CITY OF MANKATO
MANKATO, MINNESOTA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2023

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada
Published June 6, 2024

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City of Mankato
Mankato, Minnesota
Annual Comprehensive Financial Report
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INTRODUCTORY SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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June 6, 2024

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Mankato:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Mankato (the City) for the fiscal year ended December 31, 2023.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Abdo, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in this report in the Single Audit and Other Required Reports section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of 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 City's MD & A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1868, is located in the south central region of Minnesota and is approximately 75 miles south of the Minneapolis / Saint Paul metropolitan area. Mankato is considered to be a regional center that services Southern Minnesota and Northern Iowa. The region is considered to be a prime area in the state for agriculture with corn and soybeans being the major cash crops. Mankato is home to Ridley, Inc / Hubbard Feeds, Archer Daniels Midland, and CENEX / Harvest States / Honeymead. All three corporations are well known in the agribusiness community. Archer Daniels and CHS (CENEX / Harvest States) are major entities in the soybean processing industry. The City currently occupies a land area of 11 square miles and has a population of 45,428. The community serves a regional market estimated at 327,700 people. The City is empowered to levy a property tax on real property located within its corporate limits It is also empowered by state statute to extend its corporate limits by orderly annexation, which occurs periodically when deemed appropriate by the City Council.

The City operated under the council-manager form of government since 1952. Policy making and legislative authority is vested in a governing council consisting of the mayor and six council members. The Mayor and City Council are responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the government, and for appointing the heads of various departments. The Mayor and Council are elected on a non-partisan basis. Council members serve four-year staggered terms. The Mayor is elected to serve a four-year term. Five Council members are elected by ward. The Mayor and the one remaining Council member are elected at large.

The City provides a full range of services:

The City Manager's Office provides services to the City Council, citizens of Mankato, and guidance for the various City departments. Services provided include preparation of materials for all City Council meetings as well as all City Council work sessions, development of strategic initiatives for review and implementation, and providing for the overall leadership of the organization structure. The Department is also responsible for the position of the City Clerk and all of the duties within that position. The staff consists of four full-time employees.

The Community Development Department provides services in the area of planning and zoning, building code enforcement and inspection, economic development, and transit services. The economic development programs are aimed at stimulating commercial and industrial growth. In addition, a variety of programs have been utilized over the years for the intent of providing citizens with adequate and affordable housing. Among these programs are the HUD Public Housing, HUD Voucher Program, Minnesota Housing Finance Agency Programs (Home Steps, Home Stretch, Home Ownership, Rental Rehab, Community Fix Up Fund, and Community Revolving Loan), and deferred loan programs that target specific neighborhoods such as Lincoln Park, Washington Park, and the Neighborhood Improvement Fund. In addition, the Department also utilizes Tax Increment Financing and Industrial Development Revenue Bonds as economic development tools.

The Department of Community Development – Mass Transit staff includes 26 full-time and 14 part-time employees. The transit system began in 1976, and provides fixed route, demand response (dial-a-ride), and paratransit services throughout the Mankato Urbanized Area which includes the cities of Skyline, Eagle Lake, North Mankato, Mankato, and South Bend Township. Services are provided to Minnesota State University - Mankato and North Mankato through contractual arrangements. For 2023, the transit system operated 40,347.5 service hours providing 387,200 rides (9.6 rides per hour). There are 17 established Fixed Routes, 534 certified Paratransit (Mobility) riders, and 252 Demand Response (Flex) riders.

The Department of Public Safety - Police Services provides residents with a 57-member force and 11 civilian staff that operates from the Mankato Public Safety Center. The City also has a 12-member trained and licensed part-time police force.

The Department of Public Safety - Fire Services has 17 full-time and 12 part-time personnel on staff in three fire stations throughout the City. The City also provides specialty services throughout the region in the form of a Chemical Assessment Team and Hazardous Materials Team. The City has an ISO fire insurance rating of 2.

The Department of Public Works - Operations has 20 full-time and 1 part-time personnel. The department is responsible for maintaining 188 miles of streets with approximately 518 lane miles. In addition, the department provides maintenance for 76 miles of storm water infrastructure. The department is also responsible for maintaining 28 parks that encompass 129 acres. The park facilities include 18 playgrounds, 8 baseball diamonds, 13 basketball courts, 6 tennis courts, 1 volleyball court, 4 outdoor ice rinks, 1 swimming pool, 1 outdoor swimming area, 14 miles of bike trails, and 1 campground with 39 sites on 92 acres. In addition, the City operates an indoor park pavilion at the Land of Memories Park, and a 4,800-seat arena/civic center.

The Department of Public Works - Utilities Services staffs 21 full-time employees. The department maintains a system of 272 miles of water mains, 2,390 fire hydrants, and 13,604 user connections. Water is pumped from four wells through a lime softening plant that has a capacity of nine million gallons per day. Combined storage of two elevated tanks and five ground storage tanks is 11 million gallons. The department also serves over 13,700 wastewater users in the City, North Mankato, Eagle Lake, and South Bend Township. The wastewater treatment plant has a maximum design capacity of 22.5 million gallons per day and an average daily use of 6.7 million gallons per day. The department maintains 219 miles of sanitary sewer.

The Department of Public Works - Infrastructure Services staffs 15 full-time employees. The departments services 272 miles of water mains, 219 miles of sanitary sewer mains, and 264 miles of storm water drains. In addition, there are 16 sewer lift stations, 96 storm water retention ponds, and five flood control pumping stations.

The Department of Public Works - Airport Services staffs 1 full-time and 1 part-time employee. The airport is located approximately five miles northeast of the City on 650 acres of City-owned land. The airport has two paved runways, TVOR navigational aids, approach lights, and a routing beacon. In 1997, the City built a new terminal building that includes office space for the business operation of the airport as well as a concourse serving four gates. The paved and marked parking lot area has a capacity of 120 parking stalls.

The Department of Public Works - Garage Services employs 8 full-time staff. The department provides for the maintenance of City-owned vehicles, operates the City-owned garage, and dispenses bulk petroleum to all City-owned vehicles.

The Department of Engineering consists of 11 full-time staff members. The department designs and inspects all infrastructure projects within the City.

The Parking Services area operates and enforces parking in the City-owned ramps and City-owned off street surface parking. The parking system consists of 1,677 ramp spaces located in six city ramps and 237 off-street surface parking spaces. The department has 1 full-time employee and 5 part-time contract positions.

The Department of Communications and Engagement provides assistance in the area of informational marketing efforts to the City. The department has 3 full-time employees.

The Department of Human Resources has 6 full-time staff and provides recruitment, screening, compliance, and payroll services for the organization.

The Department of Administrative Services – Finance consists of 7 full-time staff and is responsible for all accounting and financial reporting for the organization. In addition, the department handles the cash management and investments of funds, cash flow forecasting, risk management for the entire organization, coordinates the issuance of debt structures to finance the various infrastructure improvements, tax increment financing reporting, processes the annual grant funding for the transit system, maintains numerous operational statistics for the transit system, provides financial information the Capital Improvement Plan, coordinates the City Budget Process, provides the accounts payable and accounts receivable function for the organization, provides all office support for the utility billing function, provides in house support for the ordering and distribution of office supplies and office equipment maintenance.

The Department of Administrative Services - Information Technology consists of 11 full-time staff members. This department coordinates adjustments and implementations of the city purchase Enterprise Resource Planning (ERP) system Tyler-Munis.

The Department of Administrative Services – 311 Customer Service consists of 7 311 customer services agents that handle more than 50,000 incoming calls per year. They assist internal, external, utility billing, and permit & license customers. They have subject matter experts in utility billing, permitting, and rental business licenses.

The Department of Administrative Services – Facilities consists of 12 full-time staff, 20 contractual, and 2 seasonal staff. They are responsible for capital project management, custodial functions, building maintenance of all City facilities including parking ramps, building HVAC monitoring, lease management, and the maintenance of special service districts.

The Mayo Clinic Health System Event Center is an entertainment venue which opened in 1995 that consists of a 6,800 capacity Arena, 2,250 capacity grand hall, and the operation of a unique 3,200 capacity outdoor amphitheater. Over 300 events are put on each year from concerts, conventions, tradeshows, banquets, business meetings, holiday parties, division 1 hockey and weddings.

The Council is required to adopt a final budget prior to the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The City Manager's Office and Director of Administrative Services prepare the annual budget each summer, in conjunction with each department's respective director. A preliminary budget is presented to the City Council in August, prior to consideration of the preliminary property tax levy. Under Minnesota Statutes, a preliminary property tax levy must be adopted no later than September 15 of each year for the ensuing years' collection. This action establishes a maximum levy. Subsequent Council action may lower this preliminary levy but must not raise the levy. In addition, the City Council reviews the budgets for the enterprise funds and all other funds on an annual basis as part of the budgetary process. In November, citizens receive a notice of proposed property taxes based upon the preliminary levies established by all taxing districts. Citizens are invited to a public hearing known as Truth in Taxation hearings for each taxing jurisdiction. The City's hearing includes a presentation that addresses the budget, proposed property tax levy, other City operations, and the priorities of the City Council for the upcoming year. There is an opportunity for public comment, on these topics, at this public hearing as well as the following meeting at which the final

property tax levy is adopted. The final appropriated budget is prepared by fund, organization code and line item. The City Manager may make transfers of appropriations within a fund or organization code. Budget amendments, that reduce the amount of an appropriation, require approval of the City Council. Budget to actual comparisons are provided for each individual governmental fund for which an appropriate annual budget has been adopted. This is the basis for the budget process and the framework for the completion of the annual budget.

Local economy

The region has a mix of manufacturing and industrial base that complements the agricultural base. Major industries with headquarters or divisions located with the City or close proximity include wireless cellular telephone and communications, specialty and commercial printing, soybean processing, microcircuit and electronic assembly, and plastics production. This combined with Mankato being the County Seat of Blue Earth County adds further diversification. In addition, the community serves as a regional health care provider. Mayo Clinic Health Systems operates a hospital and medical care facility that provides an employment base of approximately 1,300 health care professionals and staff. The community is also the home of Minnesota State University - Mankato (MSU-M). The University has a student population of approximately 14,000 students and an employment base of 1,600 educational professionals and staff.

The region (which includes the City and Blue Earth County) has an employed labor force of approximately 67,555. The City anticipates a continuing of the leveling off of growth rates in residential housing. The market value of all new single family residential homes in fiscal year 2023 was $20,435,238. This represents a decrease of 19.6 percent when compared to fiscal year 2022 permits issued. The market value of all new residential, commercial, and industrial permits in fiscal year 2023 was $213,087,377. This represents a decrease of 29 percent when compared to fiscal year 2022.

Unemployment has been at a relatively modest rate due to the diverse economic base. The unemployment rate is 2.2 percent which represents an increase from the previous year rate of 0.3 percent.

The hospitality industry makes a significant contribution to the Mankato economy. The lodging tax generated $745,635 for fiscal year 2023. This represents a decrease of $273 when compared to fiscal year 2022.

The food and beverage tax generated $939,769 for fiscal year 2023. This represents an increase of 10.7 percent when compared to fiscal year 2022.

The retail sales are a significant contribution to the Mankato economy as well. The City sales tax generated $7,240,612 in fiscal year 2023. This represents an increase of 6.5 percent when compared to fiscal year 2022.

Long-term financial planning

Unassigned fund balance in the General fund is 29.4 percent of the subsequent fiscal year total General fund expenditures. Fund balance policy guidelines, set by the City Council, allow up to 50 percent of the subsequent fiscal year total General fund expenditures. The policy has been set for budgetary and planning purposes. The Council and staff plan to increase the actual percentage towards the maximum for the purpose of achieving a higher bond rating and potentially reducing future borrowing costs. Assigned fund balance in the General fund is 14.6 percent of the subsequent fiscal year total General fund expenditures.

Financial planning and control for the City is also based upon the five-year Capital Investment Program. The Capital Investment Program is reviewed and revised during the budget process each year. This includes projects for which the City must issue debt and/or assess portions of the cost to adjacent or benefited property owners. Since the Council has set limits upon the funds available each year and the City does not wish to issue excessive amounts of debt, these projects need to be reviewed and (on

occasion) reprioritized annually as part of the Capital Investment Program. The specific projects under consideration are identified in the City Budget.

Relevant financial policies

Cash management and investment policies have been drafted and are on file in the City Finance Department. Cash temporarily idle during the year was invested in certificates of deposit, commercial paper, or obligations of the U.S. Treasury, or a state approved money market investment fund. The maturities of investments range from 30 days to 10 years. The total value of maturities of one year or less is 60.0 percent of the total portfolio. The value of maturities from 1 year to five years is 98.0 percent of the portfolio. The value of the maturities greater than five years is 2.0 percent of the total portfolio. All obligations of the U.S. Treasury have call features which, in effect, will likely serve to reduce the maximum maturity date of the securities in the six year to twelve year instruments. The City utilizes the 4M Fund as a "sweep" account paying interest on overnight deposits. The rate on this daily sweep during 2022 was 0.01 percent to 3.93 percent. All other funds were invested in FDIC backed certificates of deposit with coupon rates from 0.35 percent to 3.30 percent; U.S. Agency Bonds with coupon rates from 0.28 percent to 4.87 percent, Municipal Bonds with coupon rates of 0.60 percent to 5.70 percent and United States Treasuries with coupon rates from 3.53 percent to 4.69 percent. Money Market Funds represented 24.17 percent of the total portfolio. U S Government Securities represented 19.56 percent of the total portfolio. Certificates of Deposit represented 5.11 percent of the portfolio. United States Treasuries represented 31.84 percent of the portfolio. Municipal Bonds represent 19.32 percent of the portfolio. All municipal bonds have ratings of A+ to AAA.

These types of investment instruments are deemed to have acceptable investment risks and are consistent with the Investment Policy of the City. All investment instruments are consistent with Minnesota Statutes 118.A. Investment income includes any appreciation or decrease in the fair value of investments. Any increase or decrease in fair value does not necessarily indicate a trend that will continue; nor is it always possible to realize such amounts. The City purchases government fixed income securities with the intent of holding them to full maturity or to their call date. As such, in the long term, the City does not expect to realize any loss in value due to changes in the interest rate market. The City exercises the Mark To Market of its investments on a quarterly basis. As a result, the city may experience a gain or a loss for the respective quarter based upon the prevailing interest rate market conditions. A thorough review of cash flow needs is performed prior to investing funds. This requires examining the various stages of construction for each project identified within the Capital Improvement Program of the City. The City utilizes cash flow practices with the intent of assuring sufficient liquidity to eliminate or significantly reduce the need to redeem fixed income instruments prior to maturity or their call date.

The Department of Administrative Services - Finance updated the Internal Control manual in 2007. The department identified key areas of activity and drafted controls for each area. With the addition of various e-commerce activities over the past few years, it was necessary to identify several areas and document the necessary practices and controls. The department maintains this document as a continuing work in progress.

The Department of Administrative Services - Finance engaged an actuarial study for Other Post-Employment Benefits (OPEB) in order to comply with Governmental Accounting Standards Board Pronouncement 45 (GASB 45). GASB 45 is directed towards public sector employers providing certain OPEB benefits. The City implemented GASB 45 in the fiscal year 2008 annual comprehensive financial report. GASB 45 was replaced with GASB 75. The intent of GASB 75 is to improve the accounting and financial reporting of local government units for post-employment benefits other than pensions. Updated actuarial studies were performed throughout the fiscal years of 2011, 2013, 2015, 2017, 2019, 2021 and 2023. For fiscal year 2023, the city recognized OPEB expense of $78,946. Total Deferred outflows of resources is $1,339,128 at fiscal year- end. The total OPEB liability for the City is $5,786,863. The City's OPEB liability is relatively minor when compared to other Minnesota cities. Unlike other governmental agencies, the issuance of debt for the purposes of funding OPEB liabilities "will not" be required. Additional information regarding OPEB liability can be found in the Notes to the Financial Statements.

The City participates in a comprehensive risk management strategy through the League of Minnesota Cities Insurance Trust (LMCIT). The risk management plan is in coordination with the statutory limits for insurance coverage as identified for political subdivisions of the State of Minnesota.

Specific area of insurance coverage include, property, supplemental flood coverage, crime, employee dishonesty bonds, employee faithful performance bonds, police professional liability, municipal liability, automobile and equipment liability, automobile physical damage, Minnesota Petro fund liability, boiler coverage, Open Meeting Law coverage, and workers compensation coverage. The City established a self-insurance fund for health insurance in 1991. Under this program, the health insurance claims are administered by Blue Cross & Blue Shield of Minnesota. Additional information regarding risk management activity can be found in the notes to the financial statements.

Pension and other post-employment benefits. The City participates in the Minnesota Public Employees Retirement Association (PERA) as required by state law. The City participates in three PERA funds. They are the PERA Police & Firefighters Fund, the PERA Coordinated Fund, and Public Employees Defined Contribution Plan (PEDCP) for elected officials. Additional information regarding pension activity can be found in the notes to the financial statements.

The City of Mankato has approved use of Tax Increment Financing (TIF) for different types of tax increment districts which include economic development, redevelopment, soils and housing districts. Projects that utilize TIF provide public benefits which include future increased property taxes and depending on the project, other public benefits can also include job creation/retention, affordable housing, improving blighted building conditions and remediation of environmental contamination. Projects receiving TIF meet a “but-for” test, which is to say that “but for” TIF, the project would not occur.

Major initiatives

- Frerichs Construction Company is undertaking a $9,500,000 remodel of an existing apartment building.
- ISD77 is conducting a commercial alteration of an existing building valued at $4,300,000.
- Brennan Companies is constructing a new apartment building at 209 Dewey Street. The valuation is $11,300,000.
- Minnesota State University, Mankato is conducting a commercial alteration valued at $1,900,000.
- Madison East Mall is conducting a commercial alteration valued at $1,000,000.
- Pike Construction Services requesting the initial phase of permitting for the expansion of the Wal-Mart Distribution Center valued at $37,000,000. Additional permitting will occur in the fall for the large industrial expansion.
- The City is undertaking a $5,603,000 renovation of the Tourtellotte Park pool, bathhouse building, and additional pool equipment.
- Arch and Cable is constructing a 20-unit hotel building within Bridge Plaza (201 N Riverfront Drive).
- Mayo Clinic Health Systems is constructing a $3,000,000 outpatient, specialty breast clinic at 1400 Madison Avenue.
- Frost Plaza is constructing apartment units on the 2nd floor of the building at 515 N. Riverfront Drive. The project valuation is $720,000.

- Mose Construction is constructing a $5,200,000 apartment building at 2004 Prairie Rose Drive.
- MyPlace is constructing a $2,005,000 renovation of the property at 1315 Stadium Road.
- Valvoline is constructing a 2,100 square foot, 3-bay oil change facility at 105 Star Street. The estimated value for the project is $1,500,000.
- SPS is constructing a 24,670 square foot industrial building at 1201 N. Riverfront Drive. The estimated value for the project is $3,100,000.
- M Carwash is constructing a 6,742 square foot car wash building at 1541 Madison Avenue. The estimated value for the project is $3,200,000.
- I.S.D. No. 77 (Mankato) is undergoing a remodel at 1000 N. Broad Street. The value of the expansion is estimated to be $944,840.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Mankato for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2022. The City has received the prestigious award since 1985. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the ACFR to determine its eligibility for another certificate.

In addition to the Certificate of Achievement, in 2023 the Government Finance Officers Association (GFOA) also awarded the Distinguished Budget Presentation Award to the City of Mankato, MN, for its Biennial Budget for the fiscal year beginning January 1, 2023. In order to receive this award, the City must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

This award is valid for a period of two years. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award in 2025.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Department of Administrative Services - Finance. We would like to express our appreciation to all members of the Administrative Services Department staff who assisted and contributed to the preparation of this report. We would also like to acknowledge the Mayor and the City Council for their support for maintaining the highest standards of professionalism in the management of the City's finances.

X

Susan Arntz
City Manager

X

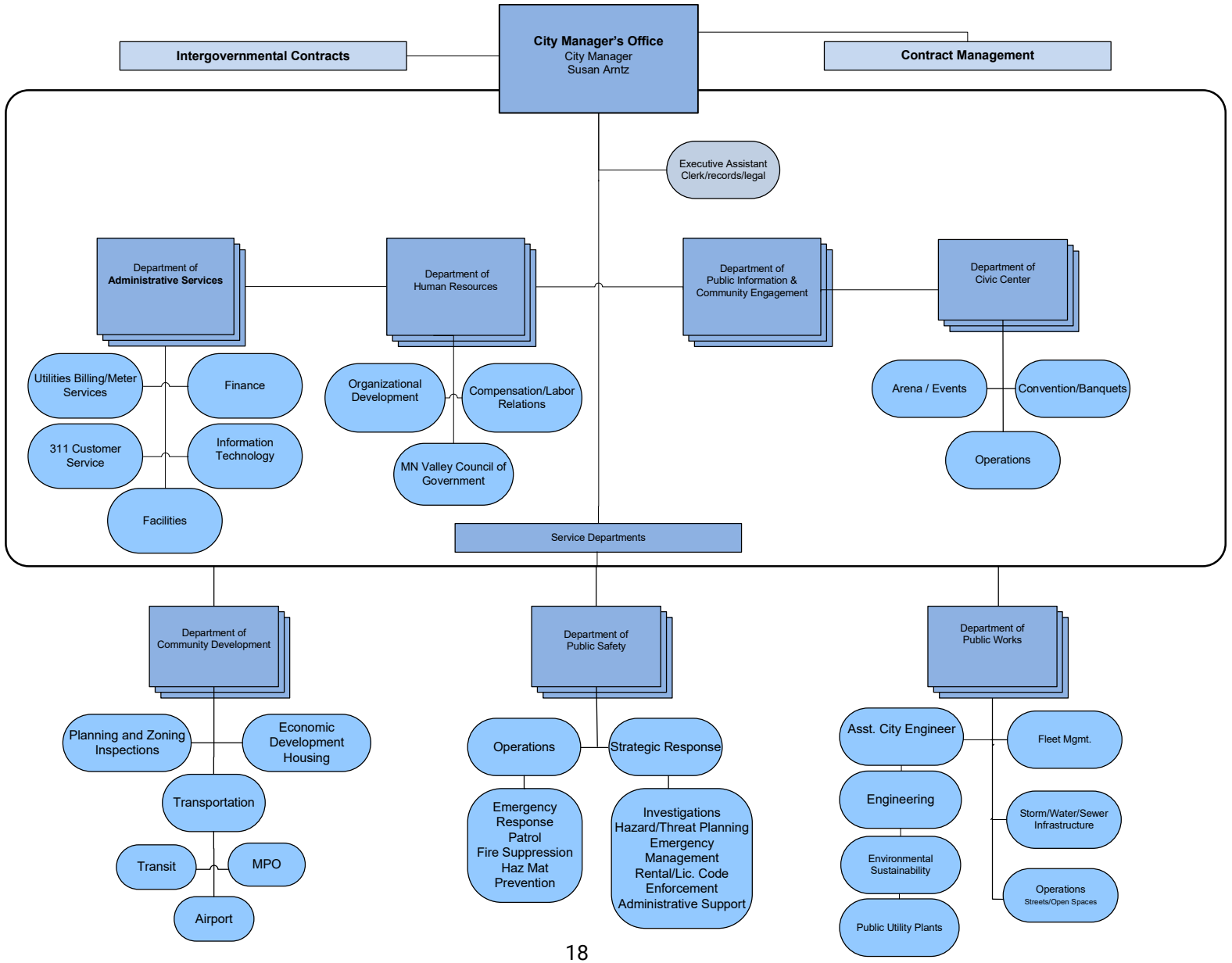
Parker Skophammer
Director of Admin Services

X

Dean Roles
Controller

City of Mankato, Minnesota
Listing of Officials
For the Year Ended December 31, 2023

Name	Title	Term Ends
Najwa Massad	Mayor	12/31/26
Mike Laven	At Large	12/31/24
Michael McLaughlin	Council Member 1st Ward	12/31/26
Dennis Dieken	Council Member 2nd Ward	12/31/24
Kevin Mettler	Council Member 3rd Ward	12/31/26
Jenn Melby-Kelly	Council Member 4th Ward	12/31/24
Jessica Hatanpa	Council Member 5th Ward	12/31/26
Susan Arntz	City Manager	
Parker Skophammer	Director of Administrative Services	
Paul Vogel	Director of Community Development	
Jeff Johnson	Director of Public Works	
Amy Vokal	Director of Public Safety	
Sheila Huber	Director of Human Resources	
Paul David	Director of Public Information and Community Engagement	
Doug Storm	Director of Information Technology	
Eric Jones	Co-Director of Civic Center	
Brian Sather	Co-Director of Civic Center	


Intergovernmental Contracts
City Manager's Office
City Manager
Susan Arntz
Contract Management
Executive Assistant
Clerk/records/legal
Department of
Administrative Services
Department of
Human Resources
Department of
Public Information &
Community Engagement
Department of
Civic Center
Utilities Billing/Meter
Services
Finance
311 Customer
Service
Information
Technology
Facilities
Organizational
Development
Compensation/Labor
Relations
MN Valley Council of
Government
Arena / Events
Convention/Banquets
Operations
Service Departments
Department of
Community Development
Department of
Public Safety
Department of
Public Works
Planning and Zoning
Inspections
Economic
Development
Housing
Transportation
Transit
MPO
Airport
Operations
Strategic Response
Emergency
Response
Patrol
Fire Suppression
Haz Mat
Prevention
Investigations
Hazard/Threat Planning
Emergency
Management
Rental/Lic. Code
Enforcement
Administrative Support
Asst. City Engineer
Fleet Mgmt.
Engineering
Storm/Water/Sewer
Infrastructure
Environmental
Sustainability
Operations
Streets/Open Spaces
Public Utility Plants

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mankato
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mankato, Minnesota

Report on Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mankato, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General and Local Sales Tax Option funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 27 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 128 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information in the report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
June 6, 2024

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Management's Discussion and Analysis

As management of the City of Mankato (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 9 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year (*net position* on page 45). The unrestricted portion of net position may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased as shown in the summary of changes in net assets table on the following pages (page 33). Major factors for the current year increase were the business-type activity profits of $19,202,406 before transfers. Total charges for services of $41,651,934 increased by $1,584,982. This was due to regular rate increases. Governmental activities saw an increase in operating grants and contributions of $2,196,310 due in part to public safety and housing State aids.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $10,506,010, or 34.7 percent of total General fund expenditures (page 52).

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 reflects how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

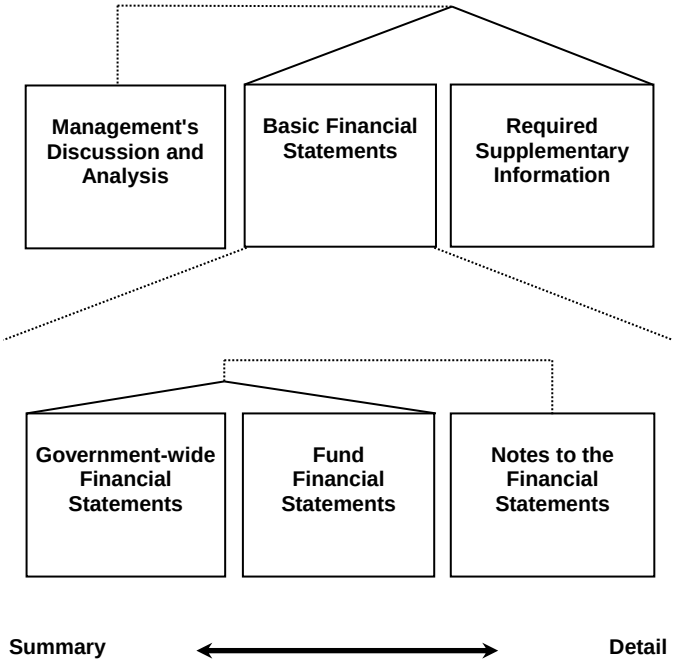


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements	
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements.

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources less liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community development, health and housing and economic development. The business-type activities of the City include housing and economic development, water, wastewater plant, sewer collection, refuse, utility operations and administration, storm water, street lighting, mass transit, airport, parking and civic center operations.

The government-wide financial statements include the City itself (known as the *primary government*), as well as an economic development authority for which the City is financially accountable. Financial information for the economic development authority is classified as a *blended component unit* and is reported separately from the financial information presented for the primary government itself. The economic development authority functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found starting on page 45 of this report.

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

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the American Rescue Plan Act fund, the Debt Service fund, the 2022C Sales Tax Improvements, the Improvement Bond Redemption fund, Improvements 2024 fund, and the Local Option Sales Tax fund. All of these funds are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 52 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water operations, wastewater plant operations, sewer collection, airport operations, Mayo Clinic Health Systems Event Center, economic development, Eastwood industrial park, utility operations/administration, refuse operations, storm water utility operations, street lighting operation, mass transit operations, parking system, and the housing funds of the Mankato Economic Development Authority (EDA). The housing funds of the EDA are presented as a blended component unit of the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central garage, administrative services fund including information technology, equipment replacement, central insurance operations and building facilities replacement. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water fund, Wastewater Plant fund, Sewer Collection fund, Civic Center fund, Economic Development fund and the Mankato EDA fund. These are considered to be major funds of the City. Conversely, other proprietary funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found starting on page 62 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City'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 starting on page 72 of this report.

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

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Mankato's share of net pension liabilities for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 128 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found starting on page 140 of this report.

Government-wide Financial Analysis

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

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

City of Mankato's Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Assets						
Current and other assets	$ 98,718,404	$ 94,263,047	$ 4,455,357	$ 71,970,255	$ 66,247,281	$ 5,722,974
Capital assets	171,257,107	168,532,959	2,724,148	220,765,980	218,846,808	1,919,172
Total Assets	269,975,511	262,796,006	7,179,505	292,736,235	285,094,089	7,642,146
Deferred Outflows of Resources	17,079,519	19,886,745	(2,807,226)	1,792,831	2,445,604	(652,773)
Liabilities						
Long-term liabilities outstanding	89,279,924	109,073,146	(19,793,222)	28,498,337	35,902,276	(7,403,939)
Other liabilities	15,207,360	18,897,271	(3,689,911)	3,751,396	5,468,200	(1,716,804)
Total Liabilities	104,487,284	127,970,417	(23,483,133)	32,249,733	41,370,476	(9,120,743)
Deferred Inflows of Resources	20,838,123	5,897,399	14,940,724	9,909,110	10,030,783	(121,673)
Net position						
Net investment in capital assets	104,855,060	107,827,410	(2,972,350)	199,660,325	191,424,760	8,235,565
Restricted	36,507,585	25,257,895	11,249,690	55,325	1,580,401	(1,525,076)
Unrestricted	20,366,978	15,729,630	4,637,348	52,654,573	43,133,273	9,521,300
Total Net Position	$ 161,729,623	$ 148,814,935	$ 12,914,688	$ 252,370,223	$ 236,138,434	$ 16,231,789

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental Activities. Governmental activities increased the City's net position. The major factor in this increase is due to an increase in operating grants and contributions related to public safety and housing aid. Other key elements of this increase are as follows:

City of Mankato's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 5,407,271	$ 5,437,204	$ (29,933)	$ 41,651,934	$ 40,066,952	$ 1,584,982
Operating grants and contributions	6,801,757	4,605,447	2,196,310	17,569,860	9,266,891	8,302,969
Capital grants and contributions	2,412,012	6,288,377	(3,876,365)	6,690,133	3,039,535	3,650,598
General revenues						
Property taxes/tax increments	22,859,300	21,547,899	1,311,401	1,558,716	1,172,735	385,981
Other taxes	10,065,021	2,581,068	7,483,953	939,769	7,864,975	(6,925,206)
Grants and contributions not restricted to specific programs	8,445,542	8,457,897	(12,355)	-	-	-
Unrestricted investments earnings	3,421,777	(611,236)	4,033,013	1,870,163	(517,296)	2,387,459
Other	922,412	814,090	108,322	7,224,189	895,236	6,328,953
Total Revenues	60,335,092	49,120,746	11,214,346	77,504,764	61,789,028	15,715,736
Expenses						
General government	3,194,538	2,434,967	759,571	-	-	-
Public safety	19,198,256	17,127,760	2,070,496	-	-	-
Public works/streets	18,274,990	17,789,106	485,884	-	-	-
Culture and recreation	6,973,582	4,826,473	2,147,109	-	-	-
Community development	1,476,696	1,335,550	141,146	-	-	-
Housing and economic development	877,039	1,365,226	(488,187)	-	-	-
Health	25,000	-	25,000	-	-	-
Interest on long-term debt	1,789,990	1,394,048	395,942	-	-	-
Housing and economic development	-	-	-	9,008,044	8,368,388	639,656
Water	-	-	-	7,479,458	7,645,548	(166,090)
Wastewater plant	-	-	-	6,047,429	5,185,897	861,532
Sewer collection	-	-	-	2,190,559	1,815,414	375,145
Refuse	-	-	-	2,277,196	2,020,810	256,386
Utility operations and administration	-	-	-	2,027,054	1,875,245	151,809
Storm water	-	-	-	7,579,881	1,524,899	6,054,982
Street lighting	-	-	-	635,960	657,444	(21,484)
Mass transit	-	-	-	7,008,670	5,228,068	1,780,602
Airport	-	-	-	2,219,710	2,426,978	(207,268)
Parking	-	-	-	1,781,154	1,670,466	110,688
Mayo Clinic Health Systems Event Center	-	-	-	10,047,243	10,693,978	(646,735)
Total Expenses	51,810,091	46,273,130	5,536,961	58,302,358	49,113,135	9,189,223
Change in Net Position Before Transfers	8,525,001	2,847,616	5,677,385	19,202,406	12,675,893	6,526,513
Transfers	(3,147,755)	270,926	(3,418,681)	3,147,755	(270,926)	3,418,681
Change in Net Position	5,377,246	3,118,542	2,258,704	22,350,161	12,404,967	9,945,194
Net Position - January 1	148,814,935	145,150,420	3,664,515	236,138,434	222,574,067	13,564,367
Prior Period Adjustment (Note 10)	7,537,442	545,973	6,991,469	(6,118,372)	1,159,400	(7,277,772)
Net Position - December 31	$ 161,729,623	$ 148,814,935	$ 12,914,688	$ 252,370,223	$ 236,138,434	$ 16,231,789

Note: the fluctuation in Other Taxes is due to the Local Option Sales Tax fund previously being presented as a business-type activity, but is presented as a governmental activity in 2023.

- Operating grants and contributions, increased in the amount of $2,196,310. Grants related to a one-time Public Safety aid accounted for this increase.

- Capital grants and contributions, decreased in the amount of $3,876,365. Grants related to flood control, county and state aid related to transportation accounted for this decrease.

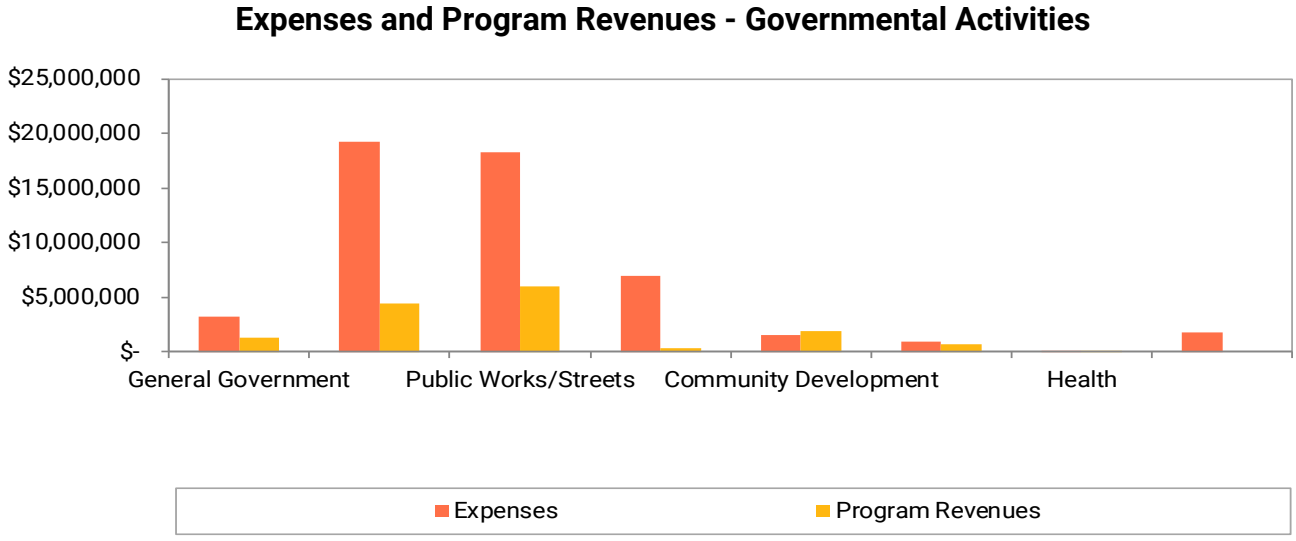
- Governmental property taxes and tax increments and increased by $1,311,401 during the year. This is attributable to an increase in the property tax levy and subsequent collections.

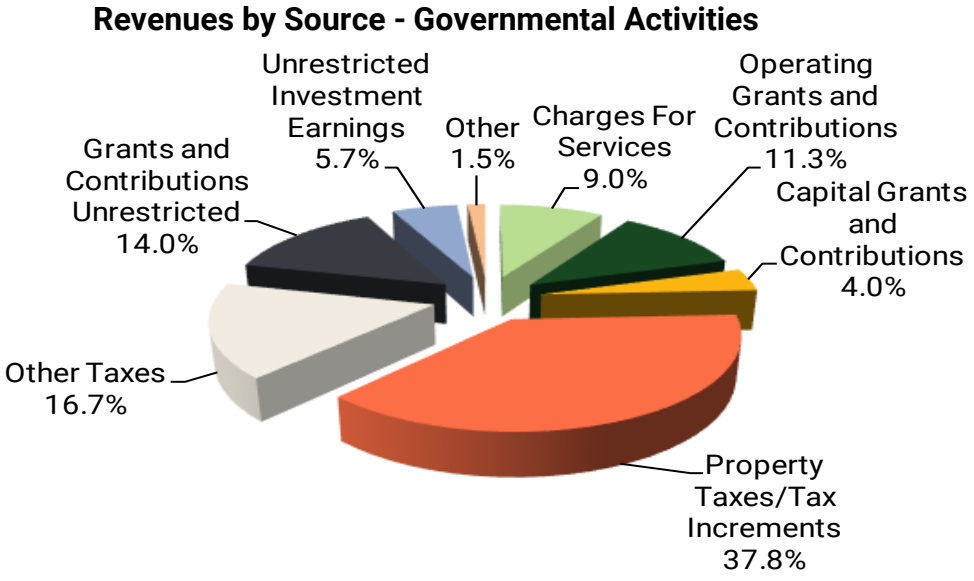
- Governmental other taxes increased $7,483,953 in fiscal year 2023. This was due primarily to the split out the Local Option Sales Tax fund and it now being shown as Governmental Activities.

- Unrestricted interest earnings increased by $4,033,013 due to market value increases on investments and higher interest rates.

- Total governmental expenses increased a total of $5,536,961 or 12.0 percent. This can be attributed to the increase of Public Safety $2,070,496 (increased personnel and operating costs) and Culture and Recreation $2,147,109 (increased operating costs and additional capital projects). However, there were decreases in housing and economic development $488,187 (less housing capital projects).

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

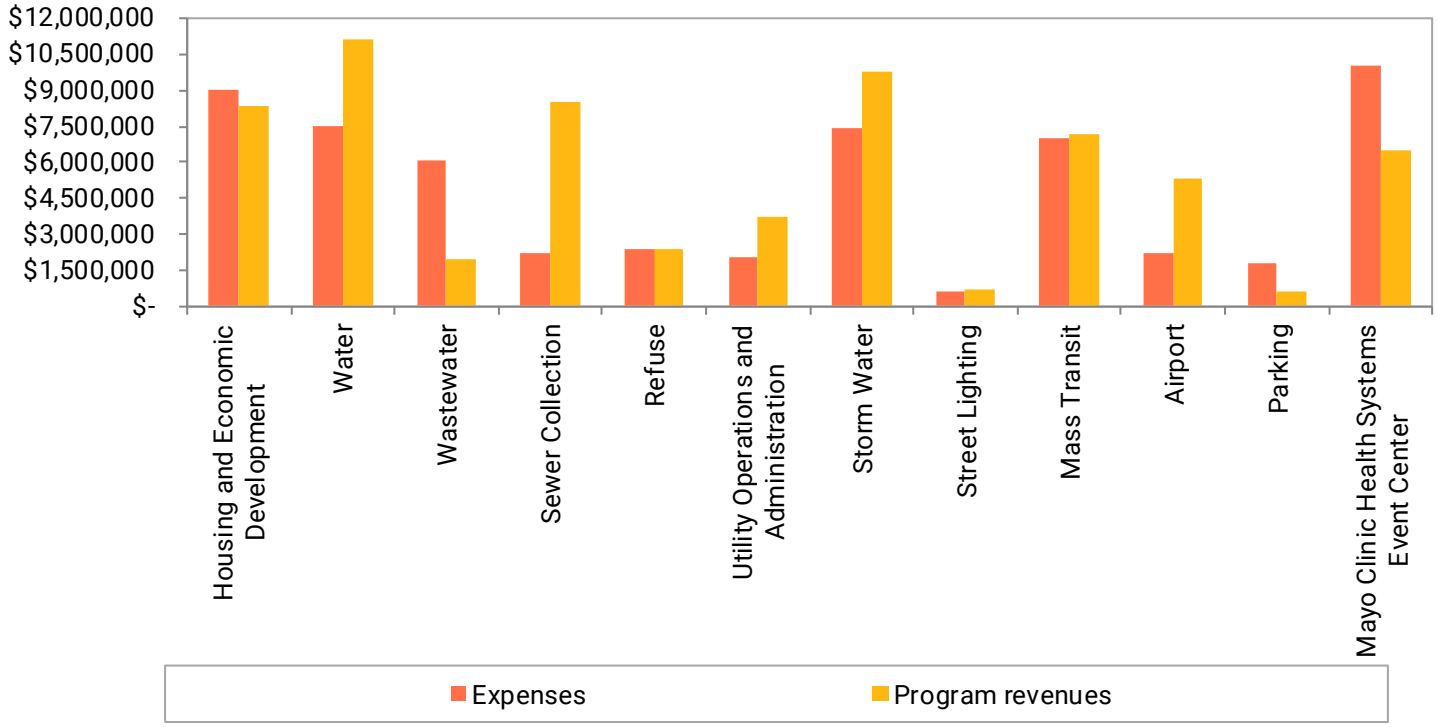




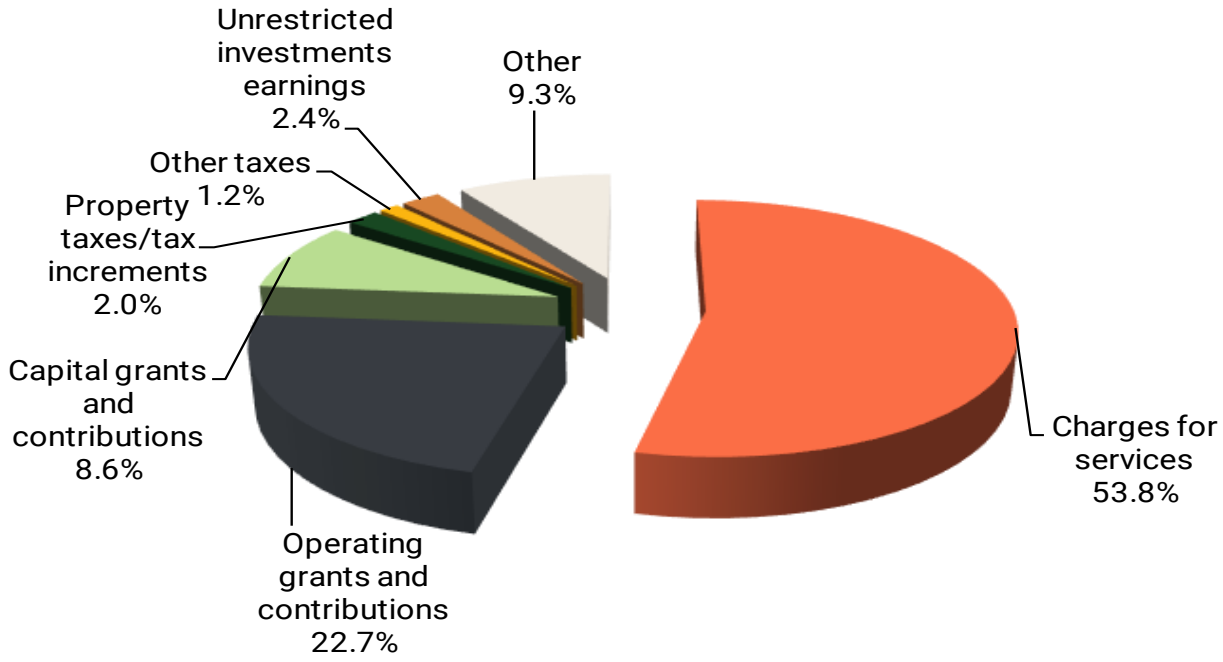
Business-type Activities. Business-type activities increased the City's net position. Key elements of this increase are as follows:

- Charges for services increased by $1,584,982. This was due primarily to an increase in utility revenues in all service areas.
- Operating grants and contributions increased in the amount of $8,302,969, increases in Mass Transit ($714,530), Mankato EDA ($483,399), Water ($800,340) and Storm Water ($6,282,701) were significant factors for the increase.
- Capital grants and contributions increased by $3,650,598 due to an increase in Airport ($1,766,766) and Transit ($2,012,571) grant projects.
- Other taxes decreased by $6,925,206. This was due primarily to the split out the Local Option Sales Tax fund and it now being shown as Governmental Activities.
- Unrestricted interest earnings increased by $2,387,459 due to market value increases on investments and higher interest rates.
- Other revenue increased by $6,328,953 due to the sale of three properties in 2023.
- Total expenses increased a total of $9,189,223 or 18.7 percent. The majority of this can be attributed to the storm water riverbank stabilization project and transit bus purchases. There were also increases in operating expenses in all utility service areas.

Expenses and Program Revenues - Business - type Activities



Revenues by Source - Business - type Activities



Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending December 31, 2023.

	General	American Rescue Plan Act	Debt Service	2022C Sales Tax Improvement	Improvement Bond Redemption	Improvements 2024	Local Option Sales Tax	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances											
Nonspendable	$ 245,539	$ -	$ -	$ -	$ -	$ -	$ -	$ 67	$ 245,606	$ 212,139	$ 33,467
Restricted	-	-	7,801,915	-	-	-	10,462,911	10,346,319	28,611,145	24,829,885	3,781,260
Committed	-	-	-	-	-	-	-	5,379,660	5,379,660	5,127,261	252,399
Assigned	5,200,000	546,363	-	1,028,010	418,574	-	-	5,155,685	12,348,632	7,272,830	5,075,802
Unassigned	10,506,010	-	-	-	-	(5,980,451)	-	(10,290,563)	(5,765,004)	(6,851,075)	1,086,071
	$ 15,951,549	$ 546,363	$ 7,801,915	$ 1,028,010	$ 418,574	$(5,980,451)	$ 10,462,911	$ 10,591,168	$ 40,820,039	$ 30,591,040	$ 10,228,999

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 75 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	$ 245,539	$ 212,057	$ 33,482
Assigned	5,200,000	3,000,000	2,200,000
Unassigned	10,506,010	10,123,702	382,308
	$15,951,549	$13,335,759	$ 2,615,790
General Fund expenditures	$30,293,605	$28,990,132	
Unassigned as a percent of expenditures	34.7%	34.9%	
Total Fund Balance as a percent of expenditures	52.7%	46.0%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to workers compensation rebates and claiming $800,000 of American Rescue Plan Act funds to assist with public safety costs.

The City does assign portions of its unrestricted General fund balance. The City is authorized by City Council action to: 1) assign fund balance in an amount up to 45 percent of General fund expenditures for a cash flow restriction, 2) assign fund balance in an amount up to 5 percent of General fund expenditures for an emergency restriction, and 3) assign fund balance in an amount up to 5 percent of the tax levy amount for a property tax adjustment restriction. Any remaining amount of the General fund balance is considered unrestricted and unassigned. As of December 31, 2023, the respective fund balances in the General fund were:

- $3,400,000 for an emergency restriction or 11.2 percent of General fund expenditures.
- $600,000 for a property tax adjustment restriction or 3.5 percent of the property tax levy.
- $600,000 for an emergency snow removal restriction.
- $600,000 for a salt contingency restriction.
- $245,539 for prepaid items and inventory.
- $10,506,010 the remaining fund balance is categorized as unassigned or 34.7 percent of the General fund expenditures.

The fund balance of the City's General fund increased by $415,790 during the current fiscal year. Key factors in this increase and key strategies contributing to the increase were as follows:

- Property taxes collections increased in the amount of $304,652 due to an increase in the levy and subsequent collections.
- Licenses and permits increased $76,955, due to an increased growth of commercial and residential construction.
- Intergovernmental grant awards were up by $206,329 due to the State Fire and Police Aid grants.
- Engineering fees were less in 2023, due to less internal transportation projects.
- Interest income was $557,301more in 2023 due to investment market value increases and higher interest rates.
- Public safety expenditures were lower by $454,224 due to decreased personnel and operating costs.

- Public works expenditures were lower in 2023 by $438,494 due to lower personnel and vehicle costs.
- Culture and recreation expenditures decreased by $609,235 due to lower personnel and vehicle costs.
- Community development expenditures were lower by $118,959 due to less third party contractual costs to aid in plan reviews and inspections.
- Transfers out more by $2,453,140 due to more one-time transfers in 2023.

Other major governmental fund analysis is shown below:

	December 31, 2023	December 31, 2022	Increase (Decrease)
American Rescue Plan Act fund	$ 546,363	$ 126,673	$ 419,690
The American Rescue Plan Act fund increase in fund balance during the year was due interest earned on grant dollars received but not spent.			
Debt Service fund	$ 7,801,915	$ 8,459,789	$ (657,874)
The Debt Service fund decrease in fund balance during the year was due to scheduled principal and interest payments made on bonds during the year.			
2022C Sales Tax Improvements fund	$ 1,028,010	$ 9,767,103	$ (8,739,093)
The 2022C Sales Tax Improvements fund balance decreased during the due to spending down bonds issued in the previous year on construction costs.			
Improvement Bond Redemption fund	$ 418,574	$ 496,080	$ (77,506)
The Improvement Bond Redemption fund total fund balance decreased during the due to budgeted transfers out.			
Improvements 2024 fund	$ (5,980,451)	$ (46,081)	$ (5,934,370)
The Improvements 2024 fund total fund balance decreased to due project costs occuring prior to funding sources being received.			
Local Option Sales Tax fund	$ 10,462,911	$ 5,552,299	$ 4,910,612
The increase relates sales tax collections.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's major proprietary funds increased or (decreased as follows):

	Ending Net Position 2023	Ending Net Position 2022	Increase/ (Decrease)
Water	$ 53,036,176	$ 47,819,142	$ 5,217,034
The increase primarily is attributed to consistent rate increases covering operating costs and claiming American Rescue Plan Act funds for project costs.			
Wastewater Plant	$ 25,163,700	$ 24,509,901	$ 653,799
The increase primarily is attibuted to increased charges for services due to rate changes.			
Sewer Collection	$ 26,761,886	$ 23,854,122	$ 2,907,764
The increase primarily is attibuted to increased charges for services due to rate changes.			
Storm Water Utility	$ 13,263,098	$ 10,341,951	$ 2,921,147
The increase primarily is attibuted to MN River Restoration grants received in excess of 2023 costs.			
Mayo Clinic Health Systems Event Center	$ 37,722,404	$ 39,003,071	$ (1,280,667)
The decrease relates to charges for services, lease revenues, sales tax revenues, and transfers in not covering operating costs.			
Airport	$ 32,852,396	$ 29,795,822	$ 3,056,574
The increase relates to capital grants and contributions and increased charges for services.			
Economic Development	$ 13,614,710	$ 5,495,631	$ 8,119,079
The increase relates to the sale of several properties.			
Mankato EDA	$ 10,520,165	$ 10,201,729	$ 318,436
The increase is due to operating grants covering expenses.			

General Fund Budgetary Highlights

The City did amend its General fund budget for 2023. Significant budget variances are summarized below:

- Property tax collections were under budget in the amount of $40,723 due to a decrease in subsequent collections.
- Gambling tax collections were over budget by $114,726 due to increased gambling activities.
- Building permit revenue and building inspection review fees were over budget by $217,399 and $47,960, respectively, due to an increased growth of commercial and residential construction.
- Rental licenses were down by $166,898 due to an off year pertaining to the renewal anniversary of licenses in the college campus area.
- Interest earnings were over budget by $557,301 due to current market conditions.
- Engineering service charge revenues were under budget by $357,197 due to less internal transportation projects.
- Refunds and reimbursements were over budget by $160,262 due to a one-time worker compensation retro payment.
- General government expenditures were over budget by $77,425.

- Public safety expenditures were under budget by $454,224.
- Public works expenditures were under budget by $438,494.
- Culture and recreation expenditures were under budget by $609,235.
- Community development expenditures were under budget by $118,959 due to less third party contractual costs for building plan reviews.
- Transfers out were over budget by $2,543,140 due to one-time transfers.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2023 (net of accumulated depreciation) is shown below. This investment in capital assets includes land, land improvements, buildings, equipment, vehicles, office equipment, infrastructure, storm sewer systems and improvements. The total increase in the City's investment in capital assets for the current fiscal year is due to continued construction projects.

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

- US Department of Transportation grant funded Warren Street improvements from Riverfront Drive to Highland Avenue in the amount of $1,077,343.
- Construction on various municipal projects such as infrastructure in new residential developments, street reconstruction, street overlays, alley improvements, and critical link sidewalks continued in 2023. Projects associated with the 2023 Capital Investment Plan were valued at $5,934,371.
- The construction in progress for the governmental type activities as of the end of the current fiscal year had reached $25,901,200 and $10,954,670 for the business type activities.
- Airport airside, taxiway and runway improvements, and fueling facilities were valued at $3,841,887 and are funded through Minnesota Department of Transportation aid.
- Improvements associated with the 2022C Sales Tax Revenue Bond projects, which include Thomas Park and Tourtelotte Pool, were on-going and valued at $8,980,416.

City of Mankato's Capital Assets
(Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Land	$ 4,201,244	$ 4,298,021	$ (96,777)	$ 4,882,617	$ 5,034,851	$ (152,234)
Land Improvements	3,364,781	3,306,377	58,404	2,386,667	2,577,950	(191,283)
Buildings and Structures	21,692,534	22,532,542	(840,008)	150,413,634	148,484,552	1,929,082
Leased building (intangible right to use asset)	-	-	-	41,311	-	41,311
Machinery and Vehicles	15,341,298	14,357,820	983,478	10,575,790	10,502,293	73,497
Office Equipment	-	334	(334)	-	-	-
Infrastructure and Other Improvements	100,756,050	100,804,969	(48,919)	41,511,291	38,754,819	2,756,472
Construction in Progress	25,901,200	23,018,039	2,883,161	10,954,670	12,926,270	(1,971,600)
Total	$171,257,107	$168,318,102	$ 2,939,005	$220,765,980	$218,280,735	$ 2,485,245
Percent increase (decrease)			1.7 %			1.1 %

Additional information on the City of Mankato's capital assets can be found in Note 3D starting on page 91 of this report.

Long-term Debt. At the end of the current fiscal year, the City had bonded debt outstanding consisting of general obligation tax increment bonds, special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, sales tax debt which the City will be paying back upon receipt of sales tax. The remainder of the City's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Mankato's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
General Obligation Bonds	$ 920,000	$ 1,330,000	$ (410,000)	$ -	$ -	$ -
G.O. Tax Increment Bonds	2,525,000	2,665,000	(140,000)	-	-	-
G.O. Improvement Bonds	46,033,000	48,966,000	(2,933,000)	-	-	-
G.O. Sales Tax Bonds	11,955,000	11,955,000	-	-	-	-
G.O. Revenue Bonds	-	-	-	20,138,248	25,838,248	(5,700,000)
Loans	3,488	19,449	(15,961)	118,500	119,316	(816)
Financed Purchase Arrangements	1,574,446	1,779,912	(205,466)	-	-	-
Total	$ 63,010,934	$ 66,715,361	$ (3,704,427)	$ 20,256,748	$ 25,957,564	$ (5,700,816)
Percent increase (decrease)			(5.6) %			(22.0) %

The City's total debt decreased during the current fiscal year. The decrease is due to few new issuances offset with regularly scheduled principal payments.

The City received an AA bond rating from Standard & Poors' rating agency in November of 2009. This rating was reaffirmed in August of 2023. In addition, the city has maintained the Aa2 bond rating from Moody's Investors Service. The City has received four bond rating upgrades in the past fifteen fiscal years.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is $155,308,671. The net debt applicable to the debt limitation is $957,928. The legal debt margin is $154,350,743, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Mankato's long-term debt can be found in Note 3G starting on page 99 of this report as well as Table 14 in the Statistical Section of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 2.2 percent, which is a slight increase from 1.9 percent a year ago. This compares favorably to the State's average annual unemployment rate of 2.8 percent and the national annual average rate of 3.7 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2024 fiscal year.

- The 2024 General fund budget is expected to generate a surplus of $780,562.
- The 2024 General fund portion of the property tax levy will increase by $2,322,869.
- The 2024 budgeted funding from Local Government Aid (LGA) is expected to increase $902,314.
- General fund expenditures are expected to increase by 7.22 percent in 2024.

Utility rates for water and wastewater consumption increased by 2.5% and 5.5%, respectively, in 2023. Fixed cost of service rates for water and wastewater rates increased by 2.5% in 2023. Storm water, refuse and street lighting remained unchanged in 2023. Finance staff reviews the utility rates annually to ensure that adequate coverage exists to satisfy the bond covenants with the State of Minnesota Public Facilities Authority. The City completed a utility rate study with the firm of Baker Tilly to review the various utility rate structures and to ensure compliance with water conservation standards in 2018. This study provides structural modifications to the fixed cost of service for water and wastewater rates.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, City of Mankato, Ten Civic Center Plaza, P.O. Box 3368, Mankato, MN 56002-3368.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Mankato, Minnesota
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 75,444,988	$ 41,012,790	$ 116,457,778
Restricted assets	-	1,600,937	1,600,937
Receivables			
Interest	708,000	7,743	715,743
Delinquent taxes	211,549	-	211,549
Accounts, net of allowance	939,087	4,214,259	5,153,346
Notes	801,461	2,041,443	2,842,904
Leases	3,265,849	7,880,890	11,146,739
Special assessments	19,956,283	407,912	20,364,195
Intergovernmental	4,035,945	4,012,312	8,048,257
Internal balances	(8,879,530)	8,879,530	-
Inventories	694,238	1,576,853	2,271,091
Prepaid items	189,734	110,158	299,892
Investment in joint venture	1,350,800	-	1,350,800
Land held for resale	-	225,428	225,428
Capital assets			
Nondepreciable/nonamortizable	30,102,444	15,837,287	45,939,731
Depreciable/amortizable, net of accumulated depreciation/amortization	141,154,663	204,928,693	346,083,356
Total Assets	269,975,511	292,736,235	562,711,746
Deferred Outflows of Resources			
Deferred pension resources	16,195,976	1,337,246	17,533,222
Deferred other postemployment benefit resources	883,543	455,585	1,339,128
Total Deferred Inflows of Resources	17,079,519	1,792,831	18,872,350
Liabilities			
Accounts and contracts payable	2,508,568	2,112,490	4,621,058
Bank overdraft	-	11,528	11,528
Due to other governments	382	122,293	122,675
Accrued interest payable	909,996	264,564	1,174,560
Accrued salaries payable	352,667	168,836	521,503
Deposits payable	4,611,093	266,609	4,877,702
Unearned revenue	6,824,654	805,076	7,629,730
Noncurrent liabilities			
Due within one year			
Long-term liabilities	10,354,844	4,037,567	14,392,411
Other postemployment benefit liability	200,885	103,583	304,468
Due in more than one year			
Long-term liabilities	59,861,988	17,526,703	77,388,691
Net pension liability	15,244,978	4,965,318	20,210,296
Other postemployment benefit liability	3,617,229	1,865,166	5,482,395
Total Liabilities	104,487,284	32,249,733	136,737,017
Deferred Inflows of Resources			
Intergovernmental	876,495	-	876,495
Deferred sponsorship rights	-	120,000	120,000
Deferred lease resources	3,220,586	7,851,793	11,072,379
Deferred pension resources	16,063,625	1,588,018	17,651,643
Deferred other postemployment benefit resources	677,417	349,299	1,026,716
Total Deferred Inflows of Resources	20,838,123	9,909,110	30,747,233
Net Position			
Net investment in capital assets	104,855,060	199,660,325	304,515,385
Restricted for			
Debt service	15,698,355	-	15,698,355
Future projects	10,462,911	-	10,462,911
Public safety	1,955,560	-	1,955,560
Housing	294,027	-	294,027
Tax increment financing activities	64,035	-	64,035
Loans	1,369,242	-	1,369,242
Municipal street projects	6,063,752	-	6,063,752
Economic development	67,503	55,325	122,828
Public safety programs	329,351	-	329,351
Highway 14 partnership	21,495	-	21,495
Opioid abatement	181,354	-	181,354
Unrestricted	20,366,978	52,654,573	73,021,551
Total Net Position	$ 161,729,623	$ 252,370,223	$ 414,099,846

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

City of Mankato, Minnesota
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 3,194,538	$ 1,232,226	$ 5,000	$ 875
Public safety	19,198,256	1,186,961	3,279,897	-
Public works	18,274,990	946,709	2,732,238	2,359,164
Culture and recreation	6,973,582	195,548	65,744	36,000
Community development	1,476,696	1,832,718	-	-
Housing and economic development	877,039	13,109	679,018	15,973
Health	25,000	-	39,860	-
Interest on long-term debt	1,789,990	-	-	-
Total Governmental Activities	51,810,091	5,407,271	6,801,757	2,412,012
Business-type Activities				
Housing and economic development	9,008,044	2,106,338	6,089,005	129,222
Water	7,479,458	10,308,593	800,340	-
Wastewater plant	6,047,429	1,933,784	-	-
Sewer collection	2,190,559	8,481,218	-	-
Refuse	2,277,196	2,364,009	-	-
Utility operations and administration	2,027,054	3,690,352	-	-
Storm water utility	7,579,881	3,319,666	6,422,487	5,662
Street lighting	635,960	701,696	-	-
Mass transit	7,008,670	1,088,991	4,030,763	2,057,297
Airport	2,219,710	723,378	67,265	4,497,952
Parking	1,781,154	592,134	-	-
Mayo Clinic Health Systems Event Center	10,047,243	6,341,775	160,000	-
Total Business-type Activities	58,302,358	41,651,934	17,569,860	6,690,133
Totals	$ 110,112,449	$ 47,059,205	$ 24,371,617	$ 9,102,145
General Revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Tax increments				
Sales tax				
Hotel-motel tax				
Gambling tax				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Other revenues				
Gain on sale of capital assets				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, January 1				
Prior Period Adjustment (Note 10)				
Net Position, December 31				

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (1,956,437)	$ -	$ (1,956,437)
(14,731,398)	-	(14,731,398)
(12,236,879)	-	(12,236,879)
(6,676,290)	-	(6,676,290)
356,022	-	356,022
(168,939)	-	(168,939)
14,860	-	14,860
(1,789,990)	-	(1,789,990)
(37,189,051)	-	(37,189,051)
-	(683,479.00)	(683,479)
-	3,629,475	3,629,475
-	(4,113,645)	(4,113,645)
-	6,290,659	6,290,659
-	86,813	86,813
-	1,663,298	1,663,298
-	2,167,934	2,167,934
-	65,736	65,736
-	168,381	168,381
-	3,068,885	3,068,885
-	(1,189,020)	(1,189,020)
-	(3,545,468)	(3,545,468)
-	7,609,569	7,609,569
(37,189,051)	7,609,569	(29,579,482)
17,184,909	780,000	17,964,909
5,034,004	-	5,034,004
640,387	778,716	1,419,103
7,497,182	939,769	8,436,951
745,635	-	745,635
189,726	-	189,726
1,632,478	-	1,632,478
8,445,542	-	8,445,542
3,421,777	1,870,163	5,291,940
489,811	-	489,811
432,601	7,224,189	7,656,790
(3,147,755)	3,147,755	-
42,566,297	14,740,592	57,306,889
5,377,246	22,350,161	27,727,407
148,814,935	236,138,434	384,953,369
7,537,442	(6,118,372)	1,419,070
$ 161,729,623	$ 252,370,223	$ 414,099,846

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

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FUND FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Mankato, Minnesota
Balance Sheet
Governmental Funds
December 31, 2023

	1010 General	2380 American Rescue Plan Act	6200 Local Option Sales Tax	3010 Debt Service	4648 2022C Sales Tax Improvements
Assets					
Cash and temporary investments	$ 16,396,638	$ 7,371,017	$ 5,535,890	$ 5,409,823	$ 1,722,247
Receivables					
Interest	653,282	-	-	-	-
Delinquent taxes	162,197	-	-	48,344	-
Accounts, net of allowance	777,860	-	-	-	-
Notes	-	-	-	-	-
Special assessments	-	-	-	11,283,092	-
Intergovernmental	208,103	-	817,880	70,735	-
Leases	105,945	-	-	-	-
Due from other funds	-	-	4,109,141	2,500,000	-
Advances to other funds	-	-	-	-	-
Inventories	155,566	-	-	-	-
Prepaid items	89,973	-	-	-	-
Total Assets	$ 18,549,564	$ 7,371,017	$ 10,462,911	$ 19,311,994	$ 1,722,247
Liabilities					
Accounts and contracts payable	$ 290,837	$ -	$ -	$ -	$ 694,237
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Due to other governments	382	-	-	-	-
Accrued salaries payable	267,726	-	-	-	-
Deposits payable	1,772,572	-	-	178,643	-
Unearned revenue	-	6,824,654	-	-	-
Total Liabilities	2,331,517	6,824,654	-	178,643	694,237
Deferred Inflows of Resources					
Lease resources	104,301	-	-	-	-
Unavailable revenue - taxes	162,197	-	-	48,344	-
Unavailable revenue - special assessments	-	-	-	11,283,092	-
Unavailable revenue - intergovernmental	-	-	-	-	-
Total Deferred Inflows of Resources	266,498	-	-	11,331,436	-
Fund Balances					
Nonspendable	245,539	-	-	-	-
Restricted	-	-	10,462,911	7,801,915	-
Committed	-	-	-	-	-
Assigned	5,200,000	546,363	-	-	1,028,010
Unassigned	10,506,010	-	-	-	-
Total Fund Balances	15,951,549	546,363	10,462,911	7,801,915	1,028,010
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,549,564	$ 7,371,017	$ 10,462,911	$ 19,311,994	$ 1,722,247

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

5020 Improvement Bond Redemption	5124 Improvements 2024	Other Governmental Funds	Total Governmental Funds
$ 418,574	$ -	$ 19,553,074	$ 56,407,263
-	-	-	653,282
-	-	1,008	211,549
-	-	40,737	818,597
-	-	801,461	801,461
7,415,740	-	1,257,451	19,956,283
-	-	2,297,998	3,394,716
-	-	-	105,945
-	-	-	6,609,141
-	-	548,370	548,370
-	-	-	155,566
-	-	67	90,040
$ 7,834,314	$ -	$ 24,500,166	$ 89,752,213
$ -	$ 382,065	$ 592,307	$ 1,959,446
-	5,598,386	8,552,843	14,151,229
-	-	1,563,851	1,563,851
-	-	-	382
-	-	2,546	270,272
-	-	1,062,497	3,013,712
-	-	-	6,824,654
-	5,980,451	11,774,044	27,783,546
-	-	-	104,301
-	-	1,008	211,549
7,415,740	-	1,257,451	19,956,283
-	-	876,495	876,495
7,415,740	-	2,134,954	21,148,628
-	-	67	245,606
-	-	10,346,319	28,611,145
-	-	5,379,660	5,379,660
418,574	-	5,155,685	12,348,632
-	(5,980,451)	(10,290,563)	(5,765,004)
418,574	(5,980,451)	10,591,168	40,820,039
$ 7,834,314	$ -	$ 24,500,166	$ 89,752,213

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

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City of Mankato, Minnesota
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2023

Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	$ 40,820,039
Governmental funds do not report an asset for equity interest in a joint venture	1,350,800
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	151,748,778
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of	
Severance payable	(1,975,999)
Other postemployment benefits liability	(2,824,297)
Bonds payable	(61,436,488)
Bond premiums, net of accumulated amortization	(4,709,498)
Financed purchase arrangements	(1,574,446)
Net pension liability	(12,675,238)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	211,549
Special assessments receivable	19,956,283
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	15,503,901
Deferred inflows of pension resources	(15,241,765)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred outflows of other postemployment benefit resources	653,565
Deferred inflows of other postemployment benefit resources	(501,092)
Governmental funds do not report a liability for accrued interest until due and payable.	(909,996)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	33,333,527
Total Net Position - Governmental Activities	$ 161,729,623

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

City of Mankato, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended December 31, 2023

	1010	2380	6200	3010	4648
	General	American Rescue Plan Act	Local Option Sales Tax	Debt Service	2022C Sales Tax Improvements
Revenues					
Taxes	$ 18,941,481	$ -	$ 7,497,182	$ 5,391,379	$ -
Special assessments	-	-	-	2,668,240	-
Licenses and permits	1,805,830	-	-	-	-
Intergovernmental	10,009,447	-	-	-	-
Charges for services	1,527,324	-	-	-	-
Fines and forfeits	1,000	-	-	-	-
Investment income	711,051	419,690	215,408	287,418	241,323
Miscellaneous	1,523,953	-	-	-	-
Total Revenues	34,520,086	419,690	7,712,590	8,347,037	241,323
Expenditures					
Current					
General government	569,632	-	721,108	828,769	-
Public safety	17,016,708	-	-	-	-
Public works	7,281,032	-	-	-	-
Culture and recreation	3,968,101	-	-	-	-
Community development	1,453,342	-	-	-	-
Housing and economic development	-	-	-	18,942	-
Capital outlay					
Public safety	3,280	-	-	-	-
Public works	1,510	-	-	-	-
Culture and recreation	-	-	-	-	8,980,416
Health	-	-	-	-	-
Debt service					
Principal	-	-	-	7,863,466	-
Interest and other	-	-	-	2,005,585	-
Bond issuance costs	-	-	-	90,284	-
Total Expenditures	30,293,605	-	721,108	10,807,046	8,980,416
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,226,481	419,690	6,991,482	(2,460,009)	(8,739,093)
Other Financing Sources (Uses)					
Transfers in	889,312	-	-	3,251,206	-
Debt issued	-	-	-	78,075	-
Premium on bonds issued	-	-	-	7,809	-
Transfers out	(4,700,003)	-	(2,080,870)	(1,534,955)	-
Total Other Financing Sources (Uses)	(3,810,691)	-	(2,080,870)	1,802,135	-
Net Change in Fund Balances	415,790	419,690	4,910,612	(657,874)	(8,739,093)
Fund Balances, January 1	13,335,759	126,673	-	8,459,789	9,767,103
Prior Period Adjustment (Note 10)	2,200,000	-	5,552,299	-	-
Fund Balances, December 31	$ 15,951,549	$ 546,363	$ 10,462,911	$ 7,801,915	$ 1,028,010

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

5020 Improvement Bond Redemption	5124 Improvements 2024	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ 1,216,294	$ 33,046,336
6,721	-	507,439	3,182,400
-	-	-	1,805,830
-	-	5,926,678	15,936,125
-	-	-	1,527,324
-	-	-	1,000
15,773	-	549,994	2,440,657
-	-	409,605	1,933,558
22,494	-	8,610,010	59,873,230
-	-	771,620	2,891,129
-	-	-	17,016,708
-	-	-	7,281,032
-	-	-	3,968,101
-	-	-	1,453,342
-	-	610,479	629,421
-	-	-	3,280
-	5,934,370	2,114,308	8,050,188
-	-	631,978	9,612,394
-	-	25,000	25,000
-	-	15,961	7,879,427
-	-	30,814	2,036,399
-	-	39,130	129,414
-	5,934,370	4,239,290	60,975,835
22,494	(5,934,370)	4,370,720	(1,102,605)
-	-	6,712,497	10,853,015
-	-	4,096,925	4,175,000
-	-	409,751	417,560
(100,000)	-	(3,450,442)	(11,866,270)
(100,000)	-	7,768,731	3,579,305
(77,506)	(5,934,370)	12,139,451	2,476,700
496,080	(46,081)	(1,548,283)	30,591,040
-	-	-	7,752,299
$ 418,574	$ (5,980,451)	$ 10,591,168	$ 40,820,039

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

City of Mankato, Minnesota
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statements of Activities
Governmental Funds
For the Year Ended December 31, 2023

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

Net change in fund balances - governmental funds	$ 2,476,700
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	16,800,617
Depreciation expense	(12,178,066)
Capital contributions to business-type activities	(3,798,300)
The statement of activities reports losses arising from sales or trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a sale or trade-in of capital assets.	(99,076)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	7,879,427
Debt issued or incurred	(4,175,000)
Premium on bonds issued, net of amortization expense	117,185
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interestaccrues, regardless of when it is due.	(158,922)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(1,873,945)
Direct aid contribution	27,537
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(122,015)
Special assessments	(1,731,815)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other postemployment benefit costs	3,432
Compensated absences	8,984
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	2,200,503
Change in Net Position - Governmental Activities	$ 5,377,246

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

City of Mankato, Minnesota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 18,519,625	$ 18,519,625	$ 18,941,481	$ 421,856
Licenses and permits	1,668,875	1,728,875	1,805,830	76,955
Intergovernmental	9,701,368	9,803,118	10,009,447	206,329
Charges for services	1,717,450	1,717,450	1,527,324	(190,126)
Fines and forfeits	5,000	5,000	1,000	(4,000)
Investment income	100,500	153,750	711,051	557,301
Miscellaneous	479,000	1,095,863	1,523,953	428,090
Total Revenues	32,191,818	33,023,681	34,520,086	1,496,405
Expenditures				
Current				
General government	492,207	492,207	569,632	(77,425)
Public safety	17,470,932	17,470,932	17,016,708	454,224
Public works	7,719,526	7,719,526	7,281,032	438,494
Culture and recreation	4,422,336	4,577,336	3,968,101	609,235
Community development	1,512,301	1,572,301	1,453,342	118,959
Capital outlay				
Public safety	1,000	1,000	3,280	(2,280)
Public works	5,000	5,000	1,510	3,490
Culture and recreation	10,000	10,000	-	10,000
Total Expenditures	31,633,302	31,848,302	30,293,605	1,554,697
Excess (Deficiency) of Revenues Over (Under) Expenditures	558,516	1,175,379	4,226,481	3,051,102
Other Financing Sources (Uses)				
Transfers in	991,000	991,000	889,312	(101,688)
Transfers out	(1,540,000)	(2,156,863)	(4,700,003)	(2,543,140)
Total Other Financing Sources (Uses)	(549,000)	(1,165,863)	(3,810,691)	(2,644,828)
Net Change in Fund Balances	9,516	9,516	415,790	406,274
Fund Balances, January 1	13,335,759	13,335,759	13,335,759	-
Prior Period Adjustment (Note 10)	-	-	2,200,000	2,200,000
Fund Balances, December 31	$ 13,345,275	$ 13,345,275	$ 15,951,549	$ 2,606,274

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

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City of Mankato, Minnesota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Local Option Sales Tax Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 6,025,000	$ 6,386,788	$ 7,497,182	$ 1,110,394
Investment income	5,000	5,000	215,408	210,408
Total Revenues	6,030,000	6,391,788	7,712,590	1,320,802
Expenditures				
Current				
General government	727,108	727,108	721,108	6,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,302,892	5,664,680	6,991,482	1,326,802
Other Financing Sources (Uses)				
Transfers out	(1,714,000)	(2,075,788)	(2,080,870)	(5,082)
Net Change in Fund Balances	3,588,892	3,588,892	4,910,612	1,321,720
Fund Balances, January 1	-	-	-	-
Prior Period Adjustment (Note 10)	-	-	5,552,299	5,552,299
Fund Balances, December 31	$ 3,588,892	$ 3,588,892	$ 10,462,911	$ 6,874,019

City of Mankato, Minnesota
Statement of Net Position (Continued on Following Pages)
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds				
	6010	**6020**	**6026**	**6060**	**6220**
	Water	Wastewater Plant	Sewer Collection	Storm Water Utility	Mayo Clinic Health Systems Event Center
Assets					
Current Assets					
Cash and temporary investments	$ 8,208,573	$ 2,624,031	$ 5,605,504	$ 4,633,486	$ -
Receivables					
Interest	-	-	3,163	-	-
Notes - current portion	-	-	403,376	-	-
Accounts, net of allowance for doubtful accounts of $123,500	1,001,526	75,397	1,175,481	381,809	413,294
Due from employees	-	-	-	-	-
Leases	-	-	-	-	717,055
Sponsorship rights - current portion	-	-	-	-	120,000
Miscellaneous	-	-	-	-	-
Intergovernmental	-	57,351	-	465,302	150,200
Due from other funds	3,000,000	2,200,000	2,000,000	2,000,000	-
Advances to other funds - current portion	-	-	-	-	-
Special assessments receivable - current portion	-	-	-	-	-
Inventories	1,159,115	-	26,953	68,980	54,993
Prepaid items	10,752	10,331	2,587	2,634	42,381
Total Current Assets	13,379,966	4,967,110	9,217,064	7,552,211	1,497,923
Noncurrent Assets					
Restricted assets					
Cash and cash equivalents	-	-	-	-	1,500,000
Lease receivable	-	-	-	-	5,712,960
Notes receivable - net of current portion	-	-	-	-	-
Land held for resale	-	-	-	-	-
Advances to other funds - net of current portion	-	-	-	-	-
Capital assets					
Land	89,159	64,368	56,496	64,659	463,810
Land improvements	1,989,638	-	-	-	912,668
Buildings and structures	49,299,882	47,931,029	899,452	179,279	69,542,900
Leased building (Intangible Right to Use Asset)	-	-	-	-	46,475
Machinery and vehicles	7,138,829	5,320,071	1,117,719	241,862	8,892,128
Office equipment	-	-	-	-	-
Infrastructure and other improvements	25,838,357	-	35,730,098	7,332,296	-
Construction in progress	-	1,163,913	-	70,244	167,418
Less accumulated depreciation/amortization	(35,155,498)	(29,369,748)	(17,312,832)	(1,155,090)	(27,523,431)
Total Capital Assets, Net of Accumulated Depreciation/Amortization	49,200,367	25,109,633	20,490,933	6,733,250	52,501,968
Total Noncurrent Assets	49,200,367	25,109,633	20,490,933	6,733,250	59,714,928
Total Assets	62,580,333	30,076,743	29,707,997	14,285,461	61,212,851
Deferred Outflows of Resources					
Deferred pension resources	203,470	149,887	102,452	29,663	178,718
Deferred other post employment benefit resources	78,528	56,348	29,179	16,307	60,444
Total Deferred Outflows of Resources	281,998	206,235	131,631	45,970	239,162

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

Business-type Activities - Enterprise Funds					
6120	**6800**				Governmental Activities - Internal Service Funds
Airport	Economic Development	Mankato EDA	Other Enterprise Funds	Totals	
$ -	$ 11,611,217	$ 1,548,722	$ 6,781,257	$ 41,012,790	$ 19,037,725
-	4,580	-	-	7,743	54,718
16,244	-	-	-	419,620	-
59,759	37,959	46,772	756,358	3,948,355	101,864
-	-	-	-	-	18,626
150,021	3,124	-	-	870,200	372,849
-	-	-	-	120,000	-
-	-	145,904	-	145,904	-
1,816,007	35,061	126,113	1,362,278	4,012,312	641,229
-	2,400,000	-	-	11,600,000	6,082,349
-	74,494	-	-	74,494	361,421
-	-	-	407,912	407,912	-
-	-	-	266,812	1,576,853	538,672
4,460	3,132	10,548	23,333	110,158	99,694
2,046,491	14,169,567	1,878,059	9,597,950	64,306,341	27,309,147
-	-	100,937	-	1,600,937	-
1,229,322	68,408	-	-	7,010,690	2,787,055
129,684	1,492,139	-	-	1,621,823	-
-	225,428	-	-	225,428	-
-	940,987	-	-	940,987	3,390,666
1,367,888	604,753	1,299,055	872,429	4,882,617	197,223
-	652,524	-	440,940	3,995,770	446,570
38,259,163	1,380,202	13,689,642	32,712,047	253,893,596	6,866,319
-	-	-	-	46,475	-
2,371,635	-	-	3,462,714	28,544,958	34,006,974
-	-	-	-	-	1,179,430
-	-	6,649,751	-	75,550,502	-
9,010,835	-	450,264	91,996	10,954,670	919,054
(18,207,289)	(1,456,855)	(12,250,663)	(14,671,202)	(157,102,608)	(24,107,241)
32,802,232	1,180,624	9,838,049	22,908,924	220,765,980	19,508,329
34,161,238	3,907,586	9,938,986	22,908,924	232,165,845	25,686,050
36,207,729	18,077,153	11,817,045	32,506,874	296,472,186	52,995,197
30,738	46,083	135,154	461,081	1,337,246	692,075
6,572	8,987	57,308	141,912	455,585	229,978
37,310	55,070	192,462	602,993	1,792,831	922,053

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

City of Mankato, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds				
	6010	**6020**	**6026**	**6060**	**6220**
	Water	Wastewater Plant	Sewer Collection	Storm Water Utility	Mayo Clinic Health Systems Event Center
Liabilities					
Current Liabilities					
Accounts and contracts payable	$ 42,992	$ 197,455	$ -	$ 808,665	$ 110,865
Bank overdraft	-	-	-	-	-
Due to other funds	-	-	-	-	8,474,679
Advances from other funds - current portion	-	-	-	-	-
Due to other governments	12,941	7,471	-	-	25,495
Accrued interest payable	72,580	13,542	13,974	-	109,750
Accrued salaries payable	38,434	26,241	11,692	5,618	20,292
Deposits payable	-	-	-	-	-
Unearned revenue	-	-	-	-	767,428
Compensated absences payable - current portion	89,288	82,096	60,023	18,478	63,560
Other postemployment benefit liability - current portion	17,854	12,812	6,634	3,708	13,743
Lease payable - current portion	-	-	-	-	14,652
Bonds payable - current portion	2,559,000	322,000	328,000	-	285,000
Total Current Liabilities	2,833,089	661,617	420,323	836,469	9,885,464
Noncurrent Liabilities					
Advances from other funds - net of current portion	-	-	-	-	-
Compensated absences payable	55,985	50,228	46,508	7,234	50,677
Bonds payable - net of current portion	5,558,248	3,399,000	1,967,000	-	6,093,490
Loans payable - net of current portion	-	-	-	-	-
Net pension liability	755,504	556,544	380,415	110,143	663,597
Other postemployment benefit liability	321,494	230,690	119,460	66,759	247,458
Lease payable - net of current portion	-	-	-	-	26,970
Total Noncurrent Liabilities	6,691,231	4,236,462	2,513,383	184,136	7,082,192
Total Liabilities	9,524,320	4,898,079	2,933,706	1,020,605	16,967,656
Deferred Inflows of Resources					
Deferred sponsorship rights	-	-	-	-	120,000
Deferred lease receivable	-	-	-	-	6,383,377
Deferred pension resources	241,627	177,996	121,664	35,226	212,233
Deferred other post employment benefit resources	60,208	43,203	22,372	12,502	46,343
Total Deferrred Inflows of Resources	301,835	221,199	144,036	47,728	6,761,953
Net Position					
Net investment in capital assets	41,083,119	21,322,563	18,195,933	6,733,250	46,081,856
Restricted for					
Economic development	-	-	-	-	-
Unrestricted	11,953,057	3,841,137	8,565,953	6,529,848	(8,359,452)
Total Net Position	$ 53,036,176	$ 25,163,700	$ 26,761,886	$ 13,263,098	$ 37,722,404

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

Business-type Activities - Enterprise Funds					
6120 Airport	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Governmental Activities - Internal Service Funds
$ 414,582	$ 87,256	$ 137,737	$ 312,938	$ 2,112,490	$ 549,122
-	-	11,528	-	11,528	-
1,382,349	-	-	283,233	10,140,261	-
-	349,096	-	-	349,096	-
-	-	56,959	19,427	122,293	-
-	54,718	-	-	264,564	-
4,171	2,874	13,388	46,126	168,836	82,395
-	165,672	100,937	-	266,609	1,597,381
-	-	16,910	20,738	805,076	-
6,830	37,558	58,175	112,907	528,915	326,514
1,494	2,043	13,030	32,265	103,583	52,288
-	-	-	-	14,652	-
-	-	-	-	3,494,000	-
1,809,426	699,217	408,664	827,634	18,381,903	2,607,700
-	3,402,991	-	-	3,402,991	-
3,486	74,517	21,283	53,577	363,495	193,887
-	-	-	-	17,017,738	-
-	-	118,500	-	118,500	-
114,135	171,113	501,841	1,712,026	4,965,318	2,569,740
26,907	36,792	234,617	580,989	1,865,166	941,529
-	-	-	-	26,970	-
144,528	3,685,413	876,241	2,346,592	27,760,178	3,705,156
1,953,954	4,384,630	1,284,905	3,174,226	46,142,081	6,312,856
-	-	-	-	120,000	-
1,397,148	71,268	-	-	7,851,793	3,116,285
36,502	54,725	160,499	547,546	1,588,018	821,860
5,039	6,890	43,938	108,804	349,299	176,325
1,438,689	132,883	204,437	656,350	9,909,110	4,114,470
32,434,507	1,180,624	9,719,549	22,908,924	199,660,325	19,455,979
-	-	55,325	-	55,325	-
417,889	12,434,086	745,291	6,370,367	42,498,176	24,033,945
$ 32,852,396	$ 13,614,710	$ 10,520,165	$ 29,279,291	$ 242,213,826	$ 43,489,924
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.				10,156,397	
Net position of business-type activites				$ 252,370,223	

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

City of Mankato, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				
	6010	**6020**	**6026**	**6060**	**6220**
	Water	Wastewater Plant	Sewer Collection	Storm Water Utility	Mayo Clinic Health Systems Event Center
Operating Revenues					
Sales	$ -	$ -	$ -	$ -	$ 2,618,852
Cost of sales	-	-	-	-	(1,414,745)
Gross Profit	-	-	-	-	1,204,107
Charges for services	10,292,411	1,932,385	8,477,556	3,289,424	2,165,716
Total Operating Revenues	10,292,411	1,932,385	8,477,556	3,289,424	3,369,823
Operating Expenses					
Salaries and benefits	1,850,738	1,393,935	952,457	345,209	1,655,599
Supplies	1,136,180	1,122,949	141,780	195,493	175,883
Other services and charges	1,359,236	2,013,369	103,366	6,740,036	3,468,055
Vehicle operation	198,163	67,825	192,765	112,231	50,742
Insurance	39,793	-	-	-	153,520
Utilities	625,079	-	-	48,706	654,747
Depreciation/Amortization	1,997,282	1,390,457	696,194	134,418	2,647,220
Total Operating Expenses	7,206,471	5,988,535	2,086,562	7,576,093	8,805,766
Operating Income (Loss)	3,085,940	(4,056,150)	6,390,994	(4,286,669)	(5,435,943)
Nonoperating Revenues (Expenses)					
Taxes					
Property tax	-	-	-	-	-
Tax increment	-	-	-	-	-
City sales tax	-	-	-	-	939,769
Special assessments	-	-	-	-	-
Intergovernmental					
Federal	800,340	-	-	-	160,000
State	-	-	-	6,422,487	-
Fines and forfeits	-	-	-	-	-
Refunds and reimbursements	-	-	-	-	-
Investment income	341,667	148,600	325,602	197,096	204,937
Miscellaneous income	16,182	1,399	3,662	30,242	1,754
Lease revenue	-	-	-	-	1,556,428
Gain (loss) on sale of assets	-	-	-	-	(11,593)
Interest expense	(241,861)	(39,515)	(42,106)	-	(273,956)
Amortization of bond premiums	-	-	-	-	494,018
Total Nonoperating Revenues (Expenses)	916,328	110,484	287,158	6,649,825	3,071,357
Income (Loss) Before Contributions and Transfers	4,002,268	(3,945,666)	6,678,152	2,363,156	(2,364,586)
Capital Contributions From Other Funds	1,011,073	-	1,434,305	1,352,922	-
Capital Grants and Contributions	-	-	-	5,662	-
Transfers In	773,000	4,600,000	-	-	1,162,822
Transfers Out	(569,307)	(535)	(5,204,693)	(800,593)	(78,903)
Change in Net Position	5,217,034	653,799	2,907,764	2,921,147	(1,280,667)
Net Position, January 1	47,819,142	24,509,901	23,854,122	10,341,951	44,555,370
Prior Period Adjustment (Note 10)	-	-	-	-	(5,552,299)
Net Position, December 31	$ 53,036,176	$ 25,163,700	$ 26,761,886	$ 13,263,098	$ 37,722,404

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

Business-type Activities - Enterprise Funds					
6120 Airport	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
$ -	$ -	$ -	$ -	$ 2,618,852	$ -
-	-	-	-	(1,414,745)	-
-	-	-	-	1,204,107	-
661,985	522,629	868,430	7,723,043	35,933,579	22,463,755
661,985	522,629	868,430	7,723,043	37,137,686	22,463,755
239,770	335,901	976,425	4,039,618	11,789,652	5,932,849
103,184	533	15,125	146,040	3,037,167	2,463,406
221,182	2,068,611	4,568,264	5,402,205	25,944,324	12,784,984
82,041	-	-	1,418,087	2,121,854	1,313,223
21,102	41,682	51,598	89,804	397,499	192,214
136,807	1,576	228,040	115,357	1,810,312	93,588
1,385,401	93,289	445,549	1,096,138	9,885,948	3,107,599
2,189,487	2,541,592	6,285,001	12,307,249	54,986,756	25,887,863
(1,527,502)	(2,018,963)	(5,416,571)	(4,584,206)	(17,849,070)	(3,424,108)
-	365,000	-	415,000	780,000	-
-	778,716	-	-	778,716	-
-	-	-	-	939,769	-
-	-	-	407,439	407,439	-
-	502,764	5,546,135	1,130,493	8,139,732	-
67,265	40,106	-	2,900,270	9,430,128	159,146
-	-	-	-	-	191,454
-	-	-	21,259	21,259	-
10,547	369,128	43,272	229,314	1,870,163	981,120
35,082	39,786	145,600	306,328	580,035	43,339
26,311	529,893	-	372	2,113,004	480,495
-	7,224,189	-	-	7,212,596	432,601
-	(135,422)	-	-	(732,860)	-
-	-	-	-	494,018	-
139,205	9,714,160	5,735,007	5,410,475	32,033,999	2,288,155
(1,388,297)	7,695,197	318,436	826,269	14,184,929	(1,135,953)
-	-	-	-	3,798,300	-
4,036,871	-	-	-	4,042,533	2,647,600
408,000	499,573	-	507,054	7,950,449	3,212,761
-	(75,691)	-	(1,871,272)	(8,600,994)	(1,548,961)
3,056,574	8,119,079	318,436	(537,949)	21,375,217	3,175,447
29,795,822	5,495,631	10,201,729	30,383,313	226,956,981	40,529,334
-	-	-	(566,073)	(6,118,372)	(214,857)
$ 32,852,396	$ 13,614,710	$ 10,520,165	$ 29,279,291	$ 242,213,826	$ 43,489,924

Change in net position as shown above	$ 21,375,217
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	974,944
Change in net position of business-type activities	$ 22,350,161

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

City of Mankato, Minnesota
Statement of Cash Flows (Continued on Following Pages)
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				
	6010	**6020**	**6026**	**6060**	**6220**
	Water	Wastewater Plant	Sewer Collection	Storm Water Utility	Mayo Clinic Health Systems Event Center
Cash Flows from Operating Activities					
Receipts from interfund services provided	$ -	$ -	$ -	$ -	$ -
Receipts from customers and users	10,262,220	1,964,130	8,300,763	3,262,636	4,807,337
Other cash receipts	16,182	1,399	3,662	30,242	1,754
Payments to suppliers	(4,538,049)	(3,486,815)	(426,444)	(6,173,609)	(6,316,592)
Payments to and on behalf of employees	(1,318,996)	(997,348)	(724,096)	(275,769)	(1,133,595)
Payments for interfund services provided	(198,336)	(68,607)	(193,028)	(299,822)	(246,379)
Net Cash Provided (Used) by Operating Activities	4,223,021	(2,587,241)	6,960,857	(3,456,322)	(2,887,475)
Cash Flows from Noncapital Financing Activities					
Transfers from other funds	773,000	4,600,000	-	-	1,162,822
Transfers to other funds	(569,307)	(535)	(5,204,693)	(800,593)	(78,903)
(Increase) decrease in due from other funds	(2,200,000)	1,511,966	(2,000,000)	(900,000)	-
Increase (decrease) in due to other funds	-	-	-	-	5,484,413
(Increase) decrease in advance to other funds	-	-	-	-	-
Increase (decrease) in advance from other funds	-	-	-	-	-
Principal received on advances to other funds	-	-	-	-	-
Lease receipts	-	-	-	-	1,421,132
Tax receipts	-	-	-	-	938,008
Intergovernmental operating grants received	800,340	-	-	-	160,000
Interest paid on advances from other funds	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,195,967)	6,111,431	(7,204,693)	(1,700,593)	9,087,472
Cash Flows from Capital and Related Financing Activities					
Acquisitions of capital assets	(185,929)	(1,169,565)	(395,976)	(70,244)	(3,508,344)
Insurance proceeds	-	-	-	-	-
Intergovernmental contributions for capital assets	-	-	-	5,962,847	-
Proceeds from sale of capital assets	-	-	-	-	-
Principal paid on long-term debt	(2,495,000)	(318,000)	(322,000)	-	(2,569,853)
Interest paid on long-term debt	(265,087)	(40,673)	(44,053)	-	(326,737)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,946,016)	(1,528,238)	(762,029)	5,892,603	(6,404,934)
Cash Flows from Investing Activities					
Payment received on loans	-	-	76,240	-	-
Net income on investments	341,667	148,600	326,200	197,096	204,937
Net Cash Provided (Used) by Investing Activities	341,667	148,600	402,440	197,096	204,937
Net Increase (Decrease) in Cash and Cash Equivalents	422,705	2,144,552	(603,425)	932,784	-
Cash and Cash Equivalents, January 1	7,785,868	479,479	6,208,929	3,700,702	1,500,000
Cash and Cash Equivalents, December 31	$ 8,208,573	$ 2,624,031	$ 5,605,504	$ 4,633,486	$ 1,500,000
Reconciliation of Cash and Cash Equivalents					
Unrestricted	$ 8,208,573	$ 2,624,031	$ 5,605,504	$ 4,633,486	$ -
Restricted	-	-	-	-	1,500,000
Total Cash and Cash Equivalents	$ 8,208,573	$ 2,624,031	$ 5,605,504	$ 4,633,486	$ 1,500,000

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

Business-type Activities - Enterprise Funds					
6120 Airport	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
$ -	$ -	$ -	$ -	$ -	$ 22,431,611
647,141	510,767	682,149	7,901,116	38,338,259	-
35,082	39,786	89,163	699,746	917,016	234,793
(498,654)	(1,782,381)	(4,814,112)	(5,075,191)	(33,111,847)	(16,543,212)
(195,336)	(291,833)	(944,768)	(2,980,030)	(8,861,771)	(4,500,353)
(82,058)	(359,738)	-	(3,009,938)	(4,457,906)	(1,707,852)
(93,825)	(1,883,399)	(4,987,568)	(2,464,297)	(7,176,249)	(85,013)
408,000	499,573	-	507,054	7,950,449	3,212,761
-	(75,691)	-	(1,871,272)	(8,600,994)	(1,548,961)
-	(850,779)	-	-	(4,438,813)	(3,625,488)
385,186	-	-	(20,334)	5,849,265	-
-	(116,540)	-	-	(116,540)	-
-	(349,096)	-	-	(349,096)	-
-	-	-	-	-	349,096
29,504	529,239	-	-	1,979,875	444,034
-	1,142,242	-	415,000	2,495,250	-
76,744	585,804	4,915,618	3,600,584	10,139,090	-
-	(140,513)	-	-	(140,513)	-
899,434	1,224,239	4,915,618	2,631,032	14,767,973	(1,168,558)
(4,696,877)	-	(504,496)	(258,135)	(10,789,566)	(5,394,732)
-	-	145,600	-	145,600	-
3,591,520	-	508,702	-	10,063,069	2,294,241
-	7,432,773	-	-	7,432,773	547,973
(816)	-	-	-	(5,705,669)	-
-	-	-	-	(676,550)	-
(1,106,173)	7,432,773	149,806	(258,135)	469,657	(2,552,518)
8,306	176,960	-	-	261,506	-
10,547	369,639	43,272	229,314	1,871,272	986,211
18,853	546,599	43,272	229,314	2,132,778	986,211
(281,711)	7,320,212	121,128	137,914	10,194,159	(2,819,878)
281,711	4,291,005	1,528,531	6,643,343	32,419,568	21,857,603
$ -	$ 11,611,217	$ 1,649,659	$ 6,781,257	$ 42,613,727	$ 19,037,725
$ -	$ 11,611,217	$ 1,548,722	$ 6,781,257	$ 41,012,790	$ 19,037,725
-	-	100,937	-	1,600,937	-
$ -	$ 11,611,217	$ 1,649,659	$ 6,781,257	$ 42,613,727	$ 19,037,725

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

City of Mankato, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds				
	6010	**6020**	**6026**	**6060**	**6220**
	Water	Wastewater Plant	Sewer Collection	Storm Water Utility	Mayo Clinic Health Systems Event Center
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 3,085,940	$ (4,056,150)	$ 6,390,994	$ (4,286,669)	$ (5,435,943)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	16,182	1,399	3,662	30,242	1,754
Depreciation/Amortization	1,997,282	1,390,457	696,194	134,418	2,647,220
(Increase) decrease in assets					
Accounts receivable	(30,191)	10,839	(176,793)	(27,383)	(45,679)
Sponsorship rights receivable	-	-	-	-	172,083
Due from employees	-	-	-	-	-
Due from other governments	-	20,906	-	595	-
Inventories	(722,793)	-	(4,017)	(13,040)	11,874
Prepaid items	(1,775)	(1,586)	161	(1,027)	(28,384)
(Increase) decrease in deferred outflows of resources					
Deferred pension resources	124,811	85,422	22,443	25,319	83,701
Deferred other postemployment benefit resources	(9,265)	(2,266)	8,225	(153)	(20,009)
Increase (decrease) in liabilities					
Accounts and contracts payable	(175,506)	22,804	-	736,411	(286,150)
Due to other governments	385	(29,329)	-	-	25,495
Accrued salaries payable	20,293	10,242	2,416	1,572	2,571
Compensated absences payable	10,749	30,017	(7,918)	(11,424)	16,420
Net pension liability	(346,410)	(233,300)	(38,810)	(74,411)	(217,244)
Other postemployment benefit liability	43,913	12,823	(33,447)	1,564	88,730
Deposits payable	-	-	-	-	-
Other current liabilities	-	-	-	-	-
Unearned revenue	-	-	-	-	16,365
Increase (decrease) in deferred inflows of resources					
Deferred sponsorship rights	-	-	-	-	(120,000)
Deferred pension resources	218,917	161,715	113,025	31,422	194,079
Deferred other postemployment benefit resources	(9,511)	(11,234)	(15,278)	(3,758)	5,642
Net Cash Provided (Used) by Operating Activities	$ 4,223,021	$ (2,587,241)	$ 6,960,857	$ (3,456,322)	$ (2,887,475)
Schedule of Noncash Investing, Capital and Financing Activities					
Book value of disposed/traded capital assets	$ -	$ -	$ -	$ -	$ 11,593
Capital assets acquired on account	$ -	$ 66,070	$ -	$ -	$ -
Capital assets contributed by (to) other funds	$ 1,011,073	$ -	$ 1,434,305	$ 1,352,922	$ -
Amortization of bond (premium) discount	$ -	$ -	$ -	$ -	$ -

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

Business-type Activities - Enterprise Funds					
6120 Airport	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
$ (1,527,502)	$ (2,018,963)	$ (5,416,571)	$ (4,584,206)	$(17,849,070)	$ (3,424,108)
35,082	39,786	-	699,746	827,853	234,793
1,385,401	93,289	445,549	1,096,138	9,885,948	3,107,599
(14,844)	(11,862)	(108,646)	(35,058)	(439,617)	(33,383)
-	-	-	-	172,083	-
-	-	-	-	-	4,550
-	-	-	220,761	242,262	(3,311)
-	-	-	(3,330)	(731,306)	(130,856)
(801)	1,608	(1,128)	(1,066)	(33,998)	1,012
17,726	29,807	(5,025)	230,690	614,894	364,627
(254)	1,657	76,761	(16,817)	37,879	(4,301)
24,431	23,405	34,451	(45,328)	334,518	(85,153)
-	-	1,287	268	(1,894)	-
296	(769)	1,583	4,974	43,178	11,093
1,904	3,178	6,024	24,292	73,242	31,903
(48,544)	(83,622)	(209,475)	(609,980)	(1,861,796)	(977,208)
1,452	(6,564)	24,639	79,673	212,783	31,215
-	-	5,095	-	5,095	88,593
-	-	14,305	-	14,305	-
-	-	6,433	(7,630)	15,168	-
-	-	-	-	(120,000)	-
33,149	49,475	145,839	499,691	1,447,312	748,759
(1,321)	(3,824)	(8,689)	(17,115)	(65,088)	(50,837)
$ (93,825)	$ (1,883,399)	$ (4,987,568)	$ (2,464,297)	$ (7,176,249)	$ (85,013)
$ -	$ 208,584	$ -	$ -	$ 220,177	$ 115,372
$ 367,725	$ -	$ 107,236	$ -	$ 541,031	$ 52,350
$ -	$ -	$ -	$ -	$ 3,798,300	$ -
$ -	$ -	$ -	$ -	$ -	$ -

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

City of Mankato, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Custodial Funds
Assets	
Cash and temporary investments	$ 2,385,029
Cash held by fiscal agent	42,453
Receivables	
Accounts	135,221
Notes	50,000
Intergovernmental	45,134
Prepaid items	93,918
Total Assets	2,751,755
Liabilities	
Accounts payable	52,569
Due to other governments	26,230
Accrued salaries payable	7,545
Compensated absences payable	30,046
Unearned revenue	6,378
Deposits payable	36,023
Other current liabilities	176,394
Total Liabilities	335,185
Net Position	
Restricted	
Individuals, organizations and other governments	$ 2,416,570

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

City of Mankato, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	Custodial Funds
Additions	
Tenant rental revenue	$ 272,892
Charges for services	758,344
Excess utilities	10,392
Intergovernmental	
Federal	964,739
Local	40,000
Investment income	55,720
Other revenue	149,819
Total Additions	2,251,906
Deductions	
Administration	165,489
Professional services	310,272
Supplies	30,977
Utilities	366,324
Maintenance and operations	558,426
Insurance	109,081
Other charges and services	739,576
Total Deductions	2,280,145
Net Increase (Decrease) in Fiduciary Net Position	(28,239)
Net Position, January 1	2,444,809
Net Position, December 31	$ 2,416,570

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Mankato (the City) operates under its own Home Rule Charter. The City is governed by an elected Mayor and a six-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints the City Manager. The City Manager appoints the personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are combined with the data of the primary government.

Blended Component Unit. The Mankato Economic Development Authority (EDA) was created pursuant to Minnesota statutes 469.090 through 469.108 for the purpose of providing housing and redevelopment services to the Mankato area. The governing body of the EDA consists of the Mayor and the six members of the Council. The City can impose its will on the EDA. As a result, its operations are blended and reported as an enterprise fund.

The complete financial statements of the EDA may be obtained from the EDA Executive Director at Mankato Economic Development Authority, 10 Civic Center Plaza, Mankato, MN 56001.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

The G*eneral fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *American Rescue Plan Act* fund accounts for the costs associated with Federal funds received as a response to COVID-19.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2022C Sales Tax Improvement* fund accounts for costs associated with the Thomas Park Tourtellotte pool improvements.

The *Improvement Bond Redemption* fund accounts for costs associated with deferred assessments.

The Improvements 2024 fund accounts for costs associated with major street projects with construction starting in 2024.

Note 1: Summary of Significant Accounting Policies (Continued)

The *Local Option Sales Tax* fund accounts for the costs associated with the collection and distribution of local sales tax revenues.

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water and to ensure that user charges are sufficient to pay for those costs.

The *Wastewater Plant fund* accounts for costs associated with the City's wastewater and to ensure that user charges are sufficient to pay for those costs.

The *Sewer Collection fund* accounts for costs associated with the City's sewer and to ensure that user charges are sufficient to pay for those costs.

The *Storm Water Utility* fund accounts for the storm water utility costs as well as all of the flood control costs of the City. This activity is funded via a monthly user fee charged on each utility billing account.

The *Mayo Clinic Health Systems Event Center* accounts for the costs associated with the event center operations.

The *Airport fund* accounts for the costs associated with the operation of the Mankato Municipal Airport

The *Economic Development fund* accounts for the costs associated with the efforts to attract additional economic development in the City.

The *Mankato EDA fund* accounts for the activity of providing housing and redevelopment services in the Mankato area.

Additionally, the City reports the following fund types:

Internal Service funds account for central garage, administrative, equipment replacement, insurance and building facilities replacement services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary funds

The *Custodial fund* are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial funds account for activities of Blue Earth County EDA, Minnesota Valley Council of Governments (MVCOG) and the All Seasons Arena. Custodial funds use the economic resources measurement focus.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain restricted assets are included in cash and cash equivalents. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings on investments are allocated to the individual funds based upon the average of month-end cash and investment balances.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.

2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.

3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.

4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.

5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.

6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.

8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Note 1: Summary of Significant Accounting Policies (Continued)

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

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

The City has the following recurring fair value measurements as of December 31, 2023:

- US Treasury, government agency, corporate bond and municipal securities of $75,349,174 are valued using quoted market prices (Level 1 inputs)

- Negotiable certificates of deposits of $3,324,082 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Investment Policy

Funds of the City will be invested in accordance with Minnesota statutes 118 A. The objectives (and priorities) of the investment policy shall be safety, liquidity, yield, and marketability (in that order). The investment portfolio shall be managed in a manner consistent with these objectives and priorities.

For diversification purposes, the assigned percentage reflects the maximum percentage allowed (for each category) within the total investment portfolio. There is no mandated requirement for assets to be invested in any of the categories as listed below:

* U.S. Treasuries	100%
* Federal Agencies	75%
* Federal Agency Mortgage-Backed Securities (MBS)	50%
* Municipal Bonds	50%
* Commercial Paper	50%
* Certificates of Deposit	50%
* Bankers' Acceptances	50%
* Money Market Mutual Funds	100%
* Local Government Investment Pools	100%

The Director of Administrative Services will select a preferred maturity period when evaluating a potential investment. This date will consider either potential cash flow requirements or conformance to a maturity guideline. When selecting certificates of deposit, the Director of Administrative Services will inform the financial institution if pledged collateral will be required prior to obtaining an interest rate quotation. If no specific maturity or cash flow need is required, then the market trend or yield curve may be used to determine an advantageous maturity.

Note 1: Summary of Significant Accounting Policies (Continued)

The investment portfolio shall remain sufficiently liquid to meet projected disbursement requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Generally, investments shall have "laddered" maturities so that money becomes available on a regular schedule. Liquid funds will allow the City to meet possible cash emergencies without being penalized on investments.

Investments for the City, as well as for its component units, are reported at fair value. The broker cash funds operate in accordance with appropriate state laws and regulations. The reported value of these funds is the same as the fair value of the shares.

Interfund Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2023. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts as of December 31, 2023 was $135,500, which includes $12,000 related to General fund receivables,.

Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, July and December each year.

Delinquent taxes receivable include the past thirteen years' uncollected taxes. Delinquent taxes have been offset by deferred inflows of resources for delinquent taxes not received within 60 days after year-end in the governmental fund financial statements.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by deferred inflows of resources in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items

All inventories are stated at cost on the first-in, first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors (such as service and maintenance agreements) reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

Land Held for Resale

Land held for resale is valued at the lower of cost or market value.

Restricted Assets

Restricted assets consist of customers' deposits and monies escrowed for the payment of bond principal and interest. These assets are offset by related liabilities.

Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $10,000 (amount not rounded) and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all items previously accounted for. The City had already accounted for its prior infrastructure at historical cost for the initial reporting of these assets. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

Note 1: Summary of Significant Accounting Policies (Continued)

Property, plant and equipment of the City are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings and Structures	12 - 50
System Infrastructure and Improvements	10 - 50
Machinery, Equipment and Vehicles	5 - 40

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents an consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is recorded for unpaid accumulated sick leave. However, a liability is recognized for that portion of accumulated sick leave that is estimated will be taken as “terminal leave” prior to retirement. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other Than Pensions

Under Minnesota statue 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 75, at January 1, 2022. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Long-term Obligations

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

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

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP) and PEDCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Total All Plans
	GERP	PEPFP	PEDCP	
City's proportionate share	$ 1,814,683	$ 2,937,489	$ 4,002	$ 4,756,174
Proportionate share of State's contribution	1,311	(23,660)	-	(22,349)
Total pension expense	$ 1,815,994	$ 2,913,829	$ 4,002	$ 4,733,825

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes, special assessments, and intergovernmental. The enterprise funds report unavailable revenue from one source: sponsorship rights. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the City reports deferred inflow of resources related to the deferred portion of the lease receivable.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Deferred lease resources are reported in the governmental funds balance sheet and are deferred to the period the amounts become available. This item is also reported in the statement of net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 40-55 percent of the next year's budgeted expenditures. This will assist in maintaining adequate level of fund balance to provide for cash flow requirements and contingency needs because major revenues, including property taxes and other government aids are received in the second half of the City's fiscal year.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund, Local Option Sales Tax fund, Revolving Loan - Federal, Revolving Loan - State, Revolving Loan - City, Highway #14 Partnership, Neighborhood Improvement, Metropolitan Planning Organization, Community Investment, Lodging Tax, Downtown Special Services District, Opioid Abatement fund and the Risk Management special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In June of each even numbered year, all departments of the City submit requests for appropriations to the City Manager and of Finance, so that a bi-annual budget may be prepared. Before September 30, a preliminary budget is presented to the City Council for review. The Council holds public work sessions and hearings, and a final budget is adopted in early December.

The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. Budget amendments made during the year were for 1) additional emerald ash borer remediation, 2) increased refuse and 3) street lighting activity, 4) increased lodging tax collections, 5) adjust principal and interest activity for 2022C Sales Tax bond issue, 7) increased activity for housing programs, and 8) airport, public safety, fleet, storm water, All Seasons Arena, water and wastewater capital expenditures and corresponding intergovernmental aid.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2023, expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Downtown Special Services District	$ 43,000	$ 44,168	$ 1,168

The over-expenditures were funded by available fund balance.

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Balance/Net Position

The following funds had fund balance (governmental) and fund net position (proprietary) deficits at December 31, 2023:

Fund	Amount
Major Governmental	
Improvements 2024	$ 5,980,451
Nonmajor Governmental	
Capital Projects	
Sibley Park Tax Increment Phase I	864,676
Mankato Design Busters Tax Increment	29,173
HECO Tac Increment	123,442
LOM Riverbank Stablization	3,511,966
South Riverfront Tax Increment	395,755
Lewis Lofts/Sinclair Flats Tax Increment	250,040
Curling Club	48,934
Energy Improvements	473,876
Franklin Rogers Park Improvements	3,201,149
Improvements 2022	283,293
Improvements 2023	729,542
Improvements 2025	378,717
Nonmajor Proprietary	
Refuse	109,823
Internal Service	
Facility Operations	421,691

The capital projects fund deficits will be funded by future bond proceeds, tax increments, contributions, state aid, grants, sales tax, user fees and transfers from other funds.

The proprietary fund deficits will be funded by future utility revenues, transfers from other funds and use fees.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

Note 3: Detailed Notes on All Funds (Continued)

- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;

- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and

- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year-end, the City's carrying amount of deposits was $591,459 The bank balance was $854,942. The bank balance was covered by federal depository insurance of $706,448 and the remaining was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Investments

The City's investment policy follows Minnesota statutes, which reduces the City exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk*. The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. State law limits investments in commercial paper that is rated in the highest quality category by at least two nationally recognized rating agencies. The City's investment policy does not further limit the ratings of their investments. Minnesota Statutes limit the City's investments to the list on page 70 of the notes.

- *Custodial Credit Risk*. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments. As of December 31, 2023 all investments were insured or registered, or securities were held by the City or the agent in the City's name.

- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2023, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investment.

- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from the over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity.

Note 3: Detailed Notes on All Funds (Continued)

As of December 31, 2023, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Brokered Cash	N/A	less than 1 year	$ 1,094,800			
4M Fund	N/A	less than 1 year	40,074,080			
Non-pooled Investments at Fair Value						
Government Agency Securities	Aaa	less than 1 year	6,460,275	$ 6,460,275	$ -	$ -
Government Agency Securities	AA+	6 months to 1 year	19,859,686	19,859,686	-	-
Government Agency Securities	AA+	1 to 5 years	21,655,973	21,655,973	-	-
Government Agency Securities	Aaa	1 to 5 years	1,395,818	1,395,818	-	-
Corporate Bond	N/A	less than one year	3,954,080	3,954,080	-	-
Treasury Bills	N/A	less than one year	4,981,000	4,981,000	-	-
Municipal Securities	AAA	less than 1 year	2,127,801	2,127,801	-	-
Municipal Securities	Aaa	less than 1 year	580,221	580,221	-	-
Municipal Securities	AA	less than 1 year	988,840	988,840	-	-
Municipal Securities	AAA	1 to 5 years	7,787,223	7,787,223	-	-
Municipal Securities	Aaa	1 to 5 years	291,120	291,120	-	-
Municipal Securities	AA+	1 to 5 years	872,644	872,644	-	-
Municipal Securities	AA	1 to 5 years	1,909,505	1,909,505	-	-
Municipal Securities	Aa3	1 to 5 years	314,591	314,591	-	-
Municipal Securities	AA3	1 to 5 years	279,117	279,117	-	-
Municipal Securities	Aa1	1 to 5 years	459,420	459,420	-	-
Municipal Securities	AA-	1 to 5 years	366,878	366,878	-	-
Municipal Securities	AAA	1 to 5 years	868,162	868,162	-	-
Municipal Securities	Aa2	1 to 5 years	196,821	196,821	-	-
Negotiable certificates of deposit	N/A	less than 1 year	1,704,061	-	1,704,061	-
Negotiable certificates of deposit	N/A	1 to 5 years	1,620,020	-	1,620,020	-
Total Investments			$ 119,842,136	$ 75,349,175	$ 3,324,081	$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A N/A indicates not applicable or available.

Cash on Hand

Cash in the possession of the City consisting of petty cash and change funds totals $52,602.

Note 3: Detailed Notes on All Funds (Continued)

Cash and Investments Summary

A reconciliation of cash and investments as shown on the statement of net position and the statement of fiduciary net position for the City follows:

	Primary Government	Custodial Funds	Totals
Deposits	$ 591,459	$ -	$ 591,459
Investments	117,414,654	2,427,482	119,842,136
Cash on Hand	52,602	-	52,602
Total	$ 118,058,715	$ 2,427,482	$ 120,486,197
Cash and Cash Equivalents	$ 116,457,778	$ 2,385,029	$ 118,842,807
Cash Held by Fiscal Agent	-	42,453	42,453
Restricted Assets	1,600,937	-	1,600,937
Total	$ 118,058,715	$ 2,427,482	$ 120,486,197

B. Notes Receivable

Economic Development

The City has received Federal and State grants to be used for economic development. The proceeds of these grants were loaned to businesses and are to be paid back to the City with interest rates ranging from 4 percent to 10 percent over 6 to 20 years.

The City has loaned funds to various private businesses for development and improvement purposes. These notes are to be paid back to the City with interest rates ranging from 4 percent to 10 percent over 6 to 20 years.

Small Cities Development Loans

The City has loaned funds to citizens in conjunction with the Mankato Housing Rehabilitation Project. These notes are to be paid back to the City with an interest rate of 3 percent over 10 years.

Minnesota Housing Finance Agency

The City has received state grants to be loaned to citizens in conjunction with the Mankato Home Ownership Program. The notes are to be paid back in full in the event of sale or transfer of property; otherwise, 10 years after the initial note was executed at equal installments for 20 years at 0 percent interest.

Other

The City has loaned funds to various private businesses that have privatized specific City services for start-up funds, housing and economic development and to fund the purchase of property. These notes are to be paid back to the City with interest rates ranging from 0 percent to 8 percent over 10 to 30 years.

Note 3: Detailed Notes on All Funds (Continued)

Other (Continued)

The City has loaned funds to individuals in conjunction with City Center Renaissance Programs. These notes are to be paid back to the City with interest rates ranging from 0 percent to 3 percent over 10 to 15 years.

The City has also loaned funds to citizens in conjunction with the Mankato Home Ownership Program. The notes are to be paid back in full in the event of sale or transfer of property; otherwise, 10 years after the initial note was executed at equal installments for 20 years at 0 percent interest.

The City of Mankato (the City) entered into a Sanitary Sewer System Interconnection agreement with the City of Madison Lake. The City is required to operate and maintain the interconnection and is owned by the City. The City of Madison Lake is making payments to the City to help with the construction costs; total cost to the City is $1,210,829. The City of Madison Lake will also reimburse the City for all costs associated with maintenance of the lift station and force main based on the City's flow percentage received at the lift station. During 2012, the City loaned the City of Madison Lake $1,210,829 for the rights to hook up with the City's sewer system. This note will be paid back in annual payments of $84,909 at 1.88 percent interest until August 1, 2028.

The City has loaned funds to local businesses for to recover and sustain business lost due to the COVID-19 pandemic. Recovery loans were issued at 0 percent interest and deferred for 12 months, then repaid over 60 months at 2 percent interest. The sustaining loans were issued with a deferral period of 1 year, and a 2 percent interest will be applied when repayment beings.

The City has loaned funds to local businesses in conjunction with the Valley Opportunities Revolving Loan Program. The notes are to be paid back over a ten-year period with interest rates at 2-3%.

The balance of these notes December 31, 2023 is shown below:

Description	Balance at Year End
Economic Development	
Federal and State economic development loans	$ 14,782
Business development and improvement - special revenue	472,957
Business development and improvement - capital project	185,000
Small Cities Development	
Mankato Housing Rehabilitation Project loans	2,001
Minnesota Housing Finance Agency	
Mankato Home Ownership Program loans - special revenue	76,669
Mankato Home Ownership Program loans - enterprise	31,366
Other	
Private business loans	445,927
City Center Renaissance Program loans	1,093,951
Sanitary Sewer Sytem Interconnection loan	403,376
COVID-19 recovery loans	50,277
Sustaining loans	16,545
Valley Opportunities Revolving Loan Program	50,053
Total	$ 2,842,904

Note 3: Detailed Notes on All Funds (Continued)

C. Sponsorship Rights Receivable

The City has entered into agreements with two sponsors for the pouring and naming rights in conjunction with the Civic Center. Pepsi has committed annual payments of $25,000 for 2020 - 2024 for the exclusive rights to sell or distribute beverages at the facility. During 2021 this was reduced to $6,250 due to the COVID-19 pandemic. Also, Mayo Clinic Health System has committed payments of $125,000 annually through December 25, 2024 for the exclusive naming rights of the facility. The City will quit using this name as of December 25, 2024. The balance of these receivables in the enterprise funds at December 31, 2023 is $120,000, which is partially offset by deferred inflows.

D. Capital Assets

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

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 4,298,021	$ -	$ (96,777)	$ 4,201,244
Construction in progress	23,018,039	3,644,348	(761,187)	25,901,200
Total Capital Assets not Being Depreciated	27,316,060	3,644,348	(857,964)	30,102,444
Capital Assets Being Depreciated				
Land improvements	6,917,244	385,041	-	7,302,285
Buildings and structures	42,394,790	669,506	(408,213)	42,656,083
Machinery and vehicles	39,825,174	4,179,524	(1,486,632)	42,518,066
Office equipment	2,136,633	-	(486,720)	1,649,913
Infrastructure	303,508,452	10,321,886	-	313,830,338
Storm sewer systems	7,117,610	-	-	7,117,610
Total Capital Assets Being Depreciated	401,899,903	15,555,957	(2,381,565)	415,074,295
Less Accumulated Depreciation for				
Land improvements	(3,610,867)	(326,637)	-	(3,937,504)
Buildings and structures	(19,862,248)	(1,404,813)	303,512	(20,963,549)
Machinery and vehicles	(25,467,354)	(3,183,076)	1,473,662	(27,176,768)
Office equipment	(2,136,299)	(334)	486,720	(1,649,913)
Infrastructure	(205,510,439)	(10,244,212)	-	(215,754,651)
Storm sewer systems	(4,310,654)	(126,593)	-	(4,437,247)
Total Accumulated Depreciation	(260,897,861)	(15,285,665)	2,263,894	(273,919,632)
Total Capital Assets Being Depreciated, Net	141,002,042	270,292	(117,671)	141,154,663
Governmental Activities Capital Assets, Net	$ 168,318,102	$ 3,914,640	$ (975,635)	$ 171,257,107

During the year, capital assets of $3,798,300 were contributed to business-type activities.

Note 3: Detailed Notes on All Funds (Continued)

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated/Amortized				
Land	$ 5,034,851	$ -	$ (152,234)	$ 4,882,617
Construction in progress	12,926,270	7,898,436	(9,870,036)	10,954,670
Total Capital Assets not Being Depreciated/Amortized	17,961,121	7,898,436	(10,022,270)	15,837,287
Capital Assets Being Depreciated/Amortized				
Land improvements	4,069,618	-	(73,848)	3,995,770
Buildings and structures	248,426,460	8,500,404	(3,033,268)	253,893,596
Leased building (Intangible Right to Use Asset)	-	46,475	-	46,475
Machinery and vehicles	27,963,092	1,808,981	(1,227,115)	28,544,958
Office equipment	147,304	-	(147,304)	-
Infrastructure and other improvements	71,343,392	4,207,110	-	75,550,502
Total Capital Assets Being Depreciated/Amortized	351,949,866	14,562,970	(4,481,535)	362,031,301
Less Accumulated Depreciation/Amortization for				
Land improvements	(1,491,668)	(191,283)	73,848	(1,609,103)
Buildings and structures	(99,941,908)	(6,510,687)	2,972,633	(103,479,962)
Leased building (Intangible Right to Use Asset)	-	(5,164)	-	(5,164)
Machinery and vehicles	(17,460,799)	(1,728,176)	1,219,807	(17,969,168)
Office equipment	(147,304)	-	147,304	-
Infrastructure and other improvements	(32,588,573)	(1,450,638)	-	(34,039,211)
Total Accumulated Depreciation/Amortization	(151,630,252)	(9,885,948)	4,413,592	(157,102,608)
Total Capital Assets Being Depreciated/Amortized, Net	200,319,614	4,677,022	(67,943)	204,928,693
Business-type Activities Capital Assets, Net	$ 218,280,735	$ 12,575,458	$ (10,090,213)	$ 220,765,980

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities	
General government	$ 208,193
Public safety	341,184
Streets and highways, including depreciation of general infrastructure assets	10,525,818
Culture and recreation	962,162
Housing and economic development	140,709
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	3,107,599
Total Depreciation/Amortization Expense - Governmental Activities	$ 15,285,665
Business-type Activities	
Housing and economic development	$ 446,956
Water	1,997,282
Wastewater plant	1,390,457
Sewer collection	696,194
Storm water	134,418
Street lighting	95,753
Mass transit	242,756
Airport	1,385,401
Parking	756,222
Mayo Clinic Health Systems Event Center	2,647,220
Economic development	93,289
Total Depreciation/Amortizable Expense - Business-type Activities	$ 9,885,948

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2023. The projects include street construction, utility, sanitary sewer improvements and airport projects. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Stoltzman/Dewey Lane Improvements	$ 234,279	$ 51,472
ASA Renovations	48,600	159,360
Tourtellotte Pool Improvements	5,450,186	3,125,114
4th Street Improvements	1,247,030	65,633
Germania Park Pase 3	2,522,215	129,997
2023 Sidewalks	163,707	8,616
Leachate Receiving Station	567,588	68,614
Lake Street Pumping Facility	70,244	94,256
MN Riverbank Stabilization	5,844,109	307,585
2021 Airport Improvements	2,643,579	139,136
Air Traffic Control Tower	182,817	117,183
2022 Airport Improvements	2,532,600	126,630
Pickleball Courts	561,985	1,000
Total	$ 22,068,939	$ 4,394,596

The special assessment portion of the commitment for street construction is being financed by special assessment bonds that will be repaid by the benefiting property owners.

Note 3: Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables and Transfers

Due to/from Other Funds

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

Fund	Due from Other Funds	Due to Other Funds
Debt Service	$ 2,500,000	$ -
Improvements 2024	-	5,598,386
Local Option Sales Tax	4,109,141	-
Nonmajor Governmental	-	8,552,843
Water	3,000,000	-
Wastewater Plant	2,200,000	-
Sewer Collection	2,000,000	-
Storm Water Utility	2,000,000	-
Airport	-	1,382,349
Mayo Clinic Health Systems Event Center	-	8,474,679
Economic Development	2,400,000	-
Nonmajor Enterprise	-	283,233
Internal Service		
Equipment Replacement	2,500,000	-
Central Insurance	1,382,349	-
Building Facilities Replacement	2,200,000	-
Total	$ 24,291,490	$ 24,291,490

The outstanding balance between funds result mainly from the time lag between the dates the (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. All of the interfund balances represent temporary funding for cash deficits.

Advances from/to Other Funds

The Advances from/to other funds are to cover the deficits in the TIF funds and for the construction of the Public Safety Center. The composition of interfund advances at December 31, 2023 is as follows:

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Nonmajor governmental	Nonmajor governmental	4.00 %	12/09/13	08/01/36	$ 29,173
Nonmajor governmental	Nonmajor governmental	4.00	12/09/13	08/01/38	123,442
Nonmajor governmental	Nonmajor governmental	0.00	12/09/13	08/01/26	395,755
Economic Development	Nonmajor governmental	4.00	12/09/13	02/01/38	864,676
Economic Development	Nonmajor governmental	0.00	08/31/23	12/31/39	150,805
Internal Service	Economic Development	3.50	06/30/11	08/01/32	3,752,087
Totals					$ 5,315,938

Note 3: Detailed Notes on All Funds (Continued)

A summary of total future interfund advance repayments follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 577,864	$ 155,199	$ 733,063
2025	592,282	140,782	733,064
2026	609,933	127,157	737,090
2027	493,712	111,459	605,171
2028	509,802	95,368	605,170
2029 - 2033	2,200,860	219,522	2,420,382
2034 - 2038	331,485	23,868	355,353
Total	$ 5,315,938	$ 873,355	$ 6,189,293

Interfund Transfers

Interfund transfers for the year ended December 31, 2023 are as follows:

	Transfer In				
Fund	General	Debt Service	Nonmajor Governmental	Water	Wastewater Plant
Transfer Out					
General	$ -	$ -	$ 2,916,728	$ -	$ -
Debt Service	-	-	1,015,345	-	-
Improvement Bond Redemption	-	100,000	-	-	-
Local Option Sales Tax	-	361,788	353,000	-	-
Nonmajor governmental	189,756	600,000	2,409,415	-	-
Water	-	569,307	-	-	-
Wastewater Plant	-	535	-	-	-
Sewer Collections	-	604,693	-	-	4,600,000
Storm Water Utility	215,204	585,389	-	-	-
Mayo Clinic Health Systems Event Center	-	78,903	-	-	-
Economic development	-	20,456	-	-	-
Nonmajor enterprise	484,352	313,920	-	773,000	-
Internal service	-	16,215	18,009	-	-
Total Transfers Out	$ 889,312	$ 3,251,206	$ 6,712,497	$ 773,000	$ 4,600,000

Note 3: Detailed Notes on All Funds (Continued)

	Transfer In					
Fund	Mayo Clinic Health Systems Event Center	Airport	Economic Development	Nonmajor Enterprise	Internal Service	Total
Transfer Out						
General	$ -	$ -	$ -	$ 90,000	$ 1,693,275	$ 4,700,003
Debt Service	-	-	489,610	30,000	-	1,534,955
Improvement Bond Redemption	-	-	-	-	-	100,000
Local Option Sales Tax	661,000	408,000	-	297,082	-	2,080,870
Nonmajor governmental	231,822	-	9,963	-	9,486	3,450,442
Water	-	-	-	-	-	569,307
Wastewater plant	-	-	-	-	-	535
Sewer Collections	-	-	-	-	-	5,204,693
Storm Water Utility	-	-	-	-	-	800,593
Mayo Clinic Health Systems Event Center	-	-	-	-	-	78,903
Economic development	-	-	-	55,235	-	75,691
Nonmajor enterprise	-	-	-	-	300,000	1,871,272
Internal Service	270,000	-	-	34,737	1,210,000	1,548,961
Total Transfers Out	$ 1,162,822	$ 408,000	$ 499,573	$ 507,054	$ 3,212,761	$ 22,016,225

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service fund to establish mandatory reserve accounts, 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary/council authorizations, including amounts provided as subsidies or matching funds for various grant programs, 4) move unrestricted revenues to cover capital costs incurred in bond improvement/construction funds. Further, during the year ended December 31, 2023, the City made the following one-time transfers:

- From the General fund to the Riverfront Park fund for future park improvements. ($1,200,000).
- From the General fund to the All Seasons Arena fund for the ASA renovation project ($1,009,000)
- From the General fund to the 2022A Sales Tax fund for Civic Center projects ($616,863)
- From the General and Debt Service funds to the Energy Improvements fund for energy savings payoff ($60,000 and $1,015,345, respectively)
- From the 2019 Improvements fund to the Construction Revolving fund to close the fund ($101,470).
- From the 2020 Improvements fund to the Construction Revolving fund to close the fund ($83,988).
- From the MSA fund to the Improvements 2020 for the Warren Street project ($250,000).
- From the General and MSA funds to the 2022 Improvements fund for the Adams Street Phase 3 and roundabout, Victory Drive, Warren Street, Highway 14/Riverfront Drive roundabout, Stoltzman Road, West 11th Street and 2022 wear course projects ($2,207,877)
- From the General fund to the Capital Replacement fund for future IGC remodeling ($100,000).

Note 3: Detailed Notes on All Funds (Continued)

- From the General fund to the Capital Replacement fund for rifle replacement. ($15,000).
- From the General fund to the Capital Replacement fund to fund park playground repairs ($56,275).

F. Lease Receivable

The City leases various assets to outside parties. Lease receivables are recorded to estimate the present value of future payments from lessees.

Airport Land: the City leases land to various parties with maturities ranging from 2024-2041. This includes multiple renewal options the City anticipates the lessee's to exercise.

Cellular Towers: The City leases tower sites to several companies. The maturity dates range from 2028-2041 and include various renewal options the City anticipates being exercised.

Suite Space: The Mayo Clinic Health Systems Event Center leases suite space and other building space to various companies. Maturities range from 2027-2032.

Miscellaneous: The City has several other leases for building space. Details are disclosed below.

Note 3: Detailed Notes on All Funds (Continued)

Long-term lease activity for the year ended December 31, 2023 was as follows:

Description	Issue Date	Discount Rate	Current Year Infow of Resources	Balance at Year End
Governmental Lease Receivables				
Balcerzak Tower - AT&T	09/12/02	1.24 %	$ 54,110	$ 776,476
Balcerzak Tower - T-Mobile	06/01/01	1.33	42,361	753,995
Department of Natural Resources	03/01/20	0.99	28,224	176,851
Hinkley Street - Sprint	08/15/04	0.99	12,782	72,797
ISD 77 IGC	09/01/20	0.51	124,090	156,871
Madison Tower - AT&T	05/13/08	0.77	51,281	268,281
Madison Tower - T-Mobile	06/01/01	1.33	42,361	753,995
Moondogs - Rent	01/01/18	0.77	26,075	105,945
Mulberry Tower - AT&T	12/16/03	0.90	38,302	200,638
Total Governmental Lease Receivables				3,265,849
Business-Type Lease Receivables				
Brennan (Love It)	07/01/93	1.39	3,735	71,532
Grounds - North Star Aviation	09/01/21	1.35	30,252	550,761
MSU MCHS Event Center - Rent	09/01/22	3.31	612,193	5,369,248
MSU MCHS Event Center - Utilities	09/01/22	1.12	52,542	466,680
Suite 207 Downs Food Group	10/01/21	0.77	30,280	116,255
Suite 208A BLK	10/01/21	0.77	13,832	58,666
Suite 211 Pepsi	02/01/20	0.40	25,450	24,946
Suite 213 I&S Group	10/01/19	0.99	21,990	137,076
Suite B APX	01/01/22	0.77	12,058	59,373
Suite C El Micro	09/01/21	0.77	18,182	68,297
Suite E Hermel	11/01/22	3.16	13,609	67,283
Suite F Community Bank	09/01/21	0.77	16,363	62,192
Terminal - Consolidated Communications	11/01/04	0.99	3,465	20,397
Terminal - MSU	08/01/18	0.99	81,628	527,536
Terminal - North Star Aviation	10/01/19	0.99	48,373	280,648
Total Business-Type Lease Receivables				7,880,890
Total Lease Receivables				$ 11,146,739

G. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Bonds

The following bonds are direct obligations and pledge the full faith and credit of the City. These bond issues will be repaid primarily from ad valorem taxes.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Capital Improvement Bonds of 2013A	$ 815,000	2.00 %	02/01/13	02/01/24	$ 85,000
G.O. Capital Improvement Bonds of 2014A	815,000	2.00 - 5.00	02/15/14	02/01/24	110,000
G.O. Capital Improvement Bonds of 2015A	850,000	2.00 - 3.00	03/12/15	02/01/25	205,000
G.O. Capital Improvement Bonds of 2016A	915,000	2.00 - 4.00	04/14/16	02/01/27	390,000
G.O. Capital Improvement Bonds of 2017A	240,000	2.25 - 4.00	04/06/17	02/01/28	130,000
Total General Obligation Bonds					$ 920,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31,	General Obligation Bonds Governmental Activities Principal	Interest	Total
2024	$ 415,000	$ 16,644	$ 431,644
2025	225,000	8,628	233,628
2026	125,000	4,781	129,781
2027	125,000	2,125	127,125
2028	30,000	375	30,375
Total	$ 920,000	$ 32,553	$ 952,553

General Obligation Tax Increment Bonds

The following bonds were issued for redevelopment projects. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Increment Bonds of 2015C	$ 3,335,000	1.30 - 3.80 %	03/12/15	02/01/37	$ 2,525,000

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending December 31,	G.O. Tax Increment Bonds Governmental Activities Principal	Interest	Total
2024	$ 145,000	$ 85,899	$ 230,899
2025	150,000	81,988	231,988
2026	155,000	77,677	232,677
2027	160,000	73,030	233,030
2028	160,000	68,150	228,150
2029 - 2033	905,000	249,245	1,154,245
2034 - 2037	850,000	66,120	916,120
Total	$ 2,525,000	$ 702,109	$ 3,227,109

General Obligation Sale Tax Bonds

The following bonds were issued for capital projects. The sales tax revenues will be used to retire the related debt as transfers from the Local Option Sales Tax fund as that is where the sales tax is collected.

Description	Authorized and Issued	Interest Rate		Issue Date	Maturity Date	Balance at Year End
G.O. Sales Tax Bonds of 2022C	$ 11,955,000	4.00 - 5.00	%	12/15/22	02/01/38	$ 11,955,000

The annual debt service requirements to maturity for general obligation sales tax bonds are as follows:

Year Ending December 31,	G.O. Sales Tax Revenue Bonds Governmental Activities Principal	Interest	Total
2024	$ 490,000	$ 564,050	$ 1,054,050
2025	585,000	537,175	1,122,175
2026	615,000	507,175	1,122,175
2027	645,000	475,675	1,120,675
2028	680,000	442,550	1,122,550
2029 - 2033	3,930,000	1,656,000	5,586,000
2034 - 2038	5,010,000	563,475	5,573,475
Total	$ 11,955,000	$ 4,746,100	$ 16,701,100

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Improvement Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2013A	$ 6,905,000	2.00 %	02/01/13	02/01/24	$ 630,000
G.O. Improvement Bonds of 2014A	9,565,000	2.00 - 5.00	02/15/14	02/01/24	1,150,000
G.O. Improvement Bonds of 2015A	5,745,000	2.00 - 3.00	03/12/15	02/01/25	1,310,000
G.O. Improvement Bonds of 2016A	17,175,000	2.00 - 4.00	04/14/16	02/01/27	6,700,000
G.O. Improvement Bonds of 2017A	7,265,000	2.25 - 4.00	04/06/17	02/01/28	3,850,000
G.O. Improvement Bonds of 2018A	3,485,000	3.00 - 5.00	04/26/18	02/01/29	2,280,000
G.O. Improvement Bonds of 2019A	8,125,000	3.00 - 5.00	04/10/19	02/01/30	6,075,000
G.O. Improvement Bonds of 2020A	5,862,000	1.17	04/23/20	02/01/31	4,743,000
G.O. Improvement Bonds of 2021A	7,820,000	1.125 - 5.00	03/24/21	02/01/32	7,190,000
G.O. Improvement Bonds of 2022B	7,930,000	4.00 - 5.00	08/02/22	02/01/33	7,930,000
G.O. Improvement Bonds of 2023A	4,175,000	5.00	10/05/23	02/01/34	4,175,000
Total G.O. Special Assessment Bonds					$ 46,033,000

The annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	G.O. Special Assessment Bonds Governmental Activities Principal	Interest	Total
2024	$ 7,704,000	$ 1,396,147	$ 9,100,147
2025	6,581,000	1,194,994	7,775,994
2026	6,198,000	975,730	7,173,730
2027	5,984,000	766,443	6,750,443
2028	4,556,000	581,835	5,137,835
2029 - 2033	14,485,000	1,105,005	15,590,005
2034	525,000	13,125	538,125
Total	$ 46,033,000	$ 6,033,279	$ 52,066,279

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements to the enterprise funds. They will be retired from net revenue of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Facilities Authority I - Water	$ 2,309,300	2.31 %	12/12/05	08/20/25	$ 287,300
Public Facilities Authority II - Water	37,729,870	2.63	04/09/07	08/20/26	7,065,948
Public Facilities Authority III - Madison Lake	1,194,071	1.88	06/13/09	08/20/29	362,000
Public Facilities Authority IV - 42" Line	5,520,000	1.656	10/01/10	08/20/30	1,909,000
Public Facilities Authority V - Wastewater	6,495,931	1.007	08/26/14	08/20/34	3,721,000
Public Facilties Authority VI - 42" Line 2	111,173	1.00	05/01/15	08/20/25	24,000
Public Facilties Authority III - Water Reuse	1,233,405	1.093	08/10/15	08/20/35	764,000
G.O. Sales Tax Revenue Bonds of 2022A	6,410,000	4.00 - 5.00	08/02/22	02/01/38	6,005,000
Total G.O. Revenue Bonds					$ 20,138,248

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities Principal	Interest	Total
2024	$ 3,494,000	$ 533,233	$ 4,027,233
2025	3,585,300	443,959	4,029,259
2026	3,321,948	352,066	3,674,014
2027	1,057,000	266,178	1,323,178
2028	1,082,000	239,623	1,321,623
2029 - 2033	4,674,000	804,673	5,478,673
2034 - 2038	2,924,000	256,671	3,180,671
Total	$ 20,138,248	$ 2,896,403	$ 23,034,651

The G.O. revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Utility and Civic Center funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Wastewater Plant	Sewer Collection	Mayo Clinic Health Systems Event Center
Revenues	$ 10,292,411	$ 1,932,385	$ 8,477,556	$ 4,970,592
Principal and Interest	2,760,087	358,673	366,053	2,891,737
Percentage of Revenues	26.8%	18.6%	4.3%	58.2%

Note 3: Detailed Notes on All Funds (Continued)

Loans Payable

The Airport T-hangar Loan and the Southwest Minnesota Housing Partnership Loans were issued to finance capital improvements to the enterprise funds. They will be retired from net revenue of the enterprise funds. The Deed Loan payable was issued to finance an equipment purchase.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Southwest Minnesota Housing Partnership Loan	$ 118,500	0.00 %	10/01/12	10/01/40	$ 118,500
DEED Loan	90,000	2.00	11/30/17	12/31/22	3,488
Total Loans Payable					$ 121,988

The annual debt service requirements to maturity for loans payable are as follows:

Year Ending December 31,	Loans Payable Governmental Activities Principal	Interest	Total	Loans Payable Business-type Activities Principal	Interest	Total
2024	$ 3,488	$ 9	$ 3,497	$ -	$ -	$ -
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-
2038 - 2040	-	-	-	118,500	-	118,500
Total	$ 3,488	$ 9	$ 3,497	$ 118,500	$ -	$ 118,500

Financed Purchase Arrangements

During 2015 the City entered into a financed purchase arrangement for recycling and refuse carts. These agreements qualify as financed purchase arrangements for accounting purposes and, therefore, has been recorded at the present value of their future minimum payments as of the inception date. The refuse equipment was not capitalized because the individual items were under the City's capitalization threshold.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Tax-exempt Lease Purchase Agreement	$ 1,255,000	2.62 %	04/24/17	04/01/33	$ 704,304
Taxable Lease Purchase Agreement	1,300,000	3.72	05/24/17	10/01/28	870,142
Total Financed Purchase Arrangements					$ 1,574,446

Note 3: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for financed purchase arrangements are as follows:

Year Ending December 31,	Financed Purchase Arrangements Governmental Activities Principal	Interest	Total
2024	$ 212,339	$ 47,579	$ 259,918
2025	219,449	40,470	259,919
2026	226,803	33,115	259,918
2027	234,410	25,509	259,919
2028	242,279	17,640	259,919
2029 - 2033	439,166	29,427	468,593
Total	$ 1,574,446	$ 193,740	$ 1,768,186

Leases Payable

The City has entered into a lease agreement with Industrial Road Properties, LLC for storage space. The lease has an interest rate of 3.12% and a term of 36 months.

Description	Total Lease Liability	Interest Rate	Issue Date	Payment Terms	Payment Amount	Balance at Year End
Industrial Road Storage Space	$ 45,176	3.12 %	9/1/2023	36 Months	$ 1,299 Monthly	$ 41,622

The annual debt service requirement to maturity for leases payable are as follows:

Year Ending December 31,	Lease Payable Governmental Activities Principal	Interest	Total
2024	$ 14,652	$ 1,092	$ 15,744
2025	15,756	621	16,377
2026	11,214	131	11,345
Total	$ 41,622	$ 1,844	$ 43,466

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	$ 1,330,000	$ -	$ (410,000)	$ 920,000	$ 415,000
G.O. tax increment bonds	2,665,000	-	(140,000)	2,525,000	145,000
G.O. sales tax bonds	11,955,000	-	-	11,955,000	490,000
G.O. special assessment bonds	48,966,000	4,175,000	(7,108,000)	46,033,000	7,704,000
Bond premiums	4,826,683	417,560	(534,745)	4,709,498	-
Total Bonds Payable	69,742,683	4,592,560	(8,192,745)	66,142,498	8,754,000
Loans Payable	19,449	-	(15,961)	3,488	3,488
Financed Purchase Arrangements	1,779,912	-	(205,466)	1,574,446	212,339
Compensated Absences Payable	2,473,481	1,905,672	(1,882,753)	2,496,400	1,385,017
Governmental Activity Long-term Liabilities	$ 74,015,525	$ 6,498,232	$ (10,296,925)	$ 70,216,832	$ 10,354,844
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	$ 25,838,248	$ -	$ (5,700,000)	$ 20,138,248	$ 3,494,000
Bond premiums	542,464	-	(168,974)	373,490	-
Total Bonds Payable	26,380,712	-	(5,868,974)	20,511,738	3,494,000
Lease Payable	-	46,475	(4,853)	41,622	14,652
Loans Payable	119,316	-	(816)	118,500	-
Compensated Absences Payable	819,168	934,195	(860,953)	892,410	528,915
Business-type Activity Long-term Liabilities	$ 27,319,196	$ 980,670	$ (6,735,596)	$ 21,564,270	$ 4,037,567

Note 3: Detailed Notes on All Funds (Continued)

H. Components of Fund Balance

At December 31, 2023, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	American Rescue Plan Act	Debt Service	2022C Sales Tax Improvements	Improvement Bond Redemption	Improvements 2024	Local Option Sales Tax	Other Governmental Funds	Total Governmental Funds
Nonspendable for									
Prepaid items	$ 89,973	$ -	$ -	$ -	$ -	$ -	$ -	$ 67	$ 90,040
Inventories	155,566	-	-	-	-	-	-	-	155,566
Total Nonspendable	$ 245,539	$ -	$ -	$ -	$ -	$ -	$ -	$ 67	$ 245,606
Restricted for									
Debt service	$ -	$ -	$ 7,801,915	$ -	$ -	$ -	$ -	$ -	$ 7,801,915
Future projects	-	-	-	-	-	-	10,462,911	-	10,462,911
Public safety	-	-	-	-	-	-	-	1,955,560	1,955,560
Housing	-	-	-	-	-	-	-	294,027	294,027
Tax increment financing activities	-	-	-	-	-	-	-	64,035	64,035
Highway 14 partnership	-	-	-	-	-	-	-	21,495	21,495
Loans	-	-	-	-	-	-	-	1,369,242	1,369,242
Economic development	-	-	-	-	-	-	-	67,503	67,503
Opioid abatement	-	-	-	-	-	-	-	181,354	181,354
Public safety programs	-	-	-	-	-	-	-	329,351	329,351
Municipal street projects	-	-	-	-	-	-	-	6,063,752	6,063,752
Total Restricted	$ -	$ -	$ 7,801,915	$ -	$ -	$ -	$ 10,462,911	$ 10,346,319	$ 28,611,145
Committed to									
Loans	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,203,712	$ 3,203,712
Neighborhood improvement	-	-	-	-	-	-	-	14,106	14,106
Downtown safe and clean	-	-	-	-	-	-	-	72,554	72,554
Insurance	-	-	-	-	-	-	-	1,965,792	1,965,792
Highway 14 enhancement and promotion	-	-	-	-	-	-	-	15,035	15,035
Community investment	-	-	-	-	-	-	-	108,461	108,461
Total Committed	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,379,660	$ 5,379,660
Assigned to									
Tax adjustments	$ 600,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 600,000
Emergencies	3,400,000	-	-	-	-	-	-	-	3,400,000
Snow removal	600,000	-	-	-	-	-		-	600,000
Salt contingency	600,000	-	-	-	-	-		-	600,000
Neighborhood improvement	-	-	-	-	-	-	-	6,950	6,950
Highway 14 enhancement and promotion	-	-	-	-	-	-	-	1,437	1,437
Metropolitan planning	-	-	-	-	-	-	-	70,369	70,369
Public safety	-	-	-	-	-	-	-	34,312	34,312
Governmental activities	-	546,363	-	-	-	-	-	-	546,363
Capital projects	-	-	-	1,028,010	418,574	-	-	5,042,617	6,489,201
Sales tax projects	-	-	-	-	-	-	-	-	-
Total Assigned	$ 5,200,000	$ 546,363	$ -	$ 1,028,010	$ 418,574	$ -	$ -	$ 5,155,685	$ 12,348,632
Unassigned	$ 10,506,010	$ -	$ -	$ -	$ -	$ (5,980,451)	$ -	$ (10,290,563)	$ (5,765,004)

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 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. In 2023, legislation repealed the statute delaying increases for members retiring before full retirement age.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Police and Fire Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2023, 2022, and 2021 were $1,109,703, $1,040,551 and $997,720, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

PEPFP Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2023 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2023, 2022, and 2021 were $1,307,224, $1,238,771 and $1,132,727, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2023, the City reported a liability of $10,456,934 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $288,068. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1869 percent at the end of the measurement period and 0.1799 percent for the beginning of the period.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

City's Proportionate Share of the Net Pension Liability	$ 10,579,852
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	291,626
Total	$ 10,871,478

For the year ended December 31, 2023, the City recognized pension expense of $1,814,683 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $1,311 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2023, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 340,114	$ 69,368
Changes in Actuarial Assumptions	1,631,722	2,866,440
Net Difference Between Projected and Actual Earnings on Plan Investments	-	406,447
Changes in Proportion	277,731	2,109
Contributions Paid to PERA Subsequent to the Measurement Date	566,669	-
Total	$ 2,816,236	$ 3,344,364

The $566,669 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2025	(1,411,738)
2026	193,769
2027	(227,025)

Police and Fire Fund Pension Costs

At December 31, 2023, the City reported a liability of $9,753,362 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022 through June 30, 2023 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.5648 percent at the end of the measurement period and 0.5515 percent for the beginning of the period.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of $9 million in direct state aid that meets the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $392,839.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2023, the City recognized pension expense of $2,937,489 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional ($23,660) as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of $9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in fire state aid. The City also recognized $50,832 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2023, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 2,651,355	$ -
Changes in Actuarial Assumptions	10,919,413	13,713,337
Net Difference Between Projected and Actual Earnings on Plan Investments	-	323,683
Changes in Proportion	460,716	270,259
Contributions Paid to PERA Subsequent to the Measurement Date	685,502	-
Total	$ 14,716,986	$ 14,307,279

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The $685,502 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2024	$ 357,669
2025	66,256
2026	2,323,430
2027	(603,280)
2028	(2,419,870)
Thereafter	-

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.5 %	5.10 %
International Equity	16.5	5.30
Fixed Income	25.0	0.75
Private Markets	25.0	5.90
Total	100.00 %	

F. Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 7.0 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 7.0 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan, Police and Fire Plan, and the Correctional Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan, 1% for the Police and Fire Plan, and 2 percent for the Correctional Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent at age 60.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions

- An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Fund

Changes in Actuarial Assumptions

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.

- The total and permanent duty disability benefit was increased, effective July 1, 2023.

G. Discount Rate

The discount rate used to measure the total pension liability in 2023 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees, Police and Fire and Correctional Plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
General Employees Fund	$ 18,488,265	$ 10,456,934	$ 3,839,639

	City Proportionate Share of NPL		
	1 Percent Decrease (6.0%)	Current (7.0%)	1 Percent Increase (8.0%)
Police and Fire Fund	19,351,833	9,753,362	1,862,134

I. Pension Plan Fiduciary Net Position

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

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

There are six City Council members of the City covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan) (Continued)

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2023 were:

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 4,002	$ 4,002	5.00%	5.00%	5.00%

The City and council member’s contributions to the DCP for the years ended December 31, 2023, 2022 and 2021 were $4,002, $4,186 and $4,354, respectively.

Note 6: Postemployment Benefits Other Than Pensions

A. Plan Description

The City operates a single-employer retiree benefit healthcare plan ("the Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing employees and are renegotiated each two-year bargaining period. The Retiree Health Plan does not issue a publicly available financial report and is not administered through a trust or equivalent arrangement and thus there are no assets accumulated in a GASB-compliant trust.

At December 31, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	19
Active Plan Members	253
Total Plan Members	272

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City contributes a predetermined portion of the cost of current-year premiums for eligible retired plan members and their spouses based on the employment contract in effect at the time of retirement. For the year ended December 31, 2023, the City’s average contribution rate was 32.3 percent of covered-employee payroll. For the year 2023, the City contributed $273,764 to the Plan. The General fund is typically used to liquidate the governmental portion of the net OPEB obligation.

Note 6: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of $5,786,863 was measured as of December 31, 2023, and the OPEB liability was determined by an actuarial valuation as of January 1, 2022. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.26%
20-Year Municipal Bond Yield	3.26%
Inflation Rate	2.25%
Salary Increases	Based on years of service
Medical Trend Rate	9% in 2023 grading to 3.94% over 18 years

The discount rate used to measure the total OPEB liability was 3.26 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the Pub-2010 General Employee and Public Safety Employee Mortality Tables adjusted for mortality improvements using projection scale MP-2020.

The actuarial assumptions used in the December 31, 2023 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2022	$ 5,389,704
Changes for the Year	
Service cost	147,123
Interest	199,941
Differences between expected and actual experience	124,800
Changes in assumptions or other inputs	223,999
Benefit payments	(298,704)
Net Changes	397,159
Balances at December 31, 2023	$ 5,786,863

Note 6: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

- The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2023
- The valuation's first fiscal year 2022 retiree per capita claims costs and blended premiums are based on plans and premiums as of January 1, 2022 and census data as of January 1, 2022. Second fiscal year 2023 amounts are 11.80% higher based on increased premiums effective January 1, 2023. Third year fiscal year 2024 amounts are 11.5% higher based on increased premiums effective January 1, 2024.
- Decrement assumptions (i.e. withdrawal, retirement and mortality rates) and salary increase rates are the same assumptions used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations.
- Medical trend assumption is developed based on the recent published SOA-Getzen trend rate model update for 2022-2030+.
- The general inflation rate was changed to the 2.25% rate used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations (from 2.5%).

Since the prior valuation date, the following plan provisions have changed:

- Medical trend assumptions is developed based on the recent published SOA-Getzen trend rate model update for 2022-2030+.

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current discount rate:

1 Percent Decrease (2.26%)	Current (3.26%)	1 Percent Increase (4.26%)
$ 5,865,439	$ 5,786,863	$ 4,915,575

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (8 percent decreasing to 2.94 percent) or 1-percentage-point higher (10 percent decreasing to 4.94 percent) than the current Healthcare Cost Trend Rates:

1 Percent Decrease (8% Decreasing to 2.94%)	Healthcare Cost Trend Rates (9% Decreasing to 3.94%)	1 Percent Increase (10% Decreasing to 4.94%)
$ 4,857,621	$ 5,786,863	$ 5,944,617

Note 6: Postemployment Benefits Other Than Pensions (Continued)

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

For the year ended December 31, 2023, the City recognized OPEB expense of $78,946. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ 540,045	$ 448,095
Net Difference between Projected and Actual Earnings on Plan Investments	799,083	578,621
Total	$ 1,339,128	$ 1,026,716

Deferred outflows of resources totaling $1,339,128 and deferred inflows of resources totaling $1,026,716 related to pensions resulting from the City's changes in actuarial assumptions and net difference between project and actual earnings on plan investments. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2024	$ 28,119
2025	28,119
2026	28,119
2027	60,070
2028	(7,539)
Thereafter	175,524

Note 7: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

During fiscal year 1991, the City established a self-insurance fund for health benefits to account for and finance its uninsured risks of loss. Under this program, the plan, which is administered by Blue Cross/Blue Shield, Inc., provides coverage for up to a maximum of $30,000 for each individual claim. Annual claims in excess of $30,000 per individual and $6,735,363 in aggregate are covered through reinsurance with Blue Cross/Blue Shield, Inc.

Note 7: Other Information (Continued)

All funds of the City participate in the program and make payments to the Central Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for future claims. The fund has net position of $5,332,851 at December 31, 2023. An estimated claims liability of $293,426 reported in the fund at December 31, 2023 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The City believes the liability is adequate to cover incurred but not remitted claims at year-end. The changes in the Central Insurance internal service fund's claims liability for the past three years are as follows:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
2023	$ 437,038	$ 8,534,660	$ (8,678,272)	$ 293,426
2022	250,188	7,491,910	(7,305,060)	437,038
2021	367,515	6,838,884	(6,956,211)	250,188

B. Contingent Liabilities

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2023 was $7,557,586 for LGA. This accounted for 21.9 percent of General fund revenues.

D. Related Party Transactions

In January 2011 the City entered into an agreement with Najwa Inc. to provide the Civic Center with banquet catering services. The owner of Najwa Inc. was elected as mayor in 2019. During 2023 the payments made to Najwa Inc. totaled $1,024,584. The current contract expires December 31, 2025.

Note 8: Joint Ventures

All Season Arena

In July 31, 2015 the City entered into a Joint Powers Agreement with County of Blue Earth, City of North Mankato and the City of Skyline. The agreement was to direct and oversee the physical and financial obligations attributed to the All Seasons Arena.

The City has an ongoing 64.7352% financial interest of $1,350,800 as of December 31, 2023 in the arena.

Separate financial statements can be obtained by contacting the Mankato City Hall, 10 Civic Center Plaza, Mankato, MN 56001.

All Season Arena
Statement of Net Position
December 31, 2023

Assets	$ 2,004,161
Deferred Outflow of Resources	47,928
Liabilities	221,207
Deferred Inflow of Resources	50,678
Net Position	$ 1,780,204

All Season Arena
Summary Statement of Activities
For Year Ended December 31, 2023

Program Revenues	$ 798,360
Expenses	(969,553)
Interest Income	2,039
Change in Net Position	(169,154)
Net Position, January 1	1,949,358
Net Position, December 31	$ 1,780,204

Note 9: Tax Abatements

As of December 31, 2023, the City has fourteen agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax increment financing agreement (TIF #33-2) on February 25, 2010 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $178,881 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

Note 9: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #34-1) on April 28, 2008 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $312,399 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #35-1) on February 23, 2009 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $388,691 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #36-2) on June 10, 2019 with a developer on in which the developer incurs costs for additional commercial, office and residential development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $1,705,244 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #37-1) on March 8, 2010 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $808,405 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #38-1) on February 11, 2013 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $721,934 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #19-6) on April 12, 2018 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $1,066,616 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #40-1) on May 9, 2018 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $880,622 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

Note 9: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #41-1) on June 26, 2018 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $3,107,832 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #42-1) on January 13, 2020 with a developer on in which the developer incurs costs for additional commercial, office and residential development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $328,880 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #43-1) on March 14, 2022 with a developer on in which the developer incurs costs for additional commercial and residential development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $1,154,192 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.175). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #44-1) on March 28, 2022 with a developer on in which the developer incurs costs for additional commercial development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $203,040 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.175). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #45-1) on March 23, 2022 with a developer on in which the developer incurs costs for additional housing development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $1,045,508 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.176). The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #47-1) on July 24, 2023 with a developer on in which the developer incurs costs for additional commercial development and multi-family housing development. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of $1,523,505 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.1794). The calculation of taxes abated during the fiscal year is noted in the chart below.

Note 9: Tax Abatements (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2023 was as follows:

	City Tax Rate (Year of Establishment)	District Tax Capacity	Amount of Taxes Abated this Fiscal Year
Tax Increment Districts (PAYGO)			
TIF District #33-2	37.997%	$ 20,651	$ 7,847
TIF District #34-1	36.561%	27,442	10,033
TIF District #35-1	36.561%	30,674	11,215
TIF District #36-2	43.956%	96,964	42,621
TIF District #37-1	37.997%	41,186	15,649
TIF District #38-1	43.994%	174,584	76,806
TIF District #19-6	43.602%	251,008	109,445
TIF District #40-1	43.663%	42,770	18,675
TIF District #41-1	43.502%	166,000	72,213
TIF District #42-1	44.062%	21,176	9,331
Total			$ 373,835

Note 10: Prior Period Adjustment

Prior period adjustments were required to (1) split out the Local Option Sales Tax and May Clinic Health Systems Event Center funds in order to provide transparency to financial statement uses, and (2) to eliminate prior year encumbered funds recorded to construction in progress. As a result of the adjustment of beginning balances, the following schedule reconciles the previously reported December 31, 2022 balances to the January 1, 2023 financial statement balances:

	Net Position December 31, 2022 as Previously Reported	Prior Period Adjustment (1)	Prior Period Adjustment (2)	Net Position January 1, 2023 As Restated
Governmental Activities	$ 148,814,935	$ 5,552,299	$ 1,985,143	$ 156,352,377
Governmental Funds				
General Fund	13,335,759	-	2,200,000	15,535,759
Local Option Sales Tax	-	5,552,299	-	5,552,299
Internal Service Funds	40,529,334	-	(214,857)	40,314,477
Total Governmental Funds	$ 53,865,093	$ 5,552,299	$ 1,985,143	$ 61,402,535
Business-type Activities	$ 236,138,434	$ (5,552,299)	$ (566,073)	$ 230,020,062
Enterprise Funds				
Mayo Clinic Health Systems Event Center	44,555,370	(5,552,299)	-	39,003,071
Nonmajor enterprise funds	30,383,313	-	(566,073)	29,817,240
	$ 74,938,683	$ (5,552,299)	$ (566,073)	$ 68,820,311

Note 11: Subsequent Event

On May 13, 2024, the City approved two debt issuances. The first, General Obligation Improvement and Utility Bonds, Series 2024A was issued in the approximate amount of $6,060,000. This bond will be used to finance two projects as well as various petition projects, resurfacing project, and alley projects. The estimated size of the Street Improvement component is $3,750,000, and the estimated size of the Utility component is $2,310,000. The true interest cost is projected at 3.153% and the term is 10 years. The second, General Obligation Equipment Certificates of Indebtedness, Series 2024B was issued in the approximate amount of $5,140,000. This certificate will finance one project at All Seasons Arena. The true interest cost is projected at 3.294% and the term is 16 years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Mankato, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.1869 %	$ 10,456,934	$ 288,068	$ 10,745,002	$ 14,765,810	70.8 %	83.1 %
06/30/22	0.1799	14,251,893	417,959	14,669,852	13,480,161	105.7	76.7
06/30/21	0.1802	7,695,037	235,031	7,930,068	12,975,925	59.3	87.0
06/30/20	0.1875	11,241,482	346,680	11,588,162	13,356,703	84.2	79.0
06/30/19	0.1825	10,090,018	313,653	10,403,671	12,917,807	78.1	80.2
06/30/18	0.1790	9,930,186	325,778	10,255,964	12,031,732	82.5	79.5
06/30/17	0.1828	11,669,830	146,777	11,816,607	11,779,590	99.1	75.9
06/30/16	0.1837	14,915,531	194,803	15,110,334	11,277,176	132.3	68.9
06/30/15	0.1833	9,499,557	-	9,499,557	10,365,453	91.6	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	$ 1,109,703	$ 1,109,703	$ -	$ 14,796,047	7.50 %
12/31/22	1,040,551	1,040,551	-	13,874,013	7.50
12/31/21	997,720	997,720	-	13,302,935	7.50
12/31/20	1,036,930	1,036,930	-	13,825,727	7.50
12/31/19	993,077	993,077	-	13,241,023	7.50
12/31/18	935,992	935,992	-	12,479,896	7.50
12/31/17	888,279	888,279	-	11,843,718	7.50
12/31/16	859,978	859,978	-	11,465,972	7.50
12/31/15	823,522	823,522	-	10,980,293	7.50

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020 - The price inflation assumption was decreased from 2.50% to 2.25%. The payroll growth assumption was decreased from 3.25% to 3.00%. Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates. Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements. Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter. Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments. The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019. The assumed spouse age difference was changed from two years older for females to one year older. The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

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 was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Notes to the Required Supplementary Information - General Employees Fund (Continued)

Changes in Plan Provisions

2023 - An additional one-time direct state aid contribution of $170.1 million will be contributed to the Plan on October 1, 2023. The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service. The benefit increase delay for early retirements on or after January 1, 2024, was eliminated. A one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.
2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

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

2019 - The employer supplemental contribution was changed prospectively, decreasing from $31.0 million to $21.0 million per year. The state's special funding contribution was changed prospectively, requiring $16.0 million due per year through 2031.

2018 - 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. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 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 Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

2016 - There were no changes in plan provisions since the previous valuation.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/23	0.5648 %	$ 9,753,362	$ 392,839	$ 10,146,201	$ 7,416,359	131.5 %	86.5 %
06/30/22	0.5515	23,999,104	1,048,427	25,047,531	6,699,312	358.2	70.5
06/30/21	0.5321	4,107,248	184,643	4,291,891	6,288,209	65.3	93.7
06/30/20	0.5579	7,353,720	173,258	7,526,978	6,585,912	111.7	87.2
06/30/19	0.5818	6,193,849	-	6,193,849	6,279,143	98.6	89.3
06/30/18	0.5895	6,283,463	-	6,283,463	6,212,949	101.1	88.8
06/30/17	0.5790	7,817,189	-	7,817,189	5,941,530	131.6	85.4
06/30/16	0.5620	22,915,224	-	22,915,224	5,497,049	416.9	63.9
06/30/15	0.5620	6,385,635	-	6,385,635	5,717,785	111.7	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/23	$ 1,307,224	$ 1,307,224	$ -	$ 7,385,444	17.70 %
12/31/22	1,238,771	1,238,771	-	6,998,703	17.70
12/31/21	1,132,727	1,132,727	-	6,399,588	17.70
12/31/20	1,158,430	1,158,430	-	6,834,394	16.95
12/31/19	1,063,129	1,063,129	-	6,272,150	16.95
12/31/18	1,000,319	1,000,319	-	6,174,809	16.20
12/31/17	976,949	976,949	-	6,030,552	16.20
12/31/16	926,281	926,281	-	5,717,785	16.20
12/31/15	864,592	864,592	-	5,336,988	16.20

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2023 - The investment return assumption was changed from 6.5 percent to 7.00 percent. The single discount rate changed from 5.4 percent to 7.0 percent.

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020 - The mortality projection scale was changed from MP-2018 to MP-2019.

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

Changes in Plan Provisions

Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023. Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100% after 10 years. A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024. Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation. The total and permanent duty disability benefit was increased, effective July 1, 2023.

2022 - There were no changes in plan provisions since the previous valuation.

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing $9.0 million state contribution. New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. 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. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 - There were no changes in plan provisions since the previous valuation.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

Schedule of Changes in the City's Total OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 147,123	$ 195,347	$ 185,699	$ 172,417	$ 177,193	$ 201,327
Interest	199,941	126,888	103,830	125,965	208,548	182,413
Differences between expected and actual experienc	124,800	937,325	(34,435)	(1,115,666)	-	-
Changes in assumptions	223,999	(510,379)	24,325	236,800	556,563	(266,556)
Benefit payments	(298,704)	(243,278)	(242,087)	(252,528)	(316,287)	(327,384)
Net change in total OPEB liability	397,159	505,903	37,332	(833,012)	626,017	(210,200)
Total OPEB liability - beginning	5,389,704	4,883,801	4,846,469	5,679,481	5,053,464	5,263,664
Total OPEB liability - ending	$ 5,786,863	$ 5,389,704	$ 4,883,801	$ 4,846,469	$ 5,679,481	$ 5,053,464
Covered - employee payroll	$ 18,137,255	$ 18,636,500	$ 17,528,398	$ 18,428,491	$ 16,685,974	$ 17,200,364
City's total OPEB liability as a percentage of covered employee payroll	31.9 %	28.9 %	27.9 %	26.3 %	34.0	29.4

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB-compliant trust.

Notes to the Required Supplementary Information - Other Postemployment Benefits

Changes in Assumptions

2023 - The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2023 measurement/reporting date. The valuation's first fiscal year 2022 retiree per capita claims costs and blended premiums are based on plans and premiums as of January 1, 2022 and census data as of January 1, 2022. Second fiscal year 2023 amounts are 11.80% higher based on increased premiums effective January 1, 2023. Third fiscal year 2024 amounts are 11.5% higher based on increased premiums effective January 1, 2024. Decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) and salary increase rates are the same assumptions used in the July 1, GERP and July 1, 2021 PEP&FP actuarial valuations. Medical trend assumption is developed based on the recent published SOA-Getzen trend rate model updated for 2022-2030+. The general inflation rate was changed to the 2.25% rate used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations (from 2.50%).

2022 - The valuation's first fiscal year 2022 retiree per capita claims costs and blended premiums are based on plans and premiums as of January 1, 2022 and census data as of January 1, 2022. Second fiscal year 2023 amounts are 11.80% higher based on increased premiums effective January 1, 2023. Decrement assumptions (i.e. withdrawal, retirement and mortality rates) and salary increase rates are the same assumptions used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations. Medical trend assumption is developed based on the recent published SOA-Getzen trend rate model update for 2022-2030+. The general inflation rate was changed to the 2.25% rate used in the July 1, 2021 GERP and July 1, 2021 PEP&FP actuarial valuations (from 2.50%).

2021 - The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2021 measurement/reporting date. Per capita claims costs were reset to reflect updated experience, plan(s), and premiums as of January 1, 2021, and January 1, 2022. All decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) are the same assumptions used in the July 1, 2019 GERP and July 1, 2019 PEP&FP actuarial valuations except that the mortality improvement projection scale used in the mortality assumption was updated. The general inflation rate was changed to the 2.50% rate used in the July 1, 2019 GERP and July 1, 2019 PEP&FP actuarial valuations (from 2.75%). No future employees that elect coverage at retirement are assumed to cover a spouse (changed from 65.0% based on experience and changes in plan/premiums).

Notes to the Required Supplementary Information - Other Postemployment Benefits (Continued)

Changes in Assumptions (Continued)

2020 - The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2020 measurement/reporting date. Per capita claims costs were reset to reflect updated experience, plan(s), and premiums as of January 1, 2021. All decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) are the same assumptions used in the July 1, 2019 GERP and July 1, 2019 PEP&FP actuarial valuations except that the mortality improvement projection scale used in the mortality assumption was updated. Medical trend rates were updated to reflect actual premium changes of 10.00% during fiscal year 2020 followed by current medical trend expectations in fiscal years 2021 and later. The general inflation rate was changed to the 2.50% rate used in the July 1, 2019 GERP and July 1, 2019 PEP&FP actuarial valuations (from 2.75%). No future employees that elect coverage at retirement are assumed to cover a spouse (changed from 65% based on recent experience and changes in plans/premiums).

2019 - The discount rate is now based on a municipal bond index that meets the requirements of Statement 75. The City has selected the Bond Buyer 20-Bond General Obligation Index for this purpose. This valuation update applies final discount rates based on municipal bond index rates. The actuarial cost method has been changed to the Individual Entry Age Normal cost method allocated on a level basis as a percent of pay, as required by Statement 75. Salary increase rates, which are required for this cost method, have been added. Per capita claims costs were reset to reflect updated experience, premiums, and aging factors as of January 1, 2019. Decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) have been updated to be the assumptions used in the July 1, 2018 PERA GERP and PEP&FP actuarial valuations. Healthcare trend rates were updated to reflect actual premium increases of 7% during fiscal year 2018 and current healthcare trend expectations in fiscal years 2019 and later. The general inflation rate was changed to the 2.75% rate used in the July 1, 2018 GERP and July 1, 2018 PEP&FP actuarial valuations (from 2.00%).

2018 - The discount rate is now based on a municipal bond index that meets the requirements of Statement 75. The City has selected the Bond Buyer 20-Bond General Obligation Index. The actuarial cost method has been changed to the individual Entry Age Normal cost method allocated on a level basis as a percent of pay, as required by Statement 75. Salary increase rates, which are required for this cost method, have been added. Per capita claims costs were reset to reflect updated experiences, premiums, and age factors as of January 1, 2019. Decrement assumptions (i.e. withdrawal, disability, retirement and mortality rates) have been updated to be the assumptions used in the July 1, 2018 PERA GERP and PEP&FP actuarial valuations. Healthcare trend rates were updated to reflect actual premium increases of 7% during fiscal year 2018 and current healthcare trend expectations in fiscal years 2019 and later. The general inflation rate was changed to the 2.75% rate used in the July 1, 2018 GERP and July 1, 2018 PEP&FP actuarial valuations (from 2.00%). The discount rate was changed from 3.44% to 4.11%.

Plan Changes

2023 - Medical plans and premiums have been updated effective as of January 1, 2022; January 1, 2023; and January 1, 2024.

2022 - Medical plans and premiums have been updated effective as of January 1, 2022 and January 1, 2023. The discount rates, based on the Bond Buyer 20-Bond General Obligation Index, have been updated through the December 31, 2022 reporting date.

2021 - Medical plans and premiums have been updated effective as of January 1, 2020; January 1, 2021; and January 1, 2022.

2020 - Medical plans and premiums have been updated effective as of January 1, 2020 and January 1, 2021.

2019 - Medical plans and premiums have been updated effective as of January 1, 2019. Plans and premiums as of January 1, 2020 were considered and any related change in liability is assumed to be minimal and will be valued in the December 31, 2019 valuation for fiscal year 2020.

2018 - Medical plans and premiums have been updated effective as of January 1, 2019.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Mankato, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Governmental Funds
Assets			
Cash and temporary investments	$ 9,467,726	$ 10,085,348	$ 19,553,074
Receivables			
Delinquent taxes	-	1,008	1,008
Accounts	35,587	5,150	40,737
Notes	616,461	185,000	801,461
Special assessments	58,073	1,199,378	1,257,451
Intergovernmental	258,469	2,039,529	2,297,998
Advances to other funds	548,370	-	548,370
Prepaid items	67	-	67
Total Assets	$ 10,984,753	$ 13,515,413	$ 24,500,166
Liabilities			
Accounts and contracts payable	$ 138,110	$ 454,197	$ 592,307
Due to other funds	12,200	8,540,643	8,552,843
Advances from other funds	-	1,563,851	1,563,851
Accrued salaries payable	2,546	-	2,546
Deposits payable	1,062,497	-	1,062,497
Total Liabilities	1,215,353	10,558,691	11,774,044
Deferred Inflows of Resources			
Unavailable revenue - taxes	-	1,008	1,008
Unavailable revenue - special assessments	58,073	1,199,378	1,257,451
Unavailable revenue - intergovernmental	-	876,495	876,495
Total Deferred Inflows of Resources	58,073	2,076,881	2,134,954
Fund Balances			
Nonspendable	67	-	67
Restricted	4,218,532	6,127,787	10,346,319
Committed	5,379,660	-	5,379,660
Assigned	113,068	5,042,617	5,155,685
Unassigned	-	(10,290,563)	(10,290,563)
Total Fund Balances	9,711,327	879,841	10,591,168
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,984,753	$ 13,515,413	$ 24,500,166

City of Mankato, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2023

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Governmental Funds
Revenues			
Taxes			
Tax increments	$ -	$ 470,659	$ 470,659
Lodging	745,635	-	745,635
Special assessments	15,973	491,466	507,439
Intergovernmental			
Federal	299,431	779,064	1,078,495
State	2,277,215	2,399,572	4,676,787
Local	62,932	108,464	171,396
Investment income	288,371	261,623	549,994
Miscellaneous			
Contributions and donations	3,700	44,018	47,718
Refunds and reimbursements	206,848	-	206,848
Note interest payments	10,769	600	11,369
Other	42,200	101,470	143,670
Total Revenues	3,953,074	4,656,936	8,610,010
Expenditures			
Current			
General government	771,620	-	771,620
Housing and economic development	501,374	109,105	610,479
Capital outlay			
Public works	-	2,114,308	2,114,308
Culture and recreation	-	631,978	631,978
Health	25,000	-	25,000
Debt service			
Principal	15,961	-	15,961
Interest and other	186	30,628	30,814
Bond issue costs	-	39,130	39,130
Total Expenditures	1,314,141	2,925,149	4,239,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,638,933	1,731,787	4,370,720
Other Financing Sources (Uses)			
Transfers in	750	6,711,747	6,712,497
Debt issued	-	4,096,925	4,096,925
Premium on bonds issued	-	409,751	409,751
Transfers out	(39,756)	(3,410,686)	(3,450,442)
Total Other Financing Sources (Uses)	(39,006)	7,807,737	7,768,731
Net Change in Fund Balances	2,599,927	9,539,524	12,139,451
Fund Balance, January 1	7,111,400	(8,659,683)	(1,548,283)
Fund Balances, December 31	$ 9,711,327	$ 879,841	$ 10,591,168

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NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are created to account for specific revenues that are legally restricted to expenditure for particular purposes.

Public Safety Grants and Donations: The purpose of this fund is to account for all Public Safety grants and donations that are beyond the scope of the Public Safety operating budget.

Highway 14 Partnership: The purpose of this fund is to account for the activity to promote and enhance Highway 14. Funding is derived from cities, counties, and townships located along the Highway 14 corridor. In addition, individuals, corporations and civic groups are dues paying members. Funds are expended promoting education and lobbying at the State legislature for highway improvements.

Metropolitan Planning Organization: The purpose of the fund is to account for all activities related to the Metropolitan Planning Organization. This will primarily consist of activities associated with the Long Range Transportation Plan. The fund will also account for Federal, State, and Local Aid contributions.

Community Investment: The purpose of this fund is to account for deposits received from developers and sub dividers to be used to finance future capital improvements in accordance with the sub dividers agreement.

Lodging Tax: The purpose of this fund is to account for all the lodging tax collected by the City, 95 percent of the revenue is turned over to the Convention and Visitors Bureau and the City keeps 5 percent for administrative costs that go back to the General fund.

Opioid Abatement: The purpose of this fund is to account for funding and expenditures received and used to aid in improving the opioid epidemic.

Public Safety Aid: The purpose of this fund is to account for a one-time public safety State aid funding received and related allowable expenditures.

Housing Trust: The purpose of this fund is to account for housing State aid funding received and for the preservation or creation of affordable housing units.

Downtown Special Services District: The purpose of this fund is to account for expenditures such as snow removal, sidewalk maintenance, and summer time plantings within the prescribed downtown area. Affected property owners have agreed to compensate the city via an assessment for expenditures defined in the Special Services District Budget.

Revolving Loan - Federal: The purpose of this fund is to account for the activity of the economic development loans that have been financed with Federal funds.

Revolving Loan - State: The purpose of this fund is to account for the activity of economic development loans that have been financed with State funds.

Revolving Loan - City: The purpose of this fund is to account for the activity of economic development loans that have been financed internally.

MHFA: The purpose of this fund is to account for the costs associated with a first time home buyers education program and to account for all State loan funds originally received from MHFA that are being recycled through this Revolving Loan Fund. This program has been designed by the Minnesota Housing Finance Agency (MHFA).

Neighborhood Improvement: The purpose of the fund is to account for the repayment of SCDP loans. These funds can be expended anywhere in the City considered necessary for renewal and revitalization.

Risk Management: The purpose of this fund is to account for all rebates received from the insurance carrier for property, liability and workers compensation. The funds are intended to be used for any and all retroactive premium adjustments based upon experience modifications or any other risk management expenditures.

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City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	2260 Public Safety Grants and Donations	2270 Highway 14 Partnership	2300 Metropolitan Planning Organization	2320 Community Investment	2370 Lodging Tax	2390 Opioid Abatement
Assets						
Cash and temporary investments	$ 659,372	$ 37,967	$ -	$ 828,437	$ 29,771	$ 181,354
Receivables						
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	84,395	-	174,074	-
Due from other funds	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Prepaid items	-	-	58	-	-	-
Total Assets	$ 659,372	$ 37,967	$ 84,453	$ 828,437	$ 203,845	$ 181,354
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ 136,342	$ -
Due to other funds	-	-	11,539	-	-	-
Accrued salaries payable	-	-	2,487	-	-	-
Deposits payable	330,021	-	-	719,976	-	-
Total Liabilities	330,021	-	14,026	719,976	136,342	-
Deferred Inflows of Resources						
Unavailable revenue - special assessments	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	58	-	-	-
Restricted	329,351	21,495	-	-	67,503	181,354
Committed	-	15,035	-	108,461	-	-
Assigned	-	1,437	70,369	-	-	-
Total Fund Balances	329,351	37,967	70,427	108,461	67,503	181,354
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 659,372	$ 37,967	$ 84,453	$ 828,437	$ 203,845	$ 181,354

2400 Public Safety Aid	2410 Housing Trust	6114 Downtown Special Services District	6802 Revolving Loan-Federal	6804 Revolving Loan-State	6806 Revolving Loan-City	6808 MHFA	6809 Neighborhood Improvement	7062 Risk Management	Total Nonmajor Special Revenue
$ 1,989,872	$ 294,027	$ 74,322	$ 835,840	$ 100,230	$ 2,278,785	$ 191,957	$ -	$ 1,965,792	$ 9,467,726
-	-	-	-	1,062	6,162	8,647	19,716	-	35,587
-	-	-	-	14,782	523,010	76,668	2,001	-	616,461
-	-	58,073	-	-	-	-	-	-	58,073
-	-	-	-	-	-	-	-	-	258,469
-	-	-	-	-	-	-	-	-	-
-	-	-	152,615	-	395,755	-	-	-	548,370
-	-	-	-	-	-	9	-	-	67
$ 1,989,872	$ 294,027	$ 132,395	$ 988,455	$ 116,074	$ 3,203,712	$ 277,281	$ 21,717	$ 1,965,792	$ 10,984,753
$ -	$ -	$ 1,768	$ -	$ -	$ -	$ -	$ -	$ -	$ 138,110
-	-	-	-	-	-	-	661	-	12,200
-	-	-	-	-	-	59	-	-	2,546
-	-	-	-	-	-	12,500	-	-	1,062,497
-	-	1,768	-	-	-	12,559	661	-	1,215,353
-	-	58,073	-	-	-	-	-	-	58,073
-	-	-	-	-	-	9	-	-	67
1,955,560	294,027	-	988,455	116,074	-	264,713	-	-	4,218,532
-	-	72,554	-	-	3,203,712	-	14,106	1,965,792	5,379,660
34,312	-	-	-	-	-	-	6,950	-	113,068
1,989,872	294,027	72,554	988,455	116,074	3,203,712	264,722	21,056	1,965,792	9,711,327
$ 1,989,872	$ 294,027	$ 132,395	$ 988,455	$ 116,074	$ 3,203,712	$ 277,281	$ 21,717	$ 1,965,792	$ 10,984,753

City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	2260 Public Safety Grants and Donations	2270 Highway 14 Partnership	2300 Metropolitan Planning Organization	2320 Community Investment	2370 Lodging Tax	2390 Opioid Abatement
Revenues						
Taxes						
Lodging	$ -	$ -	$ -	$ -	$ 745,635	$ -
Special assessments	-	-	-	-	-	-
Intergovernmental						
Federal	-	-	299,431	-	-	-
State	-	-	32,698	-	-	-
Local	-	5,000	57,932	-	-	-
Charges for services						
Investment income	23,070	-	-	37,082	1,470	5,897
Miscellaneous						
Refunds and reimbursements	-	-	-	-	-	-
Contributions	-	3,700	-	-	-	-
Note payments	-	-	-	-	-	-
Other	-	-	-	-	-	39,860
Total Revenues	23,070	8,700	390,061	37,082	747,105	45,757
Expenditures						
Current						
General government	-	6,340	-	-	701,234	-
Housing and economic development	-	-	402,197	46,647	-	-
Capital outlay						
Health	-	-	-	-	-	25,000
Debt service						
Principal	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total Expenditures	-	6,340	402,197	46,647	701,234	25,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,070	2,360	(12,136)	(9,565)	45,871	20,757
Other Financing Sources (Uses)						
Transfers in	-	750	-	-	-	-
Transfers out	-	-	-	-	(39,756)	-
Total Other Financing Sources (Uses)	-	750	-	-	(39,756)	-
Net Change in Fund Balances	23,070	3,110	(12,136)	(9,565)	6,115	20,757
Fund Balances, January 1	306,281	34,857	82,563	118,026	61,388	160,597
Fund Balances, December 31	$ 329,351	$ 37,967	$ 70,427	$ 108,461	$ 67,503	$ 181,354

2400 Public Safety Aid	2410 Housing Trust	6114 Downtown Special Services District	6802 Revolving Loan-Federal	6804 Revolving Loan-State	6806 Revolving Loan-City	6808 MHFA	6809 Neighborhood Improvement	7062 Risk Management	Total Nonmajor Special Revenue
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 745,635
-	-	15,973	-	-	-	-	-	-	15,973
-	-	-	-	-	-	-	-	-	299,431
1,955,560	288,957	-	-	-	-	-	-	-	2,277,215
-	-	-	-	-	-	-	-	-	62,932
34,312	5,070	3,168	32,955	2,847	74,854	6,388	-	61,258	288,371
-	-	-	-	-	-	-	-	206,848	206,848
-	-	-	-	-	-	-	-	-	3,700
-	-	-	453	329	9,987	-	-	-	10,769
-	-	2,340	-	-	-	-	-	-	42,200
1,989,872	294,027	21,481	33,408	3,176	84,841	6,388	-	268,106	3,953,074
-	-	-	-	-	-	-	-	64,046	771,620
-	-	44,168	-	-	5,000	3,362	-	-	501,374
-	-	-	-	-	-	-	-	-	25,000
-	-	-	-	15,961	-	-	-	-	15,961
-	-	-	-	186	-	-	-	-	186
-	-	44,168	-	16,147	5,000	3,362	-	64,046	1,314,141
1,989,872	294,027	(22,687)	33,408	(12,971)	79,841	3,026	-	204,060	2,638,933
-	-	-	-	-	-	-	-	-	750
-	-	-	-	-	-	-	-	-	(39,756)
-	-	-	-	-	-	-	-	-	(39,006)
1,989,872	294,027	(22,687)	33,408	(12,971)	79,841	3,026	-	204,060	2,599,927
-	-	95,241	955,047	129,045	3,123,871	261,696	21,056	1,761,732	7,111,400
$ 1,989,872	$ 294,027	$ 72,554	$ 988,455	$ 116,074	$ 3,203,712	$ 264,722	$ 21,056	$ 1,965,792	$ 9,711,327

City of Mankato, Minnesota
Highway 14 Partnership Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Local - other aids	$ 45,000	$ 5,000	$ (40,000)
Miscellaneous			
Contributions	10,000	3,700	(6,300)
Total Revenues	55,000	8,700	(46,300)
Expenditures			
Current			
General government			
Other services and charges	60,000	6,340	53,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,000)	2,360	7,360
Other Financing Sources (Uses)			
Transfers in	10,000	750	(9,250)
Net Change in Fund Balances	5,000	3,110	(1,890)
Fund Balances, January 1	34,857	34,857	-
Fund Balances, December 31	$ 39,857	$ 37,967	$ (1,890)

City of Mankato, Minnesota
Metropolitan Planning Organization Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Federal - other aids	$ 329,823	$ 299,431	$ (30,392)
State - other aids	32,698	32,698	-
Local - other aids	57,963	57,932	(31)
Total Revenues	420,484	390,061	(30,423)
Expenditures			
Current			
Housing and economic development			
Personal services	189,412	189,515	(103)
Supplies	1,200	1,680	(480)
Other services and charges	232,700	211,002	21,698
Total Expenditures	423,312	402,197	21,115
Net Change in Fund Balances	(2,828)	(12,136)	(9,308)
Fund Balances, January 1	82,563	82,563	-
Fund Balances, December 31	$ 79,735	$ 70,427	$ (9,308)

City of Mankato, Minnesota
Community Investment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 10,000	$ 37,082	$ 27,082
Expenditures			
Current			
Housing and economic development			
Other services and charges	47,000	46,647	353
Net Change in Fund Balances	(37,000)	(9,565)	27,435
Fund Balances, January 1	118,026	118,026	-
Fund Balances, December 31	$ 81,026	$ 108,461	$ 27,435

City of Mankato, Minnesota
Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Taxes				
Lodging	$ 548,000	$ 750,000	$ 745,635	$ (4,365)
Investment income	-	-	1,470	1,470
Total Revenues	548,000	750,000	747,105	(2,895)
Expenditures				
Current				
General government				
Other services and charges	522,000	724,000	701,234	22,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,000	26,000	45,871	19,871
Other Financing Sources (Uses)				
Transfers out	(26,000)	(26,000)	(39,756)	(13,756)
Net Change in Fund Balances	-	-	6,115	6,115
Fund Balances, January 1	61,388	61,388	61,388	-
Fund Balances, December 31	$ 61,388	$ 61,388	$ 67,503	$ 6,115

City of Mankato, Minnesota
Opioid Abatement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Investment income	$ -	$ -	$ 5,897	$ 5,897
Miscellaneous				
Other	25,000	25,000	39,860	14,860
Total Revenues	25,000	25,000	45,757	20,757
Expenditures				
Capital outlay				
Health	25,000	25,000	25,000	-
Net Change in Fund Balances	-	-	20,757	20,757
Fund Balances, January 1	160,597	160,597	160,597	-
Fund Balances, December 31	$ 160,597	$ 160,597	$ 181,354	$ 20,757

City of Mankato, Minnesota
Downtown Special Services District
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	$ 42,000	$ 15,973	$ (26,027)
Investment income	-	3,168	3,168
Miscellaneous			
Other	2,340	2,340	-
Total Revenues	44,340	21,481	(22,859)
Expenditures			
Current			
Housing and economic development			
Supplies	-	998	(998)
Other services and charges	43,000	43,170	(170)
Total Expenditures	43,000	44,168	(1,168)
Net Change in Fund Balances	1,340	(22,687)	(24,027)
Fund Balances, January 1	95,241	95,241	-
Fund Balances, December 31	$ 96,581	$ 72,554	$ (24,027)

City of Mankato, Minnesota
Revolving Loan - Federal Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 8,696	$ 32,955	$ 24,259
Miscellaneous			
Note repayments	3,253	453	(2,800)
Total Revenues	11,949	33,408	21,459
Net Change in Fund Balances	11,949	33,408	21,459
Fund Balances, January 1	955,047	955,047	-
Fund Balances, December 31	$ 966,996	$ 988,455	$ 21,459

City of Mankato, Minnesota
Revolving Loan - State Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ -	$ 2,847	$ 2,847
Miscellaneous			
Note repayments	27,624	329	(27,295)
Total Revenues	27,624	3,176	(24,448)
Expenditures			
Debt service			
Principal	19,485	15,961	3,524
Interest and other	195	186	9
Total Expenditures	19,680	16,147	3,533
Net Change in Fund Balances	7,944	(12,971)	(20,915)
Fund Balances, January 1	129,045	129,045	-
Fund Balances, December 31	$ 136,989	$ 116,074	$ (20,915)

City of Mankato, Minnesota
Revolving Loan - City Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 40,000	$ 74,854	$ 34,854
Miscellaneous			
Note repayments	13,824	9,987	(3,837)
Total Revenues	53,824	84,841	31,017
Expenditures			
Current			
Housing and economic development			
Other services and charges	190,000	5,000	185,000
Net Change in Fund Balances	(136,176)	79,841	216,017
Fund Balances, January 1	3,123,871	3,123,871	-
Fund Balances, December 31	$ 2,987,695	$ 3,203,712	$ 216,017

City of Mankato, Minnesota
Neighborhood Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Miscellaneous			
Loan repayments	$ 83	$ -	$ (83)
Fund Balances, January 1	21,056	21,056	-
Fund Balances, December 31	$ 21,139	$ 21,056	$ (83)

City of Mankato, Minnesota
Risk Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 10,000	$ 61,258	$ 51,258
Miscellaneous			
Refunds and reimbursements	325,000	206,848	(118,152)
Total Revenues	335,000	268,106	(66,894)
Expenditures			
Current			
General government			
Other services and charges	326,497	64,046	262,451
Net Change in Fund Balances	8,503	204,060	195,557
Fund Balances, January 1	1,761,732	1,761,732	-
Fund Balances, December 31	$ 1,770,235	$ 1,965,792	$ 195,557

NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by enterprise funds.

Municipal State Aid Project: The purpose of this fund is to account for funds received from the State of Minnesota for improving and maintaining MSA highways within City limits.

Sibley Park Tax Increment Phase I: The purpose of this fund is to account for costs associated with the redevelopment of the Sibley Parkway Project located along the river between the downtown area and West Mankato.

Graif Building Tax Increment: The purpose of this fund is to account for costs associated with the redevelopment of the Graif building.

Mankato Design Busters Tax Increment: The purpose of this fund is to account for costs associated with the Mankato Design Busters Tax Increment project.

HECO Tax Increment: The purpose of this fund is to account for costs associated with the HECO Building Tax Increment project.

City Center Renaissance: The purpose of this fund is to account for costs associated with the improvements to the City Center.

LOM Riverbank Stabilization: The purpose of this fund is to account for costs associated with the stabilization of the riverbank adjacent to the Land of Memories campground.

South Riverfront Tax Increment: The purpose of this fund is to account for costs associated with the infrastructure in relation to Cub Foods.

Lewis Lofts/Sinclair Flats Tax Increment: The purpose of this fund is to account for costs associated with the development of income based rental housing units in relation to Lewis Lofts and Sinclair Flats.

Riverside Park Construction: The purpose of this fund is to account for all activity related to the acquisition and development of the Riverside Park Project. The park is located adjacent to the Minnesota River along the north end of the City. The Park is being financed through the use of City Charter Bonds.

All Seasons Arena Construction: The purpose of this fund is to account for costs associated with the renovations and improvements to All Seasons Arena.

2022A Sales Tax Revenue Improvements: The purpose of this fund is to account for costs associated with major projects with construction starting in 2022.

Curling Club: The purpose of this fund is to account for costs associated with the installation of concrete and a curling rink ice plant at the Mankato Caledonia Community Center.

Energy Improvements: The purpose of this fund is to account for costs associated with energy improvements to city facilities. These improvements will be funded by taxable and non-taxable leases; repayments anticipated from energy savings from these improvements.

Franklin Rogers Park Improvements: The purpose of this fund is to account for costs associated with the improvements to Franklin Rogers Park. These improvements consist of new synthetic turf, fence, scoreboard and facility improvements. These improvements are being financed through the use of the City local option sales tax.

NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

Prairie Winds Park: The purpose of this fund is to account for the costs associated with the improvements at Prairie Winds Park.

Aquatic Center: The purpose of this fund is to account for costs associated with the preliminary study to expand Tourtellotte Pool.

Disaster: The purpose of this fund is to account for costs associated with projects that area Disaster related and may require FEMA funding.

Construction Revolving: The purpose of this fund is to account for planning costs associated with street projects being developed.

Minor Street Repair: The purpose of this fund is to account for costs associated with the street overlay program.

Improvements 2019: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2019.

Improvements 2020: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2020.

Improvements 2022: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2022.

Improvements 2023: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2023.

Improvements 2025: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2025.

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City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued on Following Pages)
December 31, 2023

	4020 Municipal State Aid Project	4050 Sibley Park Tax Increment Phase I	4060 Graif Building Tax Increment	4070 Mankato Design Busters Tax Increment	4090 HECO Tax Increment	4800 City Center Renaissance
Assets						
Cash and temporary investments	$ 4,902,835	$ -	$ 64,035	$ -	$ -	$ 291,835
Receivables						
Delinquent taxes	-	-	-	-	1,008	-
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Special assessments						
Delinquent	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-
Intergovernmental	2,037,412	-	-	-	-	-
Total Assets	$ 6,940,247	$ -	$ 64,035	$ -	$ 1,008	$ 291,835
Liabilities						
Accounts and contracts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Advance from other funds	-	864,676	-	29,173	123,442	-
Total Liabilities	-	864,676	-	29,173	123,442	-
Deferred Inflows of Resources						
Unavailable revenue - taxes	-	-	-	-	1,008	-
Unavailable revenue - special assessments	-	-	-	-	-	-
Unavailable revenue - intergovernmental	876,495	-	-	-	-	-
Total Deferred Inflows of Resources	876,495	-	-	-	1,008	-
Fund Balances						
Restricted	6,063,752	-	64,035	-	-	-
Assigned	-	-	-	-	-	291,835
Unassigned	-	(864,676)	-	(29,173)	(123,442)	-
Total Fund Balances	6,063,752	(864,676)	64,035	(29,173)	(123,442)	291,835
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,940,247	$ -	$ 64,035	$ -	$ 1,008	$ 291,835

4806 LOM Riverbank Stabilization	4110 South Riverfront Tax Increment	4160 Lewis Lofts/ Sinclair Flats Tax Increment	4610 Riverside Park Construction	4620 All Seasons Arena Construction	4647 2022A Sales Tax Revenue Improvements	4760 Curling Club	4780 Energy Improvements	4785 Franklin Rogers Park Improvements
$ -	$ -	$ -	$ 1,667,181	$ 854,660	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5,150
-	-	-	-	-	-	-	-	185,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ 1,667,181	$ 854,660	$ -	$ -	$ -	$ 190,150
$ -	$ -	$ 99,235	$ -	$ 77,978	$ -	$ -	$ -	$ -
3,511,966	-	-	-	-	-	48,934	473,876	3,391,299
-	395,755	150,805	-	-	-	-	-	-
3,511,966	395,755	250,040	-	77,978	-	48,934	473,876	3,391,299
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	1,667,181	776,682	-	-	-	-
(3,511,966)	(395,755)	(250,040)	-	-	-	(48,934)	(473,876)	(3,201,149)
(3,511,966)	(395,755)	(250,040)	1,667,181	776,682	-	(48,934)	(473,876)	(3,201,149)
$ -	$ -	$ -	$ 1,667,181	$ 854,660	$ -	$ -	$ -	$ 190,150

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2023

	4787	4790	4793	5030	5040	5119
	Prairie Winds Park	Aquatic Center	Disaster	Construction Revolving	Minor Street Repair	Improvements 2019
Assets						
Cash and temporary investments	$ -	$ 352,508	$ 323,021	$ 564,798	$ 1,064,475	$ -
Receivables						
Delinquent taxes	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Notes	-	-	-	-	-	-
Special assessments						
Delinquent	-	-	-	-	37,803	-
Noncurrent	-	-	-	-	1,161,575	-
Intergovernmental	-	-	-	2,117	-	-
Total Assets	$ -	$ 352,508	$ 323,021	$ 566,915	$ 2,263,853	$ -
Liabilities						
Accounts and contracts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Deferred Inflows of Resources						
Unavailable revenue - taxes	-	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	1,199,378	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	1,199,378	-
Fund Balances						
Restricted	-	-	-	-	-	-
Assigned	-	352,508	323,021	566,915	1,064,475	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	-	352,508	323,021	566,915	1,064,475	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ -	$ 352,508	$ 323,021	$ 566,915	$ 2,263,853	$ -

5120	5122	5123	5125	
Improvements 2020	Improvements 2022	Improvements 2023	Improvements 2025	Total Nonmajor Capital Projects
$ -	$ -	$ -	$ -	$ 10,085,348
-	-	-	-	1,008
-	-	-	-	5,150
-	-	-	-	185,000
-	-	-	-	37,803
-	-	-	-	1,161,575
-	-	-	-	2,039,529
$ -	$ -	$ -	$ -	$ 13,515,413
$ -	$ -	$ 65,633	$ 211,351	$ 454,197
-	283,293	663,909	167,366	8,540,643
-	-	-	-	1,563,851
-	283,293	729,542	378,717	10,558,691
-	-	-	-	1,008
-	-	-	-	1,199,378
-	-	-	-	876,495
-	-	-	-	2,076,881
-	-	-	-	6,127,787
-	-	-	-	5,042,617
-	(283,293)	(729,542)	(378,717)	(10,290,563)
-	(283,293)	(729,542)	(378,717)	879,841
$ -	$ -	$ -	$ -	$ 13,515,413

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued on Following Pages)
For the Year Ended December 31, 2023

	4020 Municipal State Aid Project	4050 Sibley Park Tax Increment Phase I	4060 Graif Building Tax Increment	4070 Mankato Design Busters Tax Increment	4090 HECO Tax Increment	4800 City Center Renaissance
Revenues						
Taxes						
Tax increments	$ 159,422	$ 132,133	$ 24,814	$ 27,738	$ 39,416	$ -
Special assessments	-	-	-	-	-	-
Intergovernmental						
Federal	779,064	-	-	-	-	-
State	2,272,379	-	-	-	-	-
Local	-	-	-	-	-	-
Investment income	161,194	-	-	-	-	9,894
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Note payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	3,372,059	132,133	24,814	27,738	39,416	9,894
Expenditures						
Current						
Housing and economic development	-	66,533	21,232	21,340	-	-
Capital outlay						
Public works	143,596	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service						
Interest and other	-	24,728	-	-	5,900	-
Bond issue costs	-	-	-	-	-	-
Total Expenditures	143,596	91,261	21,232	21,340	5,900	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,228,463	40,872	3,582	6,398	33,516	9,894
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Transfers out	(2,605,777)	(6,607)	-	(1,387)	(1,971)	-
Total Other Financing Sources (Uses)	(2,605,777)	(6,607)	-	(1,387)	(1,971)	-
Net Change in Fund Balances	622,686	34,265	3,582	5,011	31,545	9,894
Fund Balances, January 1	5,441,066	(898,941)	60,453	(34,184)	(154,987)	281,941
Fund Balances, December 31	$ 6,063,752	$ (864,676)	$ 64,035	$ (29,173)	$ (123,442)	$ 291,835

4806 LOM Riverbank Stabilization	4110 South Riverfront Tax Increment	4160 Lewis Lofts/ Sinclair Flats Tax Increment	4610 Riverside Park Construction	4620 All Seasons Arena Construction	4647 2022A Sales Tax Revenue Improvements	4760 Curling Club	4780 Energy Improvements	4785 Franklin Rogers Park Improvements
$ -	$ 87,136	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	119,620	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	13,753	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	600
-	-	-	-	-	-	-	-	-
-	87,136	119,620	13,753	-	-	-	-	600
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	369,660	30,000	232,318	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	369,660	30,000	232,318	-	-	-	-
-	87,136	(250,040)	(16,247)	(232,318)	-	-	-	600
200,000	-	-	1,353,000	1,009,000	431,066	-	1,075,345	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
200,000	-	-	1,353,000	1,009,000	431,066	-	1,075,345	-
200,000	87,136	(250,040)	1,336,753	776,682	431,066	-	1,075,345	600
(3,711,966)	(482,891)	-	330,428	-	(431,066)	(48,934)	(1,549,221)	(3,201,749)
$ (3,511,966)	$ (395,755)	$ (250,040)	$ 1,667,181	$ 776,682	$ -	$ (48,934)	$ (473,876)	$ (3,201,149)

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2023

	4787	4790	4793	5030	5040	5119
	Prairie Winds Park	Aquatic Center	Disaster	Construction Revolving	Minor Street Repair	Improvements 2019
Revenues						
Taxes						
Tax increments	$ -	$ -	$ -	$ -	$ -	$ -
Special assessments	-	-	-	-	491,466	-
Intergovernmental						
Federal	-	-	-	-	-	-
State	-	-	-	7,573	-	-
Local	-	-	-	-	-	-
Investment income	-	11,951	11,020	17,578	36,233	-
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Note payments	-	-	-	-	-	-
Other	-	-	-	-	-	101,470
Total Revenues	-	11,951	11,020	25,151	527,699	101,470
Expenditures						
Current						
Housing and economic development	-	-	-	-	-	-
Capital outlay						
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service						
Interest and other	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	11,951	11,020	25,151	527,699	101,470
Other Financing Sources (Uses)						
Transfers in	-	-	-	185,459	-	-
Debt issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Transfers out	(9,486)	-	-	(100,000)	(500,000)	(101,470)
Total Other Financing Sources (Uses)	(9,486)	-	-	85,459	(500,000)	(101,470)
Net Change in Fund Balances	(9,486)	11,951	11,020	110,610	27,699	-
Fund Balances, January 1	9,486	340,557	312,001	456,305	1,036,776	-
Fund Balances, December 31	$ -	$ 352,508	$ 323,021	$ 566,915	$ 1,064,475	$ -

5120	5122	5123	5125	
Improvements 2020	Improvements 2022	Improvements 2023	Improvements 2025	Total Nonmajor Capital Projects
$ -	$ -	$ -	$ -	$ 470,659
-	-	-	-	491,466
-	-	-	-	779,064
-	-	-	-	2,399,572
-	108,464	-	-	108,464
-	-	-	-	261,623
44,018	-	-	-	44,018
-	-	-	-	600
-	-	-	-	101,470
44,018	108,464	-	-	4,656,936
-	-	-	-	109,105
5,066	806	1,586,123	378,717	2,114,308
-	-	-	-	631,978
-	-	-	-	30,628
-	39,130	-	-	39,130
5,066	39,936	1,586,123	378,717	2,925,149
38,952	68,528	(1,586,123)	(378,717)	1,731,787
250,000	2,207,877	-	-	6,711,747
-	-	4,096,925	-	4,096,925
-	-	409,751	-	409,751
(83,988)	-	-	-	(3,410,686)
166,012	2,207,877	4,506,676	-	7,807,737
204,964	2,276,405	2,920,553	(378,717)	9,539,524
(204,964)	(2,559,698)	(3,650,095)	-	(8,659,683)
$ -	$ (283,293)	$ (729,542)	$ (378,717)	$ 879,841

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are established to account for the financing for self-supporting activities of governmental units which render services on a user charge basis to the general public. The most universal type of government enterprise is the public utility engaged in the provision of such basic services as water, electricity, and natural gas.

Sanitary sewer systems financed by user charges have also assumed the status of public utility operations in many urban areas, and many cities have combined water and sewer systems under the same management.

Eastwood Park: The purpose of this fund is to account for the investment in streets and utilities in the Park and to account for the sale of lots.

Utility Operations/Administration: The purpose of this fund is to account for the utility operations/administration costs. This activity is funded via a monthly user fee charged on each utility billing account.

Refuse: The purpose of this fund is to account for the refuse costs. This activity is funded via a monthly user fee charged on each utility billing account.

Street Lighting: The purpose of this fund is to account for the establishment of a street lighting utility inventory, to account for all costs associated with the maintenance of the street lighting utility, and to account for all electrical use associated with the street lighting system.

Mass Transit: The purpose of this fund is to account for the costs associated with the City-owned mass transit operations and to insure that user charges are sufficient to pay for those costs.

Parking System: The purpose of this fund is to account for the costs associated with the City-owned parking facilities and to insure that user charges are sufficient to pay for those costs.

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City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position
December 31, 2023

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Assets			
Current Assets			
Cash and temporary investments	$ 175,543	$ 3,025,267	$ -
Receivables			
Accounts, net of allowance for doubtful accounts of $70,000	-	168,546	322,602
Intergovernmental	-	-	-
Special assessments receivable - current portion	-	-	-
Inventories	-	-	-
Prepaid items	-	2,155	-
Total Current Assets	175,543	3,195,968	322,602
Noncurrent Assets			
Capital assets			
Land	-	-	-
Land improvements	-	-	-
Buildings and structures	21,105	-	-
Machinery and vehicles	-	-	-
Construction in progress	-	-	-
Less accumulated depreciation	(19,698)	-	-
Total Noncurrent Assets	1,407	-	-
Total Assets	176,950	3,195,968	322,602
Deferred Outflows of Resources			
Deferred pension resources	-	55,071	-
Deferred other post employment benefit resources	-	14,789	-
Total Deferred Outflows of Resources	-	69,860	-
Liabilities			
Current Liabilities			
Accounts payable	-	-	130,086
Due to other funds	-	-	283,233
Due to other governments	-	-	19,106
Accrued salaries payable	-	6,106	-
Compensated absences payable - current portion	-	7,524	-
Unearned revenue	-	-	-
Other postemployment benefit liability - current portion	-	3,362	-
Total Current Liabilities	-	16,992	432,425
Long-Term Liabilities			
Compensated absences payable	-	3,674	-
Net pension liability	-	204,482	-
Other postemployment benefit liability	-	60,547	-
Total Long-Term Liabilities	-	268,703	-
Total Liabilities	-	285,695	432,425
Deferred Inflows of Resources			
Deferred pension resources	-	65,398	-
Deferred other post employment benefit resources	-	11,339	-
Total Deferred Inflows of Resources	-	76,737	-
Net Position			
Investment in capital assets	1,407	-	-
Unrestricted	175,543	2,903,396	(109,823)
Total Net Position	$ 176,950	$ 2,903,396	$ (109,823)

Business-type Activities - Enterprise Funds			
6080	**6100**	**6110**	
Street Lighting	Mass Transit	Parking System	Totals
$ 1,178,112	$ 717,118	$ 1,685,217	$ 6,781,257
221,238	8,984	34,988	756,358
-	1,362,278	-	1,362,278
-	-	407,912	407,912
266,812	-	-	266,812
-	17,253	3,925	23,333
1,666,162	2,105,633	2,132,042	9,597,950
-	-	872,429	872,429
-	-	440,940	440,940
-	7,465,731	25,225,211	32,712,047
1,504,369	729,817	1,228,528	3,462,714
-	4,600	87,396	91,996
(650,571)	(1,889,600)	(12,111,333)	(14,671,202)
853,798	6,310,548	15,743,171	22,908,924
2,519,960	8,416,181	17,875,213	32,506,874
1,793	391,282	12,935	461,081
-	121,687	5,436	141,912
1,793	512,969	18,371	602,993
-	171,038	11,814	312,938
-	-	-	283,233
-	-	321	19,427
218	38,398	1,404	46,126
-	98,157	7,226	112,907
-	20,738	-	20,738
-	27,667	1,236	32,265
218	355,998	22,001	827,634
-	40,733	9,170	53,577
6,657	1,452,863	48,024	1,712,026
-	498,189	22,253	580,989
6,657	1,991,785	79,447	2,346,592
6,875	2,347,783	101,448	3,174,226
2,130	464,659	15,359	547,546
-	93,298	4,167	108,804
2,130	557,957	19,526	656,350
853,798	6,310,548	15,743,171	22,908,924
1,658,950	(287,138)	2,029,439	6,370,367
$ 2,512,748	$ 6,023,410	$ 17,772,610	$ 29,279,291

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	6810	**6000**	**6030**
	Eastwood Park	Utility Operations/ Administration	Refuse
Operating Revenues			
Charges for services	$ -	$ 3,595,556	$ 2,357,484
Operating Expenses			
Salaries and benefits	-	443,881	-
Supplies	-	12,309	56,653
Other services and charges	-	1,510,885	2,135,805
Vehicle operation	-	923	76,391
Insurance	-	-	-
Utilities	-	-	-
Depreciation	1,407	-	-
Total Operating Expenses	1,407	1,967,998	2,268,849
Operating Income (Loss)	(1,407)	1,627,558	88,635
Nonoperating Revenues (Expenses)			
Property taxes	-	-	-
Special assessments	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Investment income	5,952	98,229	-
Lease revenue	-	372	-
Refunds and reimbursements	-	-	-
Miscellaneous income	-	94,424	6,525
Total Nonoperating Revenues (Expenses)	5,952	193,025	6,525
Income (Loss) Before Contributions and Transfers	4,545	1,820,583	95,160
Transfers In	-	90,000	-
Transfers Out	-	(1,707,100)	(50,252)
Change in Net Position	4,545	203,483	44,908
Net Position, January 1	172,405	2,699,913	(154,731)
Prior Period Adjustment (Note 10)	-	-	-
Net Position, December 31	$ 176,950	$ 2,903,396	$ (109,823)

Business-type Activities - Enterprise Funds			
6080	**6100**	**6110**	
Street Lighting	Mass Transit	Parking System	Totals
$ 684,859	$ 911,455	$ 173,689	$ 7,723,043
15,607	3,488,078	92,052	4,039,618
24,853	44,932	7,293	146,040
515,556	410,525	829,434	5,402,205
2,787	1,317,496	20,490	1,418,087
-	83,970	5,834	89,804
-	50,577	64,780	115,357
95,753	242,756	756,222	1,096,138
654,556	5,638,334	1,776,105	12,307,249
30,303	(4,726,879)	(1,602,416)	(4,584,206)
-	415,000	-	415,000
-	-	407,439	407,439
-	1,130,493	-	1,130,493
-	2,900,270	-	2,900,270
38,616	24,944	61,573	229,314
-	-	-	372
21,259	-	-	21,259
16,837	177,536	11,006	306,328
76,712	4,648,243	480,018	5,410,475
107,015	(78,636)	(1,122,398)	826,269
-	-	417,054	507,054
(62,693)	-	(51,227)	(1,871,272)
44,322	(78,636)	(756,571)	(537,949)
2,468,426	6,102,046	19,095,254	30,383,313
-	-	(566,073)	(566,073)
$ 2,512,748	$ 6,023,410	$ 17,772,610	$ 29,279,291

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	6810	**6000**	**6030**
	Eastwood Park	Utility Operations/ Administration	Refuse
Cash Flows from Operating Activities			
Receipts from customers and users	$ -	$ 3,618,915	$ 2,335,884
Other cash receipts	-	94,796	6,525
Payments to suppliers	-	(347,926)	(2,133,199)
Payments to and on behalf of employees	-	(321,887)	115,704
Payments for interfund services provided	-	(1,266,130)	(254,328)
Net Cash Provided (Used) by Operating Activities	-	1,777,768	70,586
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	-	90,000	-
Transfers to other funds	-	(1,707,100)	(50,252)
Increase (decrease) in due to other funds	-	-	(20,334)
Tax receipts	-	-	-
Intergovernmental operating grants received	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	(1,617,100)	(70,586)
Cash Flows from Capital and Related Financing Activities			
Acquisitions of capital assets	-	-	-
Cash Flows from Investing Activities			
Net income on investments	5,952	98,229	-
Net Increase (Decrease) in Cash and Cash Equivalents	5,952	258,897	-
Cash and Cash Equivalents, January 1	169,591	2,766,370	-
Cash and Cash Equivalents, December 31	$ 175,543	$ 3,025,267	$ -

Business-type Activities - Enterprise Funds			
6080	**6100**	**6110**	
Street Lighting	Mass Transit	Parking System	Totals
$ 660,333	$ 1,122,746	$ 163,252	$ 7,901,130
38,096	177,536	382,793	699,746
(473,604)	(1,286,648)	(949,532)	(5,190,909)
(11,215)	(2,595,509)	(51,419)	(2,864,326)
(72,922)	(1,332,414)	(84,144)	(3,009,938)
140,688	(3,914,289)	(539,050)	(2,464,297)
-	-	417,054	507,054
(62,693)	-	(51,227)	(1,871,272)
-	-	-	(20,334)
-	415,000	-	415,000
-	3,600,584	-	3,600,584
(62,693)	4,015,584	365,827	2,631,032
-	(164,440)	(93,695)	(258,135)
38,616	24,944	61,573	229,314
116,611	(38,201)	(205,345)	137,914
1,061,501	755,319	1,890,562	6,643,343
$ 1,178,112	$ 717,118	$ 1,685,217	$ 6,781,257

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ (1,407)	$ 1,627,558	$ 88,635
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	-	94,796	6,525
Depreciation	1,407	-	-
(Increase) decrease in assets			
Accounts receivable	-	23,359	(21,614)
Due from other governments	-	-	-
Inventories	-	-	-
Prepaid items	-	128	-
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	-	19,807	-
Deferred other postemployment benefit resources	-	374	-
Increase (decrease) in liabilities			
Accounts payable	-	-	(3,090)
Due to other governments	-	-	130
Accrued salaries payable	-	1,316	-
Compensated absences payable	-	1,759	-
Net pension liability	-	(46,855)	-
Other postemployment benefits liability	-	(768)	-
Unearned revenue	-	-	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	-	60,218	-
Deferred other postemployment benefit resources	-	(3,924)	-
Net Cash Provided (Used) by Operating Activities	$ -	$ 1,777,768	$ 70,586

Business-type Activities - Enterprise Funds			
6080	**6100**	**6110**	
Street Lighting	Mass Transit	Parking System	Totals
$ 30,303	$ (4,726,879)	$ (1,602,416)	$ (4,584,206)
38,096	177,536	382,793	699,746
95,753	242,756	756,222	1,096,138
(24,526)	(1,840)	(10,437)	(35,058)
-	220,761	-	220,761
(3,330)	-	-	(3,330)
-	(1,363)	169	(1,066)
(630)	206,796	4,717	230,690
-	(16,809)	(382)	(16,817)
-	30,811	(73,049)	(45,328)
-	-	138	268
218	3,319	121	4,974
-	23,381	(848)	24,292
2,754	(554,654)	(11,225)	(609,980)
-	78,511	1,930	79,673
-	(7,630)	-	(7,630)
2,050	423,285	14,138	499,691
-	(12,270)	(921)	(17,115)
$ 140,688	$ (3,914,289)	$ (539,050)	$ (2,464,297)

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THE GENERAL FUND

The General fund accounts for all revenues and expenditures of a governmental unit which are not accounted for in other funds, and it is usually the largest and most important accounting activity for state and local governments. It normally receives a greater variety and number of taxes and other general revenues than any other fund. This fund has flowing into it such revenues as general property taxes, licenses and permits, fines and penalties, rents and charges for current services, state-shared taxes, and interest earnings. The fund's resources also finance a wider range of activities than any other fund. Most of the current operations of governmental units will be financed from this fund.

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City of Mankato, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and temporary investments	$ 16,396,638	$ 16,510,085
Receivables		
Interest	653,282	196,079
Delinquent taxes	162,197	255,987
Accounts, net of allowance	777,860	858,684
Intergovernmental	208,103	144,378
Leases	105,945	131,926
Inventories	155,566	133,804
Prepaid items	89,973	78,253
Total Assets	$ 18,549,564	$ 18,309,196
Liabilities		
Accounts and contracts payable	$ 290,837	$ 330,215
Due to other governments	382	738
Accrued salaries payable	267,726	293,108
Deposits payable	1,772,572	3,963,013
Total Liabilities	2,331,517	4,587,074
Deferred Inflows of Resources		
Lease resources	104,301	130,376
Unavailable revenue - taxes	162,197	255,987
Total Deferred Inflows of Resources	266,498	386,363
Fund Balances		
Nonspendable	245,539	212,057
Assigned	5,200,000	3,000,000
Tax adjustment		
Emergencies		
Unassigned	10,506,010	10,123,702
Total Fund Balances	15,951,549	13,335,759
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,549,564	$ 18,309,196

City of Mankato, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on Following Pages)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 16,814,625	$ 16,814,625	$ 17,119,277	$ 304,652	$ 15,812,831
Gambling	75,000	75,000	189,726	114,726	178,401
Franchise fees	1,630,000	1,630,000	1,632,478	2,478	1,656,760
Total taxes	18,519,625	18,519,625	18,941,481	421,856	17,647,992
Licenses and permits	1,668,875	1,728,875	1,805,830	76,955	2,554,585
Intergovernmental					
Federal					
Coronavirus relief fund	860,000	860,000	860,000	-	35,720
Other	19,000	55,000	72,508	17,508	9,991
Total federal	879,000	915,000	932,508	17,508	45,711
State					
Local governmental aid	7,571,892	7,571,892	7,557,586	(14,306)	7,463,042
Property tax credits and aids	-	-	101	101	53
PERA aid	40,000	40,000	-	(40,000)	-
Police and fire pension	30,000	30,000	56,462	26,462	20,820
Police and fire insurance premiums	700,000	700,000	844,778	144,778	750,128
Other	364,476	430,226	457,829	27,603	427,285
Total state	8,706,368	8,772,118	8,916,756	144,638	8,661,328
Local					
Other	116,000	116,000	160,183	44,183	139,668
Total intergovernmental	9,701,368	9,803,118	10,009,447	206,329	8,846,707
Charges for services					
General government	27,850	27,850	21,166	(6,684)	29,583
Public safety	640,600	640,600	692,420	51,820	1,020,367
Public works	1,002,500	1,002,500	674,852	(327,648)	496,486
Culture and recreation	46,500	46,500	138,886	92,386	86,416
Total charges for services	1,717,450	1,717,450	1,527,324	(190,126)	1,632,852
Fines and forfeits	5,000	5,000	1,000	(4,000)	5,500
Investment income	100,500	153,750	711,051	557,301	(183,000)
Miscellaneous					
Rents	36,000	36,000	45,346	9,346	59,134
Contributions	20,000	20,000	19,872	(128)	19,872
Refunds and reimbursements	305,000	921,863	1,126,198	204,335	322,585
Other	118,000	118,000	332,537	214,537	218,899
Total miscellaneous	479,000	1,095,863	1,523,953	428,090	620,490
Total Revenues	32,191,818	33,023,681	34,520,086	1,496,405	31,125,126

City of Mankato, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures					
Current					
General government					
General government					
Other services and charges	$ 12,500	$ 12,500	$ 3,522	$ 8,978	$ 5,376
Grants					
Other services and charges	479,707	479,707	566,110	(86,403)	491,650
Total general government	492,207	492,207	569,632	(77,425)	497,026
Public safety					
Police					
Personal services	9,029,217	9,029,217	8,826,529	202,688	8,257,820
Supplies	98,150	98,150	90,879	7,271	58,347
Other services and charges	497,356	497,356	478,125	19,231	434,710
Vehicle charges	825,932	825,932	775,743	50,189	717,798
Total police	10,450,655	10,450,655	10,171,276	279,379	9,468,675
Administration					
Personal services	1,986,034	1,986,034	1,959,572	26,462	1,674,378
Supplies	44,305	44,305	27,038	17,267	24,187
Other services and charges	949,319	949,319	934,265	15,054	859,800
Vehicle charges	10,956	10,956	16,618	(5,662)	15,519
Total administration	2,990,614	2,990,614	2,937,493	53,121	2,573,884
Building facilities					
Other services and charges	354,000	354,000	313,058	40,942	305,614
Emergency management					
Supplies	8,500	8,500	2,938	5,562	4,146
Other services and charges	5,750	5,750	3,841	1,909	2,115
Vehicle charges	432	432	-	432	2,204
Total emergency management	14,682	14,682	6,779	7,903	8,465
Fire					
Personal services	2,824,756	2,824,756	2,790,880	33,876	2,661,014
Supplies	250,400	250,400	185,009	65,391	190,875
Other services and charges	423,682	423,682	413,731	9,951	427,628
Vehicle charges	162,143	162,143	198,482	(36,339)	329,469
Total fire	3,660,981	3,660,981	3,588,102	72,879	3,608,986
Total public safety	17,470,932	17,470,932	17,016,708	454,224	15,965,624

City of Mankato, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Year Ended December 31, 2022)

	2023				2022
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works					
Engineering					
Personal services	$ 1,388,635	$ 1,388,635	$ 1,226,850	$ 161,785	$ 1,212,800
Supplies	18,050	18,050	8,223	9,827	13,344
Other services and charges	281,135	281,135	284,367	(3,232)	225,927
Vehicle charges	70,567	70,567	71,191	(624)	80,151
Total engineering	1,758,387	1,758,387	1,590,631	167,756	1,532,222
Streets					
Personal services	1,705,516	1,705,516	1,692,958	12,558	1,595,784
Supplies	879,950	879,950	916,191	(36,241)	650,538
Other services and charges	1,606,921	1,606,921	1,423,952	182,969	1,452,875
Vehicle charges	1,768,752	1,768,752	1,657,300	111,452	1,742,571
Total streets	5,961,139	5,961,139	5,690,401	270,738	5,441,768
Total public works	7,719,526	7,719,526	7,281,032	438,494	6,973,990
Culture and recreation					
Parks					
Personal services	1,788,214	1,788,214	1,610,137	178,077	1,634,876
Supplies	377,700	377,700	271,372	106,328	320,085
Other services and charges	1,391,769	1,546,769	1,402,644	144,125	1,352,366
Vehicle charges	864,653	864,653	683,948	180,705	754,298
Total culture and recreation	4,422,336	4,577,336	3,968,101	609,235	4,061,625
Community development					
Personal services	1,179,876	1,088,876	1,064,733	24,143	950,626
Supplies	4,100	4,100	1,212	2,888	862
Other services and charges	283,867	434,867	337,987	96,880	336,803
Vehicle charges	44,458	44,458	49,410	(4,952)	57,917
Total community development	1,512,301	1,572,301	1,453,342	118,959	1,346,208
Total current	31,617,302	31,832,302	30,288,815	1,543,487	28,844,473
Capital outlay					
Public safety	1,000	1,000	3,280	(2,280)	-
Public works	5,000	5,000	1,510	3,490	22,470
Culture and recreation	10,000	10,000	-	10,000	123,189
Total capital outlay	16,000	16,000	4,790	11,210	145,659
Total Expenditures	31,633,302	31,848,302	30,293,605	1,554,697	28,990,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	558,516	1,175,379	4,226,481	3,051,102	2,134,994
Other Financing Sources (Uses)					
Transfers in	991,000	991,000	889,312	(101,688)	910,395
Transfers out	(1,540,000)	(2,156,863)	(4,700,003)	(2,543,140)	(3,001,975)
Total Other Financing Sources (Uses)	(549,000)	(1,165,863)	(3,810,691)	(2,644,828)	(2,091,580)
Net Change in Fund Balances	9,516	9,516	415,790	406,274	43,414
Fund Balances, January 1	13,335,759	13,335,759	13,335,759	-	13,006,639
Prior Period Adjustment (Note 10)	-	-	2,200,000	-	285,706
Fund Balances, December 31	$ 13,345,275	$ 13,345,275	$ 15,951,549	$ 406,274	$ 13,335,759

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INTERNAL SERVICE FUNDS

Internal service funds are created to account for the financing of goods and services provided by one department of government to other departments on a cost - reimbursement basis.

Central Garage: This fund accounts for the cost of maintaining the City's vehicle fleet. All City vehicles are assigned to this fund and users are charged a mileage rate.

Facility Operations: This fund accounts for the cost of maintaining the City's facilities.

Administrative Services: This fund accounts for the cost of providing Administrative Services to the other activities of the City. Administrative Services provided include Accounting, Data Processing, Payroll, Personnel, Purchasing, Accounts Payable, and Graphics. Other City activities are billed based on usage for the services provided.

Equipment Replacement: The purpose of this fund is to provide the resources necessary to replace the City's major items of equipment when necessary. Users are charged a mileage or hourly rate and these charges are transferred into the equipment replacement fund.

Central Insurance: This fund accounts for the costs of the City's Health Insurance Self Insurance Programs. Premiums are paid to the fund by benefiting funds and Health Insurance Claims are paid from the fund.

Building Facilities Replacement: The purpose of this fund is to provide a funding source for the anticipated costs to replace existing building facilities and equipment and major upkeep of existing building facilities. Designated fund to fund budgeted transfers have been established to provide adequate funding.

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City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2023

	7010 Central Garage	7015 Facility Operations	7020 Administrative Services
Assets			
Current Assets			
Cash and temporary investments	$ 696,634	$ 79,465	$ 4,666,857
Receivables			
Interest	-	-	-
Accounts	1,080	-	100,784
Due from employees	-	-	18,626
Leases	-	27,433	345,416
Intergovernmental	-	-	14,375
Due from other funds	-	-	-
Advances to other funds - current portion	-	-	-
Inventories	538,672	-	-
Prepaid items	10,807	661	88,226
Total Current Assets	1,247,193	107,559	5,234,284
Noncurrent Assets			
Lease receivable	-	149,418	2,637,637
Advances to other funds - net of current portion	-	-	-
Capital assets			
Land	-	-	-
Land improvements	-	-	-
Buildings and structures	99,880	-	1,349,004
Machinery and vehicles	146,571	-	2,162,510
Office equipment	-	-	1,179,430
Construction in progress	-	-	135,954
Less accumulated depreciation	(206,499)	-	(4,066,605)
Total Capital Assets, Net of Accumulated Depreciation	39,952	-	760,293
Total Noncurrent Assets	39,952	149,418	3,397,930
Total Assets	1,287,145	256,977	8,632,214
Deferred Outflows of Resources			
Deferred other post employment benefit resources	36,419	-	193,559
Deferred pension resources	56,158	114,783	521,134
Total Deferred Outflows of Resources	92,577	114,783	714,693
Liabilities			
Current Liabilities			
Accounts and contracts payable	36,042	4,165	57,816
Accrued salaries payable	17,072	5,030	60,293
Deposits payable	100,000	-	829,499
Compensated absences payable - current portion	49,674	28,230	248,610
Other postemployment benefit liability - current portion	8,280	-	44,008
Total Current Liabilities	211,068	37,425	1,240,226
Noncurrent Liabilities			
Compensated absences payable	12,971	19,470	161,446
Net pension liability	208,523	426,200	1,935,017
Other postemployment benefit liability	149,098	-	792,431
Total Noncurrent Liabilities	370,592	445,670	2,888,894
Total Liabilities	581,660	483,095	4,129,120
Deferred Inflows of Resources			
Deferred lease receivable	-	174,048	2,942,237
Deferred pension resources	66,690	136,308	618,862
Deferred other post employment benefit resources	27,922	-	148,403
Total Deferred Inflows of Resources	94,612	310,356	3,709,502
Net Position			
Investment in capital assets	39,952	-	760,293
Unrestricted	663,498	(421,691)	747,992
Total Net Position	$ 703,450	$ (421,691)	$ 1,508,285

7030 Equipment Replacement	7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ 4,319,604	$ 4,047,092	$ 5,228,073	$ 19,037,725
54,718	-	-	54,718
-	-	-	101,864
-	-	-	18,626
-	-	-	372,849
467,708	159,146	-	641,229
2,500,000	1,382,349	2,200,000	6,082,349
361,421	-	-	361,421
-	-	-	538,672
-	-	-	99,694
7,703,451	5,588,587	7,428,073	27,309,147
-	-	-	2,787,055
3,390,666	-	-	3,390,666
197,223	-	-	197,223
-	-	446,570	446,570
-	-	5,417,435	6,866,319
28,209,894	-	3,487,999	34,006,974
-	-	-	1,179,430
30,894	-	752,206	919,054
(17,722,354)	-	(2,111,783)	(24,107,241)
10,715,657	-	7,992,427	19,508,329
14,106,323	-	7,992,427	25,686,050
21,809,774	5,588,587	15,420,500	52,995,197
-	-	-	229,978
-	-	-	692,075
-	-	-	922,053
27,893	311,297	111,909	549,122
-	-	-	82,395
-	-	667,882	1,597,381
-	-	-	326,514
-	-	-	52,288
27,893	311,297	779,791	2,607,700
-	-	-	193,887
-	-	-	2,569,740
-	-	-	941,529
-	-	-	3,705,156
27,893	311,297	779,791	6,312,856
-	-	-	3,116,285
-	-	-	821,860
-	-	-	176,325
-	-	-	4,114,470
10,715,657	-	7,940,077	19,455,979
11,066,224	5,277,290	6,700,632	24,033,945
$ 21,781,881	$ 5,277,290	$ 14,640,709	$ 43,489,924

City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2023

	7010 Central Garage	7015 Facility Operations	7020 Administrative Services
Operating Revenues			
Billings to departments	$ 3,736,194	$ 42,625	$ 8,071,302
Operating Expenses			
Salaries and benefits	432,721	930,690	4,569,438
Supplies	1,953,505	14,059	495,842
Other services and charges	419,545	288,682	1,465,737
Vehicle operation	47,751	121,116	1,144,356
Insurance	102,028	-	90,186
Utilities	-	-	93,588
Depreciation	4,994	-	493,549
Total Operating Expenses	2,960,544	1,354,547	8,352,696
Operating Income (Loss)	775,650	(1,311,922)	(281,394)
Nonoperating Revenues (Expenses)			
Intergovernmental	-	-	-
Fines and forfeits	-	-	191,454
Investment income	14,712	1,369	165,818
Miscellaneous income	3,677	8,742	28,975
Lease revenue	-	30,120	420,089
Gain (loss) on sale of assets	-	-	-
Total Nonoperating Revenues (Expenses)	18,389	40,231	806,336
Income (Loss) Before Contributions and Transfers	794,039	(1,271,691)	524,942
Capital Grants and Contributions	-	-	-
Transfers in	-	850,000	-
Transfers out	(458,084)	-	(580,877)
Change in Net Position	335,955	(421,691)	(55,935)
Net Position, January 1	367,495	-	1,591,720
Prior Period Adjustment (Note 10)	-	-	(27,500)
Net Position, December 31	$ 703,450	$ (421,691)	$ 1,508,285

7030 Equipment Replacement	7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ 1,605,872	$ 9,007,762	$ -	$ 22,463,755
-	-	-	5,932,849
-	-	-	2,463,406
755,602	9,219,011	636,407	12,784,984
-	-	-	1,313,223
-	-	-	192,214
-	-	-	93,588
1,920,215	-	688,841	3,107,599
2,675,817	9,219,011	1,325,248	25,887,863
(1,069,945)	(211,249)	(1,325,248)	(3,424,108)
-	159,146	-	159,146
-	-	-	191,454
379,734	191,050	228,437	981,120
-	-	1,945	43,339
-	-	30,286	480,495
121,197	-	311,404	432,601
500,931	350,196	572,072	2,288,155
(569,014)	138,947	(753,176)	(1,135,953)
2,518,378	-	129,222	2,647,600
-	-	2,362,761	3,212,761
(510,000)	-	-	(1,548,961)
1,439,364	138,947	1,738,807	3,175,447
20,342,517	5,138,343	13,089,259	40,529,334
-	-	(187,357)	(214,857)
$ 21,781,881	$ 5,277,290	$ 14,640,709	$ 43,489,924

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2023

	7010 Central Garage	7015 Facility Operations	7020 Administrative Services
Cash Flows from Operating Activities			
Receipts from interfund services provided	$ 3,759,396	$ 42,625	$ 8,015,956
Other cash receipts	3,677	8,742	220,429
Payments to suppliers	(2,443,160)	(375,652)	(4,254,856)
Payments to and on behalf of employees	(725,102)	(430,235)	(3,345,016)
Payments for interfund services provided	(418,454)	(44,701)	(14,396)
Net Cash Provided (Used) by Operating Activities	176,357	(799,221)	622,117
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	-	850,000	-
Transfers to other funds	(458,084)	-	(580,877)
(Increase) decrease in due from other funds	-	-	997,163
Lease receipts	1,540	27,317	384,891
Intergovernmental operating grants received	-	-	-
Payment received on advances to other funds	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(456,544)	877,317	801,177
Cash Flows from Capital and Related Financing Activities			
Acquisitions of capital assets	-	-	(352,771)
Proceeds from capital grant	-	-	-
Proceeds from sale of capital assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(352,771)
Cash Flows from Investing Activities			
Net income on investments	14,712	1,369	165,818
Net Increase (Decrease) in Cash and Cash Equivalents	(265,475)	79,465	1,236,341
Cash and Cash Equivalents, January 1	962,109	-	3,430,516
Cash and Cash Equivalents, December 31	$ 696,634	$ 79,465	$ 4,666,857

7030 Equipment Replacement	7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ 1,605,872	$ 9,007,762	$ -	$ 22,431,611
-	-	1,945	234,793
(59,471)	(8,801,855)	(608,218)	(16,543,212)
-	-	-	(4,500,353)
(668,238)	(562,063)	-	(1,707,852)
878,163	(356,156)	(606,273)	(85,013)
-	-	2,362,761	3,212,761
(510,000)	-	-	(1,548,961)
(2,500,000)	77,349	(2,200,000)	(3,625,488)
-	-	30,286	444,034
-	-	-	-
349,096	-	-	349,096
(2,660,904)	77,349	193,047	(1,168,558)
(3,928,156)	-	(1,113,805)	(5,394,732)
2,165,019	-	129,222	2,294,241
131,868	-	416,105	547,973
(1,631,269)	-	(568,478)	(2,552,518)
384,825	191,050	228,437	986,211
(3,029,185)	(87,757)	(753,267)	(2,819,878)
7,348,789	4,134,849	5,981,340	21,857,603
$ 4,319,604	$ 4,047,092	$ 5,228,073	$ 19,037,725

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued)
For the Year Ended December 31, 2023

	7010 Central Garage	7015 Facility Operations	7020 Administrative Services
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 775,650	$ (1,311,922)	$ (281,394)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	3,677	8,742	220,429
Depreciation	4,994	-	493,549
(Increase) decrease in assets			
Accounts receivable	23,202	-	(56,585)
Due from employees	-	-	4,550
Due from other governments	-	-	(3,311)
Inventories	(130,856)	-	-
Prepaid items	1,887	(661)	(214)
(Increase) decrease in deferred outflows of resources			
Deferred other post employment benefit resources	25,244	-	(29,545)
Deferred pension resources	182,240	(114,783)	297,170
Increase (decrease) in liabilities			
Accounts and contracts payable	11,978	4,165	(12,471)
Accrued salaries payable	(546)	5,030	6,609
Compensated absences payable	(39,834)	47,700	24,037
Net pension liability	(591,690)	426,200	(811,718)
Other postemployment benefit liability	(105,640)	-	136,855
Deposits payable	-	-	88,593
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	50,198	136,308	562,253
Deferred other postemployment benefit resources	(34,147)	-	(16,690)
Net Cash Provided (Used) by Operating Activities	$ 176,357	$ (799,221)	$ 622,117
Noncash Investing, Capital and Financing Activities			
Book value of disposed of capital assets	$ -	$ -	$ -

7030 Equipment Replacement	7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ (1,069,945)	$ (211,249)	$ (1,325,248)	$ (3,424,108)
-	-	1,945	234,793
1,920,215	-	688,841	3,107,599
-	-	-	(33,383)
-	-	-	4,550
-	-	-	(3,311)
-	-	-	(130,856)
-	-	-	1,012
-	-	-	(4,301)
-	-	-	364,627
27,893	(144,907)	28,189	(85,153)
-	-	-	11,093
-	-	-	31,903
-	-	-	(977,208)
-	-	-	31,215
-	-	-	88,593
-	-	-	748,759
-	-	-	(50,837)
$ 878,163	$ (356,156)	$ (606,273)	$ (85,013)
$ 10,671	$ -	$ 104,701	$ 115,372

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CUSTODIAL FUNDS

Custodial funds account for assets held by the City as an agent for individuals, private organizations, and other governmental units.

Blue Earth County EDA: This fund accounts for the activity of the Blue Earth County EDA. The City acts as the fiscal agent for the EDA.

Minnesota Valley Council of Governments: This fund accounts for the activity of the Council of Governments (COG). The City acts as the fiscal agent for the COG.

All Seasons Arena: This fund accounts for the activity of the All Seasons Arena. The City acts as the fiscal agent for the Arena.

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City of Mankato, Minnesota
Custodial Funds
Combining Statement of Fiduciary Net Position
December 31, 2023

	Blue Earth County EDA	MN Valley Council of Governments	All Seasons Arena	Totals
Assets				
Cash and temporary investments	$ 1,488,008	$ 163,367	$ 733,654	$ 2,385,029
Cash held by fiscal agent	42,453	-	-	42,453
Receivables				
Accounts	34,491	-	100,730	135,221
Notes	50,000	-	-	50,000
Intergovernmental	45,134	-	-	45,134
Prepaid items	93,292	5	621	93,918
Total Assets	1,753,378	163,372	835,005	2,751,755
Liabilities				
Accounts payable	52,569	-	-	52,569
Due to other governments	24,492	-	1,738	26,230
Accrued salaries payable	3,844	1,081	2,620	7,545
Compensated absences payable	-	177	29,869	30,046
Unearned revenue	6,378	-	-	6,378
Deposits payable	36,023	-	-	36,023
Other current liabilities	176,394	-	-	176,394
Total Liabilities	299,700	1,258	34,227	335,185
Net Position				
Restricted				
Individuals, organizations and other governments	$ 1,453,678	$ 162,114	$ 800,778	$ 2,416,570

City of Mankato, Minnesota
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2023

	Blue Earth County EDA	MN Valley Council of Governments	All Seasons Arena	Totals
Additions				
Tenant rental revenue	$ 272,892	$ -	$ -	$ 272,892
Charges for services	-	-	758,344	758,344
Excess utilities	10,392	-	-	10,392
Intergovernmental				
Federal	964,739	-	-	964,739
Local	-	-	40,000	40,000
Investment income	53,680	-	2,040	55,720
Other revenue	131,819	18,000	-	149,819
Total Additions	1,433,522	18,000	800,384	2,251,906
Deductions				
Administration	164,733	756	-	165,489
Professional services	-	1,312	308,960	310,272
Supplies	-	-	30,977	30,977
Utilities	115,334	-	250,990	366,324
Maintenance and operations	465,892	-	92,534	558,426
Insurance	109,081	-	-	109,081
Other charges and services	559,482	-	180,094	739,576
Total Deductions	1,414,522	2,068	863,555	2,280,145
Net Increase (Decrease) in Fiduciary Net Position	19,000	15,932	(63,171)	(28,239)
Net Position, January 1,	1,434,678	146,182	863,949	2,444,809
Net Position, December 31	$ 1,453,678	$ 162,114	$ 800,778	$ 2,416,570

City of Mankato, Minnesota

Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2023 and 2022

	Total		Percent Increase (Decrease)	
	2023	2022		
Revenues				
Taxes	$ 33,046,336	$ 23,994,475	37.72	%
Special assessments	3,182,400	4,974,992	(36.03)	
Licenses and permits	1,805,830	2,554,585	(29.31)	
Intergovernmental	15,936,125	14,390,602	10.74	
Charges for services	1,527,324	1,632,852	(6.46)	
Fines and forfeits	1,000	5,500	(81.82)	
Investment earnings (loss)	2,440,657	(395,633)	716.90	
Miscellaneous	1,933,558	1,234,326	56.65	
Total Revenues	$ 59,873,230	$ 48,391,699	23.73	%
Per Capita	$ 1,297	$ 1,083	19.75	%
Expenditures				
Current				
General government	$ 2,891,129	$ 2,122,514	36.21	%
Public safety	17,016,708	15,965,624	6.58	
Public works	7,281,032	6,973,990	4.40	
Culture and recreation	3,968,101	4,061,625	(2.30)	
Community development	1,453,342	1,346,208	7.96	
Housing and economic development	629,421	1,210,712	(48.01)	
Capital outlay				
Public safety	3,280	-	N/A	
Public works	8,050,188	6,301,291	27.75	
Culture and recreation	9,612,394	4,437,198	116.63	
Health	25,000	-	N/A	
Debt service				
Principal	7,879,427	7,717,072	2.10	
Interest and other charges	2,036,399	1,751,382	16.27	
Bond issuance costs	129,414	89,517	44.57	
Total Expenditures	$ 60,975,835	$ 51,977,133	17.31	%
Per Capita	$ 1,321	$ 1,163	13.54	%
Total Long-term Indebtedness	$ 63,010,934	$ 66,715,361	(5.55)	%
Per Capita	1,365	1,493	(8.59)	
General Fund Balance - December 31	$ 15,951,549	$ 13,335,759	19.61	%
Per Capita	345	298	15.77	

The purpose of this report is to provide a summary of financial information concerning the City of Mankato to interested citizens. The complete financial statements may be examined at City Hall, 10 Civic Center Plaza, PO Box 3368, Mankato, MN 56002-3368. Questions about this report should be directed to the Finance Department at (507) 387-8600.

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STATISTICAL SECTION (UNAUDITED)

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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City of Mankato, Minnesota
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2023	2022	2021	2020
Governmental Activities				
Net investment in capital assets	$ 104,855,060	$ 107,827,410	$ 115,956,860	$ 116,688,896
Restricted	36,507,585	25,257,895	27,227,340	30,344,277
Unrestricted	20,366,978	15,729,630	1,966,220	(2,893,051)
Total Governmental Activities Net Position	161,729,623	148,814,935	145,150,420	144,140,122
Business-type Activities				
Net investment in capital assets	199,660,325	191,424,760	189,518,129	184,583,463
Restricted	55,325	1,580,401	1,610,189	1,634,704
Unrestricted	52,654,573	43,133,273	31,445,749	19,125,855
Total Business-type Activities Net Position	252,370,223	236,138,434	222,574,067	205,344,022
Primary Government				
Net investment in capital assets	304,515,385	299,252,170	305,474,989	301,272,359
Restricted	36,562,910	26,838,296	28,837,529	31,978,981
Unrestricted	73,021,551	58,862,903	33,411,969	16,232,804
Total Primary Government Net Position	$ 414,099,846	$ 384,953,369	$ 367,724,487	$ 349,484,144

* In 2015 the City implemented GASB Statement No. 68 which caused a large decrease in unrestricted net position.

Table 1

Fiscal Year					
2019	2018	2017	2016	2015	2014
$ 115,421,929	$ 112,389,674	$ 101,941,446	$ 110,565,540	$ 118,192,062	$ 110,615,767
26,507,297	25,616,473	17,570,445	17,333,882	13,950,167	14,948,225
(220,172)	1,903,067	9,597,559	8,510,377	2,700,132	18,699,209
141,709,054	139,909,214	129,109,450	136,409,799	134,842,361	144,263,201
179,739,858	177,933,511	172,507,213	159,282,527	144,769,977	133,631,312
1,561,951	1,555,100	1,545,781	1,621,790	1,550,383	1,616,447
14,906,056	9,787,320	7,451,414	4,376,319	14,682,046	11,844,458
196,207,865	189,275,931	181,504,408	165,280,636	161,002,406	147,092,217
295,161,787	290,323,185	274,448,659	269,848,067	262,962,039	244,247,079
28,069,248	27,171,573	19,116,226	18,955,672	15,500,550	16,564,672
14,685,884	11,690,387	17,048,973	12,886,696	* 17,382,178	30,543,667
$ 337,916,919	$ 329,185,145	$ 310,613,858	$ 301,690,435	$ 295,844,767	$ 291,355,418

City of Mankato, Minnesota
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2023	2022	2021	2020
Expenses				
Governmental Activities				
General government	$ 3,194,538	$ 2,434,967	$ 2,747,892	$ 1,951,859
Public safety	19,198,256	17,127,760	13,637,974	15,277,532
Public works/streets	18,274,990	17,789,106	16,242,637	19,844,934
Culture and recreation	6,973,582	4,826,473	5,362,569	5,140,809
Community development	1,476,696	1,335,550	1,014,070	1,058,716
Housing and economic development	877,039	1,365,226	1,206,001	807,596
Health	25,000	-	-	-
Interest on long-term debt	1,789,990	1,394,048	1,263,317	1,361,595
Total Governmental Activities Expenses	51,810,091	46,273,130	41,474,460	45,443,041
Business-type Activities				
Housing and economic development	9,008,044	8,368,388	8,012,919	7,430,041
Water	7,479,458	7,645,548	6,920,158	6,902,405
Wastewater plant	6,047,429	5,185,897	4,580,604	4,378,058
Sewer collection	2,190,559	1,815,414	1,629,528	1,808,246
Refuse	2,392,914	2,020,810	2,145,201	1,956,508
Utility operations and administration	2,027,054	1,875,245	1,492,139	1,508,672
Storm water	7,464,163	1,524,899	1,391,613	2,655,679
Street lighting	635,960	657,444	621,463	591,625
Mass transit	7,008,670	5,228,068	4,754,800	4,413,758
Airport	1,781,154	1,670,466	1,407,586	1,401,097
Parking	2,219,710	2,426,978	2,030,851	1,786,008
Mayo Clinic Health Systems Event Center	10,047,243	10,693,978	7,966,795	6,229,631
Total Business-type Activities Expenses	58,302,358	49,113,135	42,953,657	41,061,728
Total Primary Government Expenses	$ 110,112,449	$ 95,386,265	$ 84,428,117	$ 86,504,769
Program Revenues				
Governmental activities				
Charges for services				
General government	$ 1,232,226	$ 515,391	$ 537,735	$ 501,645
Public safety	1,186,961	1,463,939	1,245,840	793,305
Public works/streets	946,709	740,364	947,293	1,207,488
Culture and recreation	195,548	151,548	161,751	82,395
Community development	1,832,718	2,549,608	1,706,799	1,179,913
Housing and economic development	13,109	16,354	28,564	20,465
Health	39,860	-	-	-
Operating grants and contributions	6,761,897	4,605,447	3,792,379	4,157,835
Capital grants and contributions	2,412,012	6,288,377	4,072,938	7,685,108
Total Governmental Activities Program Revenues	14,621,040	16,331,028	12,493,299	15,628,154
Business-type Activities				
Charges for services				
Housing and economic development	2,106,338	1,592,561	1,976,487	2,374,290
Water	10,308,593	10,084,489	10,082,129	9,125,128
Wastewater	1,933,784	1,733,416	1,575,783	1,747,033
Sewer	8,481,218	7,963,060	7,550,712	7,025,198
Refuse	2,364,023	2,346,326	2,277,190	2,185,195
Utility operations and administration	3,690,352	3,517,796	3,420,185	3,368,085
Storm water	3,319,652	3,239,064	3,151,549	3,134,743
Street lighting	701,696	713,442	713,150	699,189
Mass transit	1,088,991	1,121,617	310,825	378,742
Airport	592,134	483,822	454,412	411,075
Parking	723,378	677,134	617,013	592,870
Mayo Clinic Health Systems Event Center	6,341,775	6,594,225	3,815,589	2,338,971
Operating grants and contributions	17,569,860	9,266,891	9,003,784	7,989,809
Capital grants and contributions	6,690,133	3,039,535	5,207,064	18,455
Total Business-type Activities Program Revenues	65,911,927	52,373,378	50,155,872	41,388,783
Total Primary Government Program Revenues	$ 80,532,967	$ 68,704,406	$ 62,649,171	$ 57,016,937

Table 2

Fiscal Year					
2019	2018	2017	2016	2015	2014
$ 2,692,964	$ 2,139,186	$ 2,246,913	$ 2,031,948	$ 1,840,077	$ 1,531,723
16,436,303	14,334,888	15,403,251	16,433,824	13,854,689	12,635,722
17,026,253	16,397,953	14,966,128	13,784,587	13,285,115	6,661,969
5,336,021	4,629,194	4,148,693	3,869,272	4,151,137	3,489,926
1,050,797	1,060,731	983,128	897,656	964,341	824,372
690,575	924,117	947,291	940,961	1,560,076	8,345,526
-	-	-	-	-	-
1,432,170	1,547,167	1,687,254	1,663,645	1,839,992	1,786,208
44,665,083	41,033,236	40,382,658	39,621,893	37,495,427	35,275,446
6,887,260	6,308,005	6,203,104	6,778,791	6,634,108	6,564,123
6,663,144	6,795,137	6,987,612 *	6,702,415	6,963,670	5,657,427
4,227,204	4,439,143	4,288,383 *	4,613,522	7,994,856	6,576,152
1,849,602	1,546,690	2,030,859 *	1,943,202	-	-
1,842,917	1,746,596	1,755,936 *	1,584,680	1,478,244	1,595,558
1,430,095	1,366,607	1,442,752 *	1,714,572	-	-
1,856,121	1,635,650	2,294,482	1,130,538	1,039,917	1,093,040
532,966	593,921	488,450	463,482	537,359	473,791
4,098,109	3,545,502	3,356,825	2,969,748	2,799,702	2,355,462
1,712,397	1,697,388	1,349,815	1,280,481	1,253,425	1,251,951
1,722,733	2,206,987	2,066,455	1,725,826	1,704,404	1,650,675
11,269,894	9,349,486	8,724,519	8,296,733	7,533,370	6,674,094
44,092,442	41,231,112	40,989,192	39,203,990	37,939,055	33,892,273
$ 88,757,525	$ 82,264,348	$ 81,371,850	$ 78,825,883	$ 75,434,482	$ 69,167,719
$ 576,393	$ 359,181	$ 302,194	$ 138,957	$ 507,071	$ 478,265
1,593,667	1,663,227	1,304,091	1,379,009	696,165	654,190
1,174,274	1,234,569	1,171,461	1,190,829	1,300,370	895,996
205,664	1,046,303	174,024	163,995	210,317	169,124
1,206,400	1,044,521	1,408,187	887,801	1,402,855	1,351,616
25,929	162,333	44,548	85,274	128,412	446,837
-	-	-	-	-	-
1,568,734	1,631,632	1,687,363	1,709,401	1,517,232	1,420,585
6,415,487	17,367,765	9,221,473	7,836,216	10,263,893	11,831,916
12,766,548	24,509,531	15,313,341	13,391,482	16,026,315	17,248,529
1,791,260	2,465,882	1,756,903	1,660,174	1,579,761	1,641,645
8,514,790	7,661,621	7,222,928 *	6,754,785	7,602,348	7,149,823
1,618,345	1,587,571	1,416,702 *	1,518,721	8,064,504	7,709,753
7,132,321	6,520,595	6,087,338 *	5,668,533	-	-
2,088,145	1,956,612	1,887,512 *	1,767,800	1,712,654	1,638,421
3,286,935	3,262,295	3,109,481 *	2,894,300	-	-
3,143,071	2,724,008	2,217,398	1,848,593	1,775,644	1,403,042
651,348	629,952	644,975	570,865	564,205	548,957
772,057	715,533	721,241	781,053	689,118	603,761
484,766	481,443	510,558	405,919	501,417	416,238
517,859	499,241	486,005	510,484	511,873	460,429
7,076,109	5,256,308	5,063,134	4,454,798	3,766,307	3,397,300
6,950,492	6,156,229	3,616,802	3,518,467	3,237,800	3,474,719
2,128,755	3,301,423	5,161,103	4,746,420	18,896,137	4,276,486
46,156,253	43,218,713	39,902,080	37,100,912	48,901,768	32,720,574
$ 58,922,801	$ 67,728,244	$ 55,215,421	$ 50,492,394	$ 64,928,083	$ 49,969,103

City of Mankato, Minnesota
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

		Fiscal Year			
		2023	2022	2021	2020
Program Revenues (Continued)					
Net (expense)/revenue					
Governmental activities		$ (37,189,051)	$ (29,942,102)	$ (28,981,161)	$ (29,814,887)
Business-type activities		7,609,569	3,260,243	7,202,215	327,055
Total Primary Government Net Expense		$ 29,579,482	$ 26,681,859	$ 21,778,946	$ 29,487,832
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes		$ 17,184,909	$ 16,128,584	$ 15,522,909	$ 15,014,520
Property taxes, levied for debt service		5,034,004	4,774,735	4,737,323	4,696,861
Tax increments		640,387	644,580	619,994	661,713
Sales tax	*	7,497,182	-	-	-
Hotel-motel tax		745,635	745,907	523,556	368,056
Gambling tax		189,726	178,401	151,197	108,828
Franchise taxes		1,632,478	1,656,760	1,655,330	1,781,463
Grants and contributions not restricted to specific programs		8,445,542	8,457,897	7,979,904	8,068,840
Unrestricted investment earnings		3,421,777	(611,236)	12,926	1,147,336
Other revenues		489,811	780,451	277,152	308,524
Gain on sale of capital assets		432,601	33,639	93,511	74,623
Transfers		(3,147,755)	270,926	(1,582,343)	(1,438,883)
Total Governmental Activities		42,566,297	33,060,644	29,991,459	30,791,881
Business-type Activities					
Taxes					
Property taxes, levied for general purposes		780,000	530,000	530,000	480,000
Tax increments		778,716	642,735	549,616	460,930
Sales tax	*	939,769	7,864,975	7,044,644	6,088,885
Hotel-motel tax		-	-	31	1,571
Unrestricted investment earnings		1,870,163	(517,296)	(28,597)	338,833
Other revenues		-	-	-	-
Gain on sale of capital assets		7,224,189	895,236	349,793	-
Transfers		3,147,755	(270,926)	1,582,343	1,438,883
Total Business-type Activities		14,740,592	9,144,724	10,027,830	8,809,102
Total Primary Government		$ 57,306,889	$ 42,205,368	$ 40,019,289	$ 39,600,983
Changes in Net Position					
Governmental Activities		$ 5,377,246	$ 3,118,542	$ 1,010,298	$ 976,994
Business-type Activities		22,350,161	12,404,967	17,230,045	9,136,157
Total Primary Government		$ 27,727,407	$ 15,523,509	$ 18,240,343	$ 10,113,151

* During 2016 the City broke out the utility funds into separate funds.

* During 2023 the City broke out the Mayo Clinic Health Systems Event Center fund and the Local Option Sales Tax Fund. The Local Option Sales Tax fund was changed to be presented as governmental.

Table 2 (Continued)

Fiscal Year					
2019	2018	2017	2016	2015	2014
$ (31,898,535)	$ (16,523,705)	$ (25,069,317)	$ (26,230,411)	$ (21,469,112)	$ (18,026,917)
2,063,811	1,987,601	(1,087,112)	(2,103,078)	10,962,713	(1,171,699)
$ 29,834,724	$ 14,536,104	$ 26,156,429	$ 28,333,489	$ 10,506,399	$ 19,198,616
$ 14,397,784	$ 13,755,275	$ 12,324,959	$ 11,572,743	$ 10,065,551	$ 9,764,558
4,778,385	4,842,266	4,778,752	4,782,809	4,773,315	4,638,833
627,138	641,008	609,308	576,736	436,701	381,427
-	-	-	-	-	-
663,858	639,651	616,818	534,709	546,573	477,105
118,459	106,776	96,069	88,192	70,730	56,947
1,689,290	1,614,677	1,627,921	1,582,872	1,401,288	937,473
7,242,974	7,238,657	7,048,678	6,978,457	6,953,808	6,858,121
1,269,890	454,497	417,292	341,858	295,049	395,154
166,200	110,000	127,506	679,059	463,837	598,469
84,322	55,168	38,446	42,635	2,283	23,593
2,660,075	1,127,375	(10,394,943)	617,779	339,690	1,924,603
33,698,375	30,585,350	17,290,806	27,797,849	25,348,825	26,056,283
390,000	390,000	390,000	392,000	392,000	392,000
292,897	242,657	279,095	288,074	273,850	75,831
6,403,830	6,373,295	6,178,779	6,067,592	6,478,659	5,896,934
-	-	-	-	-	-
410,259	170,896	131,166	102,251	74,687	114,683
-	12,649	-	-	212,825	80,899
14,790	362,802	415,063	149,170	65,373	272,528
(2,660,075)	(1,127,375)	10,394,943	(617,779)	(339,690)	(1,924,603)
4,851,701	6,424,924	17,789,046	6,381,308	7,157,704	4,908,272
$ 38,550,076	$ 37,010,274	$ 35,079,852	$ 34,179,157	$ 32,506,529	$ 30,964,555
$ 1,799,840	$ 14,061,645	$ (7,778,511)	$ 1,567,438	$ 3,879,713	$ 8,029,366
6,915,512	8,412,525	16,701,934	4,278,230	18,120,417	3,736,573
$ 8,715,352	$ 22,474,170	$ 8,923,423	$ 5,845,668	$ 22,000,130	$ 11,765,939

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City of Mankato, Minnesota
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Table 3

Fiscal Year	Property Taxes: Levied for General Purposes	Property Taxes: Levied for Debt Service	Tax Increments	Hotel-Motel Tax	Gambling Tax	Franchise Tax	Local Option Sales Tax	Total
2023	$ 17,184,909	$ 5,034,004	$ 640,387	$ 745,635	$ 189,726	$ 1,632,478	* $ 7,497,182	$ 32,924,321
2022	16,128,584	4,774,735	644,580	745,907	178,401	1,656,760	-	24,128,967
2021	15,522,909	4,737,323	619,994	523,556	151,197	1,655,330	-	23,210,309
2020	15,014,520	4,696,861	661,713	368,056	108,828	1,781,463	-	22,631,441
2019	14,397,784	4,778,385	627,138	663,858	118,459	1,689,290	-	22,274,914
2018	13,755,275	4,842,266	641,008	639,651	106,776	1,614,677	-	21,599,653
2017	12,324,959	4,778,752	609,308	616,818	96,069	1,627,921	-	20,053,827
2016	11,572,743	4,782,809	576,736	534,709	88,192	1,582,872	-	19,138,061
2015	10,065,551	4,773,315	436,701	546,573	70,730	1,401,288	-	17,294,158
2014	9,764,558	4,638,833	381,427	477,105	56,947	937,473	-	16,256,343

* During 2023 the City broke out the Mayo Clinic Health Systems Event Center fund and the Local Option Sales Tax Fund. The Local Option Sales Tax fund was changed to be presented as governmental.

City of Mankato, Minnesota
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2023	2022	2021	2020
General Fund				
Nonspendable	$ 245,539	$ 212,057	$ 126,798	$ 208,150
Assigned	5,200,000	3,000,000	3,000,000	3,000,000
Unassigned	10,506,010	10,123,702	9,879,841	9,455,535
Total General Fund	$ 15,951,549	$ 13,335,759	$ 13,006,639	$ 12,663,685
All Other Governmental Funds				
Nonspendable	$ 67	$ 82	$ -	$ 64
Restricted	28,611,145	24,829,885	17,537,475	19,338,342
Committed	5,379,660	5,127,261	4,944,544	5,103,146
Assigned	7,148,632	4,272,830	2,972,115	2,473,065
Unassigned, reported in				
Debt Service fund	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	(16,271,014)	(16,974,777)	(27,068,681)	(29,243,632)
Total All Other Governmental Funds	$ 24,868,490	$ 17,255,281	$ (1,614,547)	$ (2,329,015)

Table 4

Fiscal Year					
2019	2018	2017	2016	2015	2014
$ 171,334	$ 179,034	$ 165,473	$ 153,146	$ 143,646	$ 22,545
3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	2,900,000
9,255,097	9,124,068	8,870,449	8,384,654	8,106,691	7,952,060
$ 12,426,431	$ 12,303,102	$ 12,035,922	$ 11,537,800	$ 11,250,337	$ 10,874,605
$ 58	$ 49	$ 47	$ 37	$ 24	$ 27
16,016,990	13,124,778	7,427,663	9,295,748	6,340,427	4,601,236
3,178,888	3,074,165	3,021,247	2,950,329	2,891,820	2,822,164
4,244,044	4,596,933	6,221,780	7,197,004	7,145,675	6,342,712
-	-	(2,378,694)	(4,249,292)	(5,762,043)	(5,289,623)
-	-	-	-	(38,270)	(2,429)
(23,547,133)	(21,877,044)	(15,088,388)	(16,560,902)	(23,394,510)	(19,396,398)
$ (107,153)	$ (1,081,119)	$ (796,345)	$ (1,367,076)	$ (12,816,877)	$ (10,922,311)

City of Mankato, Minnesota

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2023	2022	2021	2020
Revenues				
Taxes	$ 33,046,336	$ 23,994,475	$ 23,271,589	$ 22,833,968
Special assessments	3,182,400	4,974,992	4,139,626	4,171,749
Licenses and permits	1,805,830	2,554,585	1,735,770	1,089,209
Intergovernmental revenue	15,936,125	14,390,602	13,073,765	14,553,525
Charges for services	1,527,324	1,632,852	1,605,195	1,584,590
Fines and forfeits	1,000	5,500	168,354	178,765
Investment earnings (loss)	2,440,657	(395,633)	(87,893)	668,860
Other revenues	1,933,558	1,234,326	933,039	783,844
Total Revenues	59,873,230	48,391,699	44,839,445	45,864,510
Expenditures				
General government	2,891,129	2,122,514	2,658,330	2,181,693
Public safety	17,016,708	15,965,624	14,835,982	14,928,469
Public works	7,281,032	6,973,990	5,842,262	6,752,368
Culture and recreation	3,968,101	4,061,625	3,824,319	3,846,354
Community development	1,453,342	1,346,208	994,955	1,029,967
Housing and economic development	629,421	1,210,712	1,060,459	661,956
Capital outlay	17,690,862	10,738,489	13,632,767	14,265,458
Debt service				
Principal	7,879,427	7,717,072	7,864,857	7,944,662
Interest	2,036,399	1,751,382	1,539,788	1,778,091
Bond issuance costs	129,414	89,517	116,689	117,017
Total Expenditures	60,975,835	51,977,133	52,370,408	53,506,035
Deficiency of Revenues Under Expenditures	(1,102,605)	(3,585,434)	(7,530,963)	(7,641,525)
Other Financing Sources (Uses)				
Transfers in	10,853,015	9,885,897	10,101,559	6,148,460
Transfers out	(11,866,270)	(8,895,913)	(10,444,802)	(6,353,543)
Bonds issued	4,175,000	19,885,000	7,820,000	5,862,000
Premium on bonds issued	417,560	1,623,692	1,111,628	-
Total Other Financing Sources (Uses)	3,579,305	22,498,676	8,588,385	5,656,917
Net Change in Fund Balances	$ 2,476,700	$ 18,913,242	$ 1,057,422	$ (1,984,608)
Debt Service as a Percentage of Noncapital Expenditures	22.45%	22.57%	24.04%	22.59%

Table 5

Fiscal Year					
2019	2018	2017	2016	2015	2014
$ 22,200,713	$ 21,542,612	$ 20,023,327	$ 19,074,341	$ 17,507,555	$ 16,260,912
4,723,816	9,894,759	4,870,934	5,199,426	5,629,972	4,905,110
1,597,650	1,480,785	1,894,224	1,444,038	1,656,723	1,653,681
12,096,185	13,050,190	12,001,970	11,814,810	11,016,877	15,853,629
1,782,599	1,653,783	1,179,278	1,367,322	1,639,943	1,137,238
216,656	230,206	280,885	259,746	320,089	286,036
717,087	173,098	146,303	92,332	67,711	119,078
947,946	2,309,417	2,172,452	2,121,187	2,861,029	1,179,889
44,282,652	50,334,850	42,569,373	41,373,202	40,699,899	41,395,573
2,539,643	2,140,717	2,170,822	1,875,492	1,651,814	1,466,057
15,651,488	14,548,972	14,133,308	13,550,789	12,881,448	12,137,728
7,021,486	6,761,414	5,777,744	5,465,300	5,259,489	5,410,032
4,380,198	4,406,282	3,945,199	3,698,288	3,513,213	2,932,316
1,036,295	1,057,530	958,326	921,082	949,100	813,647
524,054	736,455	599,650	528,856	455,572	395,110
14,088,957	16,365,288	16,532,171	14,177,483	17,821,659	20,057,460
8,535,258	8,679,790	8,530,000	8,825,000	8,945,000	8,730,000
1,640,794	1,912,509	1,928,673	1,660,429	1,830,782	1,776,714
94,214	71,058	132,892	101,111	249,969	75,421
55,512,387	56,680,015	54,708,785	50,803,830	53,558,046	53,794,485
(11,229,735)	(6,345,165)	(12,139,412)	(9,430,628)	(12,858,147)	(12,398,912)
6,423,673	8,980,459	10,588,378	6,230,922	5,072,476	11,870,994
(3,171,936)	(6,556,023)	(7,936,164)	(3,668,406)	(3,854,634)	(8,558,279)
8,125,000	3,575,000	10,060,000	18,090,000	9,930,000	10,380,000
950,293	328,135	496,051	515,376	191,471	1,503,593
12,327,030	6,327,571	13,208,265	21,167,892	11,339,313	15,196,308
$ 1,097,295	$ (17,594)	$ 1,068,853	$ 11,737,264	$ (1,518,834)	$ 2,797,396
24.33%	25.99%	26.85%	28.32%	30.07%	30.44%

City of Mankato, Minnesota
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6A

Fiscal Year	Property Taxes	Tax Increments	Vehicle Excise Tax	Hotel-Motel Tax	Gambling Tax	Franchise Tax	Local Option Sales Tax	Total
2023	$ 22,340,928	$ 640,387	* $ 256,570	$ 745,635	$ 189,726	$ 1,632,478	* $ 7,240,612	$ 33,046,336
2022	20,768,827	644,580	-	745,907	178,401	1,656,760	-	23,994,475
2021	20,321,512	619,994	-	523,556	151,197	1,655,330	-	23,271,589
2020	19,913,908	661,713	-	368,056	108,828	1,781,463	-	22,833,968
2019	19,101,968	627,138	-	663,858	118,459	1,689,290	-	22,200,713
2018	18,540,500	641,008	-	639,651	106,776	1,614,677	-	21,542,612
2017	17,073,211	609,308	-	616,818	96,069	1,627,921	-	20,023,327
2016	16,291,832	576,736	-	534,709	88,192	1,582,872	-	19,074,341
2015	15,052,263	436,701	-	546,573	70,730	1,401,288	-	17,507,555
2014	14,407,960	381,427	-	477,105	56,947	937,473	-	16,260,912

* During 2023 the City broke out the Mayo Clinic Health Systems Event Center fund and the Local Option Sales Tax Fund.
The Local Option Sales Tax fund was changed to be presented as governmental.

Proprietary Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Table 6B

Fiscal Year	Property Taxes	Tax Increments	Food and Beverage Tax	Hotel-motel Tax	Vehicle Excise Tax	Local Option Sales Tax	Total
2023	$ 780,000	$ 778,716	$ 939,769	$ -	* $ -	* $ -	$ 2,498,485
2022	530,000	642,735	848,957	-	218,450	6,797,568	2,021,692
2021	530,000	549,616	751,768	31	255,955	6,036,921	1,831,415
2020	480,000	460,930	629,718	1,571	232,950	5,226,217	1,572,219
2019	390,000	292,897	782,920	-	255,480	5,365,430	1,465,817
2018	390,000	242,657	739,741	-	246,060	5,387,494	1,372,398
2017	390,000	279,095	775,938	-	227,440	5,175,401	1,445,033
2016	392,000	288,074	758,101	-	211,960	5,097,531	1,438,175
2015	392,000	273,850	868,954	-	219,240	5,390,465	1,534,804
2014	392,000	75,831	754,135	-	217,300	4,925,499	1,221,966

City of Mankato, Minnesota
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 7

Fiscal Year Ended December 31,	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value (1) as a Percentage of Actual Value
	Residential Property	Commercial Property						
2023	$ 39,915,223	$ 24,178,470	$ 524,169	$ -	$64,617,862	38.130	$5,176,955,700	1.25 %
2022	33,812,860	21,967,086	558,847	-	56,338,793	41.880	4,527,969,800	1.24
2021	27,727,899	20,890,271	477,778	-	49,095,948	44.100	3,944,291,600	1.24
2020	26,480,184	20,908,182	892,600	-	48,280,966	44.400	3,808,249,500	1.27
2019	25,418,645	20,894,668	835,871	-	47,149,184	44.060	3,702,533,000	1.27
2018	23,924,662	20,791,850	843,674	-	45,560,186	44.000	3,554,406,700	1.28
2017	22,512,708	20,497,055	811,087	-	43,820,850	43.820	3,405,370,800	1.29
2016	20,340,351	19,958,545	754,176	-	41,053,072	43.730	3,183,113,900	1.29
2015	19,253,456	19,075,301	613,716	43,134	38,899,339	43.620	3,034,101,000	1.28
2014	17,785,746	16,644,681	591,542	42,846	34,979,123	44.060	2,680,987,800	1.31
							2,604,050,400	

Source: Blue Earth County Administrative Services

Note: Property in the County is reassessed annually. The county assesses property at approximately 75 percent of actual value for all types of real and personal property. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per $1,000 of assessed value.

(1) Includes tax-exempt property.

City of Mankato, Minnesota
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Mankato			Overlapping Rates County		
	Operating	Debt Service	Total City	City	Debt Service	Total County
2024	29.41 %	8.72 %	38.13 %	32.28 %	2.19 %	34.47 %
2023	32.21	9.67	41.88	35.67	2.55	38.22
2022	33.66	10.44	44.10	39.27	2.99	42.26
2021	33.75	10.65	44.40	39.35	3.08	42.43
2020	32.95	11.11	44.06	38.94	3.09	42.03
2019	32.18	11.82	44.00	38.34	3.24	41.58
2018	31.09	12.73	43.82	38.50	1.42	39.92
2017	30.35	13.38	43.73	37.54	1.49	39.03
2016	29.17	14.45	43.62	36.29	1.78	38.07
2015	29.19	14.87	44.06	35.40	1.77	37.17

Source: Blue Earth County Administrative Services

Table 8

Overlapping Rates						
School District			Region 9			
Operating	Debt Service	Total School	Special Districts	Total Direct Rates	Total Overlapping Rates	Total Direct and Overlapping Rates
8.02 %	14.62 %	22.64 %	0.14 %	38.13 %	57.25 %	95.38 %
9.60	10.04	19.64	0.15	41.88	58.01	99.89
11.59	10.66	22.25	0.18	44.10	64.69	108.79
10.56	10.86	21.42	0.18	44.40	64.03	108.43
11.05	10.67	21.72	0.17	44.06	63.92	107.98
10.93	11.49	22.42	0.17	44.00	64.17	108.17
9.81	12.42	22.23	0.17	43.82	62.32	106.14
9.91	12.49	22.40	0.17	43.73	61.60	105.33
10.36	13.74	24.10	0.16	43.62	62.33	105.95
10.21	12.36	22.57	0.16	44.06	59.90	103.96

City of Mankato, Minnesota
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 9

Taxpayer	Type of Business	2023 Taxable Assessed Value	2023 Rank	2023 Percentage of Total Taxable Assessed Value	2014 Taxable Assessed Value	2014 Rank	2014 Percentage of Total Taxable Assessed Value
Xcel Energy	Utility	$ 973,562	1	1.51 %	$1,109,068	1	3.17 %
KB Mankato LLC	Apartments	764,825	2	1.18	-		-
EWR Mankato Woodside LLC	Apartments	721,236	3	1.12	-		-
River Hills Mall	Shopping Center	678,846	4	1.05	985,164	2	2.82
Highland Hills of Mankato	Apartments	651,925	5	1.01	376,164	3	1.08
Ringheim Family Limited Partnership	Apartments	623,704	6	0.97	-		-
Wal-Mart Stores, Inc.	Retail	531,754	7	0.82	199,702	11	0.57
PDL Leasing LLC	Manufacturing	481,442	8	0.75	189,898	13	0.54
BT Mankato Student Housing	Apartments	479,104	9	0.74	-		-
Monks Road Associates	Apartments	456,883	10	0.71	258,549	6	0.74
Kearney Properties LTD	Retail	380,734	11	0.59	311,064	4	0.89
Tailwind Mankato Heights LLC	Commercial Real Estate	370,028	12	0.57	-		-
Mankato Clinic LTD	Medical	360,038	13	0.56	187,800	15	0.54
Minnesota Gas Company	Utility	353,798	14	0.55	-		-
Archer-Daniels Midland	Soybean Processor	296,188	15	0.46	283,084	5	0.81
ISJ Mayo Heealth systems	Hospital				232,851	7	0.67
Harvest States	Agriculture				227,146	8	0.65
Menard, Inc.	Hardware Distribution				215,298	9	0.62
Verizon Communications	Wirless Communications				208,672	10	0.60
City of Mankato	Govenrment				196,515	12	0.56
JL Partnership	Commercial Real Estate				188,574	14	0.54
Total		$ 8,124,067		12.57 %	$5,169,549		14.78 %

Source: Blue Earth County Administrative Services

City of Mankato, Minnesota
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	$ 23,025,000	$ 22,962,514	99.7 %	$ -	$ 22,962,514	99.7 %
2022	21,297,966	21,089,503	99.0	179,229	21,268,732	99.9
2021	20,798,000	20,722,942	99.6	61,217	20,784,159	99.9
2020	20,325,000	20,212,950	99.4	108,092	20,321,042	100.0
2019	19,652,000	19,383,695	98.6	265,291	19,648,986	100.0
2018	18,839,000	18,624,837	98.9	212,220	18,837,057	100.0
2017	17,600,000	17,451,332	99.2	146,496	17,597,828	100.0
2016	16,620,000	16,448,430	99.0	168,448	16,616,878	100.0
2015	15,132,325	15,019,204	99.3	110,186	15,129,390	100.0
2014	14,536,325	14,359,049	98.8	174,397	14,533,446	100.0

City of Mankato, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	General Obligation Bonds	G.O. Tax Increment Bonds	G.O. Special Assessment Bonds	G.O. Sales Tax Bonds	Loans Payable	Financed Purchase Arrangements
2023	$ 957,928	$ 2,525,000	$ 49,802,789	$ 12,856,781	$ 3,488	$ 1,574,446
2022	1,401,484	2,665,000	52,819,418	-	19,449	1,779,912
2021	1,916,896	2,805,000	51,485,533	-	31,699	1,978,734
2020	2,507,359	2,940,000	49,947,431	-	54,160	2,171,130
2019	3,178,171	3,075,000	51,433,120	-	62,637	2,357,315
2018	3,933,206	3,205,000	50,196,499	-	72,716	2,537,494
2017	4,734,909	3,335,000	54,425,620	-	-	2,555,000
2016	5,543,513	3,498,999	54,274,648	-	-	-
2015	5,395,081	3,658,028	44,764,042	-	-	-
2014	5,146,438	472,118	47,237,128	-	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Table 11

Business-type Activities						
Utility Bonds	General Obligation Revenue Bonds	Loans Payable	Lease Payable	Total Primary Government	Percentage of Personal Income	Per Capita
$20,511,738	$ -	$ 118,500	$ 41,622	$ 88,392,292	N/A %	$ 1,946
26,380,712	-	119,316	-	85,185,291	2.27	1,887
24,852,565	-	157,716	-	83,228,143	2.32	1,862
30,803,379	-	196,116	-	88,619,575	2.60	1,996
35,995,919	-	234,516	98,377	96,435,055	3.00	2,213
42,464,892	-	272,916	292,840	102,975,563	3.42	2,396
46,782,462	2,828,353	468,183	484,284	115,613,811	3.96	2,701
51,152,377	5,127,025	573,799	858,308	121,028,669	4.33	2,900
56,032,854	5,127,025	646,778	-	115,623,808	3.99	2,807
42,204,686	4,272,693	719,757	-	100,052,820	3.70	2,456

City of Mankato, Minnesota
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities	Total General Obligation Debt	Less: Amounts Paid from Proprietary Revenue	Less: Amounts Available in Debt Service Fund	Total
	General Obligation Bonds	G.O. Tax Increment Bonds	G.O. Special Assessment Bonds	General Obligation Revenue Bonds				
2023	$ 957,928	$ 2,525,000	$49,802,789	$ -	$53,285,717	$ -	$15,698,355	$37,587,362
2022	1,401,484	2,665,000	52,819,418	-	56,885,902	-	17,863,187	39,022,715
2021	1,916,896	2,805,000	51,485,533	-	56,207,429	-	17,015,848	39,191,581
2020	2,507,359	2,940,000	49,947,431	-	55,394,790	-	17,552,199	37,842,591
2019	3,178,171	3,075,000	51,433,120	-	57,686,291	-	16,688,784	40,997,507
2018	3,933,206	3,205,000	50,196,499	-	57,334,705	-	17,714,358	39,620,347
2017	4,734,909	3,335,000	54,425,620	2,828,353	65,323,882	2,828,353	10,142,782	52,352,747
2016	5,543,513	3,498,999	54,274,648	5,127,025	68,444,185	5,127,025	8,038,134	55,279,026
2015	5,395,081	3,658,028	44,764,042	5,127,025	58,944,176	5,127,025	9,160,123	44,657,028
2014	5,146,438	472,118	47,237,128	4,272,693	57,128,377	4,272,693	12,015,965	40,839,719

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
There are no amounts available or restricted in debt service funds for payment of general bonded debt.

Table 12

Percentage of Estimated Actual Taxable Value of Property	Net Bonded Per Capita
0.73 %	$ 827
0.86	864
0.99	877
0.99	853
1.11	941
1.11	922
1.54	1,223
1.74	1,325
1.47	1,084
1.52	1,002

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City of Mankato, Minnesota
Computation of Direct and Overlapping Debt
December 31, 2023

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Mankato	$ 67,720,432	100.00 %	$ 67,720,432
Overlapping Debt			
Blue Earth County	6,458,967	48.89	3,157,789
Nicollet County	9,260,000	0.12	11,112
Independent School Dist. 77	109,964,000	77.37	85,079,147
Total Overlapping Debt	125,682,967		88,248,048
Total Direct and Overlapping Debt	$ 193,403,399		$ 155,968,480

(1) Source: Blue Earth County Administrative Services
(2) Source: Nicollet County Auditor
(3) Source: I.S.D. #77

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

City of Mankato, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Debt Limit	$ 155,308,671	$ 135,839,094	$ 118,328,748	$ 114,247,485	$ 111,075,990
Total Net Debt Applicable to Limit	957,928	1,401,484	1,916,896	2,507,359	3,178,171
Legal Debt Margin	$ 154,350,743	$ 134,437,610	$ 116,411,852	$ 111,740,126	$ 107,897,819
Total Net Debt Applicable to the Limit	0.62%	1.03%	1.62%	2.19%	2.86%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value - Nonexempt	$ 64,617,862
Assessed Value - Exempt	-
Total Assessed Value	64,617,862
Debt Limit (3 Percent of Total Assessed Value)	155,308,671
Debt Applicable to Limit	
General obligation bonds	957,928
Legal Debt Margin	$ 154,350,743

Note: Under state finance law, the City of Mankato's outstanding general obligation debt should not exceed 3 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 14

2018	2017	2016	2015	2014
$ 106,632,201	$ 102,161,124	$ 95,493,417	$ 91,023,030	$ 83,178,351
3,933,206	4,734,909	5,543,513	5,395,081	5,146,438
$ 102,698,995	$ 97,426,215	$ 89,949,904	$ 85,627,949	$ 78,031,913
3.69%	4.63%	5.81%	5.93%	6.19%

City of Mankato, Minnesota
Pledged-Revenue Coverage - Utility Revenue Bonds
Last Ten Fiscal Years

Table 15A

Year	Utility Revenue Bonds						
	Gross Revenue	Direct Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements [1] Principal	Interest	Total	Coverage
2023	$20,702,352	$ 11,197,635	$ 9,504,717	$ 3,852,500	$ 768,514	$ 4,621,014	2.06
2022	19,763,355	10,160,472	9,602,883	3,720,250	763,377	4,483,627	2.14
2021	19,200,161	8,557,548	10,642,613	3,706,000	783,964	4,489,964	2.37
2020	17,897,333	8,619,710	9,277,623	3,638,500	755,798	4,394,298	2.11
2019	17,261,085	8,117,186	9,143,899	5,318,688	815,435	6,134,123	1.49
2018	15,656,034	8,058,515	7,597,519	5,222,727	974,742	6,197,469	1.23
2017	14,656,386	8,504,034	6,152,352	5,314,484	1,364,582	6,679,066	0.92
2016	13,850,842	7,913,925	5,936,917	4,996,544	1,350,409	6,346,953	0.94
2015	17,166,230	11,325,392	5,840,838	4,859,978	1,270,239	6,130,217	0.95
2014	16,257,803	10,248,379	6,009,424	4,485,502	1,316,858	5,802,360	1.04

Source: City of Mankato Financial Records.
Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Sewer charges and other includes investment earnings but not tap fees. Operating expenses do not include interest or depreciation.

(1) The revenues of the utility are pledged to payment of debt service but bonds are backed by the full faith and credit of the City.
(2) Does not include depreciation.

City of Mankato, Minnesota
Pledged-Revenue Coverage - Local Option Sales Tax
Last Ten Fiscal Years

Table 15B

	Local Option Sales Tax Revenue Bonds						
				Debt Service Requirements[2]			
Year	Revenues[1 and 4]	Direct Operating Expenses[3]	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2023	$ 11,806,774	$ 6,879,654	$ 4,927,120	$ 2,565,000	$ 326,737	$ 2,891,737	1.70
2022	11,682,681	6,895,365	4,787,316	2,080,000	261,728	2,341,728	2.04
2021	10,106,899	4,938,827	5,168,072	6,500,000	202,299	6,702,299	0.77
2020	7,973,402	3,435,875	4,537,527	1,970,000	288,908	2,258,908	2.01
2019	12,023,319	7,287,051	4,736,268	1,685,000	386,221	2,071,221	2.29
2018	10,297,601	5,580,697	4,716,904	2,495,000	472,285	2,967,285	1.59
2017	10,108,718	5,860,481	4,248,237	2,200,000	576,892	2,776,892	1.53
2016	9,499,310	5,690,259	3,809,051	1,035,000	661,063	1,696,063	2.25
2015	8,712,210	5,455,506	3,256,704	1,035,000	575,318	1,610,318	2.02
2014	7,197,628	4,702,516	2,495,112	1,010,000	131,325	1,141,325	2.19

Source: City of Mankato Financial Records.

(1) Revenues include sales tax revenue.
(2) The revenues of the Mayo Clinic Health Systems Event Center are pledged to payment of debt service, but bonds are backed by the full faith and credit of the City.
(3) Does not include depreciation.
(4) Net of cost of goods sold.
(5) Does not include variable civic center bonds.

City of Mankato, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 16

Fiscal Year	Population	Personal Income	Median Household Income	Median Age	School Enrollment	Unemployment Rate
2023	45,428	N/A	$ 56,772	26.4	8,007	2.2 %
2022	45,140	$ 3,754,298,414	56,274	26.4	8,102	1.9
2021	44,693	3,590,230,176	50,183	26.4	8,375	3.4
2020	44,389	3,406,392,256	44,713	27.0	8,439	5.3
2019	43,567	3,209,204,319	44,076	27.0	8,685	2.6
2018	42,986	3,008,501,655	43,165	27.0	8,568	2.4
2017	42,799	2,917,818,540	40,484	27.0	8,780	3.0
2016	41,727	2,795,045,681	39,212	27.0	8,381	3.1
2015	41,198	2,895,018,752	39,012	27.0	8,076	3.2
2014	40,743	2,706,198,400	37,835	27.0	7,718	3.6

Source: Department of Planning - City of Mankato.
Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal incor information is a total for the year. The personal income date is from Blue Earth County and not available for individual communities within Country. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the schoo

City of Mankato, Minnesota
Principal Employers
Current Year and Nine Years Ago

Table 17

	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Minnesota State University, Mankato	1,600	1	6.01 %	1,700	2	6.69 %
Immanuel St. Joseph's - Mayo Health System	1,300	2	4.88	2,200	1	8.66
Independent School District 77	1,200	3	4.50	1,400	3	5.51
Walmart Distribution Center	494	4	1.85	-		-
Mankato Clinic	425	5	1.60	682	5	2.68
MRCI Industrial Operation	375	6	1.41	905	4	3.56
Blue Earth County	365	7	1.37	415	8	1.63
Johnson Outdoors-Mankato	329	8	1.23	-		-
MTU Onsite Energy	300	9	1.13	342	10	1.35
City of Mankato	230	10	0.86	352	9	1.39
Monarch Healthcare Management (Formerly Thro Co)	-		-	650	6	2.56
Verizon Wireless	-		-	540	7	2.13
Total	6,618		24.84 %	9,186		36.16 %

Source: State Department of Commerce.

City of Mankato, Minnesota
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31				
	2023	2022	2021	2020	2019
General government	-	-	-	-	-
Public safety					
Administration	17	17	11	8	9
Police	73	68	71	72	74
Fire	17	16	17	18	19
Emergency management	-	-	-	1	1
Building inspectors	4	3	4	4	4
Streets and highways					
Engineering	11	10	11	11	11
Maintenance	17	14	15	12	15
Culture and recreation					
Parks	11	10	15	13	15
Housing and economic development	19	19	17	18	17
Water	17	19	17	15	17
Sewer	20	17	15	20	21
Utility administration	2	2	2	2	2
Storm water	3	6	4	4	4
Transit	44	43	48	42	41
Airport	2	1	2	2	3
Parking	1	1	2	1	1
Civic center	19	19	16	8	16
Garage	9	13	10	14	13
Facilities operations	3	-	-	-	-
Administrative services	34	35	36	35	38
Total	323	313	313	300	321

Source: Human Resources Department

Table 18

Full-time Equivalent Employees as of December 31

2018	2017	2016	2015	2014
-	-	1	3	3
7	8	8	8	8
76	67	77	63	55
20	18	18	18	17
1	1	1	1	1
5	4	4	4	4
10	13	17	12	12
15	14	15	14	14
15	13	12	12	12
19	17	13	14	14
15	17	17	15	14
22	18	21	20	20
3	3	5	5	5
3	3	3	3	3
34	30	39	31	25
3	2	2	2	2
1	1	-	-	-
12	9	7	8	8
14	12	9	10	9
-	-	-	-	-
37	34	31	31	28
312	284	300	274	254

City of Mankato, Minnesota
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year 2023	2022	2021	2020
Police				
Physical arrests	3,017	2,716	2,695	2,670
Parking violations	1,275	1,270	1,331	995
Traffic violations	1,675	1,254	1,482	1,232
Fire				
Number of calls answered	3,586	3,430	3,070	2,639
Inspections	212	110	128	35
Building Permits				
Residential	96	109	148	111
Industrial, construction and commercial	18	28	22	37
Highways and Streets				
Street resurfacing (miles)	0.72	1.34	0.82	0.36
Potholes repaired	1,535	921	791	803
Water				
New connections	219	275	207	187
Water main breaks	24	23	29	29

Sources: Various government departments.
Note: Indicators are not available for the general government function.

Table 19

Fiscal Year					
2019	2018	2017	2016	2015	2014
3,588	3,495	3,773	3,333	3,763	3,435
2,323	2,797	2,717	4,167	3,567	4,316
1,695	1,945	2,221	1,948	2,784	2,390
2,965	2,888	2,878	2,852	2,706	2,633
303	176	191	178	178	178
90	138	180	123	110	83
20	23	53	43	28	27
0.94	1.20	3.03	1.55	2.29	1.19
903	785	853	673	702	736
282	236	259	566	373	276
33	34	28	11	27	38

City of Mankato, Minnesota

Capital Asset Statistics by Function (Continued on the Following Pages)

Last Ten Fiscal Years

Function	Fiscal Year 2023	2022	2021	2020
Public safety				
Police				
Stations	1	1	1	1
Fire				
Stations	3	3	3	3
Hydrants	2,390	2,378	2,369	2,330
I.S.O. Rating	2	2	2	2
Public works				
Street division				
Miles of street	256.85	253.72	253.72	249.45
Lane miles of street	597.21	591.02	591.02	583.76
Percent of paved streets	100%	100%	100%	100%
Miles of alleys	23.07	23.07	23.07	23.07
Signalized intersections	59	59	59	59
Parks division				
Neighborhood parks	28	24	24	23
Area in acres	129.03	129.03	129	129
Regional parks	10	9	9	9
Area in acres	575.61	575.61	576	576
Arena/civic center	1 with 6,800 seating capacity	1 with 6,800 seating capacity	1 with 6,800 seating capacity	1 with 6,800 seating capacity
Baseball diamonds	8	7	7	7
Basketball courts	13	10	10	10
Bike trails in miles	26	25.59	26	26
Campground	1w/39 sites	1w/39 sites	1w/39 sites	1w/39 sites
Hockey rinks/outdoor	4	3	3	3
Softball diamonds	12	13	13	13
Swimming areas	2	2	2	2
Tennis courts	6	6	6	6
Volleyball courts	1	4	4	4
Pickelball courts	12	6	6	6
Utilities				
Municipal water				
Type of treatment	Lime softening	Lime softening	Lime softening	Lime softening
Consumers				
Residential	12,038	11,905	11,765	11,655
Commercial	1,124	1,111	1,095	996
Industrial	159	138	139	138
Government	283	287	286	296
Average daily consumption in gallons	5,303,000	5,313,000	5,163,000	4,968,000
Maximum daily consumption	8,420,000	8,420,000	8,440,000	7,747,000
Maximum production capacity	12,000,000	12,000,000	12,000,000	12,000,000
Storage capacity	10,900,000	10,900,000	10,900,000	10,900,000
Miles of water main	272	270	269	265

Table 20

Fiscal Year					
2019	2018	2017	2016	2015	2014
1	1	1	1	1	1
3	3	3	3	3	3
2,293	2,285	2,271	2,255	2,192	2,164
2	3	3	3	3	3
249.45	243.06	241.77	238.35	238.35	202.30
583.76	844.58	838.89	834.73	834.73	692.04
100%	100%	100%	100%	100%	100%
23.07	23.07	23.12	23.12	23.12	23.12
59	59	59	59	59	61
24	23	23	23	23	21
154	148	148	148	148	137
7	7	7	7	7	7
472	472	472	472	472	472
1 with 6,800 seating capacity	1 with 6,800 seating capacity	1 with 6,800 seating capacity	1 with 6,800 seating capacity	1 with 4,800 seating capacity	1 with 4,800 seating capacity
12	12	12	12	12	12
10	10	10	10	10	10
18	18	18	18	18	18
1w/39 sites	1w/39 sites	1w/39 sites	1w/39 sites	1w/39 sites	1 with 39 sites
3	3	3	3	3	3
8	8	8	8	8	8
2	2	2	2	2	2
6	6	6	6	6	6
4	4	4	4	4	4
6	6	6	6	6	6
Lime softening	Lime softening	Lime softening	Lime softening	Lime softening	Lime softening
11,536	11,461	11,340	11,102	10,417	10,200
1,065	1,336	1,507	1,499	1,444	1,399
127	178	51	17	17	17
286	414	352	259	230	229
5,088,000	4,972,000	4,886,000	4,811,928	-	5,051,381
6,815,000	7,453,000	7,380,000	7,113,000	7,665,000	8,026,000
12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
10,900,000	10,900,000	10,900,000	10,900,000	10,900,000	10,900,000
261	259	257	256	251	247

City of Mankato, Minnesota
Capital Asset Statistics by Function (Continued)
Last Ten Fiscal Years

Function	Fiscal Year 2023	2022	2021	2020
Utilities - Continued				
Municipal water treatment				
Type of treatment	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion
Users				
City of Mankato, gal/year	2,061,563,054	2,020,109,268	1,997,368,341	2,104,635,277
City of North Mankato, gal/year	439,903,817	428,301,815	440,149,231	525,603,223
City of Eagle Lake, gal/year	53,607,636	46,042,536	58,429,428	108,673,600
South Bend Township, gal/year	10,741,661	11,706,248	12,109,979	12,783,800
LWSSD- Lake Washington, gal/year	34,064,011	31,452,712	21,546,050	30,507,231
LWSSD- Duck/ Balantyne, gal/year	10,345,000	11,235,200	10,171,000	10,067,069
Skyline, gal/year	10,771,400	8,833,100	7,135,600	8,210,300
Madison Lake, gal/year	53,711,421	48,622,221	34,406,372	42,187,800
Average daily sewage treatment in gallons	7,244,000	7,139,000	7,107,000	7,169,000
Maximum design capacity (millions of gallons/da	11.25	11.25	11.25	11.25
Miles of sanitary sewer	219	218	217	213
Storm drains				
Lift stations	16	15	15	14
Holding ponds	96	96	96	82
Flood control pumping stations	5	5	5	5
Miles of storm drains	264	256	255	250
Ramps				
Ramps	6	6	6	6
Ramp spaces				
Mankato Place	596	596	596	596
Cherry Street	197	197	197	197
Civic Center	334	334	334	334
Second Street	179	179	179	179
Public Safety Center	56	56	56	56
City Center	315	315	315	315
Total ramp spaces	1,677	1,677	1,677	1,677
Employees				
Supervisors				
Union employees	179	160	163	158
Other employees	198	153	150	164
Total employees	377	313	322	312

Source: City of Mankato Financial Records.
Note: No capital asset indicators are available for the general government function.

Table 20 (Continued)

Fiscal Year					
2019	2018	2017	2016	2015	2014
Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion	Activated sludge and anaerobic digestion
2,734,290,400	2,392,197,208	2,114,450,000	2,398,963,855	2,326,311,000	2,348,652,000
629,146,900	549,309,292	509,051,000	547,156,211	408,810,000	422,613,000
110,923,400	119,076,500	107,551,000	98,229,900	80,312,000	87,963,000
20,665,600	17,306,000	16,060,000	18,058,897	13,538,000	14,929,000
31,766,926	21,189,562	19,220,500	19,853,237	18,023,000	19,056,000
9,781,000	9,549,000	8,911,000	9,499,500	8,986,000	2,727,000
8,175,300	8,439,200	7,886,000	8,143,400	8,104,000	8,904,000
44,147,100	39,890,000	35,739,000	36,551,000	33,901,000	34,436,000
9,812,000	8,646,420	7,719,800	8,570,000	7,939,685	8,052,822
11.25	11.25	11.25	11.25	11.25	11.25
211	209	207	206	203	201
14	14	14	13	13	13
82	82	82	80	78	78
5	5	5	5	5	5
247	245	244	242	240	238
6	6	6	6	6	5
596	596	596	596	596	596
197	197	197	197	197	170
334	334	334	334	334	449
179	179	179	179	179	197
56	56	56	56	56	56
315	315	315	315	315	-
1,677	1,677	1,677	1,677	1,468	1,468
156	163	145	144	144	134
156	148	144	144	144	130
311	289	288	288	264	264

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SCHEDULES OF SOURCES AND USES OF PUBLIC FUNDS (UNAUDITED)

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (South Riverfront Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: South Riverfront - Fund 4110

Type of District: Redevelopment

Original Net Tax Capacity	$ 39,819
Current Net Tax Capacity	127,355
Captured Net Tax Capacity	$ 87,536
Retained By Authority	$ 87,536

	Modified Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Assessments	$ 365,000	$ 233,120	$ -	$ 131,880
Tax Increments Received	2,305,937	1,938,158	87,136	280,643
State Grant	280,000	282,260	-	(2,260)
City Utility Fund	195,000	135,560	-	59,440
Total Sources of Funds	3,145,937	2,589,098	87,136	469,703
Uses of Funds				
Acquisition	275,750	232,616	-	43,134
Relocation	-	414,568	-	(414,568)
Site Improvements	35,000	31,679	-	3,321
Public Utilities	491,168	491,168	-	-
Public Streets	1,963,813	1,568,917	-	394,896
Interest	330,206	283,041	-	47,165
Administrative Cost	50,000	50,000	-	-
Total Uses of Funds	3,145,937	3,071,989	-	73,948
District Balance (Or Deficiency)	-	(482,891)	87,136	395,755
Funds Remaining (Or Deficit)	$ -	$ (482,891)	$ 87,136	$ (395,755)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Sibley Parkway Phase I Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 33-1 Sibley Parkway Phase I - Fund 4050

Type of District: Redevelopment

Original Net Tax Capacity	$ 29,959
Current Net Tax Capacity	174,061
Captured Net Tax Capacity	$ 144,102
Retained By Authority	$ 144,102

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Bond Proceeds	$ 350,000	$ 1,270,477	$ -	$ (920,477)
Market Value Homestead Credit	-	54	-	(54)
Tax Increment Received	6,848,154	751,970	132,133	5,964,051
Assessments	288,240	10,213	-	278,027
Grants	1,000,000	918,000	-	82,000
City Storm Water Utility Fund	388,000	354,285	-	33,715
City Water Utility Fund	334,660	865,435	-	(530,775)
Miscellaneous Revenue	-	2,565	-	(2,565)
Total Sources of Funds	9,209,054	4,172,999	132,133	4,903,922
Uses of Funds				
Public Utilities	433,821	362,807	-	71,014
Storm Drainage & Rerouting	409,036	404,925	-	4,111
Public Streets	1,416,114	1,735,759	-	(319,645)
Lighting/plantings/sidewalk	542,313	541,515	-	798
Redevelopment Costs	971,518	609,277	-	362,241
Developer Cost Reimbursements	-	228,986	66,533	(295,519)
Closure of Lime Pond	334,660	459,370	-	(124,710)
Riverbank Stabilization	450,000	242,202	-	207,798
Finance Costs	3,934,080	441,672	24,728	3,467,680
Administrative Costs	717,512	45,427	6,607	665,478
Total Uses of Funds	9,209,054	5,071,940	97,868	4,039,246
District Balance (Or Deficiency)	-	(898,941)	34,265	864,676
Funds Remaining (Or Deficit)	$ -	$ (898,941)	$ 34,265	$ (864,676)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Graif Building Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 34-1 Graif Building - Fund 4060

Type of District: Redevelopment

Original Net Tax Capacity	$ 14,750
Current Net Tax Capacity	42,192
Captured Net Tax Capacity	$ 27,442
Retained By Authority	$ 27,442

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 332,339	$ 332,706	$ 24,814	$ (25,181)
Interest on Invested Funds	-	39	-	(39)
Total Sources of Funds	332,339	332,745	24,814	(25,220)
Uses of Funds				
Site Improvements	312,399	252,352	21,232	38,815
Administrative Costs	19,940	19,940	-	-
Total Uses of Funds	332,339	272,292	21,232	38,815
District Balance (Or Deficiency)	-	60,453	3,582	(64,035)
Funds Remaining (Or Deficit)	$ -	$ 60,453	$ 3,582	$ 64,035

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Mankato Design / Busters Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 35-1 Mankato Design / Busters - Fund 4070

Type of District: Redevelopment

Original Net Tax Capacity	$ 29,250
Current Net Tax Capacity	59,924
Captured Net Tax Capacity	$ 30,674
Retained By Authority	$ 30,674

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 409,149	$ 254,379	$ 27,738	$ 127,032
Total Sources of Funds	409,149	254,379	27,738	127,032
Uses of Funds				
Streets and Sidewalks	216,403	176,165	19,047	21,191
Interest	172,289	99,679	2,293	70,317
Administrative Costs	20,457	12,719	1,387	6,351
Total Uses of Funds	409,149	288,563	22,727	97,859
District Balance (Or Deficiency)	-	(34,184)	5,011	29,173
Funds Remaining (Or Deficit)	$ -	$ (34,184)	$ 5,011	$ (29,173)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Habitat For Humanity Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 33-2 Habitat for Humanity - Fund 6800

Type of District: Housing

Original Net Tax Capacity	$ 4,073
Current Net Tax Capacity	24,724
Captured Net Tax Capacity	$ 20,651
Retained By Authority	$ 20,651

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 289,913	$ 101,790	$ 19,813	$ 168,310
Uses of Funds				
Public Utilities	275,417	95,409	14,348	165,660
Administrative Costs	14,496	5,090	991	8,415
Total Uses of Funds	289,913	100,499	15,339	174,075
District Balance (Or Deficiency)	-	1,291	4,474	(5,765)
Funds Remaining (Or Deficit)	$ -	$ 1,291	$ 4,474	$ 5,765

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (HECO Building Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 37-1 Heco Building - Fund 4090

Type of District: Redevelopment

Original Net Tax Capacity	$ 38,952
Current Net Tax Capacity	80,137
Captured Net Tax Capacity	$ 41,185
Retained By Authority	$ 41,185

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 853,085	$ 314,002	$ 39,416	$ 499,667
Total Sources of Funds	853,085	314,002	39,416	499,667
Uses of Funds				
Redevelopment Costs	250,000	187,700	-	62,300
Parking Facilities	167,539	167,539	-	-
Interest	390,865	98,047	5,900	286,918
Administrative Costs	44,681	15,703	1,971	27,007
Total Uses of Funds	853,085	468,989	7,871	376,225
District Balance (Or Deficiency)	-	(154,987)	31,545	123,442
Funds Remaining (Or Deficit)	$ -	$ (154,987)	$ 31,545	$ (123,442)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Door Mfg - Imperial Plastics, Inc. Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 38-1 Imperial Plastics, Inc. - Fund 6800

Type of District: Economic Development

Original Net Tax Capacity	$ 2,686
Current Net Tax Capacity	177,270
Captured Net Tax Capacity	$ 174,584
Retained By Authority	$ 174,584

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 1,026,276	$ 1,367,026	$ 173,784	$ (514,534)
Total Sources of Funds	1,026,276	1,367,026	173,784	(514,534)
Uses of Funds				
Site Improvements	471,684	411,769	68,632	(8,717)
Public Iprovements and Utilites	250,250	-		250,250
Interest	253,028	124,924	2,560	125,544
Administrative Costs	51,314	48,173	3,141	-
Tax Increment Remitted to County	-	682,991	99,169	(782,160)
Total Uses of Funds	1,026,276	1,267,857	173,502	(415,083)
District Balance (Or Deficiency)	-	99,169	282	(99,451)
Funds Remaining (Or Deficit)	$ -	$ 99,169	$ 282	$ 99,451

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (South Front Street -Tailwind Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 39-1 South Front Street - Tailwind - Fund 4100 / 3010

Type of District: Redevelopment

Original Net Tax Capacity	$ 58,917	
Current Net Tax Capacity	388,566	
Captured Net Tax Capacity	$ 329,649	
Retained By Authority	$ 329,649	

Total General Obligation Tax Increment	
Bonds Issued	$ 3,335,000
Amounts Redeemed	810,000
Outstanding bonds at 12/31/20	$ 2,525,000

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Bond Proceeds	$ 3,335,000	$ 3,335,000	$ -	$ -
Tax Increment Received	7,407,032	2,015,227	328,142	5,063,663
Total Sources of Funds	10,742,032	5,350,227	328,142	5,063,663
Uses of Funds				
Site Improvements	695,000	-	-	695,000
Public Infrastructure	-	250,000	-	(250,000)
Public Parking Ramp/Lots	3,181,535	3,085,000	-	96,535
Bond Payments				
Principal	3,335,000	670,000	140,000	2,525,000
Interest	3,160,143	734,558	89,393	2,336,192
Caplitalized Interest	-	51,263	-	(51,263)
Interest on Advance	-	7,190	-	(7,190)
Administrative Costs	370,354	136,325	12,500	221,529
Total Uses of Funds	10,742,032	4,934,336	241,893	5,565,803
District Balance (Or Deficiency)	-	415,891	86,249	(502,140)
Funds Remaining (Or Deficit)	$ -	$ 415,891	$ 86,249	$ 502,140

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (JWA Expansion Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 19-6 JWA Expansion - Fund 6800

Type of District: Economic Development

Original Net Tax Capacity	$ 189,936
Current Net Tax Capacity	440,944
Captured Net Tax Capacity	$ 251,008
Retained By Authority	$ 251,008

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 1,093,966	$ 368,906	$ 249,858	$ 475,202
Total Sources of Funds	1,093,966	368,906	249,858	475,202
Uses of Funds				
Site Improvements	758,591	262,291	106,863	389,437
Interest	308,026	93,248	11,650	203,128
Administrative Costs	27,349	9,223	1,519	16,607
Total Uses of Funds	1,093,966	364,762	120,032	609,172
District Balance (Or Deficiency)	-	4,144	129,826	(133,970)
Funds Remaining (Or Deficit)	$ -	$ 4,144	$ 129,826	$ 133,970

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Rosa Place Housing Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 40-1 Rosa Place Housing - Fund 6800

Type of District: Housing

Original Net Tax Capacity	$ 639
Current Net Tax Capacity	43,409
Captured Net Tax Capacity	$ 42,770
Retained By Authority	$ 42,770

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 926,971	$ 121,181	$ 42,574	$ 763,216
Total Sources of Funds	926,971	121,181	42,574	763,216
Uses of Funds				
Construction of affordable housing	559,080	(9,082)	10,756	557,406
Interest	321,542	124,205	29,689	167,648
Administrative Costs	46,349	6,058	2,129	38,162
Total Uses of Funds	926,971	121,181	42,574	763,216
District Balance (Or Deficiency)	-	-	-	-
Funds Remaining (Or Deficit)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Eide Bally Center Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 41-1 Eide Bally Center - Fund 6800

Type of District: Redevelopment

Original Net Tax Capacity	$ 13,702
Current Net Tax Capacity	179,702
Captured Net Tax Capacity	$ 166,000
Retained By Authority	$ 166,000

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 3,271,402	$ 334,504	$ 165,239	$ 2,771,659
Total Sources of Funds	3,271,402	334,504	165,239	2,771,659
Uses of Funds				
Site Improvements	3,107,832	317,779	156,977	2,633,076
Administrative Costs	163,570	16,725	8,262	138,583
Total Uses of Funds	3,271,402	334,504	165,239	2,771,659
District Balance (Or Deficiency)	-	-	-	-
Funds Remaining (Or Deficit)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Bridge Plaza Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 36-2 Bridge Plaza - Fund 6800

Type of District: Redevelopment

Original Net Tax Capacity	$ 8,957
Current Net Tax Capacity	105,922
Captured Net Tax Capacity	$ 96,965
Retained By Authority	$ 96,965

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 1,794,994	$ 111,126	$ 96,520	$ 1,587,348
Total Sources of Funds	1,794,994	111,126	96,520	1,587,348
Uses of Funds				
Site Improvements	1,082,607	13,084	37,350	1,032,173
Project Interest	622,637	92,486	54,344	475,807
Administrative Costs	89,750	5,556	4,826	79,368
Total Uses of Funds	1,794,994	111,126	96,520	1,587,348
District Balance (Or Deficiency)	-	-	-	-
Funds Remaining (Or Deficit)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Studio Five Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 42-1 Studio Five - Fund 6800

Type of District: Redevelopment

Original Net Tax Capacity	$ 25,176
Current Net Tax Capacity	46,352
Captured Net Tax Capacity	$ 21,176
Retained By Authority	$ 21,176

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 346,189	$ -	$ 21,079	$ 325,110
Total Sources of Funds	346,189	-	21,079	325,110
Uses of Funds				
Site Improvements	217,458	-	(5,650)	223,108
Project Interest	111,422	-	25,675	85,747
Administrative Costs	17,309	-	1,054	16,255
Total Uses of Funds	346,189	-	21,079	325,110
District Balance (Or Deficiency)	-	-	-	-
Funds Remaining (Or Deficit)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Lewis Lofts & Sinclair Flats Tax Increment), a Tax Increment Financing District
Year Ended December 31, 2023

Name of District: 45-1 Lewis Lofts & Sinclair Flats Housing - Fund 4160

Type of District: Redevelopment

Original Net Tax Capacity	$ -
Current Net Tax Capacity	-
Captured Net Tax Capacity	$ -
Retained By Authority	$ -

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 1,760,053	$ -	$ -	$ 1,760,053
State Grant	-	116,228	119,620	(235,848)
City Utility Fund	-	-	-	-
Total Sources of Funds	1,760,053	116,228	119,620	1,524,205
Uses of Funds				
Streets and Sidewalks	226,537	-	250,040	(23,503)
Site Improvements	1,042,000	-	-	1,042,000
Site Improvements-DEED Cleanup	-	116,228	119,620	
Project Interest	403,513	-	-	403,513
Administrative Costs	88,003	-	-	88,003
Total Uses of Funds	1,760,053	116,228	369,660	1,510,013
District Balance (Or Deficiency)	-	-	(250,040)	14,192
Funds Remaining (Or Deficit)	$ -	$ -	$ (250,040)	$ (250,040)

SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Mankato
Mankato, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mankato, Minnesota (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, 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 City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo
Mankato, Minnesota
June 6, 2024

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Mankato, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mankato, Minnesota (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reporting under *Government Auditing Standards*.

Purpose of this Report

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



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Mankato, Minnesota
June 6, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Council
City of Mankato
Mankato, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mankato's, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City 's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City 's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Mankato, Minnesota
June 6, 2024

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City of Mankato, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor	Pass-Through Grantor	Program Title	Assistance Listing Number	State or Other Contract Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Housing and Urban Development	Minnesota Department of Trade and Economic Development	Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawaii	14.228	HUD-CDBG	$ 521,334	
		Total CDBG Cluster				$ 521,334
U.S. Department of Transportation	Minnesota Department of Transportation	Metropolitan Transportation Planning	20.507	MN-2020-023, 026, 029, 037, 1051391	3,093,064	
		Total Federal Transit Cluster				3,093,064
U.S. Department of Agriculture	Minnesota Department of Agriculture	Urban and Community Forestry Program	10.675			36,000
U.S. Department of the Interior	Minnesota Historical Society	Historic Preservation Fund Grants-In-Aid	15.904			875
U.S. Department of Justice	Minnesota Department of Public Safety	Public Safety Partnership and Community Policing Grants	16.710			30,307
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	A701-110, 111, 116, 119, 121		2,538,909
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	137-138-001, 137-139-001		779,064
U.S. Department of Transportation	Minnesota Department of Transportation	Metropolitan Transportation Planning	20.505	1051587		299,431
U.S. Department of Transportation	Minnesota Department of Transportation	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			3,276
U.S. Department of Environmental Protection Agency	Direct	Brownfields Assessment and Cleanup Cooperative Agreements	66.818			110,652
U.S. Department of Health and Human Services	Minnesota Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959			2,050
U.S. Department of Treasury	Direct	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027C			1,870,340
	Total Expended					$ 9,285,302

City of Mankato, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mankato, Minnesota, (the City) for the year ended December 31, 2023. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on both the accrual basis and modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2023, the City did not elect to use the 10% de minimis indirect cost rate.

City of Mankato, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No

Identification of Major Programs/Projects	**CFDA No.**
Federal Transit Formula Grants - Federal Transit Cluster	20.507
Metropolitan Transportation Planning	20.505
COVID-19 - State and Local Fiscal Recovery Fund	21.027C

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.