Current</b>  |                         |                            |                           |                         |                             |   |   |
| General government                                      | 56,048,438              | -                          | -                         | -                       | 9,299,544                   | 1,025,789                               | 66,373,771                              |
| Public safety   | 86,679,185              | -                          | -                         | -                       | 9,419,503                   | 6,911,245                               | 103,009,933                             |
| Highways and streets                                    | -                       | 68,931,514                 | -                         | -                       | 341,607                     | -                                       | 69,273,121                              |
| Human services  | -                       | -                          | 107,120,064               | -                       | 33,694                      | 23,782                                  | 107,177,540                             |
| Sanitation  | 5,942,172               | -                          | -                         | -                       | -                           | -                                       | 5,942,172                               |
| Culture and recreation                                  | 152,623                 | -                          | -                         | -                       | 639,753                     | 21,713,266                              | 22,505,642                              |
| Conservation of natural resources                       | 226,992                 | -                          | -                         | -                       | -                           | 426,228                                 | 653,220                                 |
| Economic development                                    | -                       | -                          | -                         | 1,784,856               | -                           | 15,314,329                              | 17,099,185                              |
| <b>Debt Service</b>                                     |                         |                            |                           |                         |                             |   |   |
| Principal   | 1,339,464               | -                          | 170,142                   | 9,540,000               | 185,258                     | 807,944                                 | 12,042,808                              |
| Interest  | 66,090                  | -                          | 4,214                     | 2,306,463               | -                           | 42,280                                  | 2,419,047                               |
| Administrative charges                                  | -                       | -                          | -                         | 22,550                  | -                           | -                                       | 22,550                                  |
| <b>Capital Outlay</b>                                   |                         |                            |                           |                         |                             |   |   |
| General government                                      | 837,240                 | -                          | -                         | -                       | 771,375                     | -                                       | 1,608,615                               |
| Public safety   | 1,271,850               | -                          | -                         | -                       | 17,053,539                  | -                                       | 18,325,389                              |
| Highways and streets                                    | -                       | 115,561                    | -                         | -                       | -                           | -                                       | 115,561                                 |
| Human services  | -                       | -                          | 1,410,317                 | -                       | -                           | -                                       | 1,410,317                               |
| Culture and recreation                                  | -                       | -                          | -                         | -                       | 257,571                     | 512,588                                 | 770,159                                 |
| Economic Development                                    | -                       | -                          | -                         | -                       | -                           | 1,293,376                               | 1,293,376                               |
| Environment and sanitation                              | 60,133                  | -                          | -                         | -                       | -                           | -                                       | 60,133                                  |
| <b>Intergovernmental</b>                                |                         |                            |                           |                         |                             |   |   |
| Highways and streets                                    | -                       | 150,310                    | -                         | -                       | -                           | -                                       | 150,310                                 |
| <b>Total Expenditures</b>                               | <b>152,624,187</b>      | <b>69,197,385</b>          | <b>108,704,737</b>        | <b>13,653,869</b>       | <b>38,001,844</b>           | <b>48,070,827</b>                       | <b>430,252,849</b>                      |
| <b>Excess of Revenues Over (Under)<br/>Expenditures</b> | <b>15,948,586</b>       | <b>(1,689,434)</b>         | <b>4,747,799</b>          | <b>(1,019,909)</b>      | <b>1,079,724</b>            | <b>842,543</b>                          | <b>19,909,309</b>                       |
| <b>Other Financing Sources (Uses)</b>                   |                         |                            |                           |                         |                             |   |   |
| Transfers in  | 7,746,158               | 5,243,554                  | -                         | 11,430,961              | 3,476,024                   | 5,828,349                               | 33,725,046                              |
| Transfers out   | (12,340,329)            | (2,135,953)                | (195,928)                 | (3,950,997)             | (9,120,521)                 | (3,600,023)                             | (31,343,751)                            |
| Leases issued   | 198,069                 | -                          | -                         | -                       | -                           | 165,400                                 | 363,469                                 |
| Subscriptions issued                                    | 556,980                 | -                          | -                         | -                       | 386,296                     | 53,833                                  | 997,109                                 |
| Loans issued  | -                       | -                          | -                         | -                       | -                           | 565,406                                 | 565,406                                 |
| <b>Total Other Financing<br/>Sources (Uses)</b>         | <b>(3,839,122)</b>      | <b>3,107,601</b>           | <b>(195,928)</b>          | <b>7,479,964</b>        | <b>(5,258,201)</b>          | <b>3,012,965</b>                        | <b>4,307,279</b>                        |
| <b>Net Change in Fund Balances</b>                      | <b>12,109,464</b>       | <b>1,418,167</b>           | <b>4,551,871</b>          | <b>6,460,055</b>        | <b>(4,178,477)</b>          | <b>3,855,508</b>                        | <b>24,216,588</b>                       |
| <b>Fund Balances - January 1</b>                        | <b>60,824,848</b>       | <b>25,170,253</b>          | <b>40,623,440</b>         | <b>31,859,175</b>       | <b>129,488,208</b>          | <b>35,249,173</b>                       | <b>323,215,097</b>                      |
| <b>Increase (decrease) in inventories</b>               | <b>-</b>                | <b>81,216</b>              | <b>-</b>                  | <b>-</b>                | <b>-</b>                    | <b>3,366</b>                            | <b>84,582</b>                           |
| <b>Fund Balances - December 31</b>                      | <b>\$ 72,934,312</b>    | <b>\$ 26,669,636</b>       | <b>\$ 45,175,311</b>      | <b>\$ 38,319,230</b>    | <b>\$ 125,309,731</b>       | <b>\$ 39,108,047</b>                    | <b>\$ 347,516,267</b>                   |

The notes to the financial statements are an integral part of this statement.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**EXHIBIT 6**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net change in fund balances - total governmental funds (Exhibit 5) \$ 24,216,588

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation and amortization expense.

|  |                     |            |
|--|---------------------|------------|
| Expenditures for general capital assets, infrastructure, and other related capital asset adjustments | \$ 61,259,083       |            |
| Current year depreciation and amortization   | <u>(26,954,650)</u> | 34,304,433 |

The issuance of long-term debt (e.g., bonds) provides current financial resources and lease arrangements are considered a source of financing to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

|  |                |            |
|--|----------------|------------|
| Debt issued:                               |                |            |
| Leases                                     | \$ (363,469)   |            |
| Subscription based technology arrangements | (997,109)      |            |
| Loans                                      | (565,406)      |            |
| Principal repayments:                      |                |            |
| Debt service principal retirement          | 9,540,000      |            |
| Leases                                     | 538,368        |            |
| Subscription based technology arrangements | 1,586,928      |            |
| Loans                                      | 377,512        |            |
| Current year amortization of premiums      | <u>752,959</u> | 10,869,783 |

The effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, transfers and retirements) is to decrease net position. (2,889,284)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. Earned but unavailable revenue reported in the governmental funds net of current year delinquent tax collections.

|                                   |                 |             |
|-----------------------------------|-----------------|-------------|
| Unavailable revenue - January 1   | \$ (23,581,081) |             |
| Unavailable revenue - December 31 | 21,851,933      | (1,729,148) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in compensated absences (-\$2,346,673), change in interest payable (\$119,325), and changes in inventories (\$84,582). (2,142,766)

Current year net change in the other postemployment benefits (OPEB) liability, deferred OPEB inflows and deferred OPEB outflows. 1,463,906

Current year net change in deferred pension outflows, net pension liability, and deferred pension inflows. (8,273,300)

The internal service funds are used to accumulate and allocate costs from the central fleet internal service fund and pooled insurance fund to the individual funds within Anoka County. The increase in net position of the internal service funds are reported in the government-wide statement of activities. (6,523,656)

Changes in net position of governmental activities (Exhibit 2) \$ 49,296,556

The notes to the financial statements are an integral part of this statement.

ANOKA COUNTY  
ANOKA, MINNESOTA

EXHIBIT 7

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2023

|   |           | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|---|-----------|---|
| <b><u>Assets</u></b>  |           |   |
| <b>Current Assets:</b>                                      |           |   |
| Cash and pooled investments                                 | \$        | 35,263,500  |
| Accounts receivable, net of allowance for doubtful accounts |           | 9,898   |
| Due from other governments                                  |           | 157,454   |
| Inventory   |           | 808,484   |
|   |           | 808,484   |
| <b>Total Assets</b>   |           | <b>36,239,336</b>   |
| <b><u>Liabilities</u></b>                                   |           |   |
| <b>Current Liabilities:</b>                                 |           |   |
| Accounts payable  |           | 1,523,470   |
| Salaries payable  |           | 74,457  |
| Due to other governments                                    |           | 12,016  |
| Unearned revenue  |           | 299   |
| Benefits payable  |           | 3,303,547   |
| Outstanding claims payable                                  |           | 3,023,515   |
|   |           | 3,023,515   |
| <b>Total current liabilities</b>                            |           | <b>7,937,304</b>  |
| <b>Noncurrent Liabilities:</b>                              |           |   |
| Benefits payable  |           | 2,390,958   |
| Outstanding claims payable                                  |           | 1,605,464   |
|   |           | 1,605,464   |
| <b>Total noncurrent liabilities</b>                         |           | <b>3,996,422</b>  |
| <b>Total Liabilities</b>                                    |           | <b>11,933,726</b>   |
| <b><u>Net Position</u></b>                                  |           |   |
| Unrestricted  |           | 24,305,610  |
|   |           | 24,305,610  |
| <b>Total Net Position</b>                                   | <b>\$</b> | <b>24,305,610</b>   |

The notes to the financial statements are an integral part of this statement.

ANOKA COUNTY  
ANOKA, MINNESOTA

EXHIBIT 8

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

|  |           | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</b> |
|--|-----------|---|
| <b><u>Operating Revenues</u></b>           |           |   |
| Charges for services                       | \$        | 49,151,990  |
| Insurance recoveries                       |           | 3,998,265   |
| Miscellaneous                              |           | 3,691,131   |
|  |           | <hr/>   |
| <b>Total Operating Revenues</b>            |           | <b>56,841,386</b>   |
|  |           | <hr/>   |
| <b><u>Operating Expenses</u></b>           |           |   |
| Personal services                          |           | 1,514,950   |
| Other services and charges                 |           | 3,570,929   |
| Supplies                                   |           | 4,586,589   |
| Employee benefits                          |           | 6,927,886   |
| Retiree benefits                           |           | 5,038,686   |
| Insurance                                  |           | 39,344,707  |
|  |           | <hr/>   |
| <b>Total Operating Expenses</b>            |           | <b>60,983,747</b>   |
|  |           | <hr/>   |
| <b>Income (Loss) Before Transfers</b>      |           | <b>(4,142,361)</b>  |
|  |           | <hr/>   |
| Transfers in                               |           | 3,511,708   |
| Transfers out                              |           | (5,893,003)   |
|  |           | <hr/>   |
| <b>Total Transfers</b>                     |           | <b>(2,381,295)</b>  |
|  |           | <hr/>   |
| <b>Increase (Decrease) in Net Position</b> |           | <b>(6,523,656)</b>  |
|  |           | <hr/>   |
| <b>Net position - January 1</b>            |           | <b>30,829,266</b>   |
|  |           | <hr/>   |
| <b>Net position - December 31</b>          | <b>\$</b> | <b>24,305,610</b>   |
|  |           | <hr/> <hr/>   |

The notes to the financial statements are an integral part of this statement.

ANOKA COUNTY  
ANOKA, MINNESOTA

EXHIBIT 9

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
Increase (Decrease) in Cash and Cash Equivalents**

|  | <u>Governmental<br/>Activities -<br/>Internal Service<br/>Funds</u> |
|--|---|
| <b>Cash Flows from Operating Activities:</b>   |   |
| Receipts from customers  | \$ 56,715,741   |
| Payments to suppliers  | <u>(61,430,646)</u>   |
| <b>Net cash provided (used) by operating activities</b>  | <b><u>(4,714,905)</u></b>   |
| <b>Cash Flows from Noncapital Financing Activities:</b>  |   |
| Transfer from other funds  | 3,511,708   |
| Transfer to other funds  | <u>(5,893,003)</u>  |
| <b>Net cash provided (used) by noncapital financing activities</b>   | <b><u>(2,381,295)</u></b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(7,096,200)</b>  |
| <b>Cash and cash equivalents, January 1</b>  | <b><u>42,359,700</u></b>  |
| <b>Cash and cash equivalents, December 31</b>  | <b><u>\$ 35,263,500</u></b>   |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>                   |   |
| Income (loss) before transfers   | <b><u>\$ (4,142,361)</u></b>  |
| <b>Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:</b> |   |
| (Increase) decrease in Accounts receivable   | (1,399)   |
| (Increase) decrease in Due from other governments  | (124,246)   |
| (Increase) decrease in Inventories   | (137,459)   |
| Increase (decrease) in Accounts payable  | 113,836   |
| Increase (decrease) in Salaries payable  | (1,824)   |
| Increase (decrease) in Benefits payable  | 541,775   |
| Increase (decrease) in Due to other governments  | (12,322)  |
| Increase (decrease) in Unearned revenue  | (5,720)   |
| Increase (decrease) in Outstanding claims payable  | <u>(945,185)</u>  |
| <b>Total adjustments</b>   | <b><u>(572,544)</u></b>   |
| <b>Net cash provided (used) by operating activities</b>  | <b><u>\$ (4,714,905)</u></b>  |

The notes to the financial statements are an integral part of this statement.



ANOKA COUNTY  
ANOKA, MINNESOTA

EXHIBIT 10

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2023

|   | <u>Private<br/>Purpose<br/>Trust Funds</u> | <u>Other<br/>Postemployment<br/>Benefits<br/>Trust Fund</u> | <u>Custodial<br/>Funds</u> |
|---|--|---|----------------------------|
| <b><u>Assets</u></b>  |  |   |                            |
| Cash and pooled investments                                 | \$ 721,773                                 | \$ -  | \$ 14,967,495              |
| Investments:  |  |   |                            |
| Mutual funds  | -  | 105,087,281   | -                          |
| Delinquent taxes receivable                                 | -  | -   | 4,934,129                  |
| Accounts receivable, net of allowance for doubtful accounts | -  | -   | 290,458                    |
| Due from other governments                                  | -  | -   | 212,595                    |
|   | <u>721,773</u>                             | <u>105,087,281</u>  | <u>20,404,677</u>          |
| <b><u>Liabilities</u></b>                                   |  |   |                            |
| Accounts payable  | -  | -   | 1,235,492                  |
| Salaries payable  | -  | -   | 63,882                     |
| Contracts payable   | -  | -   | 6,832                      |
| Due to other governments                                    | -  | -   | 726,570                    |
| Property taxes payable                                      | -  | -   | 1,733,298                  |
|   | <u>-</u>                                   | <u>-</u>  | <u>3,766,074</u>           |
| <b><u>Net Position</u></b>                                  |  |   |                            |
| Restricted for:   |  |   |                            |
| Other postemployment benefits                               | -  | 105,087,281   | -                          |
| Individuals, organizations, and other governments           | 721,773                                    | -   | 16,638,603                 |
|   | <u>\$ 721,773</u>                          | <u>\$ 105,087,281</u>                                       | <u>\$ 16,638,603</u>       |

The notes to the financial statements are an integral part of this statement.

ANOKA COUNTY  
ANOKA, MINNESOTA

EXHIBIT 11

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

|  | Private Purpose<br>Trust Funds | Other<br>Postemployment<br>Benefits Trust<br>Fund | Custodial Funds      |
|--|--------------------------------|---|----------------------|
| <b><u>Additions</u></b>                    |                                |   |                      |
| Contributions:                             |                                |   |                      |
| Individuals                                | \$ -                           | \$ -  | \$ 16,857,214        |
| Other governments                          | 3,198,761                      | -   | 806,550              |
| Property tax collections                   | -                              | -   | 456,453,615          |
| License and fees collected                 | -                              | -   | 14,032,822           |
| Investment earnings                        | -                              | 22,309,182  | 226,023              |
| Less: investment expense                   | -                              | (8,996)   | -                    |
| Miscellaneous                              | -                              | -   | 132,219              |
| <b>Total Additions</b>                     | <b>3,198,761</b>               | <b>22,300,186</b>                                 | <b>488,508,443</b>   |
| <b><u>Deductions</u></b>                   |                                |   |                      |
| Benefits                                   | -                              | -   | 12,485               |
| Payments for personnel and benefits        | -                              | 3,000,000   | 1,659,544            |
| Payments of property tax to other entities | -                              | -   | 456,929,812          |
| Payment of grant awards                    | -                              | -   | 207,395              |
| Payments to individuals and other entities | -                              | -   | 16,356,130           |
| Administrative expense                     | 3,255,874                      | -   | 17,107,856           |
| <b>Total Deductions</b>                    | <b>3,255,874</b>               | <b>3,000,000</b>                                  | <b>492,273,222</b>   |
| <b>Change in net position</b>              | <b>(57,113)</b>                | <b>19,300,186</b>                                 | <b>(3,764,779)</b>   |
| <b>Net position - January 1</b>            | <b>778,886</b>                 | <b>85,787,095</b>                                 | <b>20,403,382</b>    |
| <b>Net position - December 31</b>          | <b>\$ 721,773</b>              | <b>\$ 105,087,281</b>                             | <b>\$ 16,638,603</b> |

The notes to the financial statements are an integral part of this statement.

**ANOKA COUNTY  
ANOKA, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

1. Summary of Significant Accounting Policies

Anoka County was established May 23, 1857, and is an organized county having the powers, duties and privileges granted counties by Minn. Stat. Ch. 373. Anoka County is governed by a seven-member board of commissioners elected from districts within the County for four-year terms. The Board is organized with a chair and vice-chair elected at the organizational meeting in January of each year. The County Board appoints the County Administrator for an indefinite term. The County Administrator has no vote in the decisions of the County Board.

The County's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the County are discussed below.

A. Financial Reporting Entity

For financial reporting purposes, Anoka County has included all funds, organizations, agencies, boards, commissions, and authorities, and has considered all potential component units for which the County is financially accountable, and other organizations whose nature and the significance of their relationship with the County are such that exclusion would cause Anoka County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

As required by generally accepted accounting principles, these financial statements present Anoka County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

The County participates in several joint ventures which are described in Note 3.G.

See Note 4.B. for the description of a related organization.

Blended Component Units

Blended component units are entities, which are legally separate from the County, but are so intertwined that they are, in substance, the same as the County. They are reported as part of the primary government.

The **ANOKA COUNTY REGIONAL RAILROAD AUTHORITY** is governed by a seven-member board consisting of the Anoka County Commissioners, and has the power to levy taxes, issue bonds, and enter into contracts. The Authority was established for the preservation and improvement of local rail service. Although it is legally separate from the County, the activity of the Regional Railroad Authority is included in the Anoka County reporting entity as the Regional Railroad Authority Special Revenue Fund because the Authority's governing body is substantively the same as the governing body of Anoka County and management of Anoka County has operational responsibility for the component unit. Separate financial statements are not available for the Anoka County Regional Railroad Authority.

The **ANOKA COUNTY HOUSING AND REDEVELOPMENT AUTHORITY** is governed by a seven-member board consisting of the Anoka County Commissioners, and has the power to levy taxes, issue bonds, and enter into contracts. The Authority was established to assist with the implementation of a redevelopment plan to promote economic development within Anoka County. Although it is legally separate from the County, the activity of the Housing and Redevelopment Authority is included in the Anoka County reporting entity as the Housing and Redevelopment Authority Special Revenue Fund because the Authority's governing body is substantively the same as the governing body of Anoka County and management of Anoka County has operational responsibility for the component unit. Separate financial statements are not available for the Anoka County Housing and Redevelopment Authority.

The **ANOKA COUNTY JOINT LAW ENFORCEMENT COUNCIL (JLEC)** is governed by a five-member executive committee consisting of the Anoka County Attorney, Anoka County Sheriff, and the police chiefs for the cities of Lino Lakes, Centennial Lakes and Coon Rapids. The Anoka County Attorney and the Anoka County Sheriff will always be a part of the executive committee, as Chair and Secretary Treasurer. This joint venture was granted by Minnesota Statutes, Section 471.59 to bring law enforcement groups together to improve the efficiency and the effectiveness of law enforcement and to improve public safety in Anoka County. The main goal of the Council is for a public safety communications system to operate as effectively as possible. Common equipment purchased through Anoka County is important to that goal. Although separate from the County, it is reported in Anoka County's financial statements as Anoka County is the fiscal agent and purchasing agent. Anoka County is also able to issue bonds for the equipment used by JLEC. Separate financial statements are not available for the Anoka County Joint Law Enforcement Council.

1. Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the primary government and its component units. These statements include the financial activities of the overall County government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These activities are not eliminated in the process of consolidation.

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position. The County first utilizes restricted resources to finance qualifying activities.

The Statement of Activities demonstrates the degree to which the direct expenses of each function of the County's governmental activities are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) fees, fines, and charges paid by the recipients of goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The County does not allocate indirect expenses to functions within the financial statements.

2. Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of governmental and proprietary fund financial statements is on major individual governmental funds, with each displayed as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or incidental activities.

Operating expenses for internal service funds include services, supplies, insurance, and capital outlay. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County and is used to account for all financial resources except those accounted for in another fund.

The Road and Bridge Special Revenue Fund accounts for operations of the County Highway Department, which constructs and maintains roads, bridges, road signals and signs, and other projects affecting the roadways. Financing comes primarily from intergovernmental revenue from the State and Federal Governments and an annual property tax levy.

The Human Services Special Revenue Fund accounts for all costs of human services. This includes the cost of economic assistance programs, social and mental health services provided by the Human Services Division or purchased through contract, and the County's support to the Community Action Program. Financing comes primarily from an annual property tax levy and intergovernmental revenue from the State and Federal Governments.

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities (other than those financed by proprietary funds).

Additionally, the County reports the following fund types:

The Internal Service Funds are comprised of the Pooled Insurance Fund, which accounts for the County's insurance and wellness activities, and the Central Fleet Fund, which accounts for the maintenance and fuel for the County's fleet of vehicles and large equipment.

The OPEB Trust Fund accounts for an irrevocable trust established for funding other postemployment benefits for eligible retired employees under a single employer defined benefit plan.

The Private-Purpose Trust Fund accounts for funds in trust that the County is holding for individuals receiving social welfare assistance.

The Custodial Funds account for monies held in a fiduciary capacity on behalf of school districts and special districts that use the County as a depository; property taxes and fees collected on behalf of other governments; and individual inmate accounts from the County jail.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Shared revenues are generally recognized in the period the appropriation goes into effect. 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. Anoka County considers all revenues to be *available* if they are collected within 60 days after the end of the current period, except for reimbursement (expenditure driven) grants for which the period is 90 days. Property and other taxes, shared revenues, licenses, and interest are all considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured. Proceeds of long-term debt and acquisitions under leases and subscriptions are reported as other financing sources.

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

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

1. Cash and Investments

Anoka County maintains a cash and investment pool that is used essentially as a demand deposit account. This pool is available for use by all funds of the County and each fund type's portion of this pool is displayed on the Statement of Net Position within "Cash, cash equivalents, and pooled investments."

Cash and cash equivalents are identified only for the purpose of the Statement of Cash Flows reporting by the proprietary funds. Pooled investments, which have the characteristics of demand deposits, are considered to be cash and cash equivalents on the Statement of Cash Flows.

Pooled (in lieu of cash) investments are stated at fair value at December 31, 2023. Investment earnings are allocated to the special revenue funds, Debt Service Fund, Capital Projects Fund, OPEB Trust Fund, and custodial funds based on cash balances set aside for specific purposes within those funds. Pursuant to Minn. Stat. § 385.07, investment income on unallocated cash and pooled investments are credited to the General Fund. A market approach is used to value all investments other than external investment pools and commercial paper, which are measured at the net asset value.

Investments with escrow agents and trust accounts are stated at fair value. Investment earnings on cash and investments with escrow agents and investments in trust accounts are credited to the funds in which they are held.

Anoka County invests in an external investment pool, the Minnesota Association of Governments Investing for Counties (MAGIC) Fund, which is created under a joint powers agreement pursuant to Minn. Stat. § 471.59. The investment in the pool is measured at the net asset value per share provided by the pool.

Additionally, the County invests funds held for post-employment benefits with the State Board of Investment. The fair value of the investment is the fair value per share of the underlying portfolio.

Minnesota Statutes, Sections 118A.04 and 118A.05 authorize the following types of investments that are available to the County:

- a. Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. § 118A.04, subd. 6.
- b. Mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments.
- c. General obligations of the State of Minnesota and its municipalities; and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service.
- d. Time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers' acceptances of United States banks.
- e. Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by two nationally recognized ratings agencies and matures in 270 days or less.
- f. With certain restrictions, as identified by statutes, repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

1. Summary of Significant Accounting Policies

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

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All receivables, including those of the blended component units are shown net of an allowance for doubtful accounts.

Property Taxes

Property tax levies are set by the County Board in December each year following a public "truth in taxation" hearing. The levy is reduced by State paid aids referred to as County Program Aid. The remaining net levy is spread on all taxable real and personal property. Taxes which remain unpaid at December 31 are delinquent. Such taxes become a lien on January 1 and are recorded as receivables by the County at that date. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material. Revenues are accrued and recognized in the year collectible, net of delinquencies.

Property taxes are payable in two installments for real estate and one payment for personal property. The dates are listed below:

|                   |               |              |
|-------------------|---------------|--------------|
| Real Estate       | - first half  | - May 15     |
|                   | - second half | - October 15 |
| Personal Property | - one payment | - May 15     |

Special assessments receivable includes a special assessment authorized by the County as a pass-through entity for the St. Paul Port Authority to administer the Property Accessed Clean Energy (PACE) financing program. As part of the agreement, the county levies special assessments on the parcels each year and sends the payments to the St. Paul Port Authority to pay the debt service. No provision has been made for an estimated uncollectible amount.

Loans

Loans may be made to private enterprises or individuals as per the parameters of the specific programs. The Community Development Special Revenue Fund provides rehabilitation loans and septic system revolving loans to individuals. An allowance for uncollectible loans, which offsets the total gross loans receivables, is recognized for the amount of loans receivable for which collection is doubtful or questionable. The General Fund has forfeited tax sale contracts for repurchase and a loan for temporary delay of rental revenues.

3. Inventories

Inventory is valued at cost, using the first-in, first-out (FIFO) method. The inventory in the Road and Bridge Special Revenue Fund, and the Central Fleet Internal Service Fund consists of expendable supplies held for consumption. The inventory in the Parks and Recreation Special Revenue Fund consists of items held for resale. Depending on the nature of the item or the fund in which the inventory is recorded, the costs of the inventories are recorded as expenses/expenditures when purchased, or when consumed rather than when purchased. The cost of the inventory is recorded as an expenditure in the governmental fund statements at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance to indicate that they do not constitute "available spendable resources."

Inventories at the government-wide level and proprietary funds are recorded as expenses when consumed.

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 equally offset by nonspendable fund balance to indicate that they do not constitute "available spendable resources."

Prepaid items are expensed using the consumption method for both the government-wide and fund financial statements.

5. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), intangible assets and right-to-use assets acquired under leasing and subscription arrangements are reported in the governmental activities column in the government-wide financial statements. Capital assets, excluding infrastructure buildings and improvements, are defined by the government as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of three years. Infrastructure buildings and improvements assets are capitalized when the cost of the individual items or projects are greater than \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. 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.

1. Summary of Significant Accounting Policies

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

5. Capital Assets (Continued)

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

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives while right-to-use assets are amortized over the shorter of the underlying assets estimated useful life or the term of the lease or subscription arrangement:

|   |             |
|---|-------------|
| Buildings                                       | 20-50 years |
| Infrastructure                                  | 50 years    |
| Land improvements                               | 20-25 years |
| Furniture, fixtures, and equipment              | 3-20 years  |
| Software  | 12 years    |
| Vehicles  | 3-10 years  |
| Information and technology management equipment | 3-20 years  |
| Right-to-use equipment                          | 3-5 years   |
| Right-to-use vehicles                           | 1-4 years   |
| Right-to-use buildings                          | 5-15 years  |
| Right-to-use subscription arrangements          | 2-6 years   |

6. Compensated Absences

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual flexible time off balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The current portion of the compensated absences liability is calculated at seven percent of the total liability.

7. Deferred Outflows/Inflows of Resources / Unearned Revenue

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. These items, deferred OPEB outflows and deferred pension outflows, are discussed below in Note 1.D.8 and 1.D.10., respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease terms. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The governmental funds report unavailable revenue from delinquent taxes and special assessments receivable, grant receivables, and other long-term receivables. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. Unavailable revenue is deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources associated with pension plans and OPEB. These inflows arise only under the full accrual basis of accounting and, accordingly, are reported only in the statement of net position.

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

8. Postemployment Benefits Other Than Pensions (OPEB)

For the purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of Anoka County OPEB benefits and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by Anoka County. For this purpose, Anoka County recognized benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Actual payment of the net OPEB liability are made directly from the same governmental funds that incurred the salary expenditures.

1. Summary of Significant Accounting Policies

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

9. Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental 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. Bonds payable are reported net of the applicable bond premium or discount.

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

Because the rates of interest paid on tax exempt debt are normally lower than those paid on taxable securities, it is sometimes possible for state and local governments to profit from this disparity in interest rates by temporarily reinvesting unexpended proceeds of lower interest tax exempt borrowings in higher yielding taxable securities. When the proceeds of tax-exempt debt are reinvested in this manner, the profits realized are referred to as "arbitrage earnings", which must be rebated to the federal government. The County has no such earnings during the current year.

10. Pensions

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

Actual payments of the net pension liability are made directly from the same governmental funds that incurred the salary expenditures. Net pension liabilities were paid from the General Fund and Special Revenue Funds.

11. Fund Equity

Classification of Net Position

Net position in the government-wide and proprietary fund financial statements are classified in the following categories:

1. Net investment in capital assets: the amount of net position representing capital assets net of accumulated depreciation and amortization and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.
2. Restricted net position: the amount of net position for which external restrictions have been imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position: the amount of net position that does not meet the definition of restricted or net investment in capital assets.

Classification of Fund Balances

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

1. Nonspendable: Fund balances classified as nonspendable include assets that will never convert to cash, such as prepaid items and inventories of supplies.
2. Spendable: All fund balances that are not classified as nonspendable are deemed spendable. The fund financial statements provide for classifications within the spendable category based upon the relative strength of the constraints that control how specific amounts can be spent. Those classifications are as follows:
  - a. Restricted: Net fund resources that are subject to externally enforceable legal restrictions are deemed to be restricted. These restrictions are either 1) externally imposed by creditors (via bond or loan covenants), grantors, contributors or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.
  - b. Committed: Net fund balances that represent resources that can be used only for the specific purposes determined by formal action of the Board are deemed to be committed. The County's formal actions, or board resolutions, are the highest decision making level and remain binding unless removed in the same manner. Additionally, any Board action, either binding or unbinding, needs to be taken prior to the end of the calendar year.
  - c. Assigned: Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board has by resolution authorized the Chief Financial Officer to assign fund balance.



1. Summary of Significant Accounting Policies

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

11. Fund Equity (Continued)

- d. Unassigned: The residual classification of the County's General Fund not contained in the other classifications is deemed to be unassigned. In other governmental funds, the unassigned classification is used only to report deficit balances resulting from overspending for specific purposes for which amounts had been restricted or committed.

It is the policy of the County to spend fund balance in the following order: *restricted, committed, assigned* and then *unassigned*.

Minimum Fund Balance Policy

Anoka County has adopted a minimum fund balance policy to address cash flow or working capital needs and contingencies in the General Fund, which is heavily reliant on property tax revenues to fund current operations. However, current property tax revenues are not available for distribution until June. Therefore, the County Board has determined they need to maintain an unassigned fund balance in the General Fund equaling 35-50 percent of the next year's operations, which is calculated as total budgeted operating expenditures less total budgeted operating (non-tax) revenues.

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, deferred outflows of resources, liabilities, and deferred inflows of resources; and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Change in Accounting Principles

During the year ended December 31, 2023, Anoka County adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this statement resulted in restating beginning net position by \$872,789, and changing the presentation of the notes to the financial statements by increasing the beginning balances of capital assets and long-term liabilities by \$4,744,873 and \$3,872,084, respectively.

During the year ended December 31, 2023, Anoka County adopted new capital asset policies which increased the capitalization threshold. This change resulted in a decrease of beginning net position of \$10,017,389 to eliminate capital assets and related accumulated depreciation for assets that were below the threshold.

Beginning net position has been restated to reflect these changes as follows:

| <u>Net Position</u>  | <u>Governmental Activities</u> |
|--|--------------------------------|
| Net Position, January 1, 2023, as previously reported          | \$ 1,058,114,824               |
| Change in accounting principles:                               |                                |
| GASB 96 Subscription-based information technology arrangements | 872,789                        |
| Change in capital asset policy                                 | <u>(10,017,389)</u>            |
| Net Position, January 1, 2023, as restated                     | <u>\$ 1,048,970,224</u>        |

2. Stewardship, Compliance, and Accountability

A. Deficit Fund Balance

As of December 31, 2023, the Job Training and Leasehold Properties Special Revenue Funds had deficit fund balances of \$212,603 and \$39,374 respectively. The deficit fund balance in the Job Training Fund is a result of expenditures related to reimbursement grants in which the expenses are incurred and due to year-end, revenue is received the following year. The deficit fund balance in the Leasehold Properties Fund is the result of improvements made for tenants and will be eliminated with future rent revenues.

B. Excess of Expenditures Over Budget

The following nonmajor governmental funds have expenditures in excess of budget for the year ended December 31, 2023:

| Special Revenue Fund                | Expenditures |              |            |
|-------------------------------------|--------------|--------------|------------|
|                                     | Final Budget | Actual       | Excess     |
| County Library                      |              |              |            |
| Current                             |              |              |            |
| Culture and recreation              | \$ 9,491,815 | \$ 9,962,101 | \$ 470,286 |
| Debt Service                        |              |              |            |
| Principal                           | -            | 308,639      | 308,639    |
| Interest                            | -            | 31,530       | 31,530     |
| Capital Outlay                      |              |              |            |
| Culture and recreation              | -            | 53,833       | 53,833     |
| Parks and Recreation                |              |              |            |
| Current                             |              |              |            |
| Culture and recreation              | 10,954,839   | 11,751,165   | 796,326    |
| Debt Service                        |              |              |            |
| Principal                           | 35,573       | 49,549       | 13,976     |
| Capital Outlay                      |              |              |            |
| Culture and recreation              | 408,400      | 458,755      | 50,355     |
| Medical Examiner                    |              |              |            |
| Current                             |              |              |            |
| Public safety                       | 5,106,318    | 5,305,419    | 199,101    |
| Debt Service                        |              |              |            |
| Principal                           | -            | 17,191       | 17,191     |
| Interest                            | -            | 809          | 809        |
| Law Library                         |              |              |            |
| Current                             |              |              |            |
| General government                  | 328,000      | 349,861      | 21,861     |
| Debt Service                        |              |              |            |
| Principal                           | -            | 35,972       | 35,972     |
| Interest                            | -            | 2,565        | 2,565      |
| Housing and Redevelopment Authority |              |              |            |
| Current                             |              |              |            |
| Economic Development                |              |              |            |
| Cities                              | -            | 36,938       | 36,938     |
| Savannah Oaks Senior Housing        | 692,788      | 838,941      | 146,153    |
| Oaks of Lake George Senior Housing  | 492,729      | 498,567      | 5,838      |
| Debt Service                        |              |              |            |
| Interest                            | -            | 4,063        | 4,063      |
| Joint Law Enforcement Council       |              |              |            |
| Debt Service                        |              |              |            |
| Principal                           | -            | 19,081       | 19,081     |
| Interest                            | -            | 3,313        | 3,313      |

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

a. Deposits

Minnesota Statutes, Sections 118A.02 and 118A.04 authorize the County to deposit its cash and to invest in certificates of deposit in financial institutions designated by the County Board. Minnesota Statutes, Section 118A.03 requires that all County deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged shall be at least ten percent more than the amount on deposit plus accrued interest at the close of the financial institution's banking day, not covered by insurance or bonds.

Authorized collateral includes treasury bills, notes and bonds; issues of U.S. government agencies; general obligations rated "A" or better, revenue obligations rated "AA" or better, irrevocable standby letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to it. County policy requires collateral coverage for all deposit balances exceeding the FDIC insured levels. Federal Home Loan Bank irrevocable letters of credit may be substituted for qualifying government securities at some institutions. Depository balances are monitored as necessary, to assure the coverage in place, meets or exceeds statutory requirements as specified in Minnesota Statutes, Section 118A.03. As of December 31, 2023, the County's deposits were not exposed to custodial risk, being fully covered through collateral agreements with designated depositories.

b. Investments

The County invests available cash in various securities in accordance with requirements set forth in Minnesota Statutes. All investments are stated at fair value, net asset value, or amortized cost, as appropriate. The following is a summary of the County's cash and investments, at December 31, 2023:

|   |                |
|---|----------------|
| Primary government                            |                |
| Cash, cash equivalents and pooled investments | \$ 405,471,584 |
| Cash and investments with escrow agents       | 16,391,745     |
| Funds held with State courts                  | 488,124        |
| Fiduciary funds                               |                |
| Cash, cash equivalents and pooled investments |                |
| Custodial Fund                                | 14,967,495     |
| Investments                                   |                |
| Private Purpose Trust Fund                    | 721,773        |
| Other Postemployment Benefits Trust Fund      | 105,087,281    |
|   | <hr/>          |
| Total cash and investments                    | \$ 543,128,002 |

Minn. Stat. § 118A.06 authorizes the following safekeeping options for the County's investments:

- (1) Any federal reserve bank.
- (2) Any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not limited to the bank from which the investment is purchased.
- (3) A primary reporting dealer in United States government securities to the Federal Reserve Bank of New York.
- (4) A securities broker-dealer, registered under Minn. Stat. ch. 80A, regulated by the Securities and Exchange Commission and maintaining SIPC insurance and excess SIPC insurance on the value of County securities held.

The County's ownership of all securities must be evidenced by written acknowledgments identifying the securities by the names of issuers, maturity dates, interest rates, CUSIP numbers, or other distinguishing marks.

Anoka County contracts with an authorized third party institution for safekeeping. All County investment securities were properly safe kept, at December 31, 2023.

*Interest Rate Risk.* Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The County minimizes their exposure to interest rate risk by investing in both shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. County policy limits maximum maturity/average life to fifteen years for individual investments and ten years for the total portfolio.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

**Credit Risk.** Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the County's policy to invest only in securities that meet the ratings requirements set by State Statute. Minnesota State Statute permits the following investments: United States securities; state or local government general obligation securities rated "A" or better; state or local government revenue obligation securities rated "AA" or better; Minnesota Housing Finance Agency general obligation securities rated "A" or better; highest rated commercial paper issued by United States corporations; time deposits insured by Federal Deposit Insurance Corporation (FDIC); specified mortgage-backed securities; and temporary general bonds.

**Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County's policy states all investment securities purchased by the County shall be held in safekeeping by a third-party designated institution for the County. As of December 31, 2023, the County's investments were not exposed to custodial credit risk with the exception of the U.S. Bank Commercial Paper Sweep account which was subject to custodial credit risk.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss to the portfolio related to the volume/quantity of the investments with a single issuer should that issuer fail. The investment policy of Anoka County limits concentration by security type to encourage a properly diversified portfolio.

Investments in any one issuer that represent 5 percent or more of the County's investments are as follows:

| Issuer  | Reported Amount |
|---|-----------------|
| Federal Home Loan Bank (FHLB)                     | \$ 30,009,884   |
| Federal National Mortgage Association Note (FNMA) | 95,205,242      |

The primary objective of the County investment policy is capital preservation and liquidity. To achieve this goal, while enhancing returns and improving diversification, the portfolio is divided into multiple liquidity pools consisting of short, medium and core investment portfolios. The pools are assigned differing maturity and duration requirements, with the most liquid portions of the portfolio administered in-house and the core reserve portfolio assigned to select asset managers.

(1) The core reserve portfolio pool will have a longer time horizon and will not be needed to fund current operations. The funds in this pool are comprised of reserve funds, which are managed on a total return basis.

(2) The liquidity reserve portfolio is a pool comprised of investments of shorter maturities, which may be needed to fund temporary shortfalls in operating cash flows. The pool size is varied to meet changing liquidity circumstances and laddered to assure even maturities over time to supplement short liquidity positions.

(3) The current cash flow or liquidity portion of the portfolio is intended to balance cash flow timing with current and statutory payment obligations. Investment maturities are matched with current liabilities and payables.

The following table presents the County's investment balances at December 31, 2023, and information relating to potential investment risks:

| Investment Type                                   | Credit Rating | Rating Agency | Custodial Risk | % to Total Portfolio | Less than 1 year  | 1 to 5 years       | More than 5 years | Total              |
|---|---------------|---------------|----------------|----------------------|-------------------|--------------------|-------------------|--------------------|
| <b>U.S. Government Agency securities</b>          |               |               |                |                      |                   |                    |                   |                    |
| Federal Farm Credit Bank (FFCB)                   | Aaa/AA+       | M, S&P        | Custody        | 2.22%                | \$ -              | \$ 11,046,246      | \$ 853,780        | \$ 11,900,026      |
| Federal Home Loan Bank (FHLB)                     | Aaa/AA+       | M, S&P        | Custody        | 5.59%                | 7,867,590         | 21,704,254         | 438,040           | 30,009,884         |
| Federal Home Loan Mortgage Corporation (FHLMC)    | Aaa/AA+       | M, S&P        | Custody        | 4.35%                | 3,666,950         | 10,599,467         | 9,045,676         | 23,312,093         |
| Federal National Mortgage Association Note (FNMA) | Aaa/AA+       | M, S&P        | Custody        | 17.75%               | 6,646,932         | 71,315,532         | 17,242,779        | 95,205,243         |
| Government National Mortgage Association (GNMA)   | NR            | M, S&P        | Custody        | 0.82%                | 290,474           | -                  | 4,095,170         | 4,385,644          |
| Small Business Association (SBA)                  | NR            | M, S&P        | Custody        | 0.37%                | -                 | -                  | 1,976,734         | 1,976,734          |
| <b>Total U.S. Government Agency Securities</b>    |               |               |                | <b>31.09%</b>        | <b>18,471,946</b> | <b>114,665,499</b> | <b>33,652,179</b> | <b>166,789,624</b> |
| <b>U.S. Treasury Securities (UST)</b>             |               |               |                |                      |                   |                    |                   |                    |
|   | Aaa/NR        | M, S&P        | Custody        | 1.10%                | -                 | 746,586            | 5,157,589         | 5,904,175          |
| <b>Municipal securities</b>                       |               |               |                |                      |                   |                    |                   |                    |
| State of Connecticut                              | Aa3/AA-       | M, S&P        | Custody        | 0.48%                | 622,281           | 1,961,500          | -                 | 2,583,781          |
| State of Georgia                                  | Aaa/AAA       | M, S&P        | Custody        | 0.07%                | -                 | 391,516            | -                 | 391,516            |
| State of Hawaii                                   | Aa2/AA+       | M, S&P        | Custody        | 0.26%                | -                 | 368,236            | 1,046,660         | 1,414,896          |
| State of Massachusetts                            | Aa1/NR        | M, S&P        | Custody        | 0.37%                | -                 | 1,964,000          | -                 | 1,964,000          |
| State of Minnesota                                | Aaa/AAA       | M, S&P        | Custody        | 0.83%                | 818,170           | 2,974,400          | 645,379           | 4,437,949          |
| State of Oregon                                   | Aa2/AAA       | M, S&P        | Custody        | 0.37%                | -                 | 1,984,240          | -                 | 1,984,240          |
| State of Rhode Island                             | Aa2/AA        | M, S&P        | Custody        | 0.59%                | -                 | 3,191,855          | -                 | 3,191,855          |
| Big Stone County, Minnesota                       | NR/AA-        | M, S&P        | Custody        | 0.04%                | 199,686           | -                  | -                 | 199,686            |
| Cecil County, Maryland                            | Aa1/AA+       | M, S&P        | Custody        | 0.57%                | -                 | 3,065,036          | -                 | 3,065,036          |
| Cuyahoga County, Ohio                             | Aa2/AA        | M, S&P        | Custody        | 0.03%                | -                 | 165,132            | -                 | 165,132            |
| Goodhue County, Minnesota                         | Aa2/NR        | M, S&P        | Custody        | 0.05%                | -                 | 243,125            | -                 | 243,125            |
| Hennepin County, Minnesota                        | NR/AAA        | M, S&P        | Custody        | 0.39%                | -                 | 2,088,560          | -                 | 2,088,560          |
| Hubbard County, Minnesota                         | Aa3/NR        | M, S&P        | Custody        | 0.35%                | -                 | -                  | 1,856,566         | 1,856,566          |
| Wicomico County, Maryland                         | Aa2/AA+       | M, S&P        | Custody        | 0.09%                | -                 | 480,364            | -                 | 480,364            |
| Williamson County, Texas                          | NR/AAA        | M, S&P        | Custody        | 0.18%                | -                 | 949,750            | -                 | 949,750            |
| City of Albuquerque, New Mexico                   | NR/AAA        | M, S&P        | Custody        | 0.05%                | -                 | 259,636            | -                 | 259,636            |

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

| Investment Type  | Credit Rating | Rating Agency | Custodial Risk | % to Total Portfolio | Less than 1 year | 1 to 5 years | More than 5 years | Total     |
|--|---------------|---------------|----------------|----------------------|------------------|--------------|-------------------|-----------|
| Municipal securities (Continued)                                 |               |               |                |                      |                  |              |                   |           |
| City of Bangor, Maine  | Aa2/AA-       | M, S&P        | Custody        | 0.03%                | -                | 183,380      | -                 | 183,380   |
| City of Clarksville, Tennessee                                   | Aa2/NR        | M, S&P        | Custody        | 0.04%                | -                | 200,966      | -                 | 200,966   |
| City of Cold Spring, Minnesota                                   | NR/AAA        | M, S&P        | Custody        | 0.31%                | -                | 1,641,768    | -                 | 1,641,768 |
| City of Columbus, Minnesota                                      | Aa3/NR        | M, S&P        | Custody        | 0.04%                | -                | 203,717      | -                 | 203,717   |
| City of Covington, Kentucky                                      | A1/NR         | M, S&P        | Custody        | 0.04%                | 234,396          | -            | -                 | 234,396   |
| City of Fargo, North Dakota                                      | Aa2/NR        | M, S&P        | Custody        | 0.09%                | -                | 491,072      | -                 | 491,072   |
| City of Fishers Economic Development, Indiana                    | NR/AA+        | M, S&P        | Custody        | 0.02%                | 119,820          | -            | -                 | 119,820   |
| City of Franklin, Wisconsin                                      | Aa2/NR        | M, S&P        | Custody        | 0.20%                | -                | 1,054,801    | -                 | 1,054,801 |
| City of Fremont, Nebraska  | NR/AA-        | M, S&P        | Custody        | 0.55%                | 1,759,945        | -            | -                 | 2,967,233 |
| City of Garland, Texas   | NR/AA+        | M, S&P        | Custody        | 0.36%                | -                | 1,946,015    | -                 | 1,946,015 |
| City of Grand Prairie, Texas                                     | NR/AAA        | M, S&P        | Custody        | 0.10%                | -                | 561,363      | -                 | 561,363   |
| City of Grand Rapids, Minnesota                                  | NR/AA-        | M, S&P        | Custody        | 0.07%                | -                | 362,024      | -                 | 362,024   |
| City of Gulf Shores, Alabama                                     | Aa2/AA+       | M, S&P        | Custody        | 0.09%                | 491,425          | -            | -                 | 491,425   |
| City of Hoover, Alabama  | Aa1/AAA       | M, S&P        | Custody        | 0.33%                | -                | 1,758,959    | -                 | 1,758,959 |
| City of Houston, Texas   | Aa3/AA        | M, S&P        | Custody        | 0.17%                | -                | 908,681      | -                 | 908,681   |
| City of Jersey City, New Jersey                                  | A1/NR         | M, S&P        | Custody        | 0.52%                | -                | 2,814,114    | -                 | 2,814,114 |
| City of Lakeville, Minnesota                                     | Aaa/NR        | M, S&P        | Custody        | 0.11%                | -                | 614,363      | -                 | 614,363   |
| City of Madison, Alabama   | Aa3/AA+       | M, S&P        | Custody        | 0.27%                | 498,550          | 939,830      | -                 | 1,438,380 |
| City of Madison, Wisconsin                                       | Aaa/NR        | M, S&P        | Custody        | 0.24%                | -                | 1,302,613    | -                 | 1,302,613 |
| City of Madison Heights, Michigan                                | NR/AA         | M, S&P        | Custody        | 0.13%                | -                | 673,904      | -                 | 673,904   |
| City of Marshfield, Wisconsin                                    | Aa3/NR        | M, S&P        | Custody        | 0.08%                | 238,858          | 204,663      | -                 | 443,521   |
| City of Minneapolis, Minnesota                                   | NR/AAA        | M, S&P        | Custody        | 0.11%                | 564,326          | -            | -                 | 564,326   |
| City of Mountain Lake, Minnesota                                 | NR/A+         | M, S&P        | Custody        | 0.03%                | -                | 178,452      | -                 | 178,452   |
| City of New Orleans, Louisiana                                   | A1/AA         | M, S&P        | Custody        | 0.17%                | -                | -            | 892,560           | 892,560   |
| City of Norfolk, Virginia  | Aa2/NR        | M, S&P        | Custody        | 0.04%                | -                | 231,600      | -                 | 231,600   |
| City of Oak Creek, Wisconsin                                     | Aa2/NR        | M, S&P        | Custody        | 0.13%                | -                | 692,664      | -                 | 692,664   |
| City of Oklahoma City, Oklahoma                                  | Aaa/AAA       | M, S&P        | Custody        | 0.37%                | 1,524,951        | 454,039      | -                 | 1,978,990 |
| City of Portsmouth, Virginia                                     | Aa2/AA        | M, S&P        | Custody        | 0.03%                | -                | 184,266      | -                 | 184,266   |
| City of Reedsburg, Wisconsin                                     | A1/NR         | M, S&P        | Custody        | 0.18%                | -                | 552,530      | 395,561           | 948,091   |
| City of Rochester, Minnesota                                     | Aaa/AAA       | M, S&P        | Custody        | 0.93%                | 2,997,540        | 1,978,480    | -                 | 4,976,020 |
| City of Roswell, Georgia   | Aaa/AAA       | M, S&P        | Custody        | 0.36%                | -                | 1,511,293    | 444,108           | 1,955,401 |
| City of St Francis, Wisconsin                                    | A1/NR         | M, S&P        | Custody        | 0.04%                | 208,952          | -            | -                 | 208,952   |
| City of St Louis Park, Minnesota                                 | NR/AAA        | M, S&P        | Custody        | 0.11%                | -                | -            | 609,085           | 609,085   |
| City of San Antonio, Texas                                       | Aaa/AAA       | M, S&P        | Custody        | 0.17%                | 938,618          | -            | -                 | 938,618   |
| City of Temple, Texas  | NR/AA         | M, S&P        | Custody        | 0.08%                | -                | 425,177      | -                 | 425,177   |
| City of Tigard, Oregon   | Aa3/AA        | M, S&P        | Custody        | 0.06%                | -                | 325,422      | -                 | 325,422   |
| City of West Des Moines, Iowa                                    | Aaa/NR        | M, S&P        | Custody        | 0.07%                | -                | 388,596      | -                 | 388,596   |
| City of Winthrop, Minnesota                                      | NR/A+         | M, S&P        | Custody        | 0.08%                | 413,900          | -            | -                 | 413,900   |
| Town of Addison, Texas   | Aaa/AAA       | M, S&P        | Custody        | 0.08%                | -                | 413,048      | -                 | 413,048   |
| Town of Basalt, Colorado   | NR/AA         | M, S&P        | Custody        | 0.05%                | 294,474          | -            | -                 | 294,474   |
| Town of Kennebunkport, Maine                                     | Aa1/AAA       | M, S&P        | Custody        | 0.55%                | 2,965,260        | -            | -                 | 2,965,260 |
| Town of Scarborough, Maine                                       | Aa3/AA+       | M, S&P        | Custody        | 0.12%                | 437,083          | 218,260      | -                 | 655,343   |
| Village of Haverstraw, New York                                  | Aa3/NR        | M, S&P        | Custody        | 0.04%                | 199,880          | -            | -                 | 199,880   |
| Village of Rantoul, Illinois                                     | NR/AA         | M, S&P        | Custody        | 0.06%                | -                | 325,639      | -                 | 325,639   |
| Mayor and City of Baltimore, Maryland                            | Aa2/AA        | M, S&P        | Custody        | 0.11%                | -                | 607,709      | -                 | 607,709   |
| Alexandria ISD, Minnesota  | Aaa/NR        | M, S&P        | Custody        | 0.10%                | -                | 516,639      | -                 | 516,639   |
| Altoona Area School District, Pennsylvania                       | NR/AA         | M, S&P        | Custody        | 0.14%                | -                | 768,784      | -                 | 768,784   |
| Alvin ISD, Texas   | Aaa/NR        | M, S&P        | Custody        | 0.10%                | -                | 514,165      | -                 | 514,165   |
| Amarillo ISD, Texas  | Aaa/AAA       | M, S&P        | Custody        | 0.09%                | 498,035          | -            | -                 | 498,035   |
| Anchorage ISD, Alaska  | NR/AA         | M, S&P        | Custody        | 0.04%                | -                | 209,247      | -                 | 209,247   |
| Anoka Hennepin ISD, Minnesota                                    | NR/AAA        | M, S&P        | Custody        | 0.31%                | 1,676,170        | -            | -                 | 1,676,170 |
| Austin ISD, Texas  | Aaa/NR        | M, S&P        | Custody        | 0.19%                | -                | 1,025,240    | -                 | 1,025,240 |
| Brownsville ISD, Texas   | Aaa/NR        | M, S&P        | Custody        | 0.08%                | -                | 430,833      | -                 | 430,833   |
| Burnsville ISD, Minnesota  | Aa1/NR        | M, S&P        | Custody        | 0.17%                | -                | 932,432      | -                 | 932,432   |
| Canal Winchester School District, Ohio                           | Aa3/NR        | M, S&P        | Custody        | 0.18%                | -                | 972,250      | -                 | 972,250   |
| Eastern Chaska ISD, Minnesota                                    | Aa1/NR        | M, S&P        | Custody        | 0.10%                | -                | 521,746      | -                 | 521,746   |
| Cleveland County ISD, Oklahoma                                   | Aa3/NR        | M, S&P        | Custody        | 0.37%                | -                | 1,999,422    | -                 | 1,999,422 |
| Clint ISD, Texas   | A1/NR         | M, S&P        | Custody        | 0.12%                | 248,553          | 378,176      | -                 | 626,729   |
| Columbus City ISD, Ohio  | Aa2/AA        | M, S&P        | Custody        | 0.08%                | -                | 404,980      | -                 | 404,980   |
| Comanche County ISD, Oklahoma                                    | NR/A+         | M, S&P        | Custody        | 0.22%                | 298,488          | 900,710      | -                 | 1,199,198 |
| Cook and DuPage Counties High School District, Illinois          | NR/AA+        | M, S&P        | Custody        | 0.43%                | -                | 2,332,891    | -                 | 2,332,891 |
| Cypress-Fairbanks ISD, Texas                                     | Aa1/AAA       | M, S&P        | Custody        | 0.19%                | -                | 1,013,570    | -                 | 1,013,570 |
| Denver City and County School District, Colorado                 | Aa1/AA+       | M, S&P        | Custody        | 0.05%                | -                | 243,400      | -                 | 243,400   |
| Des Moines Area Community College, Iowa                          | Aa1/NR        | M, S&P        | Custody        | 0.09%                | -                | 475,518      | -                 | 475,518   |
| Douglas County ISD, Nebraska                                     | NR/AA-        | M, S&P        | Custody        | 0.03%                | -                | 178,600      | -                 | 178,600   |
| Dripping Springs ISD, Texas                                      | NR/AAA        | M, S&P        | Custody        | 0.13%                | 500,005          | 204,986      | -                 | 704,991   |
| Duluth ISD, Minnesota  | Aa2/NR        | M, S&P        | Custody        | 0.43%                | -                | 2,281,569    | -                 | 2,281,569 |
| Durham Capital Financing Corporation, North Carolina             | Aa1/AA+       | M, S&P        | Custody        | 0.09%                | -                | 470,755      | -                 | 470,755   |
| Evansville Vanderburgh Independent School Corp, Indiana          | NR/AA+        | M, S&P        | Custody        | 0.22%                | 1,175,317        | -            | -                 | 1,175,317 |
| Florence Township Board of Education, New Jersey                 | NR/AA-        | M, S&P        | Custody        | 0.07%                | -                | 373,892      | -                 | 373,892   |
| Forsyth County School District, Georgia                          | Aaa/AAA       | M, S&P        | Custody        | 0.19%                | 996,760          | -            | -                 | 996,760   |
| Fort Smith School District, Arkansas                             | Aa2/NR        | M, S&P        | Custody        | 0.26%                | -                | 1,380,614    | -                 | 1,380,614 |
| Franklin Township Somerset County Board of Education, New Jersey | NR/AA         | M, S&P        | Custody        | 0.11%                | -                | 601,828      | 601,828           | 1,203,656 |
| Garden Grove ISD, California                                     | Aa2/AA        | M, S&P        | Custody        | 0.05%                | -                | 247,091      | -                 | 247,091   |
| Garfield Pitkin & Eagle County School District, Colorado         | Aa2/NR        | M, S&P        | Custody        | 0.06%                | -                | 340,929      | -                 | 340,929   |
| Geary County ISD, Kansas   | Aa3/NR        | M, S&P        | Custody        | 0.16%                | -                | -            | 851,990           | 851,990   |
| Greensburg Salem School District Pennsylvania                    | NR/AA         | M, S&P        | Custody        | 0.19%                | 1,000,000        | -            | -                 | 1,000,000 |
| Griffith School District, Indiana                                | NR/AA+        | M, S&P        | Custody        | 0.20%                | -                | 1,088,446    | -                 | 1,088,446 |
| Hall County ISD, Nebraska  | NR/AA-        | M, S&P        | Custody        | 0.33%                | 1,790,265        | -            | -                 | 1,790,265 |
| Hampton Roads Sanitation District, Virginia                      | NR/AA+        | M, S&P        | Custody        | 0.20%                | 1,051,940        | -            | -                 | 1,051,940 |
| Houston Combined Utility System, Texas                           | Aa1/AA        | M, S&P        | Custody        | 0.08%                | -                | 452,490      | -                 | 452,490   |
| Indianapolis Local Public Improvement, Indiana                   | NR/AA+        | M, S&P        | Custody        | 0.21%                | 1,114,186        | -            | -                 | 1,114,186 |
| Inver Grove Heights ISD, Minnesota                               | Aa3/NR        | M, S&P        | Custody        | 0.06%                | 334,270          | -            | -                 | 334,270   |
| Iowa Central Community College, Iowa                             | Aa2/NR        | M, S&P        | Custody        | 0.44%                | -                | 2,379,430    | -                 | 2,379,430 |
| Iowa Finance Authority, Iowa                                     | Aa2/NR        | M, S&P        | Custody        | 0.18%                | 400,000          | 552,571      | -                 | 952,571   |
| Itasca County ISD, Minnesota                                     | NR/AAA        | M, S&P        | Custody        | 0.28%                | 1,482,178        | -            | -                 | 1,482,178 |
| Jordan ISD, Minnesota  | Aa1/NR        | M, S&P        | Custody        | 0.22%                | 1,186,025        | -            | -                 | 1,186,025 |
| Keller ISD, Texas  | Aaa/AAA       | M, S&P        | Custody        | 0.09%                | -                | 473,750      | -                 | 473,750   |
| Lagrange County Regional Utility District, Indiana               | NR/AA         | M, S&P        | Custody        | 0.05%                | -                | 250,141      | -                 | 250,141   |
| Lake Local School District, Ohio                                 | NR/AA-        | M, S&P        | Custody        | 0.05%                | -                | 279,626      | -                 | 279,626   |
| Lake County Community School District, Illinois                  | NR/AA+        | M, S&P        | Custody        | 0.10%                | -                | 561,809      | -                 | 561,809   |
| Laredo College, Texas  | Aa3/NR        | M, S&P        | Custody        | 0.13%                | -                | 695,926      | -                 | 695,926   |
| Magnolia ISD, Texas  | Aa2/NR        | M, S&P        | Custody        | 0.43%                | -                | 2,327,698    | -                 | 2,327,698 |
| Mankato ISD, Minnesota   | Aa1/NR        | M, S&P        | Custody        | 0.85%                | -                | 4,540,510    | -                 | 4,540,510 |
| Massachusetts Port Authority                                     | Aaa/AA+       | M, S&P        | Custody        | 0.05%                | -                | 282,162      | -                 | 282,162   |
| McClain County School District, Oklahoma                         | NR/A+         | M, S&P        | Custody        | 0.37%                | -                | 1,962,811    | -                 | 1,962,811 |
| Mc Lean & Woodford County School District, Illinois              | Aa3/NR        | M, S&P        | Custody        | 0.37%                | -                | 1,964,960    | -                 | 1,964,960 |
| Metropolitan School District of Lawrence Township, Indiana       | NR/AA+        | M, S&P        | Custody        | 0.08%                | 439,705          | -            | -                 | 439,705   |
| Matanuska-Susita Boro ISD, Alaska                                | NR/AA+        | M, S&P        | Custody        | 0.18%                | -                | 956,170      | -                 | 956,170   |
| Milpitas Unified SD, California                                  | Aa1/NR        | M, S&P        | Custody        | 0.06%                | -                | 315,542      | -                 | 315,542   |
| Minnesota Housing Finance Agency, Minnesota                      | Aa1/AA+       | M, S&P        | Custody        | 0.92%                | -                | 2,970,248    | 1,957,417         | 4,927,665 |

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

| Investment Type  | Credit Rating | Rating Agency | Custodial Risk | % to Total Portfolio | Less than 1 year | 1 to 5 years   | More than 5 years | Total          |
|--|---------------|---------------|----------------|----------------------|------------------|----------------|-------------------|----------------|
| Municipal securities (Continued)                       |               |               |                |                      |                  |                |                   |                |
| Minnetonka ISD 276, Minnesota                          | Aaa/NR        | M, S&P        | Custody        | 0.11%                | 578,670          | -              | -                 | 578,670        |
| Moundsview ISD, Minnesota                              | NR/AAA        | M, S&P        | Custody        | 0.34%                | 1,797,192        | -              | -                 | 1,797,192      |
| New Berlin School District, Wisconsin                  | Aa2/NR        | M, S&P        | Custody        | 0.04%                | -                | 194,696        | -                 | 194,696        |
| New York City Transitional Finance Authority, New York | Aa1/AAA       | M, S&P        | Custody        | 1.52%                | -                | 8,139,630      | -                 | 8,139,630      |
| North Carolina State University, North Carolina        | Aa1/AA        | M, S&P        | Custody        | 0.02%                | -                | 113,479        | -                 | 113,479        |
| Northwest Independent School District, Texas           | Aaa/NR        | M, S&P        | Custody        | 0.19%                | -                | 1,011,760      | -                 | 1,011,760      |
| Oklahoma County ISD, Oklahoma                          | NR/NR         | M, S&P        | Custody        | 0.22%                | 250,000          | 947,690        | -                 | 1,197,690      |
| Orono ISD 278, Minnesota                               | Aa2/NR        | M, S&P        | Custody        | 0.31%                | -                | 1,662,655      | -                 | 1,662,655      |
| Palm Beach County, Florida                             | Aaa/AAA       | M, S&P        | Custody        | 0.63%                | -                | 3,398,734      | -                 | 3,398,734      |
| Louisville Parking Authority of River City, Kentucky   | NR/AA-        | M, S&P        | Custody        | 0.22%                | -                | 1,183,503      | -                 | 1,183,503      |
| Passaic County Utilities Authority, New Jersey         | Aa1/NR        | M, S&P        | Custody        | 0.37%                | -                | 2,002,252      | -                 | 2,002,252      |
| Pennsylvania State Turnpike, Pennsylvania              | Aaa/NR        | M, S&P        | Custody        | 0.09%                | -                | 459,909        | -                 | 459,909        |
| Pharr-San Juan-Atamo ISD, Texas                        | Aa3/AAA       | M, S&P        | Custody        | 0.27%                | -                | 1,428,952      | -                 | 1,428,952      |
| Pike Township ISD, Indiana                             | NR/AA+        | M, S&P        | Custody        | 0.19%                | 639,027          | 372,735        | -                 | 1,011,762      |
| Pine Island ISD 255, Minnesota                         | Aa1/NR        | M, S&P        | Custody        | 0.04%                | -                | 208,026        | -                 | 208,026        |
| Port Authority City of St. Paul, Minnesota             | NR/AAA        | M, S&P        | Custody        | 0.39%                | 474,178          | 475,339        | 1,155,272         | 2,104,789      |
| Proctor ISD, Minnesota                                 | Aa1/NR        | M, S&P        | Custody        | 0.05%                | -                | 263,768        | -                 | 263,768        |
| Redmond ISD, Oregon                                    | Aa3/NR        | M, S&P        | Custody        | 0.04%                | -                | 224,617        | -                 | 224,617        |
| Richfield ISD, Minnesota                               | NR/AAA        | M, S&P        | Custody        | 0.26%                | 1,417,728        | -              | -                 | 1,417,728      |
| Royse City ISD, Texas                                  | Aa3/NR        | M, S&P        | Custody        | 0.19%                | -                | 1,029,850      | -                 | 1,029,850      |
| Rutgers University, New Jersey                         | Aa3/A+        | M, S&P        | Custody        | 0.08%                | -                | 453,530        | -                 | 453,530        |
| Sacramento Suburban Water District, California         | NR/AA+        | M, S&P        | Custody        | 0.04%                | -                | 196,514        | -                 | 196,514        |
| San Francisco City and County, California              | Aaa/AAA       | M, S&P        | Custody        | 0.05%                | -                | 258,222        | -                 | 258,222        |
| San Jose Evergreen Community College, California       | Aa1/AA+       | M, S&P        | Custody        | 0.06%                | -                | 310,056        | -                 | 310,056        |
| Sarpy County School District, Nebraska                 | Aa2/NR        | M, S&P        | Custody        | 0.08%                | 442,607          | -              | -                 | 442,607        |
| Smethport Area School District, Pennsylvania           | NR/AA         | M, S&P        | Custody        | 0.10%                | -                | 561,639        | -                 | 561,639        |
| South Texas Community College, Texas                   | Aa2/AA        | M, S&P        | Custody        | 0.10%                | -                | 531,305        | -                 | 531,305        |
| St. Paul ISD, Minnesota                                | Aa1/AAA       | M, S&P        | Custody        | 0.12%                | -                | 621,445        | -                 | 621,445        |
| Lansing City Tax Increment Finance Authority, Michigan | NR/A+         | M, S&P        | Custody        | 0.02%                | -                | 96,049         | -                 | 96,049         |
| Thief River Falls ISD, Minnesota                       | Aa1/NR        | M, S&P        | Custody        | 0.11%                | -                | 573,649        | -                 | 573,649        |
| Toledo City School District, Ohio                      | A1/AA+        | M, S&P        | Custody        | 0.07%                | -                | 381,851        | -                 | 381,851        |
| Tulsa County ISD 003, Oklahoma                         | NR/AA         | M, S&P        | Custody        | 0.75%                | -                | 4,026,760      | -                 | 4,026,760      |
| Tyler ISD, Texas                                       | NR/AAA        | M, S&P        | Custody        | 0.06%                | -                | 331,272        | -                 | 331,272        |
| Valdosta Lowndes County Industrial Authority, Georgia  | Aa2/NR        | M, S&P        | Custody        | 0.21%                | -                | 1,116,926      | -                 | 1,116,926      |
| Virginia ISD, Minnesota                                | NR/AAA        | M, S&P        | Custody        | 0.07%                | 359,424          | -              | -                 | 359,424        |
| Virginia Resources Authority, Virginia                 | Aaa/AAA       | M, S&P        | Custody        | 0.07%                | -                | 365,944        | -                 | 365,944        |
| Wayzata ISD, Minnesota                                 | Aaa/NR        | M, S&P        | Custody        | 0.79%                | -                | 4,215,149      | -                 | 4,215,149      |
| Total Municipal Securities                             |               |               |                | 31.71%               | 35,678,838       | 123,974,681    | 10,456,426        | 170,109,945    |
| Commercial Paper                                       |               |               |                | 0.06%                | 331,623          | -              | -                 | 331,623        |
| Certificates of Deposits                               |               |               |                | 1.89%                | 3,911,161        | 6,233,809      | -                 | 10,144,970     |
| Money Market Funds                                     |               |               |                | 3.76%                | 20,176,349       | -              | -                 | 20,176,349     |
| Local Government Investment Pools                      |               |               |                | 10.80%               | 57,931,039       | -              | -                 | 57,931,039     |
| Index Fund   |               |               |                |                      |                  |                |                   |                |
| Other Postemployment Benefit (OPEB) Trust Accounts     |               |               | Custody        | 19.59%               | 105,087,281      | -              | -                 | 105,087,281    |
| Portfolio Total  |               |               |                | 100.00%              | \$ 241,588,237   | \$ 245,620,575 | \$ 49,266,194     | \$ 536,475,006 |
| Money Market Funds in escrow                           |               |               |                |                      |                  |                |                   | \$ 16,391,745  |
| Total Investments                                      |               |               |                |                      |                  |                |                   | \$ 552,886,751 |

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2023, the County had the following recurring fair value measurements:

|   | December 31,<br>2023  | Fair Value Measurements Using   |   |  |
|---|-----------------------|---|---|--|
|   |                       | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets (Level 1) | Significant Other<br>Observable Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Investments by fair value level                   |                       |   |   |  |
| Debt Securities                                   |                       |   |   |  |
| U.S. Government agencies                          | \$ 166,789,624        | \$ -  | \$ 166,789,624                                      | \$ -   |
| U.S. Treasury securities                          | 5,904,175             | -   | 5,904,175   | -  |
| Money Market Funds                                | 270,665               | -   | 270,665   | -  |
| Municipal bonds                                   | 170,109,945           | -   | 170,109,945   | -  |
| Negotiable Certificates of Deposits               | 10,144,970            | -   | 10,144,970  | -  |
| Total debt securities                             | <u>353,219,379</u>    | <u>\$ -</u>   | <u>\$ 353,219,379</u>                               | <u>\$ -</u>  |
| Investments measured at the net asset value (NAV) |                       |   |   |  |
| Commercial Paper                                  | 331,623               |   |   |  |
| MAGIC Portfolio                                   | 25,931,039            |   |   |  |
| MAGIC Term  | 32,000,000            |   |   |  |
| Money Market Funds                                | <u>36,297,429</u>     |   |   |  |
| Total Investments measured at NAV                 | <u>94,560,091</u>     |   |   |  |
| Total Investments                                 | <u>\$ 447,779,470</u> |   |   |  |

Debt securities classified in Level 1 are valued using a market approach quoted in active markets for those securities.

Debt securities classified in Level 2 are valued using the following approaches:

- (a) U.S. Treasuries, and U.S. Agencies: a market approach by utilizing prices for identical securities in markets that are not active;
- (b) Municipal bonds: a market approach using quoted prices for similar securities in active markets;
- (c) Money market and negotiable certificates of deposit: a market approach using published fair value for each fund;

The Minnesota Association of Governments Investing for Counties (MAGIC) is a local government investment pool which is quoted at a net asset value (NAV). The County invests in this pool for the purpose of the joint investment with other counties to enhance the investment earnings accruing to each member. The MAGIC fund currently consists of the MAGIC Portfolio, and MAGIC Term Series.

3. Detailed Notes on All Funds

A. Assets

1. Deposits and Investments

b. Investments (Continued)

MAGIC Portfolio is valued using amortized cost. Shares of the MAGIC Portfolio are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made as long as the County has a sufficient number of shares to meet their redemption request. The Fund's Board of Trustees can suspend the right of withdrawal or postpone the date of payment if the Trustees determine that there is an emergency that makes the sale of a Portfolio's securities or determination of its net asset value not reasonably practical.

Shares of MAGIC Term Series are purchased to mature upon pre-determined maturity dates selected by the County at the time of purchase. Should the County need to redeem shares in a MAGIC Term Series prematurely they must provide notice at least 7 days prior to the premature redemption date. The value of a premature redemption is equal to the original price for such share, plus dividends thereon, at the projected yield less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any.

The County invests in money market funds for the benefit of liquid investments that can be readily re-invested. Money market funds held by the County seek a constant net asset value (NAV) of \$1.00 per share. The money market fund reserves the right to require three or more days' prior notice before permitting withdrawals. The County invests in commercial paper through sweep accounts. The commercial paper sweep accounts are daily liquid security funds that may be accessed at any time. These accounts are interest bearing, and the value of the investment is the balance plus any accrued interest at any point in time.

The County also holds \$105,087,281 in the Internal Equity Pool with the State Board of Investment, an external investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. Pursuant to Minn. Stat. § 471.6175, the County may only redeem these funds for the use of postemployment benefits. The County invests in this pool due to the increased investment authority, historically high rate of return on investments, and the reduction of the postemployment benefit liability recorded in its financial statements.

2. Receivables

a. Property Tax Receivable

Taxes which remain unpaid at December 31 are delinquent. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

Current property tax collections for the year ended December 31, 2023, were 101.55 percent (Table 8) of the current levy, which was a sufficient amount to finance the 2023 budget. Each year, the County tax levy for debt service on bonded indebtedness is set at 105 percent of the debt service required for that year, less available debt service reserves.

b. Accounts Receivable

Accounts receivable include an allowance for doubtful accounts. Total accounts receivable for the year ended December 31, 2023, were \$2,670,120 for governmental activities, and \$1,115,729 for fiduciary funds. The allowance for doubtful accounts was \$1,025,947 for governmental activities, and \$825,271 for fiduciary funds resulting in a net effect of \$1,644,173 and \$290,458 respectively.

c. Loans Receivable

Loans receivable include an allowance for doubtful accounts.

The following is a summary of outstanding loans made to private enterprises and individuals as of December 31, 2023:

|   | Original<br>Loan<br>Amount | Balance<br>Repaid at<br>December 31,<br>2023 | Outstanding<br>Balance -<br>December 31,<br>2023 | Term<br>(Years) | Interest<br>Rate (%) |
|---|----------------------------|--|--|-----------------|----------------------|
| General Fund  |                            |  |  |                 |                      |
| Various forfeited tax sale contracts for repurchase | \$ 220,024                 | \$ 148,252                                   | \$ 71,772  | Various         | Various              |
| Special Revenue Funds                               |                            |  |  |                 |                      |
| Community Development                               |                            |  |  |                 |                      |
| Loan programs                                       | 5,062,862                  | 1,671,584                                    | 3,391,278  | Various         | Various              |
| Less: Allowance for uncollectible loans             | -                          | 749,179                                      | (749,179)  |                 |                      |
| Total Community Development, net of allowance       | 5,062,862                  | 2,420,763                                    | 2,642,099  |                 |                      |
| Total Loans Receivable                              | <u>\$ 5,282,886</u>        | <u>\$ 2,569,015</u>                          | <u>\$ 2,713,871</u>                              |                 |                      |
| Due within one year                                 |                            |  | <u>\$ 386,484</u>                                |                 |                      |



3. Detailed Notes on All Funds

A. Assets

2. Receivables (Continued)

d. Leases Receivable

The County has entered into various lease arrangements where the County is the lessor for land, buildings, and office space. Lease terms range from thirteen months to twenty-five years and expire at various dates through 2039. The lease receivable is calculated based on the interest rate charged on the lease, if available, or by using the Debt Book incremental borrowing rate calculator. In the governmental activities there are three land leases, four building leases, and fifteen office space leases. In fiscal year 2023, the County recognized \$1,030,312 of lease revenue and \$96,123 of interest revenue pursuant to these contracts.

| <u>Year Due</u>     | <u>Governmental<br/>Activities</u> |
|---------------------|------------------------------------|
| 2024                | \$ 579,111                         |
| 2025                | 461,051                            |
| 2026                | 344,872                            |
| 2027                | 341,211                            |
| 2028                | 347,616                            |
| 2029-2033           | 1,615,449                          |
| 2034-2038           | 1,313,654                          |
| 2039-2043           | <u>69,219</u>                      |
| Total               | <u>\$ 5,072,183</u>                |
| Due within one year | <u>\$ 579,111</u>                  |

3. Detailed Notes on All Funds

A. Assets (Continued)

3. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

**Primary Government**

|  | Beginning<br>Balance, as<br>Restated * | Increases             | Decreases              | Ending<br>Balance     |
|--|--|-----------------------|------------------------|-----------------------|
| <b>Governmental activities:</b>              |  |                       |                        |                       |
| Capital assets, not being depreciated:       |  |                       |                        |                       |
| Land   | \$ 234,264,255                         | \$ 12,600,796         | \$ (1,314,713)         | \$ 245,550,338        |
| Construction in progress                     | 88,885,167                             | 41,870,014            | (81,253,632)           | 49,501,549            |
| Total capital assets, not being depreciated  | <u>323,149,422</u>                     | <u>54,470,810</u>     | <u>(82,568,345)</u>    | <u>295,051,887</u>    |
| Capital assets, being depreciated:           |  |                       |                        |                       |
| Buildings and structures                     | 249,547,259                            | 1,902,053             | (1,209,659)            | 250,239,653           |
| Improvements other than buildings            | 35,568,207                             | 156,122               | (710,950)              | 35,013,379            |
| Machinery and equipment                      | 62,525,968                             | 4,933,528             | (3,813,557)            | 63,645,939            |
| Infrastructure                               | 578,421,115                            | 78,983,878            | (537,852)              | 656,867,141           |
| Software                                     | 4,566,717                              | -                     | -                      | 4,566,717             |
| Total capital assets being depreciated       | <u>930,629,266</u>                     | <u>85,975,581</u>     | <u>(6,272,018)</u>     | <u>1,010,332,829</u>  |
| Less accumulated depreciation for:           |  |                       |                        |                       |
| Buildings and structures                     | (105,229,570)                          | (5,903,798)           | 417,806                | (110,715,562)         |
| Improvements other than buildings            | (19,548,186)                           | (1,509,499)           | 373,249                | (20,684,436)          |
| Machinery and equipment                      | (43,435,299)                           | (5,223,173)           | 3,619,913              | (45,038,559)          |
| Infrastructure                               | (187,183,483)                          | (11,568,422)          | 286,479                | (198,465,426)         |
| Software                                     | (3,048,078)                            | (340,538)             | -                      | (3,388,616)           |
| Total accumulated depreciation               | <u>(358,444,616)</u>                   | <u>(24,545,430)</u>   | <u>4,697,447</u>       | <u>(378,292,599)</u>  |
| Total capital assets, being depreciated, net | <u>572,184,650</u>                     | <u>61,430,151</u>     | <u>(1,574,571)</u>     | <u>632,040,230</u>    |
| Right-to-Use not amortized:                  |  |                       |                        |                       |
| Leased land                                  | 92,011                                 | -                     | -                      | 92,011                |
| Right-to-Use assets being amortized:         |  |                       |                        |                       |
| Leased buildings and structures              | 3,337,482                              | -                     | (28,038)               | 3,309,444             |
| Leased machinery and equipment               | 690,116                                | 363,469               | (77,087)               | 976,498               |
| IT Subscriptions                             | 4,744,873                              | 1,702,855             | (27,238)               | 6,420,490             |
| Total right-to-use assets being amortized    | <u>8,772,471</u>                       | <u>2,066,324</u>      | <u>(132,363)</u>       | <u>10,706,432</u>     |
| Less accumulated amortization for:           |  |                       |                        |                       |
| Leased buildings and structures              | (375,021)                              | (354,994)             | 28,038                 | (701,977)             |
| Leased machinery and equipment               | (102,322)                              | (203,725)             | 77,087                 | (228,960)             |
| IT Subscriptions                             | -                                      | (1,850,501)           | 27,238                 | (1,823,263)           |
| Total accumulated amortization               | <u>(477,343)</u>                       | <u>(2,409,220)</u>    | <u>132,363</u>         | <u>(2,754,200)</u>    |
| Total right-to-use assets amortized, net     | <u>8,295,128</u>                       | <u>(342,896)</u>      | <u>-</u>               | <u>7,952,232</u>      |
| Governmental activities capital assets, net  | <u>\$ 903,721,211</u>                  | <u>\$ 115,558,065</u> | <u>\$ (84,142,916)</u> | <u>\$ 935,136,360</u> |

\*Beginning balance restated, see Change in Accounting Principle description in Note 1.E.

3. Detailed Notes on All Funds

A. Assets

3. Capital Assets (Continued)

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

|   |                          |
|---|--------------------------|
| <b>Governmental activities:</b>   |                          |
| General government  | \$ 5,787,541             |
| Public safety   | 3,678,886                |
| Highways and streets, including depreciation of general infrastructure assets | 13,622,792               |
| Human services  | 247,852                  |
| Sanitation  | 24,253                   |
| Culture and recreation  | 3,278,575                |
| Economic development  | <u>314,751</u>           |
| <br>Total depreciation and amortization expense - governmental activities     | <br><u>\$ 26,954,650</u> |

Construction in progress at December 31, 2023, comprises the to-date costs of the following projects:

|   |                          |
|---|--------------------------|
| Highway infrastructure                                | \$ 23,628,991            |
| Highway vehicle                                       | 65,988                   |
| Emergency communications center                       | 15,595,792               |
| Public safety data system                             | 928,452                  |
| Finance procurement system                            | 2,659,681                |
| Attorney case management                              | 728,155                  |
| Cisco core switch replacement                         | 1,422,932                |
| IT replacement projects                               | 349,816                  |
| Rum River upgrades                                    | 462,806                  |
| Economic Assistance move - Blaine building            | 2,823,368                |
| Government center physical modifications              | 175,927                  |
| Anoka County secure program pod security              | 19,200                   |
| Rice Creek Chain of Lakes parkway road reconstruction | 205,994                  |
| Rice Creek Chain of Lakes north regional trail        | 187,917                  |
| Wargo Nature Center improvements                      | 181,573                  |
| Bunker Hills improvements                             | <u>64,957</u>            |
| <br>Total construction in progress                    | <br><u>\$ 49,501,549</u> |

B. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2023, was as follows:

1. Due From and To Other Funds

|                                       | <u>Receivable</u>     | <u>Payable</u>        | <u>Description</u> |
|---------------------------------------|-----------------------|-----------------------|--------------------|
| Major Governmental Funds              |                       |                       |                    |
| General Fund                          | \$ 850,000            | \$ -                  | Short term loan    |
| Nonmajor Governmental Funds           |                       |                       |                    |
| Special Revenue Funds                 |                       |                       |                    |
| Job Training Center                   | -                     | 800,000               | Short term loan    |
| Leasehold Properties                  | -                     | <u>50,000</u>         | Short term loan    |
| <br>Total Due From and To Other Funds | <br><u>\$ 850,000</u> | <br><u>\$ 850,000</u> |                    |

2. Advances To and From Other Funds

Advances to the Parks and Recreation Special Revenue Fund include loans for golf course operations. Advances to the Housing and Redevelopment Authority Fund include loans as part of a debt restructure. Departments repay these advances annually as part of their operating budget at a specified interest rate and term.

|  | <u>Advances To</u>    | <u>Advances From</u>  |
|--|-----------------------|-----------------------|
| Capital Projects Fund                      | \$ 166,297            | \$ -                  |
| Special Revenue Funds                      |                       |                       |
| Housing and Redevelopment Authority        | -                     | <u>166,297</u>        |
| <br>Total Advances To and From Other Funds | <br><u>\$ 166,297</u> | <br><u>\$ 166,297</u> |

3. Detailed Notes on All Funds

B. Interfund Receivables, Payables and Transfers (Continued)

3. Interfund Transfers

Interfund transfers for the year ended December 31, 2023, consisted of the following:

|   | Transfers in         | Description   |
|---|----------------------|---|
| <b>Major Governmental Funds</b>             |                      |   |
| Transfers to General Fund from:             |                      |   |
| Capital Projects                            | \$ 284,777           | Transportation projects                                       |
| Capital Projects                            | 38,050               | Vehicle purchase  |
| Capital Projects                            | 30,328               | Midwest forensic lab  |
| Insurance Fund                              | 5,893,003            | Central salary pool   |
| Debt Service                                | 1,500,000            | Debt service  |
| Total General Fund                          | <u>7,746,158</u>     |   |
| Transfers to Road and Bridge Fund from:     |                      |   |
| Capital Projects                            | <u>5,243,554</u>     | Transportation tax capital projects                           |
| Transfers to Debt Service Fund from:        |                      |   |
| General Fund                                | 6,724,785            | Debt service  |
| Road and Bridge                             | 1,135,953            | Debt service  |
| Library                                     | 161,161              | Debt service  |
| Regional Railroad Authority                 | 2,052,181            | Debt service  |
| Housing and Redevelopment Authority         | 1,356,881            | Debt service allocation from operations                       |
| Total Debt Service Fund                     | <u>11,430,961</u>    |   |
| Transfers to Capital Projects Fund from:    |                      |   |
| General Fund                                | 24,879               | Forensic lab reserve  |
| General Fund                                | 794,284              | Recorder's technology and compliance fees                     |
| General Fund                                | 183,295              | Future vehicle purchase                                       |
| General Fund                                | 133,969              | Capital projects used by operations                           |
| General Fund                                | 570,427              | Regional juvenile center capital project                      |
| Housing and Redevelopment Authority         | 29,800               | Escrow funds  |
| Debt Service                                | 123,958              | Public safety data system                                     |
| Debt Service                                | 1,615,412            | Debt service  |
| Total Capital Projects Fund                 | <u>3,476,024</u>     |   |
| Transfers to other Governmental Funds from: |                      |   |
| General Fund                                | 1,736,815            | Allocation for shared services, AG preservation               |
| Capital Projects                            | 3,183,979            | Northstar operating expenses, capital project for operations, |
| Human Services                              | 195,928              | capital purchase  |
| Debt Service                                | 711,627              | Net county share for operations                               |
| Total Transfers In: Governmental Funds      | <u>\$ 33,725,046</u> | Debt service  |
| <b>Proprietary Funds</b>                    |                      |   |
| Transfers to Internal Service Fund from:    |                      |   |
| Central Fleet                               |                      | ,   |
| Capital Projects                            | \$ 339,833           | Fleet capital purchases                                       |
| Insurance Fund                              |                      |   |
| General Fund                                | 2,000,000            | Retiree health  |
| General Fund                                | 171,875              | Coronavirus SLFRF - EAP Clinic                                |
| Road and Bridge                             | 1,000,000            | Central salary pool   |
| Total Transfers from Insurance Fund         | <u>3,171,875</u>     |   |
| Total Transfers In: Internal Service Fund   | <u>\$ 3,511,708</u>  |   |
| Total Transfers In: All Funds               | <u>\$ 37,236,754</u> |   |

3. Detailed Notes on All Funds (Continued)

C. Liabilities and Deferred Inflows of Resources

1. Payables

Payables at December 31, 2023, were as follows:

|                          | Governmental<br>Activities |
|--------------------------|----------------------------|
| Accounts                 | \$ 5,847,755               |
| Salaries                 | 8,901,888                  |
| Contracts                | 5,106,078                  |
| Due to other governments | 5,416,318                  |
| Matured interest         | 935,999                    |
| Benefits payable         | 5,694,505                  |
|                          | <hr/>                      |
| Total payables           | \$ 31,902,543              |

2. Unearned Revenues/Deferred Inflows of Resources

Unearned revenues and deferred inflows of resources consist of unavailable revenue arising from taxes receivable, state and federal grants, installment loans and other items that are not collected soon enough after year-end to pay liabilities of the current year as well as state and federal grants, leases, and other items that have been received but not yet earned. Unearned revenues and deferred inflows of resources at December 31, 2023, are summarized below by fund:

|                                    | Taxes and Special<br>Assessments | Grants        | Installment<br>Loans | Leases       | Other         | Total         |
|------------------------------------|----------------------------------|---------------|----------------------|--------------|---------------|---------------|
| Major Governmental Funds           |                                  |               |                      |              |               |               |
| General                            | \$ 1,095,666                     | \$ 36,956,465 | \$ 71,772            | \$ 1,223,740 | \$ 284,879    | \$ 39,632,522 |
| Road and Bridge                    | 29,005                           | 1,488,634     | -                    | 29,419       | 8,940,100     | 10,487,158    |
| Human Services                     | 132,030                          | 3,404,393     | -                    | -            | 486,463       | 4,022,886     |
| Debt Service                       | -                                | -             | -                    | 2,413,181    | -             | 2,413,181     |
|                                    | <hr/>                            | <hr/>         | <hr/>                | <hr/>        | <hr/>         | <hr/>         |
| Total Major Governmental Funds     | 1,256,701                        | 41,849,492    | 71,772               | 3,666,340    | 9,711,442     | 56,555,747    |
| Nonmajor Governmental Funds        | 6,302,819                        | 1,380,057     | 2,642,099            | 1,228,503    | 299,519       | 11,852,997    |
| Nonmajor Proprietary Funds         | -                                | -             | -                    | -            | 299           | 299           |
|                                    | <hr/>                            | <hr/>         | <hr/>                | <hr/>        | <hr/>         | <hr/>         |
| Total All Funds                    | \$ 7,559,520                     | \$ 43,229,549 | \$ 2,713,871         | \$ 4,894,843 | \$ 10,011,260 | \$ 68,409,043 |
|                                    | <hr/>                            | <hr/>         | <hr/>                | <hr/>        | <hr/>         | <hr/>         |
| Liability                          |                                  |               |                      |              |               |               |
| Unearned revenue                   | \$ -                             | \$ 40,588,107 | \$ -                 | \$ -         | \$ 1,074,160  | \$ 41,662,267 |
|                                    | <hr/>                            | <hr/>         | <hr/>                | <hr/>        | <hr/>         | <hr/>         |
| Deferred Inflows of Resources      |                                  |               |                      |              |               |               |
| Deferred lease inflows             | -                                | -             | -                    | 4,894,843    | -             | 4,894,843     |
| Unavailable revenue                | 7,559,520                        | 2,641,442     | 2,713,871            | -            | 8,937,100     | 21,851,933    |
|                                    | <hr/>                            | <hr/>         | <hr/>                | <hr/>        | <hr/>         | <hr/>         |
| Total Deferred Inflow of Resources | \$ 7,559,520                     | \$ 2,641,442  | \$ 2,713,871         | \$ 4,894,843 | \$ 8,937,100  | \$ 26,746,776 |
|                                    | <hr/>                            | <hr/>         | <hr/>                | <hr/>        | <hr/>         | <hr/>         |
| Totals                             | \$ 7,559,520                     | \$ 43,229,549 | \$ 2,713,871         | \$ 4,894,843 | \$ 10,011,260 | \$ 68,409,043 |

3. Contract Commitments

The County has entered into several contract commitments which have not been completed as of December 31, 2023. Following is a list of these projects and the corresponding amounts to be completed:

Major Governmental Funds

Special Revenue Funds

Road and Bridge

    Various road projects \$ 117,337,947

Capital Projects Fund

Building projects

    Building projects 25,090,281

    Financial system projects 8,331,625

    Security systems 179,401

    System projects 6,754,293

    Total Capital Projects Fund 40,355,600

    Total All Funds \$ 157,693,547

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

4. Employment and Other Postemployment Benefits

a. Other Postemployment Benefits (OPEB)

Plan Description

In addition to providing a pension benefits plan, the County provides postemployment health care and life insurance benefits (OPEB) for eligible retired employees, spouses and dependents through a single employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the County Commissioners and can be amended by the County through its personnel manual and union contracts. The Anoka County Board of Commissioners consists of seven elected commissioners from the seven districts in the County and one appointed County Administrator. The plan is accounted for as an irrevocable trust fund. A separate report is not issued for the plan.

Anoka County established an OPEB irrevocable trust, pursuant to Minn. Stat. § 471.6175, to prefund a portion of the OPEB liability. The Public Employees Retirement Association (PERA) serves as the trust administrator for the irrevocable trust account.

The irrevocable trust is reported in the Statement of Fiduciary Net Position, Other Postemployment Benefits Trust Fund. This financial statement is prepared using the full accrual basis of accounting.

Contributions to the plan are recognized when due and the County has made a commitment to provide the contributions. The fair value of investments is determined by the Minnesota State Board of Investment.

Participants or Plan Membership

Participants of the plan consisted of the following at December 31, 2022, the date of the actuarial valuation:

|  |              |
|--|--------------|
| Inactive employees and spouses currently receiving benefit payments          | 1,020        |
| Inactive employees and spouses currently receiving only non-medical benefits | 61           |
| Active employees   | <u>1,894</u> |
|  | <u>2,975</u> |

Benefits Provided

Pursuant to Minn. Stat. § 471.61, subd 2a, Anoka County provides postemployment health care and life insurance benefits to retired employees, disabled retirees or survivors of deceased employees who were hired prior to January 6, 2007. Employees first hired after January 5, 2007 are generally not eligible for employer contributions for retiree health care, except through arbitration rulings. These employees with less than 10 years of service may continue to participate in the county's life, health, and dental insurance upon retirement but must pay the entire premium charged by the appropriate carrier to continue participation. The County contribution is graduated based on the employee's years of service. The minimum contribution is based on ten years of service and the maximum contribution is achieved at more than 30 years of service.

Additionally, the County provides benefits to retirees as required by Minn. Stat. § 471.61, Subd.2b. The County became self-insured in 2021 for medical coverage, which does include health benefits for eligible retirees. Benefits include medical services and prescriptions. A \$2,000 group-term life insurance coverage is provided for the retiree and is fully paid for by the County. The County's total OPEB liability of \$126,800,864 was measured as of December 31, 2023 and was determined with a valuation date as of December 31, 2022.

Contributions to the plan are recognized when due and the County has made a commitment to provide the contributions per union contracts and the personnel policy as stated below in Funding Policy and Contributions.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Employment and Other Postemployment Benefits

a. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Assumptions

The County's total OPEB liability of \$126,800,864 was determined by an actuarial valuation as of December 31, 2022 and a remeasurement date of December 31, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|  |   |
|--|---|
| Actuarial cost method                          | Entry Age Normal level percent of pay   |
| Discount rate                                  | 6.75 percent  |
| Long-term expected investment return           | 6.75 percent  |
| Index rate used in discount rate determination | 3.77 percent  |
| Inflation rate                                 | 2.50 percent  |
| General Inflation (CPI-U)                      | 2.50 percent  |
| Payroll Growth Rate                            | 3.25 percent  |
| Mortality                                      | Pub-2010 mortality tables with projected mortality improvements based on the scale MP-2021, and other adjustments             |
| Healthcare cost trend rate                     | 7.60 percent for 2023, gradually decreasing over several decades to an ultimate rate of 3.9 percent in FY2075 and later years |

The County has assets designated for OPEB in a qualified irrevocable trust. No future trust contributions are expected to be deposited to the irrevocable trust. Annual explicit plus implicit subsidy benefits are paid from general assets. After year end, the County makes trust reimbursements for a portion of the retiree benefit costs. Future trust reimbursements are assumed to be \$4.2 million annually.

The investment rate of return was valued using an assumption of 6.75 percent. The OPEB plan's fiduciary net position is projected to be sufficient to make all projected benefit payments, so therefore the discount rate used to value liabilities is the long-term expected rate of return of 6.75 percent for future valuations. Based on these parameters and GASB 75 guidelines, future plan assets are projected to be sufficient to pay all future benefit reimbursements. Therefore, the discount rate is equal to the long-term expected investment return assumption. Benefit payments were projected based on the assumptions and methods disclosed in the December 31, 2022 valuation report.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. It is assumed that the benefits are paid out of the OPEB trust until assets are depleted and projected employer contributions are first applied to employee service costs in each period (including future employees) before paying for current accrued benefit costs. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study that included census data for the period December 31, 2021 to December 31, 2022.

Funding Policy and Contributions

The fair value of investments is determined by the Minnesota State Board of Investment.

The County negotiates the contribution percentage between the County and employees through the union contracts and personnel policy. All eligible retirees with less than 10 years of service contribute 100 percent of the premium to the plan. For retirees with 10 to 15 years of service, the County contributes 50 percent of the single contribution made for active employees plus \$2.65 per month towards family coverage for each year of service of the retiree. For retirees with more than 16 years of service, the County contributes 100 percent of the single contribution made for active employees plus a graduated dollar amount towards family coverage based on the retiree's years of service. For the fiscal year ending December 31, 2023, the County contributed \$4,835,408 including the implicit rate subsidy amount of (\$342,203), and the retirees contributed \$1,649,098 toward the cost of their healthcare coverage.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Employment and Other Postemployment Benefits

a. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The OPEB liability is liquidated through the General Fund and other governmental funds that have personal services. The components of the net OPEB liability of Anoka County at December 31, 2023, were as follows:

|                             |                      |
|-----------------------------|----------------------|
| Total OPEB Liability        | \$ 126,800,864       |
| Plan fiduciary net position | <u>105,087,281</u>   |
| Net OPEB liability (asset)  | <u>\$ 21,713,583</u> |

|   |       |
|---|-------|
| Plan fiduciary net position as a percentage of the total OPEB liability | 82.9% |
|---|-------|

|                          |                |
|--------------------------|----------------|
| Covered-employee payroll | \$ 146,371,234 |
|--------------------------|----------------|

|  |       |
|--|-------|
| Net OPEB liability (asset) as a percentage of covered-employee payroll | 14.8% |
|--|-------|

Investments

The OPEB investments are held in an irrevocable trust and invested 100 percent by the Minnesota State Board of Investment in an OPEB Internal Equity Pool. The County's investment policy delegates investment policy decisions to the Chief Financial Officer, including asset allocation. The policy can only be amended by the County Board.

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations in the plan's investment policy statement. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

| <u>Asset Class</u>                                | <u>Target Allocation at Measurement Date</u> | <u>Long-term Expected Real Rate of Return</u> | <u>Long-Term Expected Nominal Rate of Return</u> |
|---|--|---|--|
| Domestic equity                                   | 100.00%                                      | 4.42%   | 6.67%  |
| International equity                              | 0.00%  | 4.91%   | 7.16%  |
| Fixed income                                      | 0.00%  | 1.00%   | 3.25%  |
| Real estate and alternatives                      | 0.00%  | 3.98%   | 6.23%  |
| Cash and equivalents                              | 0.00%  | (0.33)%                                       | 1.92%  |
| Total   | 100.00%                                      |   | 6.81%  |
| Reduction for assumed investment expense          |  |   | (0.01)%  |
| Net long-term investment return (rounded to 1/4%) |  |   | 6.75%  |

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The County currently pays explicit plus implicit subsidy costs from general assets. After year end, the County makes trust reimbursements for a portion of the retiree benefit costs. Future trust reimbursements are assumed to be \$4.2 million annually. Based on these parameters and GASB 75 guidelines, future plan assets are projected to be sufficient to pay all future benefit reimbursements. Therefore, the discount rate is equal to the long-term expected investment return assumption.



3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Employment and Other Postemployment Benefits

a. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Net OPEB Liability

|  | Increase (Decrease)         |                                       |                                    |
|--|-----------------------------|---------------------------------------|------------------------------------|
|  | Total OPEB<br>Liability (a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
| Balance at 12/31/22                                  | \$ 121,147,684              | \$ 85,787,095                         | \$ 35,360,589                      |
| Changes for the year:                                |                             |                                       |                                    |
| Service cost   | 1,684,167                   | -                                     | 1,684,167                          |
| Interest   | 8,127,955                   | -                                     | 8,127,955                          |
| Difference between expected and<br>actual experience | (3,761,403)                 | -                                     | (3,761,403)                        |
| Changes of assumptions                               | 4,437,869                   | -                                     | 4,437,869                          |
| Changes of benefit terms                             | -                           | -                                     | -                                  |
| Contributions - employer                             | -                           | 1,835,408                             | (1,835,408)                        |
| Net investment income                                | -                           | 22,300,186                            | (22,300,186)                       |
| Benefit payments                                     | (4,835,408)                 | (4,835,408)                           | -                                  |
| Net change   | 5,653,180                   | 19,300,186                            | (13,647,006)                       |
| Balance at 12/31/23                                  | \$ 126,800,864              | \$ 105,087,281                        | \$ 21,713,583                      |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rates

The following presents the net OPEB liability of Anoka County as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rates.

|                             | 1% Increase    | Current Discount<br>Rate | 1% Decrease    |
|-----------------------------|----------------|--------------------------|----------------|
| Total OPEB Liability        | \$ 114,755,390 | \$ 126,800,864           | \$ 141,058,739 |
| Plan fiduciary net position | 105,087,281    | 105,087,281              | 105,087,281    |
| Net OPEB Liability          | \$ 9,668,109   | \$ 21,713,583            | \$ 35,971,458  |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of Anoka County as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current healthcare cost trend rates.

|                             | 1% Increase    | Current Trend<br>Rates | 1% Decrease    |
|-----------------------------|----------------|------------------------|----------------|
| Total OPEB Liability        | \$ 143,180,145 | \$ 126,800,864         | \$ 113,141,521 |
| Plan fiduciary net position | 105,087,281    | 105,087,281            | 105,087,281    |
| Net OPEB Liability          | \$ 38,092,864  | \$ 21,713,583          | \$ 8,054,240   |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available on Exhibit 10 of this document.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

4. Employment and Other Postemployment Benefits

a. Other Postemployment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023 the County recognized OPEB expense of \$371,502. At December 31, 2023, the County reported deferred inflows and outflows of resources related to OPEB from the following sources:

| Source  | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Difference between expected and actual liability                    | \$ 10,835,708                  | \$ 19,028,621                 |
| Change of assumptions   | 11,702,823                     | 5,395,737                     |
| Net difference between projected and actual earnings on investments | -                              | 6,506,959                     |
| Total   | <u>\$ 22,538,531</u>           | <u>\$ 30,931,317</u>          |

Amounts reported as deferred outflows of resources and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year       | Amount                |
|------------|-----------------------|
| 2024       | \$ (544,824)          |
| 2025       | 988,209               |
| 2026       | (270,134)             |
| 2027       | (8,178,853)           |
| 2028       | (468,901)             |
| Thereafter | 81,717                |
|            | <u>\$ (8,392,786)</u> |

b. Flexible Time Off and Extended Medical Benefit

Non-organized employees vacation and sick time was converted to Flexible Time Off (FTO), and Extended Medical Benefit (EMB) hours as part of the October 2001 implementation of the Anoka County Preferred Benefit Plan.

Vacation hours were converted to FTO hours and are vested. The amount of FTO hours a full time employee earns ranges from 24 to 33 days per year depending on years of service performed. Part time employees are pro-rated based on their full time equivalent (FTE) and years of service.

The unvested sick leave hours were converted to EMB hours. These hours are not vested and are valued at \$26,856,816 on December 31, 2023. EMB hours are available for use in times of illness, after using 40 FTO or leave without pay hours. Full time employees accrue eight days of EMB per year, and part time employees receive a pro-rated amount based on their full time equivalent.

5. Long-Term Debt - Bonds and Notes

The following is a summary of Anoka County's long-term bonded debt transactions for its governmental activities for the year ended December 31, 2023:

|   | Beginning Balance    | Increases   | Decreases              | Ending Balance       | Due Within One Year  |
|---|----------------------|-------------|------------------------|----------------------|----------------------|
| General Obligation Bonds and Notes            | \$ 41,350,000        | \$ -        | \$ (7,360,000)         | \$ 33,990,000        | \$ 7,500,000         |
| General Obligation Bonds Supported by Revenue | 8,160,000            | -           | (685,000)              | 7,475,000            | 705,000              |
| Limited Tax Bonds                             | 21,620,000           | -           | (1,495,000)            | 20,125,000           | 15,910,000           |
| Total Debt                                    | 71,130,000           | -           | (9,540,000)            | 61,590,000           | 24,115,000           |
| Issuance premiums                             | 4,644,285            | -           | (752,959)              | 3,891,326            | -                    |
| Net Debt                                      | <u>\$ 75,774,285</u> | <u>\$ -</u> | <u>\$ (10,292,959)</u> | <u>\$ 65,481,326</u> | <u>\$ 24,115,000</u> |

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Long-Term Debt - Bonds and Notes (Continued)

Refunding Bond and Note Disclosures

On January 6, 2022, the County issued \$4,215,000 Taxable General Obligation Limited Tax Crossover refunding Bonds, Series 2022A; with an average interest rate of 2.00 percent to refund \$14,355,000 of outstanding Refunding Bonds, Series 2015A with an average interest rate of 2.99 percent. The net proceeds of the 2022A bonds were used to crossover refund the 2015A Bonds. Funds will be held in escrow until the crossover date of February 1, 2024. The County refunded the 2015A bonds to reduce its total debt service payments by \$11,165,270 and obtain an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$1,106,576.

a. General Obligation Bonds and Notes:

Bonds and notes payable at December 31, 2023 comprise the following individual issues:

|   |              |
|---|--------------|
| \$20,145,000 February 5, 2013 General Obligation Refunding Bonds: serial bonds maturing in amounts ranging from \$905,000 to \$2,280,000 each February 1 in the years 2016 to 2029 with interest due each February 1 and August 1 at a rate of 3.00 percent. No redemption option is available. The original bonds were issued to fund airport safety improvements, energy management improvements, construction of a Public Safety Campus facility, purchase of land for the County morgue, reconstruction of Main Street (CSAH 14) from I-35W to I-35E, and bridge and highway reconstruction.  | \$ 5,080,000 |
| \$2,750,000 March 24, 2015 General Obligation Refunding Bonds: serial bonds maturing in amounts ranging from \$130,000 to \$220,000 each February 1 and August 1 in the years 2018 to 2033 with interest due each February 1 and August 1 in the years of 2015 to 2033 at a rate of 3.00 to 4.00 percent. Bonds maturing on or after February 1, 2025, are subject to redemption on February 1, 2024, and on any day thereafter at a price of par plus accrued interest. The original bond was issued to fund airport land improvements.  | 1,900,000    |
| \$8,040,000 March 24, 2015 General Obligation Capital Improvement Bonds: serial bonds maturing in amounts ranging from \$385,000 to \$940,000 each February 1 and August 1 in the years 2018 to 2029 with interest due each February 1 and August 1 in the years of 2015 to 2029 at a rate of 2.00 to 4.00 percent. Bonds maturing on or after February 1, 2025, are subject to redemption on February 1, 2024, and on any day thereafter at a price of par plus accrued interest. The original bond was issued to fund reconstruction of Hanson Boulevard (CSAH 11)/TH 10 interchange.   | 2,950,000    |
| \$8,780,000 April 19, 2016 General Obligation Capital Improvement Bonds: serial bonds maturing in amounts ranging from \$490,000 to \$680,000 each February 1 and August 1 in the years 2019 to 2033 with interest due each February 1 and August 1 in the years of 2017 to 2033 at a rate of 2.00 to 3.00 percent. Bonds maturing on or after February 1, 2026, are subject to redemption on February 1, 2025, and on any day thereafter at a price of par plus accrued interest. The bond was issued to fund court remodeling, Coon Lake Park improvements, and jail improvements.  | 6,180,000    |
| \$15,890,000 April 27, 2017 General Obligation Capital Improvement Refunding Bonds (2008A and 2008C): serial bonds maturing in amounts ranging from \$855,000 to \$1,815,000 each February 1 and August 1 in the years 2019 to 2030 with interest due each February 1 and August 1 in the years of 2017 to 2030 at a rate of 3.00 to 5.00 percent. Bonds maturing on or after February 1, 2027, are subject to redemption on February 1, 2026, and on any day thereafter at a price of par plus accrued interest. The original bond was issued to fund the reconstruction of Hanson Boulevard (CSAH 11/TH 10) interchange, the construction of an interchange (TH 242/TH 65) in Blaine, reconstruction of Main Street (CSAH 14) from I-35W to I-35E, reconstruction of Radisson Road (CSAH 52) and Bunker Lake Boulevard (CSAH 116) from Main Street (CSAH 14) to TH 65. The original bond also funded the Medical Examiner office and morgue and Central Communications expansion. | 7,870,000    |

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Long-Term Debt - Bonds and Notes

a. General Obligation Bonds and Notes: (Continued)

\$3,115,000 November 20, 2018 General Obligation Bonds: serial bonds maturing in amounts ranging from \$250,000 to \$370,000 each February 1 and August 1 in the years 2021 to 2030 with interest due each February 1 and August 1 in the years of 2019 to 2030 at a rate of 3.00 to 5.00 percent. Bonds maturing on or after February 1, 2028, are subject to redemption on February 1, 2027, and on any day thereafter at a price of par plus accrued interest. The bond was issued to fund the remodel and expansion of the Centennial Library branch located in the City of Circle Pines. \$ 2,330,000

\$6,855,000 November 20, 2018 Refunding Bonds (2009A): serial bonds maturing in amounts ranging from \$1,190,000 to \$1,520,000 each February 1 and August 1 in the years 2020 to 2024 with interest due each February 1 and August 1 in the years of 2020 to 2024 at a rate of 5.00 percent. The refunding bonds will refund the original bond issued to fund building repair and maintenance, energy management improvements, library repair and rehabilitation, Bunker Beach expansion, reconstruction of interchange of Main Street (CSAH 14) at I-35E, construction of interchange on TH 242/CSAH 14 from Ulysses Street to Aberdeen Street, and reconstruction of Radisson Road (CSAH 52) and Bunker Lake Boulevard (CSAH 116) from Main Street (CSAH 14) to TH 65. 1,520,000

\$10,115,000 January 9, 2020 Refunding Bonds (2020A): serial bonds maturing in amounts ranging from \$1,220,000 to \$1,650,000 each February 1 and August 1 in the years 2021 to 2027 with interest due each February 1 and August 1 in the years of 2022 to 2027 at a rate of 5.00 percent. The refunding bonds will refund the original bonds issued to fund building repair and maintenance, renovation of the law enforcement range, construction at St. Francis Library, expansion of the Highway Campus facility, reconstruction of Lexington Avenue (CSAH 17) from Main Street (CSAH 14) to north of Bunker Lake Boulevard (CSAH 116), reconstruction of Bunker Lake Boulevard (CSAH 116) from Sunfish Lake Boulevard (CSAH 57) to Germanium Street, expansion of the Highway Campus facility, and pavement reclamation and overlay. 6,160,000

Total General Obligation Bonds and Notes \$ 33,990,000

b. General Obligation Bonds Supported by Revenue:

For each of the following bond issues, 100 percent of rental income equaling the amount of principal and interest payments due, has been pledged for debt retirement. These pledges extend throughout the life of each debt issuance. All General Obligation Bonds Supported by Revenues were issued for the purpose of constructing facilities. Below is a table of the terms relevant to each issuance which describes the pledged revenue coverages during 2023:

| Debt Issuance   | Available Revenue | Operating Expenditures | Net Available Revenues | Principal  | Interest  | Total      | Coverage * |
|---|-------------------|------------------------|------------------------|------------|-----------|------------|------------|
| \$1,475,000 Anoka County Housing and Redevelopment Authority Housing Development 2019A Refunding Bonds of 2009A | \$ 864,967        | \$ 838,940             | \$ 26,027              | \$ 195,000 | \$ 40,900 | \$ 235,900 | 0.11       |
| \$4,355,000 Anoka County Housing and Redevelopment Authority Housing Development 2019A Refunding Bonds of 2011A | 842,928           | 498,566                | 344,362                | 215,000    | 114,674   | 329,674    | 1.04       |
| \$2,460,000 Anoka County Housing and Redevelopment Authority Housing Development 2019A Refunding Bonds of 2011A | 664,010           | 444,329                | 219,681                | 95,000     | 67,088    | 162,088    | 1.35       |
| \$1,450,000 Anoka County Housing and Redevelopment Authority General Obligation Refunding Bonds, Series 2018A   | 623,556           | 514,921                | 108,635                | 185,000    | 9,875     | 194,875    | 0.56       |

\* Coverage is the ratio of Net Available Revenues to Debt Service Total

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

5. Long-Term Debt - Bonds and Notes

b. General Obligation Bonds Supported by Revenue: (Continued)

\$1,450,000 January 30, 2018 Anoka County Housing and Redevelopment Authority General Obligation Refunding Bonds: serial bonds maturing in amounts ranging from \$170,000 to \$200,000 each January 1 in the years 2019 to 2026 with interest due each January 1 and July 1 at a rate of 2.50 percent. Bonds maturing January 1, 2025, and thereafter are subject to redemption on January 1, 2024, and on any date thereafter at a price of par plus accrued interest. The original bond was issued to fund acquiring, constructing, and equipping a senior rental housing facility in the City of Ham Lake. \$ 580,000

\$8,290,000 December 4, 2019 Anoka County Housing and Redevelopment Authority General Obligation Refunding Bonds: serial bonds maturing in amounts ranging from \$365,000 to \$660,000 each February 1 in the years 2021 to 2036 with interest due each February 1 and August 1 at a rate of 2.00 to 4.00 percent. Bonds maturing on February 1, 2030, and thereafter are subject to call for prior optional redemption on February 1, 2029 or any date thereafter, at a price of par plus accrued interest. The original bond was issued to fund acquiring, constructing, and equipping senior rental housing facilities in the Cities of Oak Grove, Centerville and Ramsey and to finance the addition on the Centerville senior rental housing facility. 6,895,000

Total General Obligation Bonds Supported by Revenue \$ 7,475,000

c. Limited Tax Bonds:

\$27,155,000 June 16, 2015 General Obligation Refunding Bonds: serial bonds maturing in amounts ranging from \$1,285,000 to \$2,010,000 each February 1 in the years 2016 to 2032 with interest due each February 1 and August 1 at a rate of 2.00 to 4.00 percent. Bonds maturing on or after February 1, 2025, are subject to redemption on February 1, 2024, and on any day thereafter at a price of par plus accrued interest. The original bond was issued to fund the remainder of Anoka County and Sherburne County's Regional Rail Authorities and their correlating portion of the Northstar Commuter Rail and extension of the Hiawatha Light Rail Transit Line. \$ 15,910,000

\$4,215,000 January 6, 2022 General Obligation Limited Tax Crossover Refunding Bonds: serial bonds maturing in amounts ranging from \$1,375,000 to \$1,435,000 each February 1 in the years 2025 to 2027 with interest due each February 1 and August 1 at a rate of 2.00 percent. No redemption option is available. The original bond was issued to fund the remainder of Anoka County and Sherburne County's Regional Rail Authorities and their correlating portion of the Northstar Commuter Rail and extension of the Hiawatha Light Rail Transit Line. 4,215,000

Total Limited Tax Bonds \$ 20,125,000

Total Bonds and Notes Payable \$ 61,590,000

6. Debt Service Requirements

| Year Due            | General<br>Obligation<br>Bonds and Notes | General<br>Obligation<br>Bonds Supported<br>By Revenue | Limited<br>Tax Bonds | Total         |              |
|---------------------|--|--|----------------------|---------------|--------------|
|                     |  |  |                      | Principal     | Interest     |
| 2024                | \$ 8,600,191                             | \$ 917,036   | \$ 16,257,941        | \$ 24,115,000 | \$ 1,660,168 |
| 2025                | 5,581,001                                | 896,461  | 1,445,550            | 6,830,000     | 1,093,012    |
| 2026                | 5,567,673                                | 880,761  | 1,447,750            | 7,055,000     | 841,184      |
| 2027                | 5,564,201                                | 782,461  | 1,449,350            | 7,210,000     | 586,012      |
| 2028                | 3,889,898                                | 771,361  | -                    | 4,275,000     | 386,259      |
| 2029-2033           | 8,441,692                                | 3,010,120  | -                    | 10,770,000    | 681,812      |
| 2034-2038           | -  | 1,377,203  | -                    | 1,335,000     | 42,203       |
| Total payments      | 37,644,656                               | 8,635,403  | 20,600,591           |               |              |
| less interest       | (3,654,656)                              | (1,160,403)  | (475,591)            |               | \$ 5,290,650 |
| Total principal due | \$ 33,990,000                            | \$ 7,475,000   | \$ 20,125,000        | \$ 61,590,000 |              |

The annual liquidation of these debt obligations are reported in the Debt Service Fund.

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources (Continued)

7. Long-Term Obligations – Other

Changes in long-term obligations, other than bonds, for the year ended December 31, 2023 are summarized as follows:

|   | Long-Term Obligations |                     |                      |                     |
|---|-----------------------|---------------------|----------------------|---------------------|
|   | Governmental          |                     |                      |                     |
|   | Activities            |                     |                      |                     |
|   | Leases                | IT Subscriptions    | Compensated Absences | Loans Payable       |
| Payable, January 1, 2023, as Restated * | \$ 3,564,550          | \$ 3,872,084        | \$ 12,788,948        | \$ 1,613,039        |
| Additions                               | 363,469               | 997,109             | 20,680,448           | 565,406             |
| Deletions                               | (538,368)             | (1,586,928)         | (18,333,775)         | (377,512)           |
| Payable, December 31                    | <u>\$ 3,389,651</u>   | <u>\$ 3,282,265</u> | <u>\$ 15,135,621</u> | <u>\$ 1,800,933</u> |
| Due within one year                     | <u>\$ 542,911</u>     | <u>\$ 1,269,751</u> | <u>\$ 1,059,494</u>  | <u>\$ 17,219</u>    |

\*Beginning balance restated for the implementation of GASB 96, Subscription-Based Information Technology Arrangements (SBITA); see Note 1.E.

Leases

The County has entered into various lease agreements where the county is the lessee of equipment, land, automobiles, and certain operating and office facilities. Lease terms range from thirteen months to fifteen years and expire at various dates through 2037. The lease liability was calculated based on the interest rate charged on the lease, if available, or by using the Debt Book incremental borrowing rate calculator. In the governmental activities there is one equipment lease, one land lease, seven office space leases and twenty seven automobile leases. In 2023, the County recognized \$558,719 of lease principal payment expense.

| Year Ending<br>December 31 | Principal<br>Payments | Interest<br>Payments | Total               |
|----------------------------|-----------------------|----------------------|---------------------|
| 2024                       | \$ 542,911            | \$ 77,519            | \$ 620,430          |
| 2025                       | 553,236               | 61,102               | 614,338             |
| 2206                       | 564,052               | 44,309               | 608,361             |
| 2027                       | 383,373               | 27,571               | 410,944             |
| 2028                       | 229,109               | 21,984               | 251,093             |
| 2029-2033                  | 734,646               | 61,606               | 796,252             |
| 2034-2038                  | 382,324               | 12,236               | 394,560             |
| Total                      | <u>\$ 3,389,651</u>   | <u>\$ 306,327</u>    | <u>\$ 3,695,978</u> |

Subscription-Based Information Technology Arrangements

The County has entered into a variety of subscription-based information technology arrangements (SBITAs) with vendors for right-to use IT Software. Subscription terms range from thirteen months to five years, terminating at various dates through 2028. The SBITA liability is calculated based on the interest rate charged on the agreement, if available, or by using the Debt Book incremental borrowing rate calculator. SBITAs include investigation software, training and tracking software, computer-aided dispatch software, finance and investment software, building management software, payment software, human resource services software, document management software, desktop and server software, information technology security and cloud backup software, library material and patron management software, elections equipment software, imagery and mapping software, and inmate management software. In 2023, the County recognized \$1,850,501 in subscription principal payment expense.

| Year Ending<br>December 31 | Principal<br>Payments | Interest<br>Payments | Total               |
|----------------------------|-----------------------|----------------------|---------------------|
| 2024                       | \$ 1,269,751          | \$ 79,344            | \$ 1,349,095        |
| 2025                       | 1,080,886             | 52,629               | 1,133,515           |
| 2026                       | 373,613               | 24,290               | 397,903             |
| 2027                       | 367,763               | 14,167               | 381,930             |
| 2028                       | 190,252               | 4,485                | 194,737             |
| Total                      | <u>\$ 3,282,265</u>   | <u>\$ 174,915</u>    | <u>\$ 3,457,180</u> |

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

7. Long Term Obligations - Other (Continued)

Compensated Absences

Actual payments of the compensated absences liability are made directly from the same governmental funds that incurred the salary expenditures.

Prior years compensated absences liabilities were paid from the General Fund and Special Revenue Funds.

Loans Payable

Loans payable are related to a zero-interest revolving loan available through the State of Minnesota Agricultural Best Management Practices Loan Program (AgBMP). Loan payments are made from the Community Development Special Revenue Fund.

The following is a schedule of future loan payments:

| <u>Year Due</u> | <u>AgBMP</u>        |
|-----------------|---------------------|
| 2024            | \$ 17,219           |
| 2025            | 291,263             |
| 2026            | 319,745             |
| 2027            | 264,201             |
| 2028            | 226,173             |
| 2029-2033       | 648,030             |
| 2034-2035       | <u>34,302</u>       |
| Total payments  | <u>\$ 1,800,933</u> |

8. HRA Recovery Zone Economic Development Bonds

The Housing and Redevelopment Authority (HRA) has issued Recovery Zone Economic Development Bonds to facilitate the development of both healthcare and medical facilities. The bonds are secured by the financed property and are payable solely from the revenues of the healthcare facility or medical center.

The bonds do not constitute a charge, lien, or encumbrance, legal or equitable, upon any property or funds of the HRA, nor is the HRA subject to any liability thereon. Accordingly, the bonds are not reported as a liability in the accompanying financial statements.

The recovery zone bonds have an outstanding principal balance of \$11,830,000 at December 31, 2023. There are two recovery zone bond issuances at December 31, 2023:

|                                | <u>Issue</u> | <u>Principal Balance</u> |
|--------------------------------|--------------|--------------------------|
| Fridley Medical Center Project | 2010A        | \$ 9,490,000             |
| Park River Estate Care Center  | 2010D        | 2,340,000                |
|                                |              | <u>\$ 11,830,000</u>     |

9. Conduit Debt

The County has statutory authority to issue debt and the Board of Commissioners approved the following conduit debt issuances:

The County has issued 2010C series taxable refunding certificates of participation bonds on behalf of the Anoka County Community Action Program, Inc. (ACCAP) to refund the 1998 series certificates of participation bonds which were originally issued to refinance 18 different residences leased to ACCAP and used as group homes for the developmentally disabled, low income housing, and a drop in center. The bond repayments are paid by Anoka County Community Action Program, Inc. through the County. The project is expected to be owned 100 percent by Anoka County Community Action Program, Inc. Although Anoka County has pledged its full faith, credit, and taxing powers for these bonds, Anoka County Community Action Program, Inc. is primarily obligated to pay the debt and therefore, the bonds are not reported as liabilities in the accompanying financial statements. Repayment of the bonds is expected in June 2028.

The County has issued 2012B series lease revenue refunding bonds on behalf of the Minnesota Amateur Sports Commission to refund the 2006A series lease revenue bonds. The 2006A bonds were originally issued to provide financing for a portion of the cost of designing and constructing a four-sheet ice facility and associated improvements to be located in the City of Blaine, Minnesota. The bond repayments are paid directly by the Minnesota Amateur Sports Commission. The project is expected to be owned 100 percent by the State of Minnesota. Although Anoka County has pledged its full faith, credit, and taxing powers for these bonds, the Minnesota Amateur Sports Commission is primarily obligated to pay the debt and therefore, the bonds are not reported as liabilities in the accompanying financial statements. Repayment of the bonds is expected in February 2026

3. Detailed Notes on All Funds

C. Liabilities and Deferred Inflows of Resources

9. Conduit Debt (Continued)

The County has issued a 2019 series revenue refunding note on behalf of the Anoka County Community Action Program, Inc. (ACCAP). The proceeds will finance the acquisition, construction, and equipping of a low-income multifamily housing development in the city of Ramsey, Minnesota. The note repayments are paid directly by the Anoka County Community Action Program, Inc.. The project is expected to be owned 100 percent the Anoka County Community Action Program, Inc. Although Anoka County has pledged its full faith, credit, and taxing powers for these bonds, the Anoka County Community Action Program, Inc. is primarily obligated to pay the debt and therefore, the bonds are not reported as liabilities in the accompanying financial statements. Repayment of the bonds is expected in May 2034.

The County has issued a 2023 series revenue note on behalf of Nexus Diversified Community Services. The proceeds will finance the acquisition of property and equipment to operate a psychiatric residential treatment facility. The note repayments are paid directly by Nexus Diversified Community Services. The project is expected to be owned 100 percent by Nexus Diversified Community Services. Although Anoka County has pledged its full faith, credit, and taxing powers for this note, Nexus Diversified Community Services is primarily obligated to pay the debt and therefore, the note is not reported as a liability in the accompanying financial statements. Repayment of the note is expected in August 2050.

As of December 31, 2023, there were bonds outstanding with an aggregate principle payment amount of \$10,865,034.



3. Detailed Notes on All Funds (Continued)

D. Fund Balances

The summary of fund balance classifications is as follows:

|  | General              | Special<br>Revenue   | Debt<br>Service      | Capital<br>Projects  | Total                 |
|--|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Nonspendable for:                            |                      |                      |                      |                      |                       |
| Inventories                                  | \$ -                 | \$ 1,559,376         | \$ -                 | \$ -                 | \$ 1,559,376          |
| Prepaid items                                | 877,045              | 15,475               | -                    | -                    | 892,520               |
| <b>Total Nonspendable</b>                    | <b>\$ 877,045</b>    | <b>\$ 1,574,851</b>  | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 2,451,896</b>   |
| Restricted for:                              |                      |                      |                      |                      |                       |
| 911 capital expenditures                     | \$ 3,599,041         | -                    | -                    | -                    | \$ 3,599,041          |
| 911 NextGen funds                            | 258,185              | -                    | -                    | -                    | 258,185               |
| Conceal and Carry law                        | 873,066              | -                    | -                    | -                    | 873,066               |
| Narcotics program                            | 5,000                | -                    | -                    | -                    | 5,000                 |
| Processing contingency                       | 3,811,079            | -                    | -                    | -                    | 3,811,079             |
| Solid waste                                  | 12,978,570           | -                    | -                    | -                    | 12,978,570            |
| Solid waste contingency                      | 569,466              | -                    | -                    | -                    | 569,466               |
| DWI assessment                               | 2,400                | -                    | -                    | -                    | 2,400                 |
| Prostitution assessment                      | 1,200                | -                    | -                    | -                    | 1,200                 |
| Prisoner needs (Canteen)                     | 659,266              | -                    | -                    | -                    | 659,266               |
| Dedicated donations                          | 80,619               | 43,980               | -                    | -                    | 124,599               |
| Elections voter aid                          | 67,239               | -                    | -                    | -                    | 67,239                |
| Local housing aid                            | 417,202              | -                    | -                    | -                    | 417,202               |
| Public safety aid                            | 4,144,691            | -                    | -                    | -                    | 4,144,691             |
| Law enforcement                              | -                    | 128,245              | -                    | -                    | 128,245               |
| Drug and narcotics enforcement               | -                    | 67,910               | -                    | -                    | 67,910                |
| Opioid programs                              | -                    | 2,769,317            | -                    | -                    | 2,769,317             |
| Economic development grants                  | -                    | 1,201,400            | -                    | -                    | 1,201,400             |
| Revolving loans                              | -                    | 150,000              | -                    | -                    | 150,000               |
| Edith P. Wargo estate                        | -                    | 87,405               | -                    | -                    | 87,405                |
| Ag Preservation programs                     | -                    | 154,515              | -                    | -                    | 154,515               |
| Law library                                  | -                    | 283,484              | -                    | -                    | 283,484               |
| Adult protection                             | -                    | 486,998              | -                    | -                    | 486,998               |
| Homeless prevention aid                      | -                    | 1,108,844            | -                    | -                    | 1,108,844             |
| Funds held with courts                       | -                    | 488,124              | -                    | -                    | 488,124               |
| Amounts with escrow agents                   | -                    | 573,579              | 15,818,166           | -                    | 16,391,745            |
| Debt service                                 | -                    | -                    | 22,501,064           | -                    | 22,501,064            |
| Household Hazardous Waste Facility           | -                    | -                    | -                    | 13,822,385           | 13,822,385            |
| Transportation projects                      | -                    | -                    | -                    | 36,418,356           | 36,418,356            |
| Metropolitan counties transportation account | -                    | -                    | -                    | 2,479,510            | 2,479,510             |
| Recorders compliance                         | -                    | -                    | -                    | 5,872,016            | 5,872,016             |
| <b>Total Restricted</b>                      | <b>\$ 27,467,024</b> | <b>\$ 7,543,801</b>  | <b>\$ 38,319,230</b> | <b>\$ 58,592,267</b> | <b>\$ 131,922,322</b> |
| Committed for:                               |                      |                      |                      |                      |                       |
| Library                                      | \$ -                 | \$ 3,382,086         | \$ -                 | \$ -                 | \$ 3,382,086          |
| Cooperative Extension programs               | -                    | 236,964              | -                    | -                    | 236,964               |
| <b>Total Committed</b>                       | <b>\$ -</b>          | <b>\$ 3,619,050</b>  | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ 3,619,050</b>   |
| Assigned for:                                |                      |                      |                      |                      |                       |
| Self insurance liabilities                   | \$ 3,500,000         | -                    | -                    | -                    | \$ 3,500,000          |
| Secured juvenile facility                    | 1,080,118            | -                    | -                    | -                    | 1,080,118             |
| Drug and narcotics enforcement               | 93,605               | -                    | -                    | -                    | 93,605                |
| Human service programs                       | -                    | 43,570,779           | -                    | -                    | 43,570,779            |
| Economic development                         | -                    | 22,194,085           | -                    | -                    | 22,194,085            |
| Transportation projects                      | -                    | 24,625,599           | -                    | -                    | 24,625,599            |
| Parks  | -                    | 3,396,348            | -                    | -                    | 3,396,348             |
| Bunker Beach Aquatic Center                  | -                    | 1,865,727            | -                    | -                    | 1,865,727             |
| Medical examiner operations and building     | -                    | 1,999,257            | -                    | -                    | 1,999,257             |
| Oaks of Lake George operations               | -                    | 137,033              | -                    | -                    | 137,033               |
| Willows operations                           | -                    | 13,377               | -                    | -                    | 13,377                |
| Joint Law Enforcement Council                | -                    | 665,064              | -                    | 1,534,634            | 2,199,698             |
| Midwest Forensic Laboratory                  | -                    | -                    | -                    | 668,313              | 668,313               |
| Advances to other funds                      | -                    | -                    | -                    | 166,297              | 166,297               |
| Future capital improvements                  | -                    | -                    | -                    | 2,862,741            | 2,862,741             |
| Allocated capital projects                   | -                    | -                    | -                    | 857,190              | 857,190               |
| One time capital projects                    | -                    | -                    | -                    | 957,320              | 957,320               |
| IT capital projects                          | -                    | -                    | -                    | 6,783,102            | 6,783,102             |
| Technology projects                          | -                    | -                    | -                    | 5,292,655            | 5,292,655             |
| Blade server capital projects                | -                    | -                    | -                    | 132,861              | 132,861               |
| Broadband capital projects                   | -                    | -                    | -                    | 1,775,848            | 1,775,848             |
| County building capital projects             | -                    | -                    | -                    | 923,764              | 923,764               |
| Library building capital projects            | -                    | -                    | -                    | 1,611,145            | 1,611,145             |
| Asset preservation                           | -                    | -                    | -                    | 43,151,594           | 43,151,594            |
| <b>Total Assigned</b>                        | <b>\$ 4,673,723</b>  | <b>\$ 98,467,269</b> | <b>\$ -</b>          | <b>\$ 66,717,464</b> | <b>\$ 169,858,456</b> |

3. Detailed Notes on All Funds (Continued)

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

a. Plan Description

All full-time and certain part-time employees of Anoka County are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan), the Public Employees Police and Fire Plan (the Police and Fire Plan), and the Public Employees Local Government Correctional Service Retirement Plan (the Correctional Plan), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not covered. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service. No Anoka County employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years.

Local government employees of a county-administered facility who are responsible for the direct security, custody, and control of the county correctional facility and its inmates are covered by the Correctional Plan (accounted for in the Correctional Fund). For members hired after June 30, 2010, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years.

b. Benefits Provided

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. 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.

Police and Fire Plan benefit recipients will receive a 1.00 percent post-retirement increase. 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.

Correctional Plan benefit recipients will receive a post-retirement increase equal to 100 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 2.50 percent. If the Correctional Plan's funding status declines to 85 percent or below for two consecutive years or 80 percent for one year, the maximum will be lowered from 2.50 percent to 1.50 percent. 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.

The benefit provisions stated in the following paragraph of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits, but are not yet receiving them, are bound by the provisions in effect at the time they last terminated their public service.

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service. For Correctional Plan members, the annuity accrual rate is 1.90 percent of average salary for each year of service.

3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

b. Benefits Provided (Continued)

For General Employees Plan 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. For Police and Fire Plan and Correctional Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high-five salary.

c. Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the state legislature. Rates did not change from 2022.

**Member and Employer Required Contribution Rates**

|   | Member Required<br>Contribution | Employer Required<br>Contribution |
|---|---------------------------------|-----------------------------------|
| General Employees Plan - Coordinated Plan members | 6.50%                           | 7.50%                             |
| Police and Fire Plan                              | 11.80%                          | 17.70%                            |
| Correctional Plan                                 | 5.83%                           | 8.75%                             |

**Employer Contributions  
For the Year Ended December 31, 2023**

|                        |    |           |
|------------------------|----|-----------|
| General Employees Plan | \$ | 9,183,603 |
| Police and Fire Plan   |    | 2,594,785 |
| Correctional Plan      |    | 1,257,450 |

The contributions are equal to the statutorily required contributions as set by state statute.

d. Pension Costs

General Employees Plan

At December 31, 2023, the County reported a liability of \$81,099,152 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 1.4503 percent. It was 1.3982 percent measured as of June 30, 2022. The County recognized pension expense of \$10,785,974 for its proportionate share of the General Employees Plan's pension expense.

Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031. The County recognized an additional \$485,088 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

**General Employees Plan  
Employer's Share of the Net Pension Liability and the State's Related Liability  
As of December 31, 2023**

|  |    |                          |
|--|----|--------------------------|
| The County's proportionate share of the net pension liability                                    | \$ | 81,099,152               |
| State of Minnesota's proportionate share of the net pension liability associated with the County |    | <u>2,235,672</u>         |
| Total  | \$ | <u><u>83,334,824</u></u> |

3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

General Employees Plan (Continued)

The County 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:

**General Employees Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2023**

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual economic experience       | \$ 2,640,349                      | \$ 543,497                       |
| Changes in actuarial assumptions                                 | 12,767,438                        | 22,228,589                       |
| Difference between projected and actual investment earnings      | -                                 | 3,423,607                        |
| Changes in proportion  | 3,209,436                         | 269,038                          |
| Contributions paid to PERA subsequent to<br>the measurement date | 4,609,916                         | -                                |
| Total  | \$ 23,227,139                     | \$ 26,464,731                    |

A total of \$4,609,916 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**General Employees Plan  
Schedule of Amortization of Deferred Outflows and Inflows of Resources  
As of December 31, 2023**

| Year Ended<br>December 31 | Pension Expense<br>Amount |
|---------------------------|---------------------------|
| 2024                      | \$ 2,614,067              |
| 2025                      | (11,254,155)              |
| 2026                      | 2,551,896                 |
| 2027                      | (1,759,316)               |

Police and Fire Plan

At December 31, 2023, the County reported a liability of \$19,746,758 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 1.1435 percent. It was 1.0946 percent measured as of June 30, 2022. The County recognized pension expense of \$5,509,667 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota also contributed \$18 million to the Police and Fire Plan in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that meets 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.

Legislation requires the State of Minnesota to pay direct state of aid of \$9 million on October 1 each year until full funding is reached, or July 1, 2048, whichever is earlier. The County recognized an additional (\$47,904) as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's pension expense related to the special funding situation.

**Police and Fire Plan  
Employer's Share of the Net Pension Liability and the State's Related Liability  
As of December 31, 2023**

|   |               |         |
|---|---------------|---------|
| The County's proportionate share of the net pension liability                                       | \$ 19,746,758 |         |
| State of Minnesota's proportionate share of the net pension liability<br>associated with the County |               | 795,373 |
| Total   | \$ 20,542,131 |         |

3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Police and Fire Plan (Continued)

Legislation also requires the State of Minnesota to contribute \$9 million to the Police and Fire Plan each year until the plan is 90 percent funded, or until the State Patrol Plan is 90 percent funded, whichever occurs later. The County also recognized \$102,914 as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Police and Fire Plan.

The County 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:

**Police and Fire Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2023**

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience   | \$ 5,358,942                      | \$ -                             |
| Changes in actuarial assumptions                              | 21,997,911                        | 27,765,192                       |
| Difference between projected and actual investment earnings   | -                                 | 1,049,928                        |
| Changes in proportion   | 1,927,656                         | 416,038                          |
| Contributions paid to PERA subsequent to the measurement date | 1,308,611                         | -                                |
| Total   | \$ 30,593,120                     | \$ 29,231,158                    |

A total of \$1,308,611 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Police and Fire Plan  
Schedule of Amortization of  
Deferred Outflows and Inflows of Resources  
As of December 31, 2023**

| Year Ended<br>December 31 | Pension Expense<br>Amount |
|---------------------------|---------------------------|
| 2024                      | \$ 955,564                |
| 2025                      | 158,957                   |
| 2026                      | 4,637,034                 |
| 2027                      | (1,153,566)               |
| 2028                      | (4,544,638)               |

Correctional Plan

At December 31, 2023, the County reported a liability of \$2,868,212 for its proportionate share of the Correctional Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the County's proportion was 6.3449 percent. It was 6.1008 percent measured as of June 30, 2022. The County recognized pension expense of \$2,389,879 for its proportionate share of the Correctional Plan's pension expense.

The County reported its proportionate share of the Correctional Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

d. Pension Costs

Correctional Plan (Continued)

**Correctional Plan  
Deferred Outflows of Resources and Deferred Inflows of Resources  
As of December 31, 2023**

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience   | \$ 1,104,711                      | \$ 240,086                       |
| Changes in actuarial assumptions                              | 6,492,195                         | 13,085,151                       |
| Difference between projected and actual investment earnings   | -                                 | 257,750                          |
| Changes in proportion   | 546,258                           | 11,894                           |
| Contributions paid to PERA subsequent to the measurement date | 622,993                           | -                                |
| Total   | \$ 8,766,157                      | \$ 13,594,881                    |

A total of \$622,993 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

**Correctional Plan  
Schedule of Amortization of  
Deferred Outflows and Inflows of Resources  
As of December 31, 2023**

| Year Ended<br>December 31 | Pension Expense<br>Amount |
|---------------------------|---------------------------|
| 2024                      | \$ 27,106                 |
| 2025                      | (6,502,598)               |
| 2026                      | 1,326,459                 |
| 2027                      | (302,684)                 |

Total Pension Expense

The total pension expense for all plans recognized by the County for the year ended December 31, 2023 was \$18,685,520.

e. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

**Actuarial Assumptions for the Year Ended June 30, 2023**

|                              | General Employees<br>Fund | Police and Fire<br>Fund | Correctional<br>Fund |
|------------------------------|---------------------------|-------------------------|----------------------|
| Inflation                    | 2.25 % per year           | 2.25 % per year         | 2.25 % per year      |
| Active Member Payroll Growth | 3.00% per year            | 3.00% per year          | 3.00% per year       |
| Investment Rate of Return    | 7.00%                     | 7.00%                   | 7.00%                |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates were based on the Pub-2010 General Employee Mortality table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire and the Correctional Plans, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan and 2.00 percent for the Correctional Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute.

Actuarial assumptions used in the June 30, 2023, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. The experience study for the Police and Fire Plan was dated July 14, 2020. The experience study for the Correctional Plan was dated July 10, 2020. For all plans, a review of inflation and investment assumptions dated June 29, 2023, was utilized.

3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

e. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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.

**Pension Plan Investment Target Allocation and Best Estimates of  
Geometric Real Rates of Return for Each Major Asset Class  
As of June 30, 2023**

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Domestic equities      | 33.50%                   | 5.10%   |
| International equities | 16.50%                   | 5.30%   |
| Fixed income           | 25.00%                   | 0.75%   |
| Private markets        | 25.00%                   | 5.90%   |

f. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent, 5.40 percent, and 5.42 percent used in 2022 for the General Employees Plan, the Police and Fire Plan, and the Correctional Plan, respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan, the Police and Fire Plan, and the Correctional Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2023:

General Employees Plan

- The investment return assumption and single discount rate were changed from 6.50 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 4.00 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Plan

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.

3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans

g. Changes in Actuarial Assumptions

Police and Fire Plan (Continued)

- A total and permanent duty disability benefit was added effective July 1, 2023.
- The investment return rate was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.42 percent to 7.00 percent.
- A one-time direct state aid contribution of \$5.3 million occurred on October 1, 2023.
- A one-time, non-compounding benefit increase of 2.50 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- The maximum benefit increase will revert back to 2.50 percent, if the maximum increase is 1.50 percent and the Plan's funding ratio improves to 85 percent for two consecutive years on a market value of assets basis.



3. Detailed Notes on All Funds

E. Employee Retirement Systems and Pension Plans

1. Defined Benefit Pension Plans (Continued)

h. Pension Liability Sensitivity

The following presents the County's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

**Sensitivity of the Employer's Proportionate Share of the  
Net Pension Liability to Changes in the Discount Rate  
As of December 31, 2023**

|             | Proportionate Share of the: |                       |                      |                       |                   |                               |
|-------------|-----------------------------|-----------------------|----------------------|-----------------------|-------------------|-------------------------------|
|             | General Employees Plan      |                       | Police and Fire Plan |                       | Correctional Plan |                               |
|             | Discount Rate               | Net Pension Liability | Discount Rate        | Net Pension Liability | Discount Rate     | Net Pension Liability (Asset) |
| 1% Decrease | 6.00%                       | \$ 143,473,346        | 6.00%                | \$ 39,179,923         | 6.00%             | \$ 15,118,691                 |
| Current     | 7.00%                       | 81,099,152            | 7.00%                | 19,746,758            | 7.00%             | 2,868,212                     |
| 1% Increase | 8.00%                       | 29,796,513            | 8.00%                | 3,770,097             | 8.00%             | (6,906,106)                   |

i. Pension Plan Fiduciary Net Position

Detailed information about the 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).

2. Defined Contribution Plan

Nine employees of Anoka County are covered by the Public Employees Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The plan is established and administered in accordance with Minn. Stat. § 353D, which may be amended by the state legislature. The plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code, and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. For those qualified personnel who elect to participate, Minn. Stat. § 353D.03 specifies plan provisions, including the employee and employer contribution rates. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer. Employee and employer contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and 0.25 percent of the assets in each member account annually.

**Total Contributions by Dollar Amount and  
Percentage of Covered Payroll Made by the Employer  
For the Year Ended December 31, 2023**

|                               | Employee  | Employer  |
|-------------------------------|-----------|-----------|
| Contribution amount           | \$ 37,175 | \$ 37,175 |
| Percentage of covered payroll | 5.00%     | 5.00%     |

3. Central Pension Fund

The County also has an average of 80 employees who participate in the Central Pension Fund of the International Union of Operating Engineers, Local 49. The Central Pension Fund is a supplemental pension fund authorized by Minnesota Statutes, Section 356.24, subdivision 1(10) and the members of the bargaining unit may lawfully participate. Employees contribute three percent of their base salary which the County remits directly to the Central Pension Fund.

3. Detailed Notes on All Funds (Continued)

F. Risk Management

The County is exposed to various losses resulting from tort related claims, theft, damage and destruction of assets, and injuries to employees. The County self-funds for general liability and workers' compensation. The County purchases commercial insurance to cover the risk exposures outside of our self-funded programs. There were no significant reductions in insurance from the prior year. Settled claims from these risks have not exceeded available commercial insurance coverage for the past three years.

Property Insurance: Real and personal property are insured under a blanket property insurance policy. The property insurance includes structure, contents, boiler and machinery, business interruptions, extra expense, electrical data processing equipment, electrical/portable equipment, machinery, and media for losses, including earthquake and flood damage.

Automobile: All automobiles are insured by an insurance policy which covers automobile liability and physical damages to all owned, leased, and non-owned vehicles.

Workers' Compensation: In 2002, the County became self-insured for workers' compensation exposure and is currently contracted with SFM Risk Solutions to administer its workers' compensation claims. The means for establishing liabilities are based on the nature of the injury, occupational wage, and duration of the injuries. Risk Management reports liabilities that have occurred by developing incurred loss for the year using factors established by the International Risk Management Institute and subtracts actual claims paid from the developed incurred loss amount. The difference for each of the years is added together to get the total required reserve amount.

Anoka County has elected lower self-insurance retention since becoming self-insured in 2002. The self-insurance retention limit for 2021 workers' compensation claims is \$500,000 per occurrence for all claims occurring in 2022 and 2023. Once this limit is met, the Workers' Compensation Reinsurance Association (WCRA) becomes liable.

Liability: Anoka County has been self-insured for General Liability (including law enforcement, public officials and errors and omissions liability) since September 1, 1986. The County Attorney's Office and the Risk Management department administer all liability claims internally. Risk Management pays out all claims from the Pooled Insurance Internal Service Fund dedicated to liability claims. Risk Management allocated costs to each division based on modified exposure and experience rating plan. Anoka County fully utilizes Minn. Stat. § 466.04 maximum liability and thus does not purchase any excess insurance.

Minn. Stat. § 466.04 limits the tort exposure to:

|                                      | Per Person | Per Occurrence |
|--------------------------------------|------------|----------------|
| All claims before 01/01/1998         | \$ 200,000 | \$ 600,000     |
| Claims from 01/01/1998 to 12/31/1999 | 300,000    | 750,000        |
| Claims from 01/01/2000 to 12/31/2007 | 300,000    | 1,000,000      |
| Claims from 01/01/2008 to 07/01/2009 | 400,000    | 1,200,000      |
| Claims on or after 07/01/2009        | 500,000    | 1,500,000      |

Changes in the balances of claim liabilities for workers' compensation and general liability the past two years are:

|                            | 2023                | 2022                |
|----------------------------|---------------------|---------------------|
| Unpaid claims, January 1   | \$ 3,303,971        | \$ 2,439,961        |
| Self-funded claims         | 173,207             | 781,808             |
| Adjustments                | 669,372             | 1,058,654           |
| Claims payments            | (2,261,029)         | (976,452)           |
| Unpaid claims, December 31 | <u>\$ 1,885,521</u> | <u>\$ 3,303,971</u> |
| Due within one year        | <u>\$ 280,057</u>   |                     |

Adjustments include differences between the estimated claim liability of unpaid claims at the beginning of the year and actual claim payments made. The entire claims liability is reported in the Pooled Insurance Internal Service Fund and will be liquidated by that fund.

Employee Medical Plan: The County became self-insured in 2021 for medical coverage, which is administered through Blue Cross Blue Shield of Minnesota.

The County has stop loss coverage for claims exceeding \$200,000. The County also has an aggregate stop loss of 115 percent of the estimated monthly covered benefits. Claims are paid from the Pooled Insurance Internal Service Fund. Risk Management allocates cost to each department based on a blended rate and the number of benefit eligible employees.

The majority of medical claims are paid within 90 days. The health liability is calculated by incurred claims less claims paid that year.

3. Detailed Notes on All Funds

F. Risk Management (Continued)

Changes in the balance of medical claims liabilities for the past two years are:

|                            | 2023                | 2022                |
|----------------------------|---------------------|---------------------|
| Unpaid claims, January 1   | \$ 2,270,193        | \$ -                |
| Current year claims        | 36,187,308          | 30,930,790          |
| Claims payment             | <u>(35,714,043)</u> | <u>(28,660,597)</u> |
| Unpaid claims, December 31 | <u>\$ 2,743,458</u> | <u>\$ 2,270,193</u> |
| Due within one year        | <u>\$ 2,743,458</u> |                     |

Dental: The County fully insures dental insurance through Health Partners.

G. Joint Ventures

Anoka County, in conjunction with other governmental entities, has formed the joint ventures listed below:

1. Metropolitan Emergency Services Board. The Metropolitan Emergency Services Board was established by a joint powers agreement pursuant to Minn. Stat. §. 471.59 between the Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the City of Minneapolis, for the implementation and administration of a regional 911 system. Chisago County entered this agreement effective October 1, 2006. Isanti County later joined the joint powers agreement effective January 1, 2010. Sherburne County joined the joint powers agreement effective January 1, 2019.

Anoka County paid annual dues of \$160,303 in 2023. Except for annual dues the County has no other financial obligations. Current financial statements of the Metropolitan Emergency Services Board are available at the 911 Board Office, 2099 University Avenue, West Saint Paul, Minnesota 55104-3431.

2. Metropolitan Library Service Agency (MELSA). Anoka County entered into a joint powers agreement with Carver County, Dakota County, Hennepin County, Ramsey County, Scott County, Washington County and the City of St. Paul pursuant to Minn. Stat. §§ 471.59 and 134.20. One member of each entity comprises the Board of Directors of MELSA.

MELSA was created for the general purposes of improving public library services and coordinating public library services. Financing is provided by gifts, grants and programs of the federal government, the State of Minnesota, and other governmental and private sources. The MELSA agency handles the accounting function of the Board. Current financial statements are available from the MELSA office, 1619 Dayton Avenue, Suite 314, St. Paul, Minnesota 55104-6276.

3. Metropolitan Airports Commission (MAC). In August 2005, Anoka County entered into a joint powers agreement with the Metropolitan Airports Commission (MAC) relating to improvements at the Anoka County/Blaine airport (Jane's Field) Northwest Building Area. The joint powers board is named "Anoka County/Blaine Airport (Jane's Field) Northwest Building Area Joint Powers Board", pursuant to § 360.042 of the Act.

The governing body of the Board has two members, one each from Anoka County and MAC. MAC owns and operates the airport, and the agreement sets forth rights, proportionate interests, duties and payment obligations.

During 2005, the County issued \$15.715 million in general obligation airport improvement bonds for the project and the County's share of those bonds is 100 percent. The bonds are reflected in the long-term debt of Anoka County and reported in the County's financial statement. The County's share with respect to capital improvement expenditures is equal to the principal amount of the bonds. Those expenditures were reported in Anoka County's Capital Projects Fund. The County will levy property taxes to repay the bonds. MAC's share of the bonds is 0 percent, and their share of the capital improvement expenditures is equal to the amount of federal funds that MAC receives, plus any unreimbursed costs incurred by MAC. The federal funds will be used by MAC for capital improvements and will not be transferred to the County, nor pledged for payment of the bonds. MAC is not obligated to contribute funds or property from the operation of the airport for payment of the bonds.

In consideration of the County for issuing bonds, MAC has agreed to allow the County the right to sublease the Northwest Building Area and the County will use lease revenues to offset the cost of County issued general obligation bonds for capital improvements at the airport.

4. Anoka-Hennepin Narcotics and Violent Crimes Task Force. The Anoka-Hennepin Narcotics and Violent Crimes Task Force was established in 1996 under the authority of the Joint Powers Act, pursuant to Minn. Stat. § 471.59, and includes the cities of Anoka, Blaine, Champlin, Columbia Heights, Coon Rapids, Fridley, Maple Grove, Ramsey and Rogers along with Anoka County. The primary responsibility of the task force is to detect, investigate, gather evidence, and apprehend drug traffickers, as well as assist in violent crimes and gang related investigation within the geographic boundaries of the entities that comprise the task force.

Control of the Task Force is vested in a Board of Directors, which consists of the Chief of Police or Sheriff, or his or her designee, from each party to the agreement.

### 3. Detailed Notes on All Funds

#### G. Joint Ventures

4. Anoka-Hennepin Narcotics and Violent Crimes Task Force (Continued)  
Fiscal agent responsibilities for the Task Force are with Anoka County. Anoka County provided \$35,000 to this organization in 2023. Funding will be provided in the form of a matching grant from the federal government. The parties shall contribute at least 25 percent of the total budget established for the current year. Separate financial statements for the Anoka-Hennepin Narcotics and Violent Crimes Task Force are not available.
5. Agricultural Best Management Practices Loan Program. The County has entered into an agreement with the Minnesota Department of Agriculture and a local lending institution to jointly administer a loan program to individuals to implement projects that prevent or mitigate nonpoint sources water pollution. While the County is not liable for the repayment of the loans in any manner, it does have certain responsibilities under the agreement. The County has met those responsibilities for 2023.
6. Midwest Regional Forensic Laboratory. In August of 2012, a joint agreement was entered into by the Counties of Anoka, Sherburne, and Wright. The purpose of the agreement is to continue to jointly address the Member Counties' long-term needs for a regional forensics crime laboratory. Anoka used grant monies from the Department of Public Safety to contribute to the costs to design, construct, furnish and equip the facility. Anoka shall provide all labor, equipment, tools and supplies necessary to operate the facility and will be reimbursed from operating costs contributed by each Member County. Each Member County shall pay its percentage share of the total annual budget. The Member County's percentage share shall be based upon a 60/40 weighted average. Sixty percent is based on population for each county from the last census. Forty percent is based upon the number of requests for service for the last full calendar year prior to the setting of the budget for the subsequent year's budget.
7. East Central Regional Juvenile Center. Effective January 1, 2022 a joint powers agreement was entered into by Anoka County, Benton County, Chisago County, Isanti County, Kanabec County, Mille Lacs County, Pine County, Sherburne County, Stearns County, Washington County and Wright County. The purpose of the agreements was to jointly address the Member Counties long-term needs for juvenile detention and treatment facility capacity.

The Minnesota Commissioner of Corrections was authorized to make grants for up to 75 percent of the construction cost of secure juvenile detention and treatment facilities in accordance with 1994 Minnesota Laws 643, § 79. Anoka County was authorized to issue general obligation bonds in an amount not to exceed \$3,500,000 to finance costs of the facility in accordance with 1994 Minnesota Laws 643, § 79 which were defeased in February 2017.

The Facility is owned by Anoka County at the site of the Anoka County Juvenile Center in Lino Lakes, Minnesota and is responsible for the maintenance and repair of the facility as well as labor, equipment, tools and materials necessary to operate the facility. Member Counties shall pay per diem payments based on the occupancy rate.

8. Regional Crime Tracking & Analysis (RCTAG). In August 2023, Anoka County entered into a joint powers agreement with Sherburne County Sheriff pursuant to Minn. Stat. § 471.59, for sharing of intelligence information for the identification of patterns and modes of criminal activity through its website for Regional Criminal Tracking and Analysis (RCTAG) and the Central Minnesota Intelligence Center for criminal activity.

The following agencies also joined together to achieve this objective: Wright County Sheriff, Mille Lacs County Sheriff, Stearns County Sheriff, Benton County Sheriff, Isanti County Sheriff, Annandale Police Department, Becker Police Department, Big Lake Police Department, Braham Police Department, Cambridge Police Department, Elk River Police Department, Foley Police Department, Isanti Police Department, Mille Lacs Tribal Police, Princeton Police Department, Rice Police Department, Saint Cloud Police Department, Saint Joseph Police Department, Sartell Police Department, Sauk Rapids Police Department, Waite Park Police Department, and Central Minnesota Violent Offender Task Force.

The parties shall be required to provide such public funds and resources necessary to carry out the purposes of this agreement. No funds or assets shall be comingled but maintained by each agency for the purposes of ensuring each party's ability to fulfill its responsibilities of the agreement.

9. Twin Cities Section 3 Collaborative. In August 2023, Anoka County entered into a Collaborative Agreement pursuant to Joint Powers Act; Minn. Stat. , § 471.59, with Dakota County Community Development Agency (DCCDA), the Minnesota Housing Finance Agency (MHFA), the Washington County Community Development Agency (WCCDA), and the City of St. Paul.

The Collaborative is committed to providing services and activities in an efficient and accessible manner that promote employment, job training, and contracting opportunities from HUD-financed projects to metro area low-income residents and the businesses that employ them.

Contract terms are for three years beginning July 1, 2023 and ending June 30, 2026. Invoicing and payment will be done on an annual calendar program year cycle. Anoka County provided \$4,000 to the Collaborative in 2023. Separate financial statements for the Twin Cities Section 3 Collaborative are not available.

4. Summary of Significant Contingencies and Other Items

A. Claims and Litigation

Anoka County, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. The County Attorney estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial position of the County.

Based on the information that Anoka County presently has, the County's total exposure for these cases would not exceed the statutory limit, with the evaluation of an unfavorable outcome varying with each case. Accordingly, in the remote case of an unfavorable outcome, the provision for loss in the financial statements for resolution of these matters may require an adjustment to the financial statements.

B. Related Organization

The Coon Creek Watershed District is governed by a Watershed District Board appointed by the Anoka County Board of Commissioners from a given list of nominees. A watershed district is comprised of a geographic area, which is affected by the watershed from a particular source. The Watershed District Board in each district is responsible for initiating and overseeing certain actions such as ditching, ditch maintenance, engineering, and ditch repair. The costs of these actions, plus the associated administrative costs, must be borne by the "benefited" property owners within each district, through a special assessment against the benefited property. There is no corresponding financial accountability necessary for including this organization as a component unit of Anoka County. Financial statements are available upon request at the Coon Creek Watershed District Office, 13632 Van Buren Street Northeast, Ham Lake, Minnesota 55304.

C. Tax Abatements - Pay-As-You-Go Tax Increment

The County is subject to tax abatements granted by Cities within the County pursuant to Minnesota Statutes, Sections 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within a City. TIF captures the increase in tax capacity and property taxes (of all taxing jurisdictions, including the County) from development or redevelopment to provide funding for the related project.

The pay-as-you-go note provides for payment to the developer of a percentage of all tax increment received in the prior six months. The payment reimburses the developer for certain public improvements. During 2023, there were 29 pay-as-you-go notes within the County. The tax increment collections during 2023 associated with these notes totaled \$14,847,947. The County's portion of the captured tax capacity and related property taxes was approximately 30 percent.

In the case of the County, TIF agreements of other local governments have resulted in reductions of the County property tax revenues for the year ended December 31, 2023, as shown below:

| <u>Tax Abatement Program</u>  | <u>Number of<br/>Pay-As-You-Go TIF</u> | <u>Taxes Abated</u>  | <u>Impact to<br/>Anoka County</u> |
|-------------------------------|--|----------------------|-----------------------------------|
| Tax Increment Financing (TIF) |  |                      |                                   |
| City of:                      |  |                      |                                   |
| Andover                       | 1                                      | \$ 69,893            | \$ 20,968                         |
| Blaine                        | 6                                      | 657,618              | 197,285                           |
| Columbia Heights              | 4                                      | 1,307,960            | 392,388                           |
| Columbus                      | 1                                      | 76,190               | 22,857                            |
| Coon Rapids                   | 3                                      | 677,264              | 203,180                           |
| East Bethel                   | 3                                      | 813,450              | 244,036                           |
| Fridley                       | 5                                      | 9,278,738            | 2,783,622                         |
| Lexington                     | 1                                      | 168,425              | 50,528                            |
| Lino Lakes                    | 1                                      | 254,246              | 76,274                            |
| Ramsey                        | 4                                      | 1,544,163            | 463,249                           |
| Total                         | <u>29</u>                              | <u>\$ 14,847,947</u> | <u>\$ 4,454,387</u>               |

D. Opioid Settlement

Anoka County is a participating government in the opioid settlement with pharmaceutical manufacturers, distributors, and pharmacy chains. The County is expected to receive up to \$18,871,259 over the next 18 years. The majority of the funds are intended for opioid abatement. The *Minnesota Opioids State-Subdivision Memorandum of Agreement (MOA)* identifies the requirements for Minnesota governments participating in the settlement. Pursuant to the terms of MOA the County created a special revenue fund. Funds are restricted until expended. The MOA requires that the County recognize the settlement revenues when the annual distribution is made to the participating governments. Therefore, the County does not record a receivable for the settlement. For the year ended December 31, 2023, the County received \$543,025 as part of the settlement.

E. Subsequent Events

On January 23, 2024, the Anoka County Board passed a resolution to purchase vacant land for future highway improvement projects.

**PROPOSAL FORM**

TO: Anoka County, Minnesota  
 C/O Northland Securities, Inc.  
 150 South 5<sup>th</sup> Street, Suite 3300  
 Minneapolis, Minnesota 55402  
 Phone: 612-851-5900  
 Email: [PublicSale@northlandsecurities.com](mailto:PublicSale@northlandsecurities.com)

Sale Date: February 10, 2025

For all or none of the \$21,500,000\* General Obligation Capital Improvement Plan Bonds, Series 2025A, in accordance with the Notice of Sale, we will pay you \$ \_\_\_\_\_, (not less than \$21,285,000) plus accrued interest, if any, to date of delivery (estimated to be March 6, 2025) for fully registered Bonds bearing interest rates and maturing on February 1 as follows:

| <u>Year</u> | <u>Interest</u> |              | <u>Year</u> | <u>Interest</u> |              | <u>Year</u> | <u>Interest</u> |              |
|-------------|-----------------|--------------|-------------|-----------------|--------------|-------------|-----------------|--------------|
|             | <u>Rate</u>     | <u>Yield</u> |             | <u>Rate</u>     | <u>Yield</u> |             | <u>Rate</u>     | <u>Yield</u> |
| 2027        | _____%          | _____%       | 2032        | _____%          | _____%       | 2037        | _____%          | _____%       |
| 2028        | _____%          | _____%       | 2033        | _____%          | _____%       | 2038        | _____%          | _____%       |
| 2029        | _____%          | _____%       | 2034        | _____%          | _____%       | 2039        | _____%          | _____%       |
| 2030        | _____%          | _____%       | 2035        | _____%          | _____%       | 2040        | _____%          | _____%       |
| 2031        | _____%          | _____%       | 2036        | _____%          | _____%       | 2041        | _____%          | _____%       |

True interest percentage: \_\_\_\_\_%

Net interest cost: \$ \_\_\_\_\_

Term Bond Option: Bonds maturing in the years:

\_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_  
 \_\_\_\_\_ through \_\_\_\_\_

To be accumulated into a Term Bond maturing in year:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in the bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds.

As set forth in the Notice of Sale, this bid shall not be cancelled in the event that the competitive sale requirements are not satisfied. The County may determine to apply the Hold-the-Offering-Price Rule to the Bonds (such terms are used as described in the Notice of Sale).

We have received and reviewed the Preliminary Official Statement and have submitted our requests for additional information or corrections to the Official Statement. As Syndicate Manager, we agree to provide the County with the reoffering price of the Bonds within 24 hours of the bid acceptance.

A Good Faith Deposit in the amount as stated in the Notice of Sale in the form of a federal wire transfer payable to the order of the County will only be required from the apparent winning bidder, and must be received within two hours after the receipt of the bids. Award of the Bonds will be on the basis of True Interest Cost (TIC).

Account Members:

Account Manager:

By:

The foregoing proposal is hereby duly accepted by and on behalf of the Anoka County, Minnesota at 9:30 AM on February 11, 2025.

\_\_\_\_\_  
 Chief Financial Officer

\_\_\_\_\_  
 Board Chair

\* The County reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread