



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

**MEETING NOTICE
RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD**

Date: Thursday, October 26, 2023

Time: 10:00 a.m. – 12:00 p.m.

Commissioners, Key staff, Presenters:

Ramsey County Environmental Health | 2785 White Bear Ave N. | 2nd Floor Conference Room
Maplewood, MN | 55109 | [Map](#)

Public: Members of the public are encouraged to participate remotely or may attend at the Maplewood address.
[Microsoft TEAMS](#) | Phone Conference ID: 374 060 6# | Call In (audio only): 1-323-792-6297

AGENDA:

- I. Call to Order, Introductions**
- II. Approval of Agenda** Action Page 1
- III. Approval of Minutes – October 5, 2023** Action Page 2
- IV. Consent Agenda - No items.**
- V. Governance - No items.**
- VI. Management and Administration**
 - a. 2022 Financial Statements Information Page 7
 - b. Facility & Finance Committee Report
 - i. 2023 Budget Update Information Page 67
 - c. Presentation from Xcel Energy Information Page 68
- VII. Policy - No items.**
- VIII. Updates and Reports** Information Page 69
 - a. Facility Updates
 - b. Joint Activities Updates
 - c. Procurement Report Page 70
- IX. Other**
 - a. Invitation for Comments from Ex Officio R&E Board Members: Information
MPCA and City of Newport
- X. Adjourn**

NEXT MEETING:

R&E Board | Thursday, December 7, 2023 | 9:00 a.m. – 11:00 a.m. | Ramsey County EH Maplewood



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

**THURSDAY, OCTOBER 5, 2023
RAMSEY/WASHINGTON RECYCLING & ENERGY BOARD MINUTES**

A meeting of the Ramsey/Washington Recycling & Energy Board (R&E Board) was held at 10:00 a.m. on Thursday, October 5, 2023, at Ramsey County Environmental Health Offices, 2785 White Bear Avenue North, Suite 350, Maplewood, Minnesota. Members of the public attended remotely or in person at the Maplewood address.

MEMBERS PRESENT

Commissioners Karla Bigham, Michelle Clasen, Stan Karwoski, Fran Miron – Washington County
Commissioners Trista Martinson, Rafael Ortega, Victoria Reinhardt, Mai Chong Xiong – Ramsey County

MEMBERS NOT PRESENT

Commissioner Nicole Frethem - Ramsey County
Commissioner Gary Kriesel (alternate) - Washington County
Commissioner Mary Jo McGuire (alternate) - Ramsey County

EX-OFFICIO MEMBERS PRESENT

None.

ATTENDING AT RAMSEY ENVIRONMENTAL HEALTH, MAPLEWOOD

Leigh Behrens, Alisha Black, Dave Brummel, Leslie Duling McCollam, Annalee Garletz, Kelli Hall, Sam Hanson, Sam Holl, Cassie Lefeber, Adam Mehr-Biggs, Matt Phillips, Jim Redmond, Michael Reed, John Ristad, Bob Roche

ATTENDING REMOTELY

Kate Bartelt, Gary Bruns, Alison, Cameron, Tammy Christopherson, Ben Clark, Shannon Conk, Tyler Dale, Max Dalton, Angiulo Damiani, Tutu Fatukasi, Sam Ferguson, Jamie Giesen, Jessica Hall, Sara Hollie, Filsan Ibrahim, Fatima Janati, Caleb Johnson, Hannah Keller, Julie Ketchum, Jennefer Klennert, Juna Ly, Rob Murray, Joann Nordrum, Jessica Paquin, Gabe Reynolds, Uriel Rosales Tlatenchi, Minette Saulog, John Springman, Ryan Tritz, Jenna Venem, Ami Wazlawik, Caleb Werth

CALL TO ORDER/APPROVAL OF THE AGENDA

Chair Miron called the meeting to order at 10:04 a.m. Introductions of attendees in Maplewood were made. Commissioner Reinhardt moved, seconded by Martinson, to approve the agenda as presented. Motion carried 7-0. Ayes: Bigham, Clasen, Karwoski, Martinson, Miron, Reinhardt, Xiong; Nays: None.

APPROVAL OF MINUTES

Commissioner Bigham moved, seconded by Karwoski, to approve the minutes of September 7, 2023. Motion carried 7-0. Ayes: Bigham, Clasen, Karwoski, Martinson, Miron, Reinhardt, Xiong; Nays: None.

CONSENT AGENDA

Commissioner Reinhardt moved, seconded by Martinson, to approve Resolution R&EB-2023-14, Consent Agenda. The R&E Board:

- Authorizes the Joint Leadership Team or the Executive Director to approve an agreement between the R&E Board and the Shakopee Mdewakanton Sioux Community, and amendments thereto, for a term of October 5, 2023, through October 4, 2026, with the potential for two one-year renewals to total up to a five-year term upon approval as to form by the county attorneys and within the project budget.
- Authorizes the Joint Leadership Team or the Executive Director to approve an agreement with World Fuel Services, Inc., and amendments thereto, for a term of October 1, 2023, through September 30, 2026, with the possibility of two one-year renewals, upon approval as to form by the county attorneys and within the project budget.

Motion carried 7-0. Ayes: Bigham, Clasen, Karwoski, Martinson, Miron, Reinhardt, Xiong; Nays: None.

UPDATES AND REPORTS

Joint Activities Updates

Sam Hanson, R&E Joint Activities (JA) manager, introduced Leslie Duling McCollam, JA program coordinator, and gave an overview of her work on several JA programs.

Mattress Recycling and Reuse Programs

Duling McCollam said mattresses are targeted for recycling because up to 95% of the materials are recyclable. To capture these items for recycling, R&E has taken a number of approaches. In partnership with Second Chance Recycling, an organization that works with people with barriers to employment, primarily those returning from incarceration, R&E offers residents opportunities to recycle used mattresses at low or no cost. Second Chance is interested in expanding their services in the East Metro, has the capacity to handle large volumes and can assist with collection in smaller cities. R&E is currently piloting a free curbside mattress collection program with residents in Woodbury, Stillwater and Afton who request pickup through the Second Chance website.

The program team is currently working with the City of Saint Paul to provide curbside mattress pickup. Saint Paul currently holds two bulky item drop-off events for residents each year, charging a reduced fee of \$5 per mattress. In 2023, R&E worked with Second Chance to organize mattress collection for residents in the City of Scandia, resulting in the collection of 78 mattresses from 32 households.

Staff coordinated with multi-unit property managers and Minnesota Waste Wise (Waste Wise) for a multi-family mattress recycling pilot program. Multi-unit properties were not previously recycling mattresses. Property managers requested that they also be able to call for collection as needed, rather than a one-time clean-up event. Four Saint Paul Public Housing Agency properties are part of a regular collection route and can now contact Second Chance directly for pickups.

Since 2021, the program has completed 15 city clean up events, 10 curbside collection events reaching over 1,200 households and started collection from 81 multi-unit properties. These events have recycled 5,060 mattresses, equal to 278,300 pounds of waste diverted.

R&E is also exploring a mattress and furniture reuse program and has partnered with Bridging, an organization empowering people to thrive in their homes by providing gently used furniture and household goods for those pursuing housing stability. Since 1987, Bridging has served nearly 110,000 households (more than 330,000 individuals) and reduces landfill space by 11 million pounds each year.

Commissioner Ortega arrived.

Commissioner Martinson asked whether it is possible to divert mattresses brought by residents to the R&E Center. Duling McCollam said many of the mattresses dropped off at the facility have been mixed in with garbage and are not in good shape. However, R&E is working with Bridging for testing mattress recycling at a larger scale.

Commissioner Martinson asked how mattress collection for reuse would address bed bugs. Duling McCollam said Bridging has been working with reused mattresses for years but is unsure of their methods for addressing bed bugs. Second Chance is experienced in looking for bed bugs; if bugs are found, the mattress is separated and bagged in plastic.

Commissioner Miron suggested that Second Chance be invited to present to the board.

Commissioner Miron asked how credits toward Minnesota Pollution Control Agency (MPCA) goals and requirements are being tracked. Hanson stated that all data is tracked at least annually and shared with the counties.

Commissioner Miron asked whether the reduced number of mattresses coming into the R&E Center has affected workload. Hanson said another analysis will be done to determine whether the programs are impacting the number of mattresses received at the facility. Sam Holl, R&E Center facility manager, said there is minimal impact on labor associated with fewer mattresses. The primary benefit would be less maintenance and cleaning.

Business Pollution Prevention Program

Sam Hanson introduced the Business Pollution Prevention Program (BP3), a program Duling McCollam helped design and coordinate with both counties. He discussed the program goals, strategies, and grant funding opportunities for businesses. The program started as a pilot in Ramsey County and expanded to both counties in 2022. Waste Wise was chosen as the technical assistance vendor in 2022. Target pollutants include volatile organic compounds (VOCs) and hazardous air pollutants (HAPs) which include perchloroethylene (PERC), trichloroethylene (TCE) and other flammable solvents.

All original target businesses, which included most of the autobody shops and nearly all dry cleaners in both counties, were contacted. They have expanded beyond those target businesses, and since 2020, 11 grants have been awarded for a total of \$350k. The total cumulative annual VOC reduction is 5,661 pounds per year, and total cumulative annual hazardous waste reduction is 5,471 pounds per year.

There has been more interest in the program in 2023. Five grants have been approved for \$114k, with projects for improved paint booths, indoor air particulate reductions, solvent recyclers and more. O'Leary Auto Body was highlighted for their switch to water-based paints for the base coat.

Recruitment continues in 2023, with five businesses preparing applications and twenty potential projects identified. New promotional activities are being developed, past projects are being assessed, and new project types and anticipated impacts explored.

Commissioner Miron inquired about messaging and how success stories are shared, particularly during R&E Center tours. Hanson said Shannon Conk conducts most R&E Center tours and customizes presentations based on the audience. Conk and county staff have created numerous materials for use beyond tours.

Commissioner Ortega asked what types of businesses besides auto and dry cleaners qualify for grants. Hanson said any business may qualify; grant funding awards are related to the types of chemicals used. Adam Mehr-Biggs, Waste Wise, shared that dry cleaners and auto body shops are historically the largest users of these chemicals. Other businesses use them, and Waste Wise is working to identify the type of chemicals used and possible equipment upgrades or best practices that could benefit the businesses.

Dave Behnke, MPCA, said successes such as O'Leary Auto Body need to be shared with legislators, which would encourage further funding. It is important to let legislators know that R&E is a trusted partner.

Commissioner Reinhardt said Minnesota counties are responsible for recycling and reduction. She believes this is money well spent, these grants help with the transition, and the state should pick up some of the cost. Reinhardt also stated that a ban on TCE is long overdue.

Commissioner Karwoski left the meeting.

Michael Reed, Ramsey County and R&E JLT, said the program was modeled after one in Minneapolis created to reduce the environmental impacts of pollutants including volatile organic compounds (VOCs) and hazardous air pollutants (HAPs) pollution. Minneapolis contributed to the elimination of perchloroethylene (PERC) at dry cleaners. PERC contributes to contamination of soil and ground water. Minneapolis also had successes with auto body shops reducing their solvent use by moving to water-based paints. These auto body shops were primarily located in residential neighborhoods. Also, the BP3 grant money contributes to a reduction in hazardous waste generation but may not be applied to hazardous waste disposal costs.

Mehr-Bigg said Waste Wise focuses on voluntary participation, as there is no mandate. Some additional funding sources exist to decommission or replace older machines with high-efficiency machines. Businesses may qualify through a Minnesota OSHA safety grant, and Waste Wise has helped some businesses apply. There is a partnership with the Minnesota Chamber of Commerce whereby businesses qualify for up to \$5k if they also qualify for a Business Pollution Prevention Program grant.

Commissioner Miron said both counties have the Open to Business program, assisting small businesses in accessing technical assistance and financing options. The program is similar to Waste Wise. The R&E grant program is similar to a federal grant, which covers up to \$75k.

Food Scraps Pickup Program

Annalee Garletz, R&E food scraps pickup program supervisor, said the program has now expanded to all residents of Cottage Grove, Maplewood, Newport, and North St. Paul, with approximately 40k households eligible to participate. Staff worked with vendors to update the program website to allow sign ups in these new communities and have seen 958 sign-ups so far. Participant households are defined by having created an account and received bags.

Program staff continue to provide communications resources to partners, build relationships and engage with community organizations and events. Resident resources include the program website, phone line, contact form and live chat features. All resources are available in English, Spanish, Hmong, Somali, Oromo, and Karen.

Commissioner Bigham said that community members want to get started and, at community meetings she has attended, people are signing up. She asked whether residents in Cottage Grove who were not in the pilot but had signed up on the website will need to do so again. Garletz said those who previously signed up for email notifications will need to create an account and order a supply of food scrap bags to be in the program.

Planning Update

Leigh Behrens, R&E planning and projects manager, reviewed the scope for resource management from 2015 through 2029 and resource management at the R&E Center. The R&E Center makes approximately 320k tons of refuse-derived fuel (RDF) per year, recovers ferrous and non-ferrous material and has begun recovering food scraps and additional recyclables. R&E pays a fee to Xcel Energy (Xcel) to deliver RDF to two waste-to-energy facilities.

The current waste delivery agreement with Xcel expires on December 31, 2027. The R&E Board direction to staff has been to explore alternatives to combustion and technologies that recover more valuable materials from trash. The board also directed the exploration of public/private partnership models, such as the approach with anaerobic digestion (AD). R&E is currently engaged with Xcel and other solid waste technology providers to explore management of RDF post-2027 and a task force was assembled for this work. Xcel will be invited to the October 26, 2023, R&E Board meeting to discuss their plans.

Commissioner Reinhardt said R&E staff put together useful talking points regarding why AD and pyrolysis are not combustion. The information was shared with MPCA Commissioner Kessler and Dave Benke for consideration as the MPCA air quality staff consult with the US Environmental Protection Agency on how to approach air quality permitting for these technologies. Commissioner Miron said the problem is the permitting process and timeline. Commissioner Reinhardt is confident that Commissioner Kessler understands the deadline.

Commissioner Miron asked Michael Reed to send all board members talking points on this subject Dave Brummel, Washington County and R&E JLT, said he will share a fact sheet on pyrolysis.

Facility Updates

Sam Holl said 240k tons of RDF had been produced through the third quarter of 2023, with 332k tons projected through year-end. R&E is close to having final proposals from parties for food scrap bag sortation at transfer stations, with one opportunity in the central region and two in the north metro area.

Commissioner Miron asked whether R&E should be looking at the potential for grants for these privately owned sortation facilities. Holl said that is for future discussion when R&E has the final numbers.

Procurement Report

Jim Redmond, R&E contract manager, presented the report for the period August 1, 2023, through August 31, 2023.

OTHER

Commissioner Miron shared that Bob Roche is leaving the Ramsey County Attorney’s Office. He thanked Roche for his legal assistance and offered best wishes. Roche shared that he will be moving to the Minnesota Department of Public Safety as Deputy General Counsel.

ADJOURN

Chair Miron called for a motion to adjourn the meeting. Commissioner Ortega moved, seconded by Clasen, to adjourn. Motion carried 8-0. Ayes: Bigam, Clasen, Karwoski, Martinson, Miron, Ortega, Reinhardt, Xiong; Nays: none. The meeting adjourned at 12:04 p.m.



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
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R&E BOARD MEETING DATE:	October 26, 2023	AGENDA ITEM:	VI.a
SUBJECT:	2022 Financial Statements		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION <input type="checkbox"/> CONSENT
SUBMITTED BY:	Joint Leadership Team (JLT)		

R&E BOARD ACTION REQUESTED:

For information only.

EXECUTIVE SUMMARY:


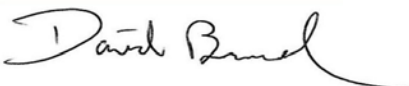
The Office of the State Auditor completed their audit of Ramsey/Washington Recycling & Energy's 2022 financial statements in September. Staff will provide a brief presentation regarding the statements.

ATTACHMENTS:

1. 2022 R&E Financial Statements

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM  	10/19/23



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2022

ANNUAL FINANCIAL REPORT
OF THE
RAMSEY/WASHINGTON
RECYCLING AND ENERGY
BOARD

Year Ended December 31, 2022

Prepared by:
Accounting Department
Ramsey/Washington Recycling and
Energy Board

RAMSEY/WASHINGTON RECYCLING AND ENERGY BOARD

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INTRODUCTORY SECTION



October 11, 2023

Honorable Chair and Members
Ramsey/Washington Recycling & Energy Board
100 Red Rock Road
Newport, MN 55055

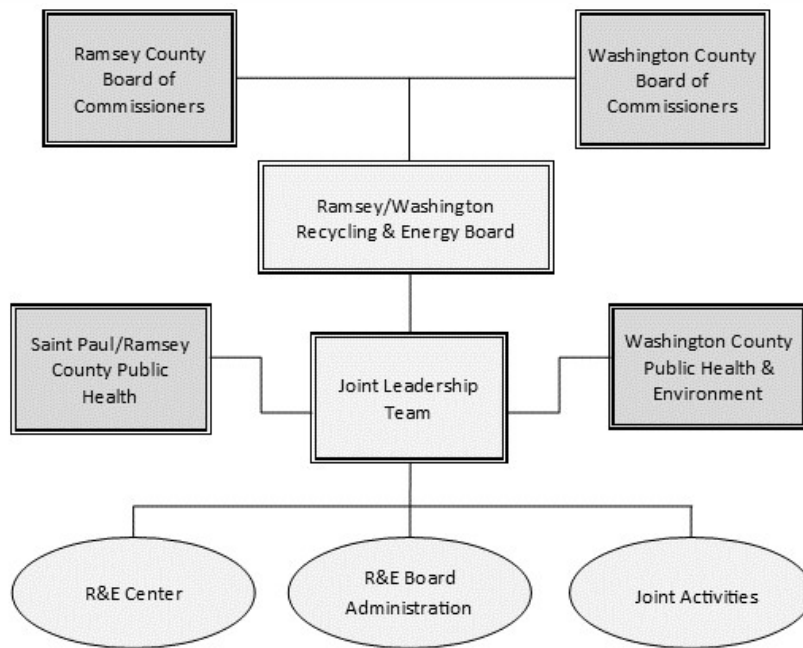
The annual financial report of the Ramsey/Washington Recycling & Energy Board (R&E Board) is submitted for the fiscal year that ended December 31, 2022. This report was prepared by the R&E Board accounting staff and reviewed by the Joint Leadership Team. Responsibility for both the accuracy of the presented data and completeness and fairness of the presentation, including all disclosures, rests with administration of the R&E Board. We have prepared this report in conformity with generally accepted accounting principles (GAAP) as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB).

We believe the data is accurate and sets forth the financial position and results of operations of the R&E Board, as measured by the financial activity of its funds. We believe we have made all disclosures necessary to enable maximum understanding of the financial affairs of the organization.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Organization and Purpose

The R&E Board was established according to a joint powers agreement (JPA) approved by Ramsey and Washington counties, in recognition of the need for managing solid waste to recover resources and energy in the East Metro area, and in response to the directives of the State of Minnesota. In 2022, the R&E Board consisted of five Ramsey County commissioners, four Washington County commissioners and two ex-officio, non-voting members, one from the Minnesota Pollution Control Agency (MPCA) and one from the City of Newport. The R&E Board provides a range of solid waste services to residents, businesses and institutions in the two counties.



Ramsey and Washington counties began to work on waste-to-energy as an alternative to landfilling through a JPA in 1982. Following the selection of refuse-derived fuel technology instead of mass burn technology, the two counties began to work jointly in 1987 through a new joint powers board called the Ramsey/Washington Resource Recovery Project Board (Project Board). The Project Board administered the responsibilities of both counties regarding their joint service agreement with Northern States Power Company (NSP) for design, construction, ownership and operation of the resource recovery facility located in the City of Newport. In 1993, the service agreement with NSP was amended to transfer ownership of the Newport facility from NSP to NRG Energy, Inc. In June 2006, the service agreement was amended to transfer the ownership of, and responsibility for, the facility from NRG to Resource Recovery Technologies (RRT). The service agreement remained in effect until December 31, 2006.

Beginning January 1, 2007, the counties and RRT entered into a six-year processing agreement. Both counties’ solid waste management plans supported waste processing and favored private sector ownership as long as the facility could compete in the marketplace. RRT’s need for increased public funding caused the counties to pursue ownership options. Following a second three-year processing agreement with RRT, the counties decided to purchase the facility from RRT. In September 2015, the Ramsey and Washington county boards adopted an amended and restated JPA. That agreement broadened the powers of the former Project Board and was renamed the Ramsey/Washington Recycling & Energy Board (R&E Board).

The administrative structure outlined in the current JPA includes:

- A Joint Leadership Team (JLT) comprised of one member of the Washington County Department of Public Health and Environment and one member of the Saint Paul-Ramsey County Public Health, Environmental Health Division. Authorization to the JLT to carry



out project management activities is provided for in the JPA adopted by the Ramsey and Washington County Boards and bylaws adopted by the R&E Board.

- The R&E Board is authorized to employ staff. Other staff support is provided by the Saint Paul-Ramsey County Public Health, Environmental Health Division and the Washington County Department of Public Health and Environment.
- The R&E Board entered into a fiscal agent agreement with Ramsey County for financial management, and a purchase of services agreement with Ramsey County for human resources benefit services.
- Legal representation for the R&E Board is provided by both the Ramsey and Washington county attorney's offices. Special legal counsel may be retained upon the advice of those offices. Risk management services are provided through a consultant.

Reporting Entity Significant Events in 2022

The R&E Center processed 393,165 tons of waste in 2022, recovering 12,964 tons of metal for recycling, producing enough refuse-derived fuel to power 13,000 homes, and generating 97,000 fewer tons of greenhouse gas emissions than if the waste had been landfilled. With waste designation in place through County ordinances, all trash generated in the two counties is required to be delivered to the R&E Center where it can be processed to recover value.

The R&E Board approved a \$41 million processing improvements project in 2020 that started construction in 2021 with an anticipated completion date in the summer of 2023. The processing improvements project will enable the R&E Center to recycle food scraps, cardboard, and plastics. The R&E Board also secured a \$7 million Capital Assistance Program grant in 2021 from the State of Minnesota (through the MPCA) to help fund this project. This grant was received in 2022.

In 2022, the R&E Board continued to develop the Food Scrap Pickup Program for roll-out to residents in Ramsey and Washington counties starting in 2023. In 2022, the key components under development included:

- Construction and equipment installation at the R&E Center for food scrap bag recovery
- A contract with a compostable bag manufacturer of the custom food scrap bags
- A website for residents to order the bags and learn about the program
- Customer support services for resident with questions or need assistance.
- A contract with a warehouse and fulfillment center to distribute the bags to residents.
- Communications and educational assets

The R&E Board launched a pilot program in April 2023 to test the implementation under limited parameters. Phase 1 is expected to launch in fall 2023 to start the scale up of the program with select cities. Additional phases are expected to launch throughout 2024 and 2025 to ultimately become available to all residents in both counties by the end of 2025.



Additional investments made to the R&E Center in 2022 included replacing and expanding the dust collection system, expanding the odor control system and Fire Rover supplementary monitoring and protection system.

BizRecycling continued to be a successful program to increase recycling in the business sector. BizRecycling is a program that uses technical assistance and financial grants aimed at commercial businesses to improve recycling and organics management. BizRecycling also provides grants to multi-unit residential properties. During 2022, BizRecycling adapted its grant portfolio to better meet business needs. The program added grants aimed at reducing waste and staff modified processes to make it easier for businesses to access all program resources.

One of the R&E Board's priorities is food waste reduction, and during 2022, in an effort to reduce food waste and address food insecurity for residents, the R&E Board engaged partners and provided grants resulting in over 10 million pounds of food being recovered and redistributed.

The R&E Board provides outreach and education in both counties on general solid waste issues. Working jointly provides efficiency in design and delivery of messages, as well as consistency in the East Metro area. Each county incorporates its own efforts to reach various residential and non-residential audiences; the R&E Board's efforts are designed to complement the work of each county.

The R&E Board entered into a JPA in 2018 with Hennepin County to form the Partnership on Waste and Energy. Through the Partnership on Waste and Energy, Ramsey, Washington and Hennepin counties collaborate on legislation and policy development, communication and outreach, and planning and evaluation of waste processing.

Financial Management

The R&E Board uses the Ramsey County accounting system, as provided by the JPA.

Internal Controls:

R&E Board management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the R&E Board are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

We believe that the R&E Board's internal accounting controls adequately safeguard assets and provide reasonable assurance and proper recording of financial transactions.

Budgetary Control:

Budgetary control is maintained at a departmental level by encumbrance of estimated purchase and contract amounts prior to the release of purchase orders and contract payments to vendors.



Purchase orders or contracts that result in an overrun of line-item balances are not released until additional appropriations are made available.

Notes to the Financial Statements:

The Notes to the Financial Statements, presented with the financial statements, are an integral part of this annual financial report and should be read for a fuller understanding of the statements and information presented within.

Independent Audit:

Minnesota state law requires an audit of the books of account, financial records and transactions. This requirement has been complied with and the independent auditor's report has been included in this report. The Office of the State Auditor will issue a management and compliance letter covering the review made as part of the R&E Board's system of internal control and compliance with applicable legal provisions. The management and compliance letter will not modify or affect, in any way, this report on the financial statements.

Acknowledgements

We thank the Ramsey/Washington Recycling & Energy Board members for their interest and support in planning and conducting financial activities in a responsible manner.

Sincerely,

Michael Reed, R&E Joint Leadership Team
Ramsey County Environmental Health Division

David Brummel, R&E Joint Leadership Team
Washington County Public Health and Environmental Department

**RAMSEY/WASHINGTON
RECYCLING AND ENERGY BOARD**

**ORGANIZATION
As of December 31, 2022**

Board

Victoria Reinhardt	Chair	Commissioner-Ramsey County
Fran Miron	Vice-Chair	Commissioner-Washington County
Wayne Johnson	Secretary/Treasurer	Commissioner-Washington County
Nicole Frethem	Member	Commissioner-Ramsey County
Stan Karwoski	Member	Commissioner-Washington County
Trista Martinson	Member	Commissioner-Ramsey County
MaryJo McGuire	Member	Commissioner-Ramsey County
Rafael Ortega	Member	Commissioner-Ramsey County
Lisa Weik	Member	Commissioner-Washington County
Dave Benke	Ex-Officio	Minnesota Pollution Control Agency
Tom Ingemann	Ex-Officio	Newport City Council

County Attorneys

John Ristad	Washington County
Robert Roche	Ramsey County

Joint Leadership Team

Michael Reed	Ramsey County	Environmental Health
Nicole Stewart	Washington County	Public Health and Environment

Support & Advisory Staff

Alexandra Kotze	Ramsey County	Finance Director
Tabatha Hansen	Washington County	Accounting & Finance Director

FINANCIAL SECTION



Independent Auditor's Report

Ramsey/Washington Recycling and Energy Board
Newport, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Ramsey/Washington Recycling and Energy Board'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of December 31, 2022, 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. 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 Ramsey/Washington Recycling and Energy Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 Ramsey/Washington Recycling and Energy Board'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 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, 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 Ramsey/Washington Recycling and Energy Board'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 Ramsey/Washington Recycling and Energy Board'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.

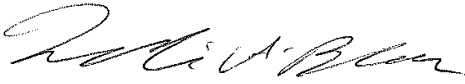
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Budgetary Comparisons; Schedule of Proportionate Share of Net Pension Liability; Schedule of Contributions; 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the Introductory Section 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.



Julie Blaha
State Auditor



Chad Struss, CPA
Deputy State Auditor

October 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

The management of the Ramsey/Washington Recycling and Energy Board (R&E Board) offers readers of its financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2022. Readers are encouraged to consider this information in conjunction with additional information that has been furnished in the letter of transmittal and notes to the financial statements which can be found on pages 1 and 25 respectively, of this report.

Financial Highlights

- The assets and deferred outflows of resources of the R&E Board exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$19,840,926 (net position). Of this amount, \$4,040,681 is the net investment in capital assets, and \$15,800,245 is unrestricted net position.
- The total net position increased by \$4,922,478. This compares with 2021 when the net position increased by \$2,460,581.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the R&E Board's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the R&E Board's finances, in a manner similar to a private-sector business.

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

The Statement of Activities presents information showing how the R&E Board'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.

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The R&E Board, like other state and local governments, uses fund accounting to ensure and demonstrate

compliance with finance-related legal requirements. The General Fund of the R&E Board is classified as a governmental fund and the Enterprise Fund is classified as a proprietary fund.

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

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

The basic governmental fund financial statements can be found on Exhibits C and D of this report.

- 2) Proprietary funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing services be financed or recovered primarily through user charges. The R&E Board maintains one proprietary fund. The proprietary fund statements provide separate information for the Enterprise Fund.

The basic proprietary fund financial statements can be found on Exhibits E through G of this report.

- 3) Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the R&E Board'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 Exhibits H and I of this report.

Financial Analysis of the Ramsey/Washington Recycling and Energy Board

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The R&E Board's net position at the close of the most recent fiscal year was

\$19,840,926, and \$14,918,448 at the close of 2021. The increase in net position was primarily due to an increase in intergovernmental revenue.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 5,190,203	\$ 5,031,479	\$ 28,766,252	\$ 37,140,345	\$ 33,956,455	\$ 42,171,824
Capital Assets	-	-	58,278,453	41,260,432	58,278,453	41,260,432
Total Assets	<u>5,190,203</u>	<u>5,031,479</u>	<u>87,044,705</u>	<u>78,400,777</u>	<u>92,234,908</u>	<u>83,432,256</u>
Deferred Outflows of Resources	369,006	352,771	1,996,043	2,364,976	2,365,049	2,717,747
Current Liabilities	1,247,453	1,406,240	9,262,354	4,246,122	10,509,807	5,652,362
Long-Term Liabilities	988,804	417,275	63,123,974	62,286,129	64,112,778	62,703,404
Total Liabilities	<u>2,236,257</u>	<u>1,823,515</u>	<u>72,386,328</u>	<u>66,532,251</u>	<u>74,622,585</u>	<u>68,355,766</u>
Deferred Inflows of Resources	18,363	384,590	118,083	2,491,199	136,446	2,875,789
Net Position:						
Net Investment in Capital Assets	-	-	4,040,681	3,623,593	4,040,681	3,623,593
Unrestricted	3,304,589	3,176,145	12,495,656	8,118,710	15,800,245	11,294,855
Total Net Position	<u>\$ 3,304,589</u>	<u>\$ 3,176,145</u>	<u>\$ 16,536,337</u>	<u>\$ 11,742,303</u>	<u>\$ 19,840,926</u>	<u>\$ 14,918,448</u>

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services and Other	\$ 9,004,855	\$ 9,086,897	\$ 40,427,432	\$ 39,135,992	\$ 49,432,287	\$ 48,222,889
Operating Contributions	-	-	-	1,280,000	-	1,280,000
General Revenues:						
Intergovernmental Revenue	-	-	7,012,843	-	7,012,843	-
Investment Earnings	86,501	1,971	399,417	8,026	485,918	9,997
Miscellaneous	6,237	1,528	466,856	388,910	473,093	390,438
Gain on Sale of Capital Assets	-	-	4,324	-	4,324	-
Transfers	(300,000)	(1,500,000)	300,000	1,500,000	-	-
Total Revenues and Transfers	<u>8,797,593</u>	<u>7,590,396</u>	<u>48,610,872</u>	<u>42,312,928</u>	<u>57,408,465</u>	<u>49,903,324</u>
Expenses:						
Sanitation	8,669,149	6,897,244	43,816,838	40,545,499	52,485,987	47,442,743
Change in Net Position	128,444	693,152	4,794,034	1,767,429	4,922,478	2,460,581
Net Position – Beginning	3,176,145	2,482,993	11,742,303	9,974,874	14,918,448	12,457,867
Net Position – Ending	<u>\$ 3,304,589</u>	<u>\$ 3,176,145</u>	<u>\$ 16,536,337</u>	<u>\$ 11,742,303</u>	<u>\$ 19,840,926</u>	<u>\$ 14,918,448</u>

Governmental Fund. The General Fund's fund balance at the close of the most recent fiscal year was \$4,041,473 and \$3,731,597 at the close of 2021. The increase in fund balance was largely due to a reduction in due to other funds from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to expenditures. The fund balance represents 48% of total expenditures.

Proprietary Fund. The Enterprise Fund’s net position at the close of the most recent fiscal year was \$16,536,336 and \$11,742,303 at the close of 2021. The increase in net position was primarily due to intergovernmental revenue. As a measure of the Enterprise Fund’s liquidity, it may be useful to compare net position to expenses. The net position represents 38% of total expenses.

General Fund Highlights

The overall fund balance was \$1,903,189 less than the final amended budget. The variance was largely due to revenue collections being below budget.

The R&E Board’s Capital Assets
(Net of Accumulated Depreciation)

	Business-Type Activities	
	2022	2021
Land	\$ 877,858	\$ 877,858
Construction in Progress	30,491,902	16,959,639
Buildings and Improvements	15,427,141	11,390,431
Machinery and Equipment	11,481,552	12,032,504
Total Capital Assets	\$ 58,278,453	\$ 41,260,432

The change in capital assets is largely due to the enhancement project that started in 2021.

The R&E Board’s Long-Term Debt

	Business-Type Activities	
	2022	2021
Notes Payable	\$ 59,603,058	\$ 60,696,676

The change in long-term debt is due to principal paydown.

Economic Factors and Next Year’s Budget and Rates

The R&E Board approved the 2023 General Fund budget for \$11,609,454. The 2023 General Fund budget is \$11,609,454 which represents an 8% increase from 2022.

Request for Information

This financial report is designed to give a general overview of the R&E Board’s finances. Requests for additional information or questions concerning any information provided in this report should be addressed to: Ramsey/Washington Recycling and Energy Board, 100 Red Rock Road, Newport, MN 55055.

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Current Assets			
Cash and Pooled Investments	\$ 4,767,182	\$ 22,008,191	\$ 26,775,373
Petty Cash	250	-	250
Accounts Receivable	-	5,018,575	5,018,575
Due From Other Governments	722,771	85,427	808,198
Internal Balances	(300,000)	300,000	-
Inventories	-	1,354,059	1,354,059
Total Current Assets	<u>5,190,203</u>	<u>28,766,252</u>	<u>33,956,455</u>
Noncurrent Assets			
Capital Assets			
Nondepreciable			
Land	-	877,858	877,858
Construction in Progress	-	30,491,902	30,491,902
Depreciable			
Buildings and Improvements	-	18,200,432	18,200,432
Machinery and Equipment	-	24,387,987	24,387,987
Less: Accumulated Depreciation	-	(15,679,726)	(15,679,726)
Total Noncurrent Assets	<u>-</u>	<u>58,278,453</u>	<u>58,278,453</u>
Total Assets	<u>5,190,203</u>	<u>87,044,705</u>	<u>92,234,908</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows	<u>369,006</u>	<u>1,996,043</u>	<u>2,365,049</u>
LIABILITIES			
Current Liabilities			
Salaries Payable	46,283	229,350	275,633
Accounts Payable	1,051,036	2,764,762	3,815,798
Interest Payable	-	245,990	245,990
Due to Other Governments	51,411	16,920	68,331
Unearned Revenue	-	3,774,000	3,774,000
Compensated Absences - Current	98,723	214,945	313,668
Notes Payable - Current	-	2,016,387	2,016,387
Total Current Liabilities	<u>1,247,453</u>	<u>9,262,354</u>	<u>10,509,807</u>
Noncurrent Liabilities			
Notes Payable	-	57,586,671	57,586,671
Net Pension Liability	988,804	5,537,303	6,526,107
Total Noncurrent Liabilities	<u>988,804</u>	<u>63,123,974</u>	<u>64,112,778</u>
Total Liabilities	<u>2,236,257</u>	<u>72,386,328</u>	<u>74,622,585</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows	<u>18,363</u>	<u>118,083</u>	<u>136,446</u>
NET POSITION			
Net Investment in Capital Assets	-	4,040,681	4,040,681
Unrestricted	3,304,589	12,495,656	15,800,245
TOTAL NET POSITION	<u>\$ 3,304,589</u>	<u>\$ 16,536,337</u>	<u>\$ 19,840,926</u>

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

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
Expenses			
Sanitation			
Materials and Services	\$ 8,669,149	\$ 43,816,838	\$ 52,485,987
Total Program Expenses	<u>8,669,149</u>	<u>43,816,838</u>	<u>52,485,987</u>
Program Revenues			
Charges for Services and Other	9,004,855	40,427,432	49,432,287
Total Program Revenues	<u>9,004,855</u>	<u>40,427,432</u>	<u>49,432,287</u>
Net Program Revenues (Expenses)	<u>335,706</u>	<u>(3,389,406)</u>	<u>(3,053,700)</u>
General Revenues			
Intergovernmental Revenue	-	7,012,843	7,012,843
Investment Earnings	86,501	399,417	485,918
Miscellaneous	6,237	466,856	473,093
Gain on Sale of Capital Assets	-	4,324	4,324
Transfers	<u>(300,000)</u>	<u>300,000</u>	<u>-</u>
Total General Revenues and Transfers	<u>(207,262)</u>	<u>8,183,440</u>	<u>7,976,178</u>
Change in Net Position	128,444	4,794,034	4,922,478
Net Position - Beginning	3,176,145	11,742,303	14,918,448
Net Position - Ending	<u>\$ 3,304,589</u>	<u>\$ 16,536,337</u>	<u>\$ 19,840,926</u>

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

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2022**

ASSETS

Cash and Pooled Investments	\$ 4,767,182
Petty Cash	250
Due From Other Governments	722,771
Total Assets	<u>5,490,203</u>

LIABILITIES AND FUND BALANCE**Liabilities**

Salaries Payable	46,283
Accounts Payable	1,051,036
Due to Other Funds	300,000
Due to Other Governments	51,411
Total Liabilities	<u>1,448,730</u>

Fund Balance

Unassigned	4,041,473
Total Fund Balance	<u>4,041,473</u>

Reconciliation to Statement of Net Position (Exhibit A)

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

Deferred outflows of resources resulting from pension obligations are not available resources and, therefore are not reported in the governmental fund.	369,006
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.	
Compensated absences	(98,723)
Net pension liability	(988,804)
Deferred inflows of resources resulting from pension obligations are not due and payable in the current period and therefore are not reported in the governmental fund.	(18,363)

NET POSITION OF GOVERNMENTAL ACTIVITIES

	<u>\$ 3,304,589</u>
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The notes to the financial statement are an integral part of this statement.

EXHIBIT D

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2022**

Revenues	
Charges for Services and Other	\$ 9,004,855
Investment Earnings	86,501
Miscellaneous	6,237
Total Revenues	<u>9,097,593</u>
Current Expenditures	
Sanitation	
Personal Services	1,315,179
Other Services and Charges	7,172,538
Total Expenditures	<u>8,487,717</u>
Excess (Deficiency) of Revenues Over Expenditures	609,876
Other Financing Sources (Uses)	
Transfers Out	(300,000)
Net Change in Fund Balance	309,876
Fund Balance at Beginning of Year	<u>3,731,597</u>
Fund Balance at End of Year	<u>4,041,473</u>
Reconciliation to Statement of Activities (Exhibit B)	
Net Change in Fund Balance - General Fund	309,876
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 the General Fund.	
Change in deferred pension outflows	\$ 16,235
Change in deferred pension inflows	366,227
Change in compensated absences	7,635
Change in net pension liability	<u>(571,529)</u> <u>(181,432)</u>
Change in Net Position - Governmental Activities	<u>\$ 128,444</u>

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

EXHIBIT E

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
 STATEMENT OF NET POSITION
 ENTERPRISE FUND
 DECEMBER 31, 2022

ASSETS

Current Assets	
Cash and Pooled Investments	\$ 22,008,191
Accounts Receivable	5,018,575
Due From Other Governments	85,427
Due From Other Funds	300,000
Inventories	1,354,059
Total Current Assets	<u>28,766,252</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	
Land	877,858
Construction in Progress	30,491,902
Depreciable	
Buildings and Improvements	18,200,432
Machinery and Equipment	24,387,987
Less: Accumulated Depreciation	(15,679,726)
Total Noncurrent Assets	<u>58,278,453</u>
Total Assets	<u>87,044,705</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Pension Outflows	<u>1,996,043</u>
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LIABILITIES

Current Liabilities	
Salaries Payable	229,350
Accounts Payable	2,764,762
Interest Payable	245,990
Due to Other Governments	16,920
Unearned Revenue	3,774,000
Compensated Absences	214,945
Notes Payable - Current	2,016,387
Total Current Liabilities	<u>9,262,354</u>
Noncurrent Liabilities	
Notes Payable	57,586,671
Net Pension Liability	5,537,303
Total Noncurrent Liabilities	<u>63,123,974</u>
Total Liabilities	<u>72,386,328</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Pension Inflows	<u>118,083</u>
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NET POSITION

Net Investment in Capital Assets	4,040,681
Unrestricted	12,495,656
TOTAL NET POSITION	<u><u>\$ 16,536,337</u></u>

EXHIBIT F

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

OPERATING REVENUES	
Sales	\$ 40,427,432
Miscellaneous	466,856
Total Operating Revenues	40,894,288
 OPERATING EXPENSES	
Personnel Costs	7,457,868
Fuel Supply	6,130,987
Landfill	5,438,706
Waste Processing - Great River Energy	37,267
Transportation	8,610,977
Transload	2,435,856
Facility Operations	6,857,517
Supplies	2,923,723
Pension Expense	862,894
Depreciation	2,467,184
Total Operating Expenses	43,222,979
OPERATING INCOME (LOSS)	(2,328,691)
 NONOPERATING REVENUES (EXPENSES)	
Intergovernmental Revenue	7,012,843
Interest Expense	(592,019)
Gain on Sale of Capital Assets	4,324
Loss on Disposal of Capital Assets	(1,840)
Investment Earnings	399,417
Total Nonoperating Revenues (Expenses)	6,822,725
Income Before Contributions and Transfers	4,494,034
 OTHER FINANCING SOURCES (USES)	
Operating Transfers In	300,000
Change in Net Position	4,794,034
Total Net Position - Beginning	11,742,303
Total Net Position - Ending	\$ 16,536,337

EXHIBIT G

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts From Customers and Users	\$ 43,009,856
Payments to Suppliers	(28,282,492)
Payments to Employees	(7,442,697)
Net Cash Provided (Used) for Operating Activities	<u>7,284,667</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Intergovernmental Revenue	7,012,843
Operating Subsidies and Transfers from Other Funds	300,000
Net Cash Provided (Used) for Noncapital Financing Activities	<u>7,312,843</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds From the Sale of Capital Assets	14,982
Purchases of Capital Assets	(19,497,703)
Principal Paid on Notes Payable	(1,093,617)
Interest Paid on Notes Payable	(600,237)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(21,176,575)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	<u>399,417</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (6,179,648)
 Cash and Cash Equivalents, January 1	 <u>28,187,839</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 22,008,191</u></u>

EXHIBIT G

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF CASH FLOWS
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

Reconciliation of Operating Income to Net	
Cash Provided (Used) by Operating (Loss) Activities:	
Operating Income (Loss)	\$ (2,328,691)
Depreciation Expense	2,467,184
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	820,137
(Increase) decrease in Due From Other Funds	1,200,000
(Increase) Decrease in Due From Other Governments	95,431
(Increase) Decrease in Inventories	78,877
(Increase) decrease in bond issuance costs	
(Increase) Decrease in Deferred Pension Outflows	368,933
Increase (Decrease) in Salaries Payable	28,224
Increase (Decrease) in Advance From Other Governments	
Increase (Decrease) in Accounts Payable	535,121
Increase (Decrease) in Due to Other Governments	(235,457)
Increase (Decrease) in Compensated Absences Payable	(209)
Increase (Decrease) in Unearned Revenue	3,774,000
Increase (Decrease) in Net Pension Liability	2,854,233
Increase (Decrease) in Deferred Pension Inflows	<u>(2,373,116)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,284,667</u>
Non-Cash Capital and Related Activities	
Book Value of Machinery and Equipment Disposed	\$ 12,498

EXHIBIT H

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 30,965
Total Assets	<u>30,965</u>
LIABILITIES	
Accounts Payable	<u>12,697</u>
Total Liabilities	12,697
NET POSITION	
Restricted for:	
Payments to Other Entities	18,268
Total Net Position	<u><u>\$ 18,268</u></u>

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

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Fund</u>
Additions:	
Collections for Other Entities	\$ 166,500
Total Additions	<u>166,500</u>
Deductions:	
Payments to Other Entities	244,318
Total Deductions	<u>244,318</u>
Change in Net Position	<u>(77,818)</u>
Net Position - Beginning	96,086
Net Position - Ending	<u>\$ 18,268</u>

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DETAILED NOTES

Ramsey and Washington Counties of Minnesota jointly entered into a construction agreement and a service agreement with Northern States Power Company (NSP) to build and operate a resource recovery facility which produces refuse derived fuel (RDF) to be burned at NSP's electric plants. The Counties administered the service agreement through a joint powers board called the Ramsey/Washington County Resource Recovery Project Board. In 1993, the service agreement with NSP was amended to transfer ownership of the Newport Facility (Facility) from NSP to NRG Energy, Inc. In 2000, NSP merged with New Century Energies to form Xcel Energy (Xcel). In June 2006, the service agreement was amended to transfer the ownership of the Facility from NRG to Resource Recovery Technologies (RRT). The service agreement remained in effect until December 31, 2006. The service agreement obligated the Counties to deliver a minimum of 280,800 tons of solid waste per year to the Resource Recovery Project (Project) and pay a service fee based upon each ton of solid waste handled by the Facility, subject to a minimum fee based on 280,800 tons per year minimum and certain other adjustments. Owners of the Facility were obligated to accept, process, transport, and dispose of most of the County waste delivered to the Facility for twenty years. The service agreement terminated December 31, 2006, and the Counties entered into a six-year Solid Waste Processing Agreement with RRT that included payments to the owner for each ton of waste and rebates to qualified haulers for each ton of waste delivered to the Facility. That agreement expired December 31, 2012.

A new three-year agreement became effective January 1, 2013, and eliminated the payment of a service fee to the owner of the Facility. When the Processing Agreement with RRT was executed, RRT stated that it intended to evolve the Facility to where it could operate as a merchant facility, eventually competing with landfills or alternative options without the Counties' subsidies. Unlike NSP and NRG, RRT contracted directly with private haulers for waste delivery. Over the six-year term of the Processing Agreement, the Counties paid RRT a processing payment, and also paid hauler rebates that incentivized the haulers to deliver waste to the Facility. The payment for processing began at \$40 per ton in 2007, and declined each year to \$10 per ton in 2012. Hauler rebates began at \$12 per ton, and increased to \$14 per ton by 2012. Total annual cost to the Counties during that period ranged from \$16.8 million (2007) to \$8.4 million (2012).

In 2007, not long after the Processing Agreement was executed, the U.S. Supreme Court issued a decision on waste designation, or flow control, that determined that a government using its regulatory powers to direct waste to a publicly owned and operated Facility was not in conflict with the dormant Commerce Clause. This development created an opportunity for the Counties to re-evaluate the public role in the waste management system. When the Counties' Processing Agreement with RRT ended in 2013, the Counties and RRT entered into a short-term renewal agreement (the "2013-2015 Processing Agreement") and began an extensive evaluation of whether the Counties should purchase the Facility.

The issue of the failure of the market to support a merchant approach was heavily documented during negotiations for an extension of the 2013-2015 Processing Agreement with RRT during 2012. As a result, policy direction was taken based on the determination that the market had failed, and a merchant approach was determined to not be possible. It is based on this policy direction that the 2013-2015 Processing Agreement included a provision for the Counties' option to purchase, and the Counties embarked on an evaluation of the future of processing during the term of the 2013-2015 Processing Agreement. Throughout the discussion of the 2013-2015 Processing Agreement with the Board, it was clear that the 2013-2015 Processing Agreement was assuring that processing would continue while the future of processing was determined, leading to a decision point in 2015.

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The 2013-2015 Processing Agreement included no direct payment for processing, but the Counties agreed to pay a hauler rebate of \$28 per ton up to an aggregate amount of \$8.4 million per year (corresponding to 300,000 tons per year (“TPY”) guaranteed to be accepted by RRT under the Processing Agreement). Rebate amounts paid to haulers over the \$8.4 million cap were reimbursed to the Counties by RRT at the end of each year.

During the time in which RRT owned and operated the Facility, the Counties were able to assist RRT in obtaining an average of approximately 322,000 tons of waste each year, ranging from a low of 304,000 tons (2008) to a high of 346,000 tons (2015). However, during that same period, an average of 111,000 TPY of waste generated in the Counties was landfilled in Minnesota, Iowa, and Wisconsin, ranging from 77,000 tons (2013) to 167,000 tons (2007). In order to secure sufficient waste to operate, RRT worked to replace those missing tons by accepting waste generated outside the Counties. To incentivize haulers to deliver out-of-county waste to the Facility, RRT charged a tipping fee below the tipping fee of \$86.22 per ton for waste generated in the Counties. As a result, RRT determined that hauler rebates for Ramsey/Washington waste, likely in increasing amounts, would be necessary for the foreseeable future. This is the situation that caused the Counties to determine that a merchant approach for operating the Facility was not feasible.

Prompted by the ability to exercise an option to purchase the Facility, the joint powers board conducted a policy evaluation on the future of waste processing in the East Metro area during 2013 and 2014. As with most issues related to solid waste, the analysis began with the Counties’ respective Solid Waste Management Master Plans (“Master Plans”). Those Master Plans established current County policies related to waste management, and governed the evaluation process.

The Board decided to proceed with Facility acquisition in May 2015, with follow-up action by the two County Boards in June 2015. That triggered a number of actions, including:

- Negotiation of an Asset Purchase Agreement;
- Due diligence to resolve material issues and liabilities;
- Development of a financing structure for the purchase; and
- Development of a transition plan for operations and development of an interim operations agreement.

The joint powers agreement between the Counties was amended in September 2015, and the Board was renamed the Ramsey/Washington Recycling and Energy Board (R&E Board).

On December 31, 2015 at 11:59 p.m., the R&E Board acquired the Facility and took over its operations. Indicative of its longer term plans to use the Facility as a hub for ever more ambitious waste management initiatives, the R&E Board renamed the Facility the Recycling and Energy Center, or the R&E Center. The R&E Board is in the process of evaluating the R&E Center’s functions and operations as well as implementing needed capital improvements aimed at improving safety and efficiency. The R&E Board will continue delivering the RDF processed at the R&E Center to Xcel Energy’s RDF combustion units in Red Wing and Mankato. The R&E Board envisions the possible addition of Mixed Waste Processing (“MWP”) at the R&E Center in the next few years, along with potential diversion of organics separated at the R&E Center to anaerobic digestion, as well as a shift from using all the RDF at Xcel’s combustion units to gasification of some or all of the RDF into biofuels and chemicals.

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The Ramsey/Washington Recycling and Energy Board financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local government through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Ramsey/Washington Recycling and Energy Board are discussed below.

A. FINANCIAL REPORTING ENTITY

The R&E Board was established by a joint powers agreement dated September 22, 2015, pursuant to Minn. Stat Section 471.59. The R&E Board consists of five Ramsey County Commissioners and four Washington County Commissioners. The Commissioners are appointed by the respective County Boards with the Chair of the R&E Board rotating between the Commissioners from each County on a biennial basis. The powers of the R&E Board were expanded, most notably allowing it to own and operate the R&E Center in Newport. The purpose of the joint powers agreement is to create a structure for the joint ownership and operation of the R&E Center, and to define the responsibilities of the R&E Board.

The R&E Board has the authority to:

- Acquire, own, improve, hold and lease real and personal property;
- Manage and oversee the operation, maintenance and improvement of the R&E Center;
- Enter into contracts;
- Hire employees;
- Incur and discharge debt, including issuing bonds;
- Approve the R&E Center budget, including fees and charges each year; and
- Recommend a Joint Activities Budget for approval by the two County Boards.

The joint powers agreement establishes the apportionment between the two Counties of the joint activities costs and for other financial matters, such as funding an operating reserve fund and capital improvement fund, at 73 percent Ramsey County and 27 percent Washington County for the term of the agreement. The R&E Board participates in a joint venture described in Note 4.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the R&E Board except for fiduciary activities. The effect of interfund activity has been eliminated from the government-wide financial statements. The R&E Board's net position is reported in two parts: net investment in capital assets and unrestricted net position. The R&E Board first utilizes restricted resources to finance qualifying activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are charges for services provided by a given function. Revenues not classified as program revenues are presented as general revenues. Separate financial statements are provided for the governmental fund, proprietary fund, and fiduciary fund.

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

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

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recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Enterprise Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operations of the Enterprise Fund is charges to customers (tipping fees) for accepting waste at the R&E Center. Operating expenses for the Enterprise Fund include the cost related to operating and maintaining the R&E Center, transporting derived fuel, processing any remaining waste, administrative expenses, and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Any capital contributions to the Enterprise Fund are to consist of cash amounts contributed to the R&E Board by Ramsey and Washington Counties in proportion to their respective obligations, 73% from Ramsey County and 27% from Washington County.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent that they have matured.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Miscellaneous revenue is considered to be measurable and available only when cash is received by the government.

The R&E Board reports the General Fund as a major governmental fund. It accounts for all financial resources of the R&E Board except for those related to the operation of the R&E Center. The R&E Board also reports an Enterprise Fund as a major fund, which accounts for the operation and maintenance of the R&E Center.

The R&E Board has a fiduciary fund, which is used to account for assets that the R&E Board holds for the Partnership on Waste and Energy.

D. BUDGET AND BUDGETARY ACCOUNTING

The R&E Board adopts a budget for the General Fund on the modified accrual basis of accounting. The Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit D) is prepared on a GAAP basis. Results of operations included in the Schedule of Revenues, Expenditures, and Changes in Fund Balance-General Fund-Budgetary Comparisons (Schedule 1), are presented on a Non-GAAP budgetary basis. The primary difference between the two bases of accounting is that the "actual" column in Schedule 1 does not include expenditures from prior years' reserve for encumbrances.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the

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applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be re-apportioned and honored during the subsequent year.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOW/INFLOWS OF RESOURCES, AND EQUITY ACCOUNTS

1) Assets

Deposits and Investments

The R&E Board invests funds in Ramsey County's investment pool. The fair value of the investment is the fair value per share of the underlying portfolio. The R&E Board invests in this pool for the purpose of joint investment with the County in order to enhance investment earnings. There are no redemption limitations.

Minnesota statutes require that all R&E Board's deposits be covered by insurance, surety bond, or collateral. The R&E Board's available deposits are invested by Ramsey County in accordance with Minnesota Statutes. The types of securities available to Ramsey County are authorized by Minn. Stat. Sections 118A.04 and 118A.05. Additional disclosures defining cash and investments can be found in the Ramsey County Annual Comprehensive Financial Report.

Earnings from these investments are allocated monthly to the R&E Board's General Fund based on average daily balances during the month. Pooled investments earnings for 2022 is \$86,501.

The R&E Board has defined cash and cash equivalents in the proprietary fund as the funds invested in Ramsey County's investment pool noted as cash and pooled investments.

Accounts Receivable

Accounts receivable consists of tipping fees due from haulers and citizens at the R&E Center. No allowance for uncollectible receivables has been provided because such amounts are not expected to be material.

Due From Other Governments

Due from other governments consists of contributions from Ramsey and Washington Counties, as well as tipping fees due from local governments at the R&E Center.

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), and are reported in the business-type activities column in the government-wide financial statements as well as in the proprietary fund. Capital assets are defined by the R&E Board as assets with an initial, individual cost of more than \$15,000 for machinery and equipment to more than \$100,000 for buildings, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or

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estimated cost if purchased or constructed. Donated capital assets are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Buildings	10-50
Building Improvements	5-20
Infrastructure	20-75
Machinery and Equipment	2-20
Computer Software	5-10

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital Assets not Being Depreciated:				
Land	\$ 877,858			\$ 877,858
Construction in Progress	16,959,639	18,083,453	(4,551,190)	30,491,902
Total Capital Assets, not Being Depreciated	17,837,497	18,083,453	(4,551,190)	31,369,760
Capital Assets, Being Depreciated:				
Buildings and Improvements	13,575,135	4,625,297		18,200,432
Machinery and Equipment	23,094,268	1,340,143	(46,424)	24,387,987
Total Capital Assets Being Depreciated	36,669,403	5,965,440	(46,424)	42,588,419
Less Accumulated Depreciation for:				
Buildings and Improvements	(2,184,704)	(588,587)		(2,773,291)
Machinery and Equipment	(11,061,764)	(1,878,597)	33,926	(12,906,435)
Total Accumulated Depreciation	(13,246,468)	(2,467,184)	33,926	(15,679,726)
Total Capital Assets Being Depreciated, Net	23,422,935	3,498,256	(12,498)	26,908,693
Business-Type Activities Capital Assets, Net	\$ 41,260,432	\$ 21,581,709	\$ (4,563,688)	\$ 58,278,453

2) Interfund Receivables, Payables, and Transfers

Due To/From Other Funds

At December 31, 2022, the R&E Board had an interfund balance of \$300,000 between the General Fund and the Enterprise Fund to transfer excess funds to the Enterprise Fund in accordance with the R&E Board's fund balance policy.

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The outstanding balance between funds result mainly from a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of a transfer of \$300,000 from the General Fund due to the Enterprise Fund per the R&E Board’s fund balance policy.

3) Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

It is the R&E Board’s policy to permit employees to accumulate earned but unused paid time off benefits. All paid time off benefits that are vested as severance pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund only if they have matured: for example, as a result of employee resignations and retirements. The entire balance of the liability will be considered current until the balances are large enough to segregate a long-term portion. Then the current portion of the liability will be calculated based on a five-year average of historical usage.

Notes Payable

Notes payable at December 31, 2022 comprises the following individual issues:

Type of Indebtedness	Final Maturity	Original Balance	Interest Rate (%)	Date Issued	Outstanding Balance as of 12/31/22
Ramsey County Original Purchase Loan	2041	\$ 17,900,000	3.0 - 3.15	12/31/2015	\$ 14,700,000
Washington County Original Purchase Loan	2041	6,588,000	.55 - 3.25	12/31/2015	5,295,448
Ramsey County Bulky Waste Load-Out Loan	2023	1,120,550	0.00	7/23/2018	224,110
Washington County Bulky Waste Load-Out Loan	2023	414,500	0.00	7/9/2018	82,900
Ramsey County Operating Reserve Loan	2028	2,993,000	0.00	12/3/2015	2,993,000
Washington County Operating Reserve Loan	2028	1,107,000	0.00	12/3/2015	1,107,000
Ramsey County Admin Building Remodel Loan	2029	3,650,000	0.00	1/8/2020	3,650,000
Washington County Admin Building Remodel Loan	2029	1,350,000	0.00	1/8/2020	1,350,000
Ramsey County Enhancement Project Loan	2041	23,890,000	5.00	3/1/2021	22,050,838
Washington County Enhancement Project Loan	2041	8,830,000	5.00	3/1/2021	8,149,762
Total Notes Payable		<u>\$ 67,843,050</u>			<u>\$ 59,603,058</u>

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Business-Type Activities
Notes Payable Repayment Schedules

Years Ending December 31	R&E Center Principal	R&E Center Interest	BWLO Principal	Admin	Enhancement	Enhancement
				Building Remodel Principal	Project Principal	Project Interest
2023	\$ 809,377	\$ 579,998	\$ 307,010	\$ -	\$ 900,000	\$ 937,200
2024	827,586	558,798	-	500,000	1,100,000	887,200
2025	851,228	536,619	-	500,000	1,150,000	830,950
2026	875,343	513,402	-	500,000	1,210,000	771,950
2027	899,862	489,064	-	500,000	1,270,000	709,950
2028-2032	4,888,593	2,038,710	-	3,000,000	6,560,000	2,871,550
2033-2037	5,660,213	1,254,534	-	-	10,950,000	1,514,200
2038-2041	5,183,246	334,095	-	-	7,060,600	388,000
Total	\$ 19,995,448	\$ 6,305,220	\$ 307,010	\$ 5,000,000	\$ 30,200,600	\$ 8,911,000

The payment schedule above excludes the Operating Reserve loans as formal repayment terms have not been set. However, the R&E Board did approve a plan to pay back the loans between 2025 and 2028.

Construction Commitments

The R&E Board has active construction projects as of December 31, 2022. The projects include the administration building renovation project, the refuse derived fuel load out enclosure project, and the enhancement project. At year end, the R&E Board spent \$34,841,206 on the projects and has a remaining commitment of \$32,749,851.

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 106,358	\$ 85,734	\$ 93,369	\$ 98,723	\$ 98,723
Business-Type Activities					
Compensated absences	215,154	186,667	186,876	214,945	214,945
Notes Payable	60,696,676	-	1,093,618	59,603,058	2,016,387
Total Long-Term Liabilities	\$ 61,018,188	\$ 272,401	\$ 1,373,863	\$ 59,916,726	\$ 2,330,055

4) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure/expense) until then. The R&E Board has one item that qualifies for reporting in this category: deferred pension outflows, reported in the government-wide and proprietary fund statement of net position. These outflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience, changes in actuarial assumptions, pension plan changes in proportionate share, differences between projected and actual investment earnings and contributions paid subsequent to the measurement date.

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In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The R&E Board has one item that qualifies for reporting in this category: deferred pension inflows, reported in the government-wide and proprietary fund statement of net position. These inflows arise only under the full accrual basis of accounting and consist of differences between expected and actual pension plan economic experience, changes in actuarial assumptions and pension plan changes in proportionate share.

5) Net Position

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

- Net investment in capital assets - The amount of net position representing capital assets net of accumulated depreciation and reduced by outstanding debt attributable to the acquisition, construction or improvement of the assets.
- Unrestricted net position - The amount of net position that does not meet the definition of restricted or net investment in capital assets.

6) Fund Balance:

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the R&E Board is “bound to honor constraints on the specific purposes for which amounts in the fund can be spent” in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Minimum Fund Balance Policy

It is the policy of the R&E Board to maintain unrestricted fund balance between 20 and 35 percent of the subsequent year's Joint Activities Budget for cash flow purposes. It is the R&E Board's policy that if the year-end unrestricted fund balance exceeds 35 percent of the subsequent year's budget in the General Fund, the excess amounts shall be transferred to the Enterprise Fund.

Fund Balance Components

The components for reporting the R&E Board's fund balance are nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes those amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items not expected to be converted to cash. Restrictions on fund balance are for a specific purpose, either externally imposed or imposed by law. Fund balance amounts that are committed need to be authorized prior to year-end and require a resolution by the R&E Board to establish or modify the commitment. The R&E Board is the highest level of decision making. Fund balance amounts that are assigned represent management intent for specific purposes. Assignments are subject to change and can be set by the Accounting Manager as designated by the R&E Board. The unassigned fund balance represents the residual classification for the General Fund and includes all spendable amounts not contained in the other fund balance classification.

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The R&E Board considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The R&E Board does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts to be used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

7) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the 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 such estimates.

2. PENSION PLANS

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. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The two Counties' employees assigned to work on the R&E Board remain employees of their respective organizations and thus the pension costs are included in the Saint Paul-Ramsey County Public Health and Washington County Department of Public Health and Environment budgets. The Counties charge the R&E Board the portion of pension plan cost related to the staff time working to the R&E Board, which reimburses those costs out of County Project Management Services.

A. Defined Benefit Pension Plan

1. Plan Description

All full-time and certain part-time employees of the R&E Board 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), which is a cost-sharing, multiple-employer retirement plan. 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. 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

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the Coordinated Plan, for which benefits vest after five years of credited service. No R&E Board employees belong to either the Basic Plan or the Minneapolis Employees Retirement Fund.

2. 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. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

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 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. Disability benefits are available for vested members and are based on years of service and average high-five salary.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. 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. General Employees Plan members were required to contribute 6.50 percent of their annual covered salary in 2022. The employer was required to contribute 7.50 percent of annual covered salary in 2022. The employee and employer rates did not change from 2021.

The R&E Board's contributions for the General Employees Plan for the year ended December 31, 2022, were \$481,151. The contributions are equal to the statutorily required contributions as set by state statute.

4. Pension Costs

i. General Employees Plan

At December 31, 2022, the R&E Board reported a liability of \$6,526,107 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The R&E Board's proportion of the net pension liability was based on the R&E Board's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the R&E Board's proportion was 0.0824 percent. It was 0.0726 percent measured as of June 30, 2021. The R&E Board recognized pension expense of \$863,121 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 R&E Board recognized an additional \$13,068 as grant revenue and pension expense 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, 2022

The R&E Board proportionate share of the net pension liability	\$ 6,526,107
State of Minnesota's proportionate share of the net pension liability associated with the R&E Board	191,290
	191,290
Total	\$ 6,717,397

The R&E Board 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:

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

General Employees Plan
Deferred Outflows of Resources and Deferred Inflows of Resources
As of December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 54,511	\$ 61,552
Changes in actuarial assumptions	1,306,627	23,934
Difference between projected and actual investment earnings	385,234	
Changes in proportion	367,783	50,960
Contributions paid to PERA subsequent to the measurement date	250,894	
	<u>250,894</u>	
Total	<u>\$ 2,365,049</u>	<u>\$ 136,446</u>

The \$250,894 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, 2023. 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, 2022

Year Ended December 31	Pension Expense Amount
2023	\$ 711,317
2024	680,691
2025	(4,490)
2026	590,191

5. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the individual entry-age normal actuarial cost method and the following additional actuarial assumptions:

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

**Actuarial Assumptions for the Year Ended June 30,
2022**

	General Employees Fund
Inflation	2.25% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	6.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on the Pub-2010 General Employee Mortality table for the General Employees Plan, with slight adjustments. Cost-of-living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan per year through December 31, 2054, and 1.50 percent per year thereafter.

Actuarial assumptions used in the June 30, 2022, valuation were based on the results of actuarial experience studies. The experience study for the General Employees Plan was dated June 27, 2019. A review of inflation and investment assumptions dated July 12, 2022, was utilized.

The long-term expected rate of return on pension plan investments is 6.50 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**

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

6. Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent for the General Employees Plan in 2022, which remained consistent with 2021. 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 was 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.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

7. Changes in Actuarial Assumptions and Plan Provisions

The following change in actuarial assumptions occurred in 2022:

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

8. Pension Liability Sensitivity

The following presents the R&E Board's proportionate share of the net pension liability calculated using the discount rate previously disclosed, as well as what the R&E Board'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, 2022**

	Proportionate Share of the General Employees Plan	
	Discount Rate	Net Pension Liability
1% Decrease	5.50%	\$ 10,308,328
Current	6.50%	6,526,107
1% Increase	7.50%	3,424,102

9. 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.

3. RISK MANAGEMENT

The R&E Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; or natural disasters.

The R&E Board carries commercial insurance. The R&E Board has not reduced insurance coverage in the past year and has not had settlements in excess of insurance coverage.

4. JOINT VENTURE

Partnership on Waste and Energy

The R&E Board entered into a joint powers agreement with Hennepin County on November 16, 2017, pursuant to the provisions of Minn. Stat. Section 471.59, to create the Partnership on Waste and Energy. The purpose of the agreement is to assist the Partnership on Waste and Energy in accomplishing the goals outlined in Minnesota Statutes related to waste management and

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Metropolitan Solid Waste Management Policy Plan, with a focus on policy development, emerging waste processing technologies, and communication, as well as coordination on energy issues related to waste and interest of the Partnership on Waste and Energy.

The Partnership on Waste and Energy Board consists of the Chair and Vice Chair of the R&E Board and a commissioner appointed by Hennepin County. The R&E Board is the fiscal agent of the Partnership on Waste and Energy and reports the activity as the custodial fund. During the year, the R&E Board contributed \$83,250 to the Partnership on Waste and Energy. No audited financial statements are available.

REQUIRED SUPPLEMENTARY INFORMATION

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
BUDGETARY COMPARISONS (NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2022

	BUDGET		ACTUAL ON A BUDGETARY BASIS	VARIANCE WITH BUDGET OVER (UNDER)
	ORIGINAL	FINAL		
Revenues				
Charges for Services and other	\$ 10,707,727	\$ 10,707,727	\$ 9,004,855	\$ (1,702,872)
Investment Earnings	-	-	86,501	86,501
Miscellaneous	-	-	6,237	6,237
Total Revenues	<u>10,707,727</u>	<u>10,707,727</u>	<u>9,097,593</u>	<u>(1,610,134)</u>
Current Expenditures				
Personal Services	1,446,652	1,415,179	1,415,179	-
Other Services and Charges	9,261,075	7,984,149	7,984,149	-
Total Expenditures	<u>10,707,727</u>	<u>9,399,328</u>	<u>9,399,328</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>1,308,399</u>	<u>(301,735)</u>	<u>(1,610,134)</u>
Other Financing Sources (Uses)				
Transfers Out	-	(6,945)	(300,000)	(293,055)
Net Change in Fund Balance	-	1,301,454	(601,735)	(1,903,189)
Adjustment	911,611	911,611	911,611	-
Fund Balance at Beginning of Year	<u>3,731,597</u>	<u>3,731,597</u>	<u>3,731,597</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 4,643,208</u>	<u>\$ 5,937,717</u>	<u>\$ 4,041,473</u>	<u>\$ (1,903,189)</u>

The notes to the required supplementary information are an integral part of this schedule.

**RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PERA GENERAL EMPLOYEES RETIREMENT PLAN
DECEMBER 31, 2022**

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Ramsey/ Washington Recycling & Energy Board (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Covered Payroll (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.0824%	\$ 6,526,107	\$ 191,290	\$ 6,717,397	\$ 6,006,168	108.66%	76.67%
2021	0.0726%	3,100,345	94,657	3,195,002	5,489,959	56.47%	87.00%
2020	0.0743%	4,454,625	137,381	4,592,006	5,365,623	83.02%	79.06%
2019	0.0704%	3,892,258	120,995	4,013,253	5,049,677	77.08%	80.23%
2018	0.0356%	1,974,942	-	1,974,942	2,267,718	87.09%	79.53%
2017	0.0027%	172,366	-	172,366	187,819	91.77%	75.90%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The measurement date for each year is June 30.
N/A - Not Applicable

The notes to the required supplementary information are an integral part of this schedule.

SCHEDULE 3

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
 SCHEDULE OF CONTRIBUTIONS
 PERA GENERAL EMPLOYEES RETIREMENT PLAN
 DECEMBER 31, 2022

Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to Statutorily Required Contributions (b)	Contribution (Deficiency) Excess (b - a)	Covered Payroll (c)	Actual Contributions as a Percentage of Covered Payroll (b/c)
2022	\$ 481,151	\$ 481,151	\$ -	\$ 6,411,947	7.50%
2021	417,877	417,877	-	5,571,693	7.50%
2020	405,908	405,908	-	5,412,106	7.50%
2019	390,511	390,511	-	5,206,123	7.50%
2018	348,630	348,630	-	4,648,400	7.50%
2017	22,102	22,102	-	294,693	7.50%

This schedule is intended to show information for ten years. Additional years will be displayed as they become available. The R&E Board's year-end is December 31.

The notes to the required supplementary information are an integral part of this schedule.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
Notes to the Required Supplementary Information
December 31, 2022

Budgetary Information

The annual budget for the General Fund that was approved by the Recycling and Energy Board (R&E Board).

The Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund is prepared on a GAAP basis. Results of operations included in the Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary Comparisons are presented on a Non-GAAP budgetary basis. The primary difference between the two bases of accounting is that the “actual on a budgetary basis” column includes encumbrances and does not include expenditures from prior year budget reserves.

Adjustments necessary to convert actual expenditures reported on the budgetary basis in the Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary Comparisons to the GAAP basis as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund are:

	General
Actual Expenditures - Budgetary Basis	\$ 9,399,328
Encumbrances	(1,388,373)
Decrease:	
Expenditures in 2022 from December 31, 2021	476,762
Expenditures - GAAP Basis	\$ 8,487,717
Encumbrances	\$ (1,388,373)
Expenditures in 2022 from December 31, 2021 Reserves for Encumbrances	476,762
Adjustment to Reconcile Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budgetary Comparisons to Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	\$ (911,611)

Based on a process established by the R&E Board, the Joint Leadership Team (JLT) performs analysis, evaluations, and prepares an original draft budget for the review of the Facility and Finance Committee. The Facility and Finance Committee submits their budget and financial recommendations to the R&E Board every two years. Any supplemental budget revisions, if any, follow the same process as the original budget. The R&E Board’s budget requirements are submitted to both Ramsey and Washington Counties for funding once the budget is approved.

The appropriated budget is prepared by fund. Budgets may be amended during the year with the approval of the R&E Board. The JLT is authorized to transfer budgeted amounts between funds or appropriate certain revenues received in excess of the original budget estimate. Transfers of appropriations between funds and other transfers of appropriations require JLT approval. When the R&E Board approves, the JLT directs the R&E Board’s fiscal agent (Ramsey County Finance Department) to make the budget changes. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations, which are not expended, or encumbered, lapse at year end.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts, capital reserves, and other commitments for the expenditure of monies) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
Notes to the Required Supplementary Information
December 31, 2022

Defined Benefit Pension Plans – Changes in Significant Plan Provisions, Actuarial Methods, and Assumptions.

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the fiscal year June 30:

General Employees Retirement Plan

2022

- The mortality improvement scale was changed from Scale MP-2010 to Scale MP-2021.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP- 2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

RAMSEY / WASHINGTON RECYCLING AND ENERGY BOARD
Notes to the Required Supplementary Information
December 31, 2022

2019

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

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase rate was changed from 1.00 percent per year through 2044 and 2.5 percent per year thereafter, to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost of living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.



Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

October 20, 2023

Ramsey/Washington Recycling and Energy Board
Newport, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting about planning matters on January 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 6, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Ramsey/Washington Recycling and Energy Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Ramsey/Washington Recycling and Energy Board are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Ramsey/Washington Recycling and Energy Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are:

- the fair value of investments;
- the useful lives of capital assets and related depreciation expense;
- the year-end liability for compensated absences; and
- the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pension benefits.

Management's estimate relating to:

- the fair value of investments is based on reports of Ramsey County's brokers;
- the useful lives of capital assets and related depreciation expense is based on experience with replacement of worn assets and industry averages. Depreciation is a method of allocating the cost of a capital asset over its estimated useful life;
- the year-end liability for compensated absences is based on outstanding paid time off balances at year-end; and
- the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense related to pension benefits is based on information provided by the Public Employees Retirement Association (PERA). Plan totals for these amounts were determined by an actuary hired by PERA, with a valuation date as of June 30, 2022. The proportionate share by employer was calculated by PERA.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The completion of our audit was delayed because information necessary to complete the audit was not provided by the Ramsey/Washington Recycling and Energy Board in a timely manner, partially due to staff turnover.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 11, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Ramsey/Washington Recycling and Energy Board’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

Our responsibility for the Introductory Section in the annual report prepared by management with your oversight does not extend beyond the financial information identified in our opinion. We do not have an obligation to perform any procedures to corroborate this information contained in the Annual Financial Report. However, we have read the information and considered whether it, or the manner of its presentation, is materially inconsistent with information appearing in the financial statements. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information appearing in the financial statements.

We have applied certain limited procedures to the Management’s Discussion and Analysis; Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Budgetary Comparisons; Schedule of Proportionate Share of Net Pension Liability; Schedule of Contributions; and Notes to the Required Supplementary Information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on it.

Significant New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. The GASB has issued the following statement that may significantly change financial reporting in an upcoming period.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

Effective for calendar year 2023 financial statements, the GASB changed the standards as they apply to subscription-based information technology arrangements. An increase of assets and liabilities could be required to be reported by state and local governments, which may increase or decrease net position. The Ramsey/Washington Recycling and Energy Board should begin inventorying its various technology agreements, including identifying key contract provisions.

* * *

This information is intended solely for the use of the Ramsey/Washington Recycling and Energy Board and management of the Ramsey/Washington Recycling and Energy Board and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Ramsey/Washington Recycling and Energy Board Newport, Minnesota

Management and Compliance Report

Year Ended December 31, 2022

Description of the Office of the State Auditor

The Office of the State Auditor (OSA) helps ensure financial integrity and accountability in local government financial activities. The OSA is the constitutional office that oversees more than \$40 billion in annual financial activity by local governments and approximately \$20 billion of federal funding financial activity.

The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
- **Constitution:** Connects with the public via external communication, media relations, legislative coordination, and public engagements for the State Auditor.

This division also supports the State Auditor's service on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, the Minnesota Historical Society, and the Rural Finance Authority Board.

- **Government Information:** Collects, analyzes, and shares local government financial data to assist in policy and spending decisions; administers and supports financial tools including the Small Cities and Towns Accounting System (CTAS) software and infrastructure comparison tools.
- **Legal/Special Investigations:** Provides legal analysis and counsel to the OSA and responds to outside inquiries about Minnesota local law relevant to local government finances; investigates local government financial records in response to specific allegations of theft, embezzlement, or unlawful use of public funds or property.
- **Operations:** Ensures the office runs efficiently by providing fiscal management and technology support to the office.
- **Pension:** Analyzes investment, financial, and actuarial reporting for Minnesota's local public pension plans and monitors pension plan operations.
- **Tax Increment Financing (TIF):** Promotes compliance and accountability in local governments' use of tax increment financing through education, reporting, and compliance reviews.

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance or visit the Office of the State Auditor's website:

www.osa.state.mn.us

**Ramsey/Washington
Recycling and Energy Board
Newport, Minnesota**

Year Ended December 31, 2022



Management and Compliance Report

**Audit Practice Division
Office of the State Auditor
State of Minnesota**



Julie Blaha
State Auditor

Suite 500
525 Park Street
Saint Paul, MN 55103

**Independent Auditor’s Report on
Minnesota Legal Compliance**

Ramsey/Washington Recycling and Energy Board
Newport, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ramsey/Washington Recycling and Energy Board as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Ramsey/Washington Recycling and Energy Board’s basic financial statements, and have issued our report thereon dated October 11, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Ramsey/Washington Recycling and Energy Board failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Ramsey/Washington Recycling and Energy Board’s noncompliance with the above referenced provisions, insofar as they relate to accounting matters. The provisions for depositories of public funds and public investments and claims and disbursements were tested in conjunction with the audit of Ramsey County.

This report is intended solely for the information and use of the Ramsey/Washington Recycling and Energy Board and management of the Ramsey/Washington Recycling and Energy Board and the State Auditor, and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

October 11, 2023

/s/Chad Struss

Chad Struss, CPA
Deputy State Auditor



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:		October 26, 2023		AGENDA ITEM:		VI.b.i	
SUBJECT:		2023 Budget Update					
TYPE OF ITEM:		<input checked="" type="checkbox"/>	INFORMATION	<input type="checkbox"/>	POLICY DISCUSSION	<input type="checkbox"/>	ACTION
SUBMITTED BY:		Joint Leadership Team (JLT)					

FACILITY & FINANCE COMMITTEE ACTION REQUESTED:

For information.

EXECUTIVE SUMMARY:


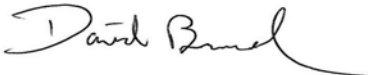
Staff will provide an update on the status of the 2023 Ramsey/Washington Recycling & Energy budgets (Joint Activities, Facility and Equipment Maintenance & Replacement) and year-end projections.

ATTACHMENTS:

None.

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM  	10/19/23



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:	October 26, 2023	AGENDA ITEM:	VI.c
SUBJECT:	Presentation from Xcel Energy		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION <input type="checkbox"/> CONSENT
SUBMITTED BY:	Joint Leadership Team (JLT)		

R&E BOARD ACTION REQUESTED:

For information only.

EXECUTIVE SUMMARY:



R&E staff have invited Xcel Energy to share an update on Xcel’s grid transformation, current resource plans to operate their plants in Red Wing, Mankato and La Crosse and discuss opportunities to extend our partnership.

ATTACHMENTS:

None.

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM  	10/19/23



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

R&E BOARD MEETING DATE:	October 26, 2023	AGENDA ITEM:	VIII
SUBJECT:	Updates and Reports		
TYPE OF ITEM:	<input checked="" type="checkbox"/> INFORMATION	<input type="checkbox"/> POLICY DISCUSSION	<input type="checkbox"/> ACTION <input type="checkbox"/> CONSENT
SUBMITTED BY:	Joint Leadership Team (JLT)		

R&E BOARD ACTION REQUESTED:

For information only.

EXECUTIVE SUMMARY:

a. Facility Updates

Staff will provide updates on R&E Center projects and operations.

b. Joint Activities Updates

Staff will provide updates on Joint Activities work.

c. Procurement Report

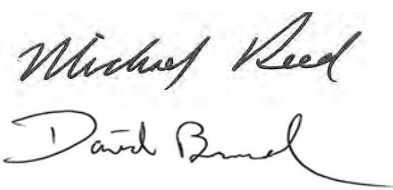
Staff will provide a written report of new contracts and amendments executed under the authority of R&E's procurement guidelines during the period of September 1, 2023, through September 30, 2023. Funding for the contracts is available in the approved Joint Activities, Facility and EM&R Budgets, following approval as to form by the Ramsey County or Washington County attorney's office

ATTACHMENTS:

1. Procurement Report

FINANCIAL IMPLICATIONS:

None.

AUTHORIZED SIGNATURES	DATE
JOINT LEADERSHIP TEAM 	10/18/23



**RAMSEY/WASHINGTON
RECYCLING & ENERGY**
CONNECTING VALUE TO WASTE

Report of all professional service and supplies, equipment, material and labor (SEML) contracts, amendments and solicitations issued and executed under the authority of Ramsey/Washington Recycling & Energy's procurement guidelines (Resolution R&EB 2022-06), September 1, 2023, through September 30, 2023.

Vendor	Effective Date	Description	NTE/Budgeted Amount	Procurement Type
Sheehy Construction Company	8/1/23	Facility – Concrete repairs at the R&E Facility.	\$81,000	SEML
MAP Consulting, LLC	10/1/23	Joint Activities – Risk management services for R&E.	Rate Setting – budgeted to be about \$15,000 per year	Professional Services