CITY OF MANKATO
MANKATO, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018

PREPARED BY:

FINANCE DEPARTMENT

Daniel Scott
Director of Finance

Member GFOA of U.S. and Canada
Published June 18, 2019

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City of Mankato
Mankato, Minnesota
Comprehensive Annual Financial Report
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Introductory Section

INTRODUCTORY SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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June 18, 2019

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 comprehensive annual financial report of the City of Mankato (the City) for the fiscal year ended December 31, 2018.

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, Eick, & Meyers, 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, 2018 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 unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2018 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 require 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 42,986. 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 Department of Community Development service area provides services in the area of planning and zoning, building code enforcement and inspection, and economic development. 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 Housing & Urban Development (HUD) Public Housing, HUD Voucher Program, Minnesota Housing Finance Agency Programs (Home Stretch and Rental Rehab), 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 for economic development tools.

The Department also encompasses the Transit bus service for the community. The Transit services staffs 12 full-time and 42 part-time employees. The transit system began in 1976 and provides fixed route, dial-a-ride, and para-transit services throughout the City. Services are provided to Minnesota State University – Mankato through a contractual arrangement. The transit system provides 39,075 service hours to 697,142 riders. There are 9,099 mobility riders and 688,043 fixed route riders. There are 18 established transit routes.

The department is also responsible for the activity of the Metropolitan Planning Organization (MPO) for the community. The MPO employs one full-time staff member..

The Department of Public Safety - Police service area provides residents with a 57 member force that operates from the Public Safety Center. The City has a 24 member trained and licensed part-time force. In addition, the City has a 7 member police reserve unit. The department has three full-time community service officers and five part-time community service officers. In addition, the department has eight full-time administrative clerical positions and five part-time community service officers. The department is actively engaged in the concept of community orientated policing. The community orientated governance concept is now shared throughout the organization.

The Department of Public Safety - Fire service area has 18 full-time and 35 part-time personnel on staff in three fire stations throughout the community. The City also provides specialty services throughout the region in the form of a Chemical Assessment Team and Hazardous Materials Team. The community has an ISO fire insurance rating of 3.

The Department of Public Works - Street service area has 14 full-time personnel and three part-time positions. The department is responsible for maintaining 243 miles of streets with approximately 844 lane miles. In addition, the department provides maintenance for 245 miles of storm water infrastructure.

The Department of Public Works - Parks service area has 11 full-time staff. Parks Division maintains 23 parks that encompass 472 acres. The park facilities have 12 baseball diamonds, 10 basketball courts, 18 miles of bike trails, 3 outdoor hockey rinks, 8 softball diamonds, 2 outdoor swimming areas, 6 tennis courts, 4 volleyball courts, 6 pickle ball courts, 1 outdoor swimming pool, and a 92 acre camping facility with 39 camp sites. In addition, the City operates an indoor park pavilion at the Land of Memories Park. The City also operates a 4,800 seat arena / civic center.

The Department of Public Utilities staffs 30 full-time employees and one part-time employee. The department services 11,461 residential customers, 1,336 commercial customers, 51 industrial customers, and 414 governmental customers. The average daily water consumption in gallons is 4,972,000. The water storage capacity is 10,900,000 gallons. This includes two elevated water tanks and five ground water storage tanks. The maximum water production capacity is 12,000,000 gallons. The department also serves over 15,100 wastewater users in Mankato, North Mankato, Eagle Lake, Madison Lake, Skyline, South Bend Township, and the Lake Washington Sanitary District. The wastewater treatment plant has a maximum design capacity of 11.25 million gallons per day and an average daily use of 8.6 million gallons per day.

The Department of Public Works - Infrastructure service area staffs 6 full-time employees. The department services 259 miles of water mains, 209 miles of sanitary sewer mains, and 245 miles of storm water drains. In addition, there are 14 sewer lift stations, 82 storm water retention ponds, and 5 flood control pumping stations.

The Department of Public Works - Airport service area staffs 1 full-time and 1 part-time employees. The airport is located approximately five miles north east of the City on 650 acres of City owned land. The airport has 2 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. In 2007, the City completed a seven million dollar expansion of a runway providing for a 6,600 foot runway. The project also included additional land acquisition, drainage improvements, and rehabilitation of existing runways.

The Department of Public Works - Garage service area employs 9 full-time staff and one part-time position. The division provides for the maintenance of City owned vehicles. The division operates the City owned garage and dispenses bulk petroleum to all City owned vehicles.

The Department of Engineering consists of 13 staff members. The department designs and inspects all infrastructure projects within the City.

The Parking service area Operations System (City owned ramps and surface parking lots) is operated and maintained by the Public Works staff. They operate, maintain, and enforce parking in the City owned ramps and nearby city owned off street surface parking. The parking system consists of six ramps with 1,677 parking spaces. In addition, there are 237 off street surface parking spaces.

The Department of Human Resources employs 6 full-time staff and provides recruitment, screening, compliance, and payroll services for the organization. In addition, this department provides Human Resource services for Blue Earth County.

The Legal Department has been merged with the Blue Earth County Attorney's Office. The City has begun executing contractual payments to Blue Earth County for legal services in lieu of staffing and maintaining a legal department. Blue Earth County has assumed the prosecution of misdemeanor offenses. Other required legal services will be a part of the contractual payment. Moving forward, this area will no longer be reported as part of the City of Mankato organization.

The Finance Department consists of 6 full-time staff. The department 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, the risk management for the entire organization, coordinates the issuance of debt structures to finance the various infrastructure improvements, tax increment financing reporting, provides financial information for the Capital Improvement Plan and coordinates the City Budget Process.

The Information Technology Department consists of 10 full-time staff. They provide in house programming, customized programming for Munis software, as well as server support for the information network. The department provides technical support for personal computers, printers, phone based technology and printer copiers. The department is responsible for all Geographic Information Systems (GIS) activity for the City.

The Department of Public Information / Customer service area have 8 full-time staff. This area provides assistance in the area of informational marketing efforts to the community. The department has evolved to provide a 311 Call Center. The purpose of this Call Center is to provide quality customer service for citizen calls of a non-emergency nature. This department serves both the City and Independent School District 77.

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 Finance prepare the annual budget each summer. 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, function, and departmental program. The City Manager may make transfers of appropriations within a fund or department. 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 appropriated 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 Health Systems operates the hospital and medical care facility that provides an employment base of approximately 2,386 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 2,000 educational professionals and staff. The region (which includes the City and the surrounding area) has an employed labor force of approximately 59,488 which is anticipating a slight increase in the upcoming year by a rate of 1 percent.

The City anticipates a continuing of the leveling off of growth rates in residential housing. The market value of all residential permits in fiscal year 2018 was $53,303,187. This represents a decrease of 10.8 percent when compared to fiscal year 2017 permits issued. The market value of all new residential, commercial and industrial permits in fiscal year 2018 was $87,993,019. This represents an increase of 20.3 percent when compared to fiscal year 2017.

Unemployment has been at a relatively modest rate due to the diverse economic base. The unemployment rate is 2.4 percent which represents a decrease from the previous year rate of 3.0 percent. Unemployment is expected to remain relatively stable in the near term due to the overall economic conditions.

The hospitality industry makes a significant contribution to the Mankato economy. The lodging tax generated $639,651 for fiscal year 2018. This represents an increase of 3.70 percent when compared to fiscal year 2017.

The food and beverage tax generated $739,741 for fiscal year 2018. This represents a decrease of 4.67 percent when compared to fiscal year 2017.

The retail sales are a significant contribution to the Mankato economy as well. The City sales tax generated $5,633,554 in fiscal year 2018. This represents an increase of 4.27 percent when compared to fiscal year 2017.

Long-term financial planning

Unassigned fund balance in the General fund is 30.83 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 10.40 percent of 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, municipal securities, or obligations of the U.S. Treasury, or a state approved money market investment fund.

The maturities of investments range from 30 days to 7 years. The total value of maturities of one year or less is 32.28 percent of the total portfolio. The value of maturities from 1 year to five years is 44.61 percent of the portfolio. The value of the maturities greater than five years is 11.84 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 2018 was 0.98 percent to 2.22 percent. All other funds were invested in FDIC backed certificates of deposit with yields from 1.00 percent to 3.30 percent; U.S. Treasuries, U.S. Agency Bonds with yields from 0.875 percent to 4.375 percent and Municipal Bonds with yields of 0.80 percent to 5.898 percent.

Money Market Funds represented 32.00 percent of the total portfolio. U S Government Securities represented 32.01 percent of the total portfolio. Certificates of Deposit represented 26.55 percent of the portfolio. Municipal Bonds represent 9.44 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 Finance reports to the Mankato City Council, on a quarterly basis, the status of the investment portfolio for the organization.

The City of Mankato issues debt on an annual basis for infrastructure related projects. This debt is typically backed by assessments to affected properties, revenues from respective utility funds, and general obligation backed through a property tax levy. The city maintains an AA rating from Standard and Poor's rating agency.

The Department of 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 Finance engaged an actuarial study for Other Post-Employment Benefits (OPEB) in order to comply with Governmental Accounting Standards Board Pronouncement 75 (GASB 75). GASB 45 is directed towards public sector employers providing certain OPEB benefits. The City implemented GASB 45 in the fiscal year 2008 comprehensive annual financial report. Updated actuarial studies were performed throughout the fiscal years of 2011, 2013, 2015, and 2017. For fiscal year 2018, the net OPEB obligation for the City is $5,053,464. 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 (pages 105 through 108).

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 Petrofund 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.

Major initiatives

Mayo Clinic Health Systems are adding approximately $37,606,400 of improvements to the hospital and health care campuses. This project includes a new surgical center as well as an Orthopedic and Dialysis Center. In addition, the Eastridge Clinic Campus will have an estimated $1,715,000 of improvements.

Eide Bailly, a regional public accounting firm, is constructing a new six floor office complex located in the center of downtown Mankato. The structure will include a new parking facility. The project has an estimated value of $14,450,000.

The Mankato Energy Center, located on the north end of the community, is expanding its power production facility. The value of the expansion is estimated at $6,264,500.

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 comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Finance Department 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.

Respectfully submitted,

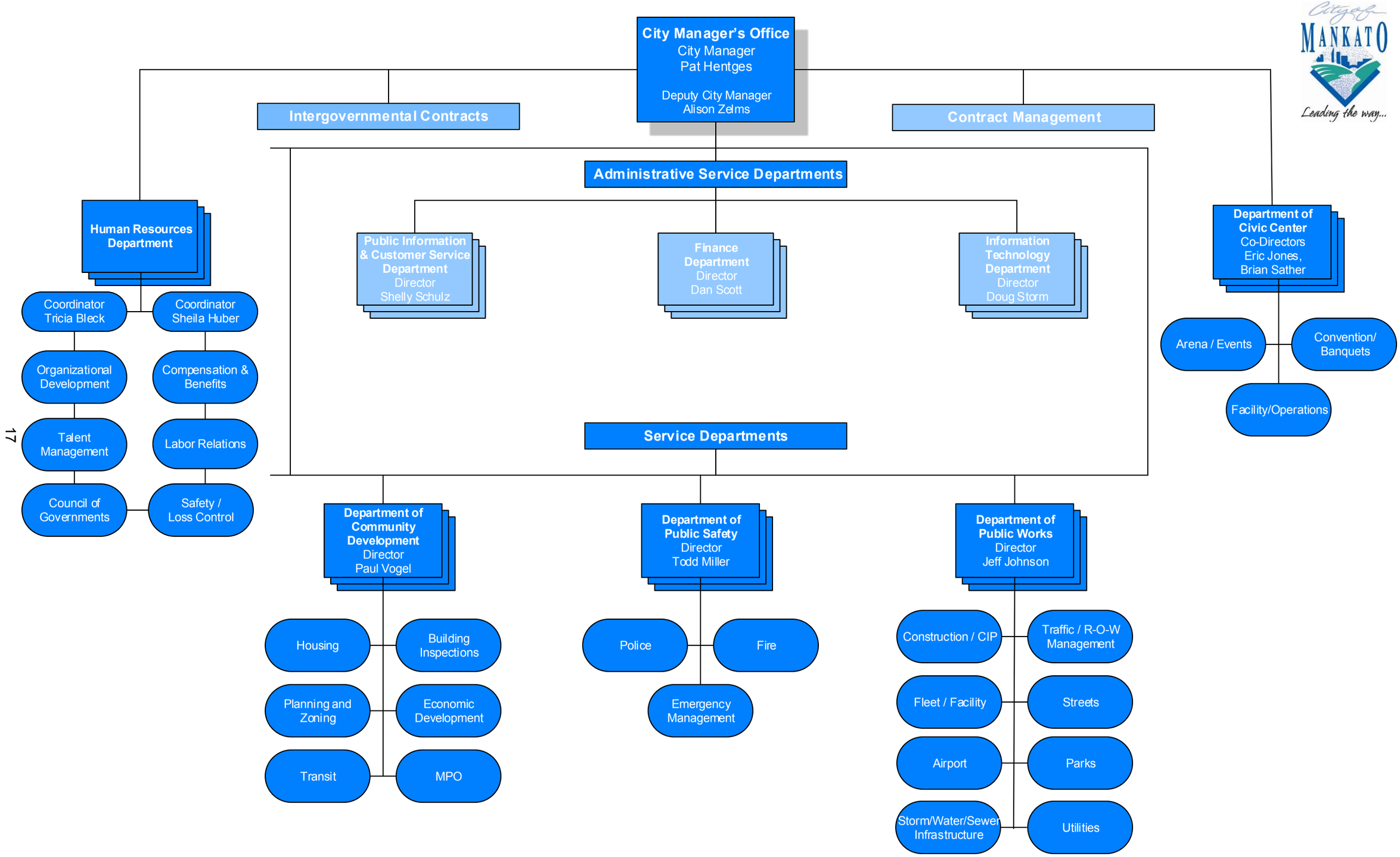
Patrick Hentges
City Manager

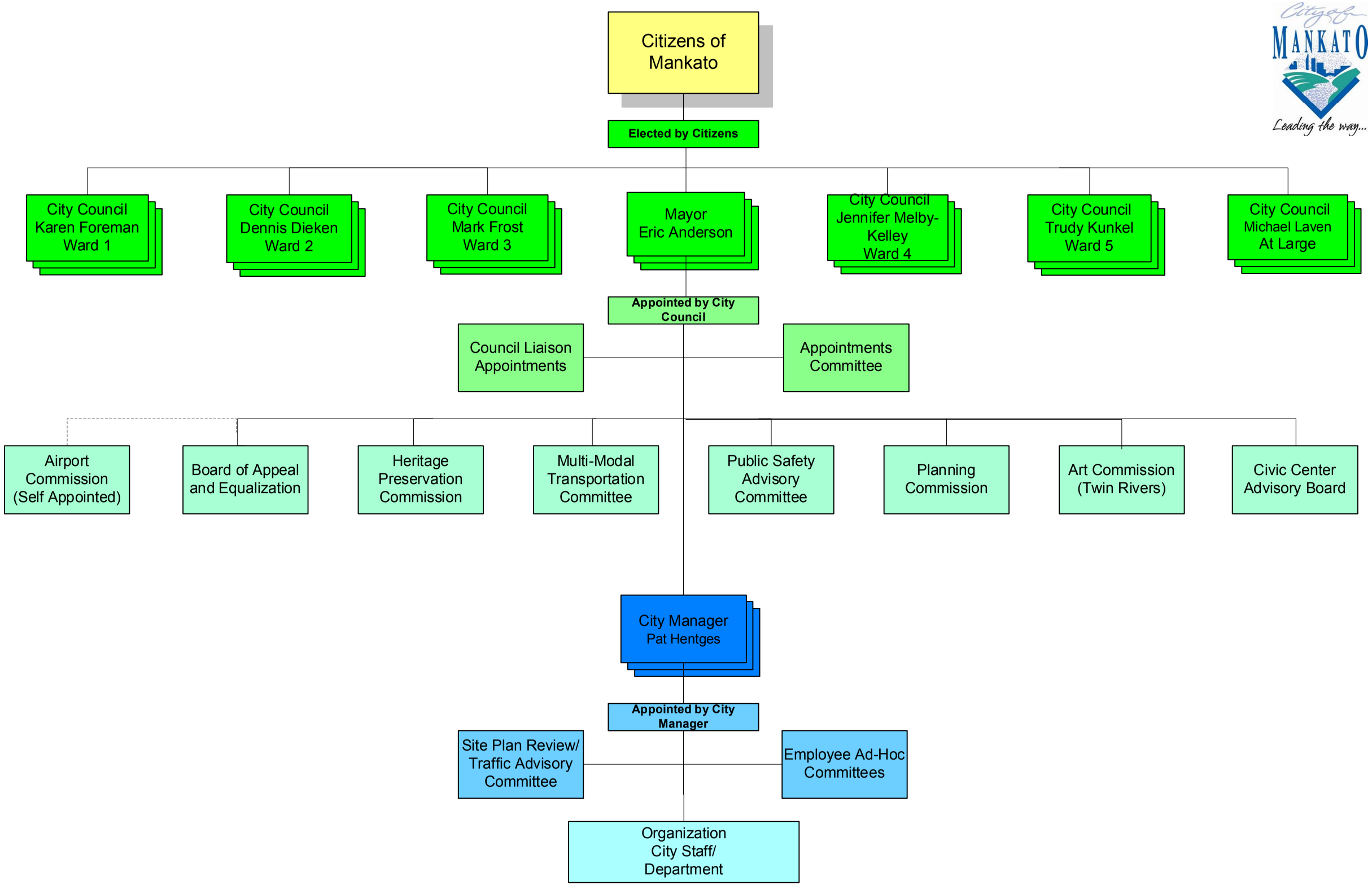
Alison Zelms
Deputy City Manager

Daniel Scott
Director of Finance

City of Mankato, Minnesota
Listing of Officials
For the Year Ended December 31, 2018

Name	Title	Term Ends
Eric Anderson	Mayor	12/31/18
Mike Laven	At Large	12/31/20
Karen Foreman	Council Member 1st Ward	12/31/18
Dennis Dieken	Council Member 2nd Ward	12/31/20
Mark Frost	Council Member 3rd Ward	12/31/18
Jenn Melby-Kelly	Council Member 4th Ward	12/31/20
Trudy Kunkel	Council Member 5th Ward	12/31/18
Patrick Hentges	City Manager	
Alison Zelms	Deputy City Manager	
Daniel Scott	Director of Finance	
Paul Vogel	Director of Community Development	
Jeff Johnson	Director of Public Works	
Todd Miller	Director of Public Safety	
Tricia Bleck	Coordinator of Human Resources	
Sheila Huber	Coordinator of Human Resources	
Shelly Schulz	Director of Public Information	
Doug Storm	Director of Information Technology	
Eric Jones	Co-Director of Civic Center	
Brian Smith	Co-Director of Civic Center	


City Manager's Office
City Manager
Pat Hentges
Deputy City Manager
Alison Zelms
Intergovernmental Contracts
Contract Management
Administrative Service Departments
Human Resources Department
Coordinator Tricia Bleck
Coordinator Sheila Huber
Organizational Development
Compensation & Benefits
Talent Management
Labor Relations
Council of Governments
Safety / Loss Control
Public Information & Customer Service Department
Director
Shelly Schulz
Finance Department
Director
Dan Scott
Information Technology Department
Director
Doug Storm
Department of Civic Center
Co-Directors
Eric Jones,
Brian Sather
Arena / Events
Convention/ Banquets
Facility/Operations
Service Departments
Department of Community Development
Director
Paul Vogel
Housing
Building Inspections
Planning and Zoning
Economic Development
Transit
MPO
Department of Public Safety
Director
Todd Miller
Police
Fire
Emergency Management
Department of Public Works
Director
Jeff Johnson
Construction / CIP
Traffic / R-O-W Management
Fleet / Facility
Streets
Airport
Parks
Storm/Water/Sewer Infrastructure
Utilities


Citizens of Mankato
Elected by Citizens
City Council Karen Foreman Ward 1
City Council Dennis Dieken Ward 2
City Council Mark Frost Ward 3
Mayor Eric Anderson
City Council Jennifer Melby-Kelley Ward 4
City Council Trudy Kunkel Ward 5
City Council Michael Laven At Large
Appointed by City Council
Council Liaison Appointments
Appointments Committee
Airport Commission (Self Appointed)
Board of Appeal and Equalization
Heritage Preservation Commission
Multi-Modal Transportation Committee
Public Safety Advisory Committee
Planning Commission
Art Commission (Twin Rivers)
Civic Center Advisory Board
City Manager Pat Hentges
Appointed by City Manager
Site Plan Review/ Traffic Advisory Committee
Employee Ad-Hoc Committees
Organization City Staff/ Department

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mankato

Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

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Financial Section

FINANCIAL SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mankato, Minnesota

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mankato, Minnesota (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

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Change in Accounting Standards

As described in Note 9 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, for the year ended December 31, 2018. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

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 115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section and schedules of sources and uses of public funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules 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.

The introductory, statistical sections and schedules of sources and uses of public funds have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019, 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 Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 18, 2019

People + Process. Going Beyond the Numbers

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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, 2018. 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 by $329,185,145 (*net position* on page 45). Of this amount, $11,690,387 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $22,474,170 in 2018 (on page 47) compared to an increase of $10,615,183 in 2017. Major factors for the current year increase were the business-type activity profits of $9,539,900 before transfers and total charges for services of $39,271,195 increased by $3,742,515 from 2017. Also, total capital grants and contributions for the year were $20,669,188, which approximates the increase for the year.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $9,124,068, or 32.6 percent of total General fund expenditures (page 51).

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

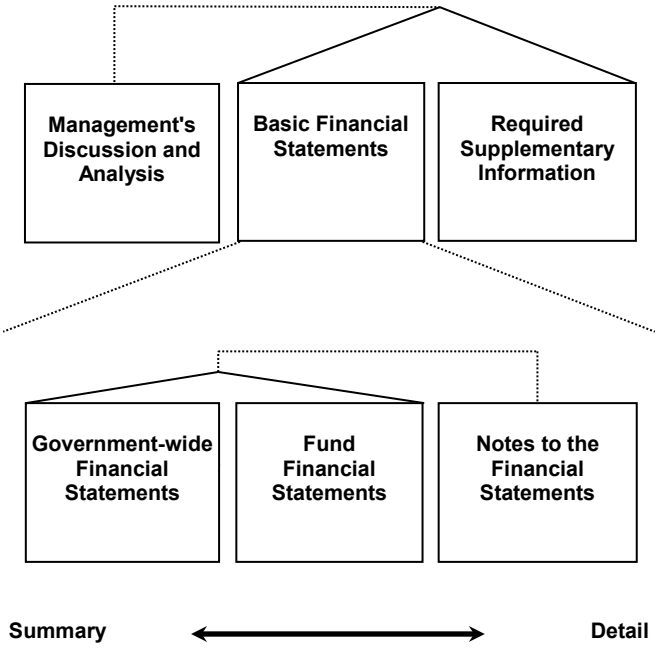


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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, community development, housing and economic development, and culture and recreation. The business-type activities of the City include housing and economic development, water, wastewater, sewer, 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 Debt Service fund, the Improvement Bond Redemption fund and the 2019 Improvements funds. 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 51 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, utility operations/administration, refuse operations, Eastwood industrial park, storm water utility operations, street lighting operation, transit operations, parking system, airport operations, civic center, economic development, 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 capital 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, Airport fund, Civic Center 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 56 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 66 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 67 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 115 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 121 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $329,185,145 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (88.1 percent) 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		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Assets						
Current and other assets	$ 63,533,953	$ 60,729,616	$ 2,804,337	$ 21,854,463	$ 18,837,767	$ 3,016,696
Capital assets	169,129,589	163,656,975	5,472,614	220,671,319	222,429,344	(1,758,025)
Total Assets	232,663,542	224,386,591	8,276,951	242,525,782	241,267,111	1,258,671
Deferred Outflows of Resources	10,185,215	13,323,366	(3,138,151)	715,276	1,193,205	(477,929)
Liabilities						
Long-term liabilities outstanding	77,598,663	82,489,172	(4,890,509)	49,412,109	56,674,223	(7,262,114)
Other liabilities	11,521,938	10,708,186	813,752	3,364,232	3,130,781	233,451
Total Liabilities	89,120,601	93,197,358	(4,076,757)	52,776,341	59,805,004	(7,028,663)
Deferred Inflows of Resources	13,818,942	15,403,149	(1,584,207)	1,188,786	1,150,904	37,882
Net position						
Net investment in capital assets	112,389,674	101,941,446	10,448,228	177,933,511	172,507,213	5,426,298
Restricted	25,616,473	17,570,445	8,046,028	1,555,100	1,545,781	9,319
Unrestricted	1,903,067	9,597,559	(7,694,492)	9,787,320	7,451,414	2,335,906
Total Net Position	$ 139,909,214	$ 129,109,450	$ 10,799,764	$ 189,275,931	$ 181,504,408	$ 7,771,523

An additional portion of the City's net position (8.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (3.6 percent) 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 by $14,061,645. The major factor in this increase is due to capital grants and contributions which totaled $17,367,765 for the year. Other key elements of this increase are as follows:

City of Mankato's Changes in Net Position

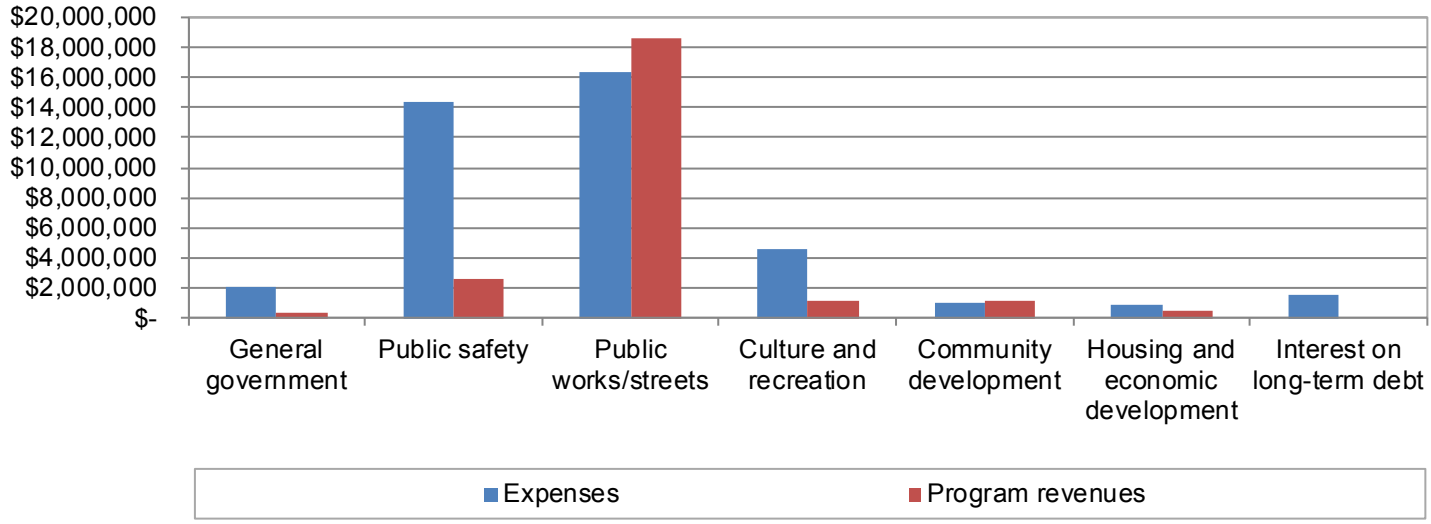
	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 5,510,134	$ 4,404,505	$ 1,105,629	$ 33,761,061	$ 31,124,175	$ 2,636,886
Operating grants and contributions	1,631,632	1,687,363	(55,731)	6,156,229	3,616,802	2,539,427
Capital grants and contributions	17,367,765	9,699,635	7,668,130	3,301,423	4,682,941	(1,381,518)
General revenues						
Property taxes/tax increments	19,238,549	17,713,019	1,525,530	632,657	669,095	(36,438)
Other taxes	2,361,104	2,340,808	20,296	6,373,295	6,178,779	194,516
Grants and contributions not restricted to specific programs	7,238,657	7,048,678	189,979	-	-	-
Unrestricted investments earnings	454,497	417,292	37,205	170,896	131,166	39,730
Other	165,168	165,952	(784)	375,451	415,063	(39,612)
Total Revenues	53,967,506	43,477,252	10,490,254	50,771,012	46,818,021	3,952,991
Expenses						
General government	2,139,186	2,246,913	(107,727)	-	-	-
Public safety	14,334,888	15,403,251	(1,068,363)	-	-	-
Public works/streets	16,397,953	15,139,426	1,258,527	-	-	-
Culture and recreation	4,629,194	4,148,693	480,501	-	-	-
Community development	1,060,731	983,128	77,603	-	-	-
Housing and economic development	924,117	773,993	150,124	-	-	-
Interest on long-term debt	1,547,167	1,687,254	(140,087)	-	-	-
Housing and economic development	-	-	-	6,308,005	6,203,104	104,901
Water	-	-	-	6,795,137	6,987,612	(192,475)
Wastewater plant	-	-	-	4,439,143	4,288,383	150,760
Sewer collection	-	-	-	1,546,690	2,030,859	(484,169)
Refuse	-	-	-	1,746,596	1,755,936	(9,340)
Utility operations and administration	-	-	-	1,366,607	1,442,752	(76,145)
Storm water	-	-	-	1,635,650	2,294,482	(658,832)
Street lighting	-	-	-	593,921	488,450	105,471
Mass transit	-	-	-	3,545,502	3,356,825	188,677
Parking	-	-	-	1,697,388	1,349,815	347,573
Airport	-	-	-	2,206,987	2,066,455	140,532
Civic center/arena	-	-	-	9,349,486	8,724,519	624,967
Total Expenses	41,033,236	40,382,658	650,578	41,231,112	40,989,192	241,920
Change in Net Position Before Transfers	12,934,270	3,094,594	9,839,676	9,539,900	5,828,829	3,711,071
Transfers	1,127,375	(10,394,943)	11,522,318	(1,127,375)	10,394,943	(11,522,318)
Change in Net Position	14,061,645	(7,300,349)	21,361,994	8,412,525	16,223,772	(7,811,247)
Net Position - January 1 as Restated (Note 9)*	126,325,731	136,409,799	(10,084,068)	180,385,244	165,280,636	15,104,608
Prior Period Adjustment (Note 10)	(478,162)	-	(478,162)	478,162	-	478,162
Net Position - January 1 (Restated)	125,847,569	136,409,799	(10,562,230)	180,863,406	165,280,636	15,582,770
Net Position - December 31	$ 139,909,214	$ 129,109,450	$ 10,799,764	$ 189,275,931	$ 181,504,408	$ 7,771,523

* GASB Statement No. 75 was implemented for the year ended December 31, 2018 and required a $2,783,719 and $1,119,164 restatement of beginning governmental and business-type net position, respectively. Prior year amounts were not restated causing a variance in ending net position at December 31, 2017 and beginning net position on January 1, 2018. See note 9.

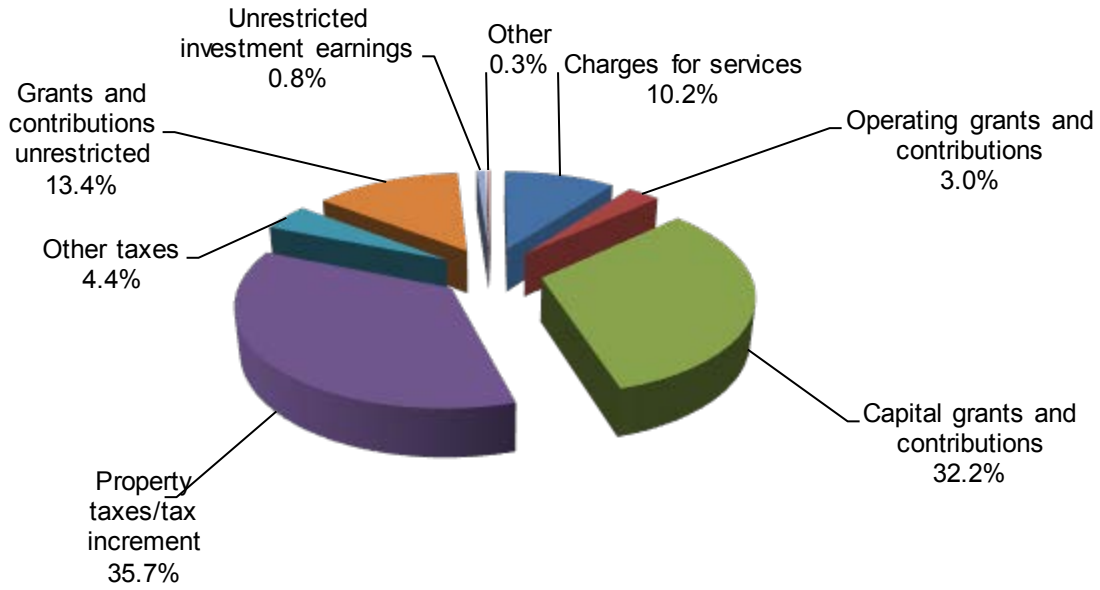
- Governmental property taxes and tax increments increased by $1,525,530 during the year. This is attributable to an increase in the property tax levy and subsequent collections.
- Governmental capital grants attributed for a net increase of $7,668,130 from the previous year. The primary factor for this was an increase in funding for municipal state aid (MSA). Other factors were an increase in Civic Center capital grants and Housing and Economic Development capital grants.
- Governmental other taxes increased $20,296 in fiscal year 2018. This was due primarily to the increase in lodging tax collections of $82,109. In addition, franchise fees for electric, natural gas, and cable television also increased and lawful purpose gambling tax.
- Total governmental expenses increased a total of $650,578 or 1.61 percent. The cost of public works operations was the primary factor for the increase. Specific areas were vehicle depreciation, vehicle maintenance, asphalt, and personal services.

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

Expenses and Program Revenues - Governmental Activities



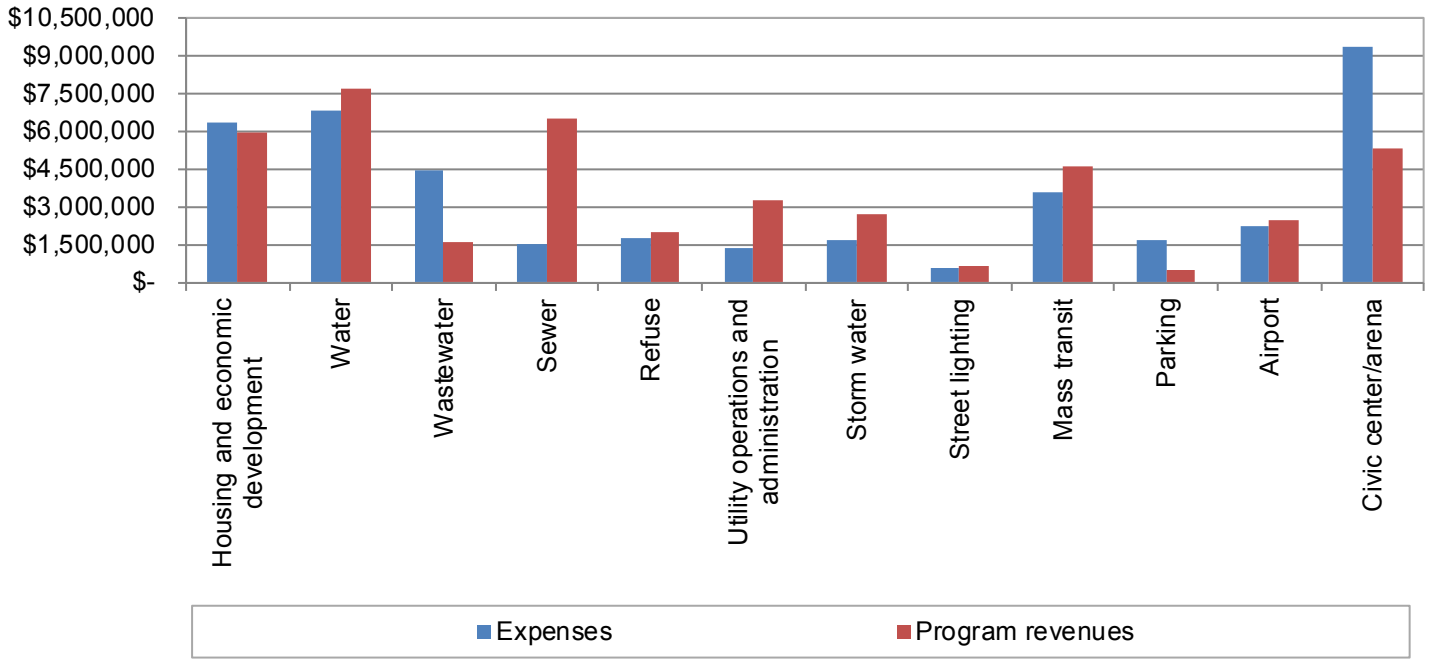
Revenues by Source - Governmental Activities



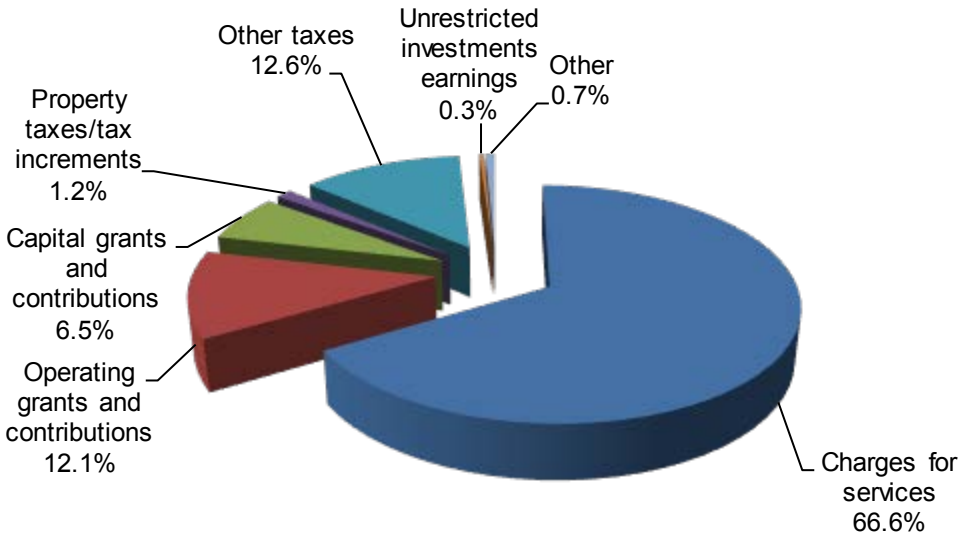
Business-type Activities. Business-type activities increased the City's net position by $8,412,525 for 2018. Key elements of this increase are as follows:

- Charges for services increased by $2,636,886. This was due primarily to an increase in fixed cost of service and consumption for both water utility rate and wastewater rate collections.
- Transfers of capital assets of $1,079,250 from the governmental activities was a major factor in this increase.
- Other taxes increased by $194,516. This was due primarily to an increases in the city sales tax and vehicle excise tax collections.
- Total expenses increased a total of $241,920 or 0.59 percent. This was due to increased expenses in civic center operations, parking, transit, wastewater plant, airport operations, and street lighting.

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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $11,221,983, a decrease of $17,594 in comparison with the prior year. A deficit of $12,752,976 constitutes *unassigned fund balance.* The remainder of fund balance is comprised of *nonspendable* balance of $179,083, *restricted* balance of $13,124,778, *committed* balance of $3,074,165 and *assigned* balance of $7,596,933. The *restricted* balance consists of: 1) tax increment financing activities ($28,184) 2) loans ($1,473,109), 3) municipal street projects ($6,400,822) and 4) debt service ($5,222,663). The *committed* balance consists of 1) loans ($2,980,834), and 2) community involvement ($93,331). The *assigned* balance consists of: 1) capital projects ($2,961,206), 2) emergencies ($2,400,000) and 3) for a variety of other assigned purposes ($2,235,727).

The General fund is the chief operating fund of the City. At the end of the current year, fund balance of the General fund was $12,303,102. During the current fiscal year, fund balance in the General fund increased by $267,180. The increase was a result of increased property tax collections and site plan fees. The City had planned for a General fund decrease of $20,828 for fiscal year 2018. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.6 percent of total General fund expenditures, while total fund balance represented 43.9 percent of total General fund expenditures.

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, 2018, the respective fund balances in the General fund were:

- $2,400,000 for an emergency restriction or 8.6 percent of General fund expenditures.
- $600,000 for a property tax adjustment restriction or 4.5 percent of the property tax levy.
- $179,034 for prepaid items and inventory.
- $9,124,068 of the remaining fund balance is categorized as unassigned or 32.6 percent of the General fund expenditures.

The fund balance of the City's General fund increased by $267,180 during the current fiscal year. Key factors in this increase and key strategies contributing to the increase were as follows:

- Taxes, in total, were under budget by $358,928.
- Licenses and permits under budget by $32,628.
- Intergovernmental revenues exceeded budget by $88,501.
- Charges for service revenues exceeded budget by $355,533.
- Investment income revenues exceeded budget by $26,974.
- Miscellaneous revenues exceeded budget by 309,662.
- General government expenditures were under budget by $154,186
- Public safety expenditures were under budget by $764,078.
- Public works expenditures were over budget by $262,960.
- Culture and recreation expenditures were over budget by $30,612.
- Community development expenditures were under budget by $25,403.

The *Debt Service fund* has a total fund balance of $5,222,663. The net increase during the current year in the Debt Service fund was $7,601,357. Of this amount, $1,589,518 is allocated for vacation and sick leave balances per accounting standards. The remaining amount of $3,633,145 is restricted for debt service. City Engineering staff and Finance staff are reviewing all revenue streams, in particular assessment collections and incoming transfers to assure that the deficit is addressed. Staff anticipates that all future collection of non-current special assessments will assist in eliminating the deficit. In addition, future tax levies will contribute to deficit reduction. The fund has $15,326,587 in non-current special assessments receivable.

The *Improvement Bond Redemption fund* had a decrease in fund balance of $742,832 to a fund balance of $488,718 at year end. This is primarily related to transfer of collected assessment amounts to the Debt Service fund.

The *Improvements 2019 fund* had a decrease in fund balance of $8,035,540 ending in a fund balance deficit of $9,565,291 at year end. This was due to the fund incurring capital costs for projects associated with the 2018 Capital Investment Plan. Future bond proceeds will assist in offsetting these costs.

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

Unrestricted net position of the business-type activities at the end of the year amounted to $912,294. The total increase in net position for business-type activities was $6,860,830. The Water fund, Wastewater Plant fund, Sewer Collection fund Airport fund, Riverfront 2000 fund, Economic Development fund, Refuse fund, Storm Water Utility fund, Street Lighting fund and Mass Transit fund experienced increases in net position of $1,701,402, $1,064,129, $951,037, $273,042, $1,368,831, $1,282,868, $55,147, $436,696, $29,066 and $850,598, respectively. The City sales tax generated $5,387,494 in fiscal year 2018. The food and beverage tax generated $739,741 in fiscal year 2018. The total local sales tax generated was $6,373,295 in fiscal year 2018. This represented a combined increase of $194,516 or 3.1 percent above 2017. City sales tax collections continue to exceed their initial projections. The EDA fund, Eastwood Park fund, Utility Operations/Administration and Parking System decreased in net position of $365,383, $676, $42,211, $743,716, respectively.

General Fund Budgetary Highlights

The City did amend its General fund budget for 2018. Significant budget variances are summarized below:

- Property tax collections were under budget by $1,373,032.
- State aid insurance revenue exceeded budget by $59,331.
- Payments in lieu of taxes exceeded budget by $33,022.
- Court fine collections were under budget by $75,241.
- Reimbursement for school resource officers exceeded by $28,697.
- Reimbursement for drug task force officers exceeded budget by $41,006.
- Building permit revenues under budget by $73,289.
- Rental housing license revenue were under budget by $123.372.
- Site plan review fees exceeded budget by $358,441.
- Miscellaneous street revenue exceeded budget by $65,032.
- Engineering service charge revenues were under budget by $124,723.
- Miscellaneous park revenue exceeded budget by $101,136.
- General government costs were under budget by $154,186.
- Community development expenditures were under budget by $25,403.
- Public safety expenditures were under budget by $764,078.
- Public works expenditures exceeded budget by $262,960.
- Parks expenditures exceeded budget by $30,612.

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, 2018 amounts to $389,800,908 (net of accumulated depreciation). 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 was $3,714,589 which represents a 1.0 percent overall increase (a 3.3 percent increase for governmental activities and a 0.8 percent decrease for business-type activities).

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

- Construction on improvements at Franklin Rogers Parks continued in 2018. The value of these improvements at year end were $2,775,494.
- Cost of improvements, at the Civic Center, for the de-humidification projects were valued at $2,496,345.
- Construction of flood control improvements, associated with Highway 169, were valued at $1,791,894.
- Municipal state aid funded improvements at Adams Street in the amount of $1,927,644.
- Construction on various municipal projects such as infrastructure in new residential developments, street reconstruction, street overlays, alley improvements, and critical link sidewalks continued in 2018. Projects associated with the 2018 Capital Investment Plan were valued at $10,295,466.
- The construction in progress for the governmental type activities as of the end of the current fiscal year had reached $25,731,999 and $5,258,476 for the business type activities.

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

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Land	$ 4,298,021	$ 4,298,021	$ -	$ 5,166,651	$ 5,110,155	$ 56,496
Land Improvements	1,872,091	1,992,640	(120,549)	3,175,593	3,197,854	(22,261)
Buildings and Structures	22,384,008	22,569,394	(185,386)	159,385,329	165,823,790	(6,438,461)
Machinery and Vehicles	11,857,559	10,742,277	1,115,282	11,334,868	11,607,536	(272,668)
Office Equipment	157,383	294,769	(137,386)	-	-	-
Infrastructure and Other Improvements	102,828,528	101,472,333	1,356,195	36,350,402	36,182,690	167,712
Construction in Progress	25,731,999	22,287,541	3,444,458	5,258,476	507,319	4,751,157
Total	$ 169,129,589	$163,656,975	$ 5,472,614	$220,671,319	$222,429,344	$ (1,758,025)

Additional information on the City of Mankato's capital assets can be found in Note 3D starting on page 84 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $95,416,436. Of this amount, $3,740,000 comprises debt backed by the full faith and credit of the City, $3,205,000 represents general obligation tax increment bonds, and $47,530,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt ($40,941,436) 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		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
General Obligation Bonds	$ 3,740,000	$ 4,515,000	$ (775,000)	$ -	$ -	$ -
G.O. Tax Increment Bonds	3,205,000	3,335,000	(130,000)	-	-	-
G.O. Improvement Bonds	47,530,000	51,785,000	(4,255,000)	-	-	-
G.O. Revenue Bonds	-	-	-	40,941,436	47,852,462	(6,911,026)
Loans	72,716	-	72,716	272,916	468,183	(195,267)
Capital Lease	2,537,494	2,555,000	(17,506)	292,840	484,284	(191,444)
Total	$ 57,085,210	$ 62,190,000	$ (5,104,790)	$ 41,507,192	$ 48,804,929	$ (7,297,737)

The City's total debt decreased by $12,402,527 (11.2 percent) during the current fiscal year. The City issued $3,575,000 in new debt and retired $15,977,527 of existing debt principal. Of the new issuances, $3,485,000 represents G.O. Improvement Bonds designed to finance various street construction, overlay projects, and petition projects. The amount of $90,000 represents the DEED Loan associated with Medival Metalwerx financing.

The City received an AA bond rating from Standard & Poors' rating agency in November of 2009. This rating was reaffirmed in March of 2018. 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 fourteen 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 $106,632,201. The net debt applicable to the debt limitation is $3,933,206. The legal debt margin is $102,698,995, 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 3F starting on page 91 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 2.4 percent, which is a decrease from 3.0 percent a year ago. This compares favorably to the State's average annual unemployment rate of 2.9 percent and the national annual average rate of 4.1 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 2019 fiscal year.

- The 2019 General fund budget is expected to be balanced.

- The 2019 General fund portion of the property tax levy will increase by $913,000.

- General fund expenditures are expected to increase by 2.5 percent in 2019.

- 2019 budgeted funding from Local Government Aid (LGA) is expected to increase by $9,242 or 0.13 percent.

Utility rates for water consumption, wastewater consumption, refuse, and storm water were increased for fiscal year 2018. Rates for street lighting remained constant for fiscal year 2018. In addition, the fixed cost of service rates for water and wastewater remained constant in 2018. 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 / Springsted, Inc.to review the various utility rate structures and to ensure compliance with water conservation standards. 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 Finance, City of Mankato, Ten Civic Center Plaza, P.O. Box 3368, Mankato, MN 56002-3368.

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Government-wide
Financial Statements

GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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City of Mankato, Minnesota
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 29,955,791	$ 12,482,106	$ 42,437,897
Restricted assets	-	64,994	64,994
Receivables			
Interest	213,945	15,051	228,996
Delinquent taxes	388,678	32	388,710
Accounts	1,309,575	3,560,282	4,869,857
Notes	1,485,754	2,490,369	3,976,123
Special assessments	25,635,849	309,744	25,945,593
Intergovernmental	2,872,832	2,849,714	5,722,546
Internal balances	1,096,948	(1,096,948)	-
Inventories	428,104	471,111	899,215
Prepaid items	146,477	132,203	278,680
Land held for resale	-	575,805	575,805
Capital assets			
Nondepreciable	30,030,020	10,425,127	40,455,147
Depreciable, net of accumulated depreciation	139,099,569	210,246,192	349,345,761
Total Assets	232,663,542	242,525,782	475,189,324
Deferred Outflows of Resources			
Deferred pension resources	10,185,215	715,276	10,900,491
Liabilities			
Accounts and contracts payable	3,114,301	1,805,500	4,919,801
Due to other governments	90	126,078	126,168
Accrued interest payable	708,801	516,565	1,225,366
Accrued salaries payable	867,301	332,861	1,200,162
Deposits payable	6,814,745	50,242	6,864,987
Unearned revenue	16,700	532,986	549,686
Noncurrent liabilities			
Due within one year	9,484,163	6,757,416	16,241,579
Due in more than one year	68,114,500	42,654,693	110,769,193
Total Liabilities	89,120,601	52,776,341	141,896,942
Deferred Inflows of Resources			
Deferred pension resources	13,655,457	1,118,019	14,773,476
Deferred other postemployment benefit resources	163,485	70,767	234,252
Total Deferred Inflows of Resources	13,818,942	1,188,786	15,007,728
Net Position			
Net investment in capital assets	112,389,674	177,933,511	290,323,185
Restricted for			
Debt service	17,714,358	1,500,000	19,214,358
Tax increment financing activities	28,184	-	28,184
Loans	1,473,109	-	1,473,109
Municipal street projects	6,400,822	-	6,400,822
Economic development	-	55,100	55,100
Unrestricted	1,903,067	9,787,320	11,690,387
Total Net Position	$ 139,909,214	$ 189,275,931	$ 329,185,145

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, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 2,139,186	$ 359,181	$ 45,200	$ -
Public safety	14,334,888	1,663,227	945,336	-
Public works	16,397,953	1,234,569	316,124	17,096,762
Culture and recreation	4,629,194	1,046,303	-	158,465
Community development	1,060,731	1,044,521	-	60,000
Housing and economic development	924,117	162,333	324,972	52,538
Interest on long-term debt	1,547,167	-	-	-
Total Governmental Activities	41,033,236	5,510,134	1,631,632	17,367,765
Business-type Activities				
Housing and economic development	6,308,005	2,465,882	3,362,264	156,867
Water	6,795,137	7,661,621	-	4,853
Wastewater plant	4,439,143	1,587,571	-	-
Sewer collection	1,546,690	6,520,595	-	-
Refuse	1,746,596	1,956,612	-	-
Utility operations and administration	1,366,607	3,262,295	-	-
Storm water	1,635,650	2,724,008	-	-
Street lighting	593,921	629,952	-	-
Mass transit	3,545,502	715,533	2,710,638	1,205,653
Airport	2,206,987	499,241	83,327	1,878,041
Parking	1,697,388	481,443	-	-
Civic center/arena	9,349,486	5,256,308	-	56,009
Total Business-type Activities	41,231,112	33,761,061	6,156,229	3,301,423
Totals	$ 82,264,348	$ 39,271,195	$ 7,787,861	$ 20,669,188

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 as Restated (Note 9)

Prior period adjustment (Note 10)

Net Position - January 1 (Restated)

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
$ (1,734,805)		$ (1,734,805)
(11,726,325)		(11,726,325)
2,249,502		2,249,502
(3,424,426)		(3,424,426)
43,790		43,790
(384,274)		(384,274)
(1,547,167)		(1,547,167)
(16,523,705)		(16,523,705)
-	$ (322,992)	(322,992)
-	871,337	871,337
-	(2,851,572)	(2,851,572)
-	4,973,905	4,973,905
-	210,016	210,016
-	1,895,688	1,895,688
-	1,088,358	1,088,358
-	36,031	36,031
-	1,086,322	1,086,322
-	253,622	253,622
-	(1,215,945)	(1,215,945)
-	(4,037,169)	(4,037,169)
-	1,987,601	1,987,601
(16,523,705)	1,987,601	(14,536,104)
13,755,275	390,000	14,145,275
4,842,266	-	4,842,266
641,008	242,657	883,665
-	6,373,295	6,373,295
639,651	-	639,651
106,776	-	106,776
1,614,677	-	1,614,677
7,238,657	-	7,238,657
454,497	170,896	625,393
110,000	12,649	122,649
55,168	362,802	417,970
1,127,375	(1,127,375)	-
30,585,350	6,424,924	37,010,274
14,061,645	8,412,525	22,474,170
126,325,731	180,385,244	306,710,975
(478,162)	478,162	-
125,847,569	180,863,406	306,710,975
$ 139,909,214	$ 189,275,931	$ 329,185,145

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

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Fund Financial Statements

FUND FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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City of Mankato, Minnesota
Balance Sheet
Governmental Funds
December 31, 2018

	1010 General	3010 Debt Service	Capital Projects 5020 Improvement Bond Redemption	Capital Projects 5119 Improvements 2019	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	$ 8,911,954	$ 660,320	$ 488,718	$ 339	$ 10,254,950	$ 20,316,281
Receivables						
Interest	135,450	-	-	-	-	135,450
Delinquent taxes	248,853	139,825	-	-	-	388,678
Accounts	625,946	-	-	-	547,349	1,173,295
Loans	-	14,682	-	-	1,471,072	1,485,754
Special assessments	-	16,265,671	8,034,146	-	1,336,032	25,635,849
Intergovernmental	287,866	82,739	-	-	1,418,272	1,788,877
Due from other funds	5,100,000	4,522,700	-	-	5,200,000	14,822,700
Advances to other funds	-	-	-	-	990,883	990,883
Inventories	123,735	-	-	-	-	123,735
Prepaid items	55,299	-	-	-	49	55,348
Total Assets	$ 15,489,103	$ 21,685,937	$ 8,522,864	$ 339	$ 21,218,607	$ 66,916,850
Liabilities						
Accounts payable	$ 442,205	$ -	$ -	$ 1,529,630	$ 235,818	$ 2,207,653
Due to other funds	-	-	-	8,036,000	11,175,700	19,211,700
Advances from other funds	-	-	-	-	2,096,417	2,096,417
Due to other governments	90	-	-	-	-	90
Accrued salaries payable	650,213	-	-	-	2,824	653,037
Deposits payable	1,844,640	57,778	-	-	3,582,325	5,484,743
Unearned revenue	-	-	-	-	16,700	16,700
Total Liabilities	2,937,148	57,778	-	9,565,630	17,109,784	29,670,340
Deferred Inflows of Resources						
Unavailable revenue - taxes	248,853	139,825	-	-	-	388,678
Unavailable revenue - special assessments	-	16,265,671	8,034,146	-	1,336,032	25,635,849
Total Deferred Inflows of Resources	248,853	16,405,496	8,034,146	-	1,336,032	26,024,527
Fund Balances						
Nonspendable	179,034	-	-	-	49	179,083
Restricted	-	5,222,663	-	-	7,902,115	13,124,778
Committed	-	-	-	-	3,074,165	3,074,165
Assigned	3,000,000	-	488,718	-	4,108,215	7,596,933
Unassigned	9,124,068	-	-	(9,565,291)	(12,311,753)	(12,752,976)
Total Fund Balances	12,303,102	5,222,663	488,718	(9,565,291)	2,772,791	11,221,983
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,489,103	$ 21,685,937	$ 8,522,864	$ 339	$ 21,218,607	$ 66,916,850

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

City of Mankato, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2018

Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	$ 11,221,983
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	156,416,104
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	(1,589,518)
Other postemployment benefits obligation	(2,632,145)
Bonds payable	(54,547,716)
Bond discounts, net of accumulated amortization	132
Bond premiums, net of accumulated amortization	(2,859,837)
Capital leases payable	(2,537,494)
Pension liability	(9,292,217)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	388,678
Special assessments receivable	25,635,849
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	9,730,639
Deferred inflows of pension resources	(12,944,919)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred outflows of other postemployment benefit resources	(122,012)
Governmental funds do not report a liability for accrued interest until due and payable.	(708,801)
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.	23,750,488
Total Net Position - Governmental Activities	$ 139,909,214

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
Governmental Funds
For the Year Ended December 31, 2018

	1010	3010	Capital Projects 5020	Capital Projects 5119		
	General	Debt Service	Improvement Bond Redemption	Improvements 2019	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 15,350,072	$ 5,150,691	$ -	$ -	$ 1,041,849	$ 21,542,612
Special assessments	-	9,389,498	3,398	-	501,863	9,894,759
Licenses and permits	1,480,785	-	-	-	-	1,480,785
Intergovernmental	8,357,656	-	-	-	4,692,534	13,050,190
Charges for services	1,653,783	-	-	-	-	1,653,783
Fines and forfeits	230,206	-	-	-	-	230,206
Investment income	62,974	7,320	3,770	-	99,034	173,098
Miscellaneous	708,662	349,666	-	-	1,251,089	2,309,417
Total Revenues	27,844,138	14,897,175	7,168	-	7,586,369	50,334,850
Expenditures						
Current						
General government	1,235,314	720,000	-	-	185,403	2,140,717
Public safety	14,541,305	-	-	-	7,667	14,548,972
Public works	6,761,370	-	-	-	44	6,761,414
Culture and recreation	4,406,282	-	-	-	-	4,406,282
Community development	1,057,530	-	-	-	-	1,057,530
Housing and economic development	-	39,502	-	-	696,953	736,455
Capital outlay						
Public safety	1,003	-	-	-	-	1,003
Public works	14,229	-	-	8,448,100	4,414,881	12,877,210
Culture and recreation	115	-	-	-	3,449,556	3,449,671
Housing and economic development	-	-	-	-	37,404	37,404
Debt service						
Principal	-	8,662,506	-	-	17,284	8,679,790
Interest and other	-	1,821,965	-	-	90,544	1,912,509
Bond issuance costs	-	13,371	-	-	57,687	71,058
Total Expenditures	28,017,148	11,257,344	-	8,448,100	8,957,423	56,680,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	(173,010)	3,639,831	7,168	(8,448,100)	(1,371,054)	(6,345,165)
Other Financing Sources (Uses)						
Transfers in	712,690	4,039,923	-	412,560	3,815,286	8,980,459
Debt issued	-	112,253	-	-	3,462,747	3,575,000
Premium on bonds issued	-	298,960	-	-	29,175	328,135
Transfers out	(272,500)	(489,610)	(750,000)	-	(5,043,913)	(6,556,023)
Total Other Financing Sources (Uses)	440,190	3,961,526	(750,000)	412,560	2,263,295	6,327,571
Net Change in Fund Balances	267,180	7,601,357	(742,832)	(8,035,540)	892,241	(17,594)
Fund Balances, January 1	12,035,922	(2,378,694)	1,231,550	(1,529,751)	1,880,550	11,239,577
Fund Balances, December 31	$ 12,303,102	$ 5,222,663	$ 488,718	$ (9,565,291)	$ 2,772,791	$ 11,221,983

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
For the Year Ended December 31, 2018

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

Net change in fund balances - governmental funds	$	(17,594)
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		15,925,365
Depreciation expense		(10,570,098)
Capital contributions to business-type activities		(1,079,250)
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.		(15,000)
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		8,679,790
Debt issued or incurred		(3,575,000)
Discount on bonds issued, net of amortization expense		(458)
Premium on bonds issued, net of amortization expense		1,282
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.		107,441
Long-term pension activity is not reported in governmental funds.		
Negative pension expense		805,529
Direct aid contribution		76,074
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		57,041
Special assessments		2,657,389
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		11,513
Compensated absences		(78,744)
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.		1,076,365
Change in Net Position - Governmental Activities	$	14,061,645

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 15,709,000	$ 15,709,000	$ 15,350,072	$ (358,928)
Licenses and permits	1,513,413	1,513,413	1,480,785	(32,628)
Intergovernmental	8,241,084	8,269,155	8,357,656	88,501
Charges for services	1,298,250	1,298,250	1,653,783	355,533
Fines and forfeits	311,000	311,000	230,206	(80,794)
Investment income	36,000	36,000	62,974	26,974
Miscellaneous	390,300	399,000	708,662	309,662
Total Revenues	27,499,047	27,535,818	27,844,138	308,320
Expenditures				
Current				
General government	1,389,500	1,389,500	1,235,314	154,186
Public safety	15,296,683	15,305,383	14,541,305	764,078
Public works	6,498,410	6,498,410	6,761,370	(262,960)
Culture and recreation	4,347,598	4,375,670	4,406,282	(30,612)
Community development	1,082,933	1,082,933	1,057,530	25,403
Capital outlay				
Public safety	1,000	1,000	1,003	(3)
Public works	13,250	13,250	14,229	(979)
Culture and recreation	3,000	3,000	115	2,885
Total Expenditures	28,632,374	28,669,146	28,017,148	651,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,133,327)	(1,133,328)	(173,010)	960,318
Other Financing Sources (Uses)				
Transfers in	1,385,000	1,385,000	712,690	(672,310)
Transfers out	(272,500)	(272,500)	(272,500)	-
Total Other Financing Sources (Uses)	1,112,500	1,112,500	440,190	(672,310)
Net Change in Fund Balances	(20,827)	(20,828)	267,180	288,008
Fund Balances, January 1	12,035,922	12,035,922	12,035,922	-
Fund Balances, December 31	$ 12,015,095	$ 12,015,094	$ 12,303,102	$ 288,008

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

City of Mankato, Minnesota
Statement of Net Position (Continued on Following Pages)
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Assets				
Current Assets				
Cash and temporary investments	$ 355,004	$ 1,643,121	$ 896,305	$ 352
Receivables				
Interest	-	-	6,043	-
Delinquent taxes	-	-	-	-
Loans - current portion	-	-	70,736	2,707
Accounts, net of allowance for doubtful accounts of $94,000	414,935	215,446	486,364	14,803
Due from employees	-	-	-	-
Sponsorship rights - current portion	-	-	-	-
Intergovernmental	-	35,386	679	835,265
Miscellaneous	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds - current portion	-	-	-	-
Special assessments receivable - current portion	-	-	-	-
Inventories	183,613	-	11,025	-
Prepaid items	7,964	5,709	5,013	2,842
Total Current Assets	961,516	1,899,662	1,476,165	855,969
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	-	-	-	-
Loans receivable - net of current portion	-	-	699,951	27,074
Land held for resale	-	-	-	-
Advances to other funds - net of current portion	-	-	-	-
Capital assets				
Land	89,159	64,368	56,496	1,351,688
Land improvements	1,989,638	-	-	-
Buildings and structures	49,243,925	44,273,045	556,640	32,400,290
Machinery and vehicles	6,574,298	3,814,715	857,102	672,239
Office equipment	11,060	-	-	60,727
Infrastructure and other improvements	22,371,558	-	31,040,881	-
Construction in progress	-	292,208	192,531	1,807,031
Less accumulated depreciation	(25,237,668)	(23,434,356)	(13,959,378)	(12,525,167)
Total Capital Assets, Net of Accumulated Depreciation	55,041,970	25,009,980	18,744,272	23,766,808
Total Noncurrent Assets	55,041,970	25,009,980	19,444,223	23,793,882
Total Assets	56,003,486	26,909,642	20,920,388	24,649,851
Deferred Outflows of Resources				
Deferred pension resources	154,866	98,966	51,225	12,079

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

Business-type Activities - Enterprise Funds					Governmental Activities -
6200 Riverfront 2000/ Civic Center	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Internal Service Funds
$ 876	$ 1,654,590	$ 1,541,466	$ 6,390,392	$ 12,482,106	$ 9,639,510
-	9,008	-	-	15,051	78,495
-	-	-	32	32	-
-	152,984	-	-	226,427	-
551,259	31,151	30,388	1,785,672	3,530,018	85,696
-	-	-	-	-	50,584
25,000	-	-	-	25,000	-
746,842	70,011	48,935	1,112,596	2,849,714	1,083,955
-		5,264	-	5,264	-
-	1,422,025	-	-	1,422,025	10,084,000
-	36,972	-	-	36,972	303,857
-	-	-	309,744	309,744	-
65,893	-	-	210,580	471,111	304,369
55,584	4,715	32,539	17,837	132,203	91,129
1,445,454	3,381,456	1,658,592	9,826,853	21,505,667	21,721,595
-	-	64,994	-	64,994	-
-	1,513,587	-	23,330	2,263,942	-
-	575,805	-	-	575,805	-
-	1,068,562	-	-	1,068,562	5,078,651
463,810	904,987	1,299,055	937,088	5,166,651	197,223
861,178	785,168	-	351,113	3,987,097	218,792
58,600,373	4,691,476	13,489,652	32,207,009	235,462,410	3,153,388
7,058,915	-	-	3,816,251	22,793,520	23,605,235
136,244	-	5,706	-	213,737	1,723,037
-	-	6,064,945	3,557,958	63,035,342	-
2,671,746	-	163,960	131,000	5,258,476	143,000
(15,915,195)	(4,318,289)	(9,873,523)	(9,982,338)	(115,245,914)	(16,327,190)
53,877,071	2,063,342	11,149,795	31,018,081	220,671,319	12,713,485
53,877,071	5,221,296	11,214,789	31,041,411	224,644,622	17,792,136
55,322,525	8,602,752	12,873,381	40,868,264	246,150,289	39,513,731
76,082	27,017	78,412	216,629	715,276	454,576

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, 2018

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Liabilities				
Current Liabilities				
Accounts payable	$ 90,047	$ 293,154	$ 253,132	$ 96,655
Due to other funds	-	-	-	615,000
Advances from other funds - current portion	-	-	-	-
Due to other governments	10,186	36,110	-	-
Accrued interest payable	182,971	37,740	23,401	-
Accrued salaries payable	63,629	47,839	24,132	6,674
Compensated absences payable - current portion	79,452	41,299	36,449	9,235
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
Lease payable - current portion	-	-	-	-
Loans payable - current portion	-	-	-	38,400
Bonds payable - current portion	2,254,000	1,975,188	302,000	-
Total Current Liabilities	2,680,285	2,431,330	639,114	765,964
Noncurrent Liabilities				
Advances from other funds - net of current portion	-	-	-	-
Compensated absences payable	68,972	46,185	43,995	14,675
Other postemployment benefit obligation	342,774	205,664	122,419	22,457
Pension liability	916,272	585,479	303,076	71,468
Lease payable - net of current portion	-	-	-	-
Loans payable - net of current portion	-	-	-	116,016
Bonds payable - net of current portion	17,727,248	4,975,000	3,553,000	-
Total Noncurrent Liabilities	19,055,266	5,812,328	4,022,490	224,616
Total Liabilities	21,735,551	8,243,658	4,661,604	990,580
Deferred Inflows of Resources				
Deferred other post employment benefit resources	15,889	9,534	5,675	1,041
Deferred pension resources	242,068	154,676	80,069	18,881
Total Deferrred Inflows of Resources	257,957	164,210	85,744	19,922
Net Position				
Net investment in capital assets	35,060,722	18,059,792	14,889,272	23,612,392
Restricted for				
Debt service	-	-	-	-
Economic development	-	-	-	-
Unrestricted	(895,878)	540,948	1,334,993	39,036
Total Net Position	$ 34,164,844	$ 18,600,740	$ 16,224,265	$ 23,651,428

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

Business-type Activities - Enterprise Funds					Governmental Activities -
6200 Riverfront 2000/ Civic Center	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Internal Service Funds
$ 160,895	$ 148,766	$ 9,857	$ 752,994	$ 1,805,500	$ 906,648
6,085,000	-	22,025	395,000	7,117,025	-
-	303,857	-	-	303,857	-
32,214	-	31,242	16,326	126,078	-
193,104	78,495	-	854	516,565	-
33,388	12,579	64,994	79,626	332,861	214,264
40,207	22,312	27,811	51,601	308,366	246,005
-	11,112	39,130	-	50,242	1,330,002
527,232	-	5,754	-	532,986	-
-	-	-	194,462	194,462	-
-	-	-	-	38,400	-
1,685,000	-	-	-	6,216,188	-
8,757,040	577,121	200,813	1,490,863	17,542,530	2,696,919
-	5,078,651	-	-	5,078,651	-
40,662	26,021	13,446	60,599	314,555	309,652
153,629	26,171	203,862	449,649	1,526,625	894,694
450,142	159,848	463,931	1,281,699	4,231,915	2,689,517
-	-	-	98,378	98,378	-
-	-	118,500	-	234,516	-
9,993,456	-	-	-	36,248,704	-
10,637,889	5,290,691	799,739	1,890,325	47,733,344	3,893,863
19,394,929	5,867,812	1,000,552	3,381,188	65,275,874	6,590,782
7,121	1,213	9,450	20,844	70,767	41,473
118,922	42,229	122,565	338,609	1,118,019	710,538
126,043	43,442	132,015	359,453	1,188,786	752,011
42,198,615	2,063,342	11,031,295	31,018,081	177,933,511	12,713,485
1,500,000	-	-	-	1,500,000	-
-	-	55,100	-	55,100	-
(7,820,980)	655,173	732,831	6,326,171	912,294	19,912,029
$ 35,877,635	$ 2,718,515	$11,819,226	$ 37,344,252	180,400,905	$ 32,625,514
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				8,875,026	
Net position of business-type activities				$ 189,275,931	

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, 2018

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Operating Revenues				
Sales	$ -	$ -	$ -	$ -
Cost of sales	-	-	-	-
Gross Profit	-	-	-	-
Charges for services	7,603,416	1,586,371	6,466,247	451,193
Total Operating Revenues	7,603,416	1,586,371	6,466,247	451,193
Operating Expenses				
Salaries and benefits	1,735,057	1,093,610	540,902	175,646
Supplies	894,559	434,229	66,428	99,297
Other services and charges	797,177	1,481,813	52,170	897,292
Vehicle operation	234,858	90,531	127,374	71,120
Insurance	7,162	-	-	28,068
Utilities	502,645	-	-	85,641
Depreciation	2,067,529	1,204,962	683,645	932,480
Total Operating Expenses	6,238,987	4,305,145	1,470,519	2,289,544
Operating Income (Loss)	1,364,429	(2,718,774)	4,995,728	(1,838,351)
Nonoperating Revenues (Expenses)				
Taxes	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	83,327
Local	-	-	-	-
Refunds and reimbursements	-	-	-	-
Investment income	634	7,828	16,916	1,977
Rental income	-	-	-	44,183
Miscellaneous income	58,205	1,200	54,348	3,865
Gain (loss) on sale of assets	-	-	-	-
Interest expense	(542,355)	(126,125)	(69,417)	-
Amortization	-	-	-	-
Total Nonoperating Revenues (Expenses)	(483,516)	(117,097)	1,847	133,352
Income (Loss) Before Contributions and Transfers	880,913	(2,835,871)	4,997,575	(1,704,999)
Capital Contributions From Other Funds	506,274	-	307,869	-
Capital Grants and Contributions	4,853	-	-	1,878,041
Transfers In	900,000	4,000,000	100,000	100,000
Transfers Out	(590,638)	(100,000)	(4,454,407)	-
Change in Net Position	1,701,402	1,064,129	951,037	273,042
Net Position, January 1 as Restated (Note 9)	32,463,442	17,536,611	15,273,228	23,378,386
Net Position, December 31	$ 34,164,844	$ 18,600,740	$ 16,224,265	$ 23,651,428

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

Business-type Activities - Enterprise Funds					Governmental Activities-
6200 Riverfront 2000/ Civic Center	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Internal Service Funds
$ 2,471,760	$ -	$ -	$ -	$ 2,471,760	$ -
(1,361,450)	-	-	-	(1,361,450)	-
1,110,310	-	-	-	1,110,310	-
2,813,996	$ 1,447,049	924,732	9,297,088	30,590,092	19,420,930
3,924,306	1,447,049	924,732	9,297,088	31,700,402	19,420,930
949,989	273,453	669,834	2,614,900	8,053,391	5,049,831
164,180	1,150	29,786	367,010	2,056,639	1,420,952
3,854,035	1,285,235	2,940,868	5,152,310	16,460,900	9,642,934
28,953	-	-	1,173,703	1,726,539	71,440
92,211	37,313	53,145	77,890	295,789	172,579
491,329	24,872	198,703	190,152	1,493,342	174,260
2,341,621	159,587	496,638	1,276,543	9,163,005	1,860,868
7,922,318	1,781,610	4,388,974	10,852,508	39,249,605	18,392,864
(3,998,012)	(334,561)	(3,464,242)	(1,555,420)	(7,549,203)	1,028,066
6,373,295	467,657	-	165,000	7,005,952	-
-	-	-	301,462	301,462	-
-	273,224	3,081,939	958,420	4,313,583	-
-	7,101	-	1,713,889	1,804,317	105,832
-	-	-	8,040	8,040	-
-	63,633	12,649	-	76,282	-
57,518	55,091	4,271	26,661	170,896	281,399
-	-	-	26,310	70,493	331,956
1,882	30,468	-	175,272	325,240	67,797
(54,014)	362,802	-	-	308,788	55,168
(472,285)	(191,834)	-	(6,296)	(1,408,312)	-
234,897	-	-	-	234,897	-
6,141,293	1,068,142	3,098,859	3,368,758	13,211,638	842,152
2,143,281	733,581	(365,383)	1,813,338	5,662,435	1,870,218
-	-	-	265,107	1,079,250	-
56,009	156,867	-	230,000	2,325,770	975,653
45,733	494,269	-	1,150,372	6,790,374	2,095,688
(876,192)	(101,849)	-	(2,873,913)	(8,996,999)	(2,313,499)
1,368,831	1,282,868	(365,383)	584,904	6,860,830	2,628,060
34,508,804	1,435,647	12,184,609	36,759,348	173,540,075	29,997,454
$ 35,877,635	$ 2,718,515	$11,819,226	$ 37,344,252	$ 180,400,905	$ 32,625,514

Change in net position as shown above	$ 6,860,830
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	1,551,695
Change in net position of business-type activities	$ 8,412,525

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, 2018

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Cash Flows from Operating Activities				
Receipts from interfund services provided	$ -	$ -	$ -	$ -
Receipts from customers and users	7,613,574	1,371,065	6,459,067	451,773
Other cash receipts	58,205	1,200	54,348	48,048
Payments to suppliers	(2,602,412)	(2,079,554)	(322,814)	(812,414)
Payments to and on behalf of employees	(1,387,173)	(918,828)	(473,370)	(151,831)
Payments for interfund services provided	(236,243)	(90,531)	(124,354)	(465,627)
Net Cash Provided (Used) by Operating Activities	3,445,951	(1,716,648)	5,592,877	(930,051)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	900,000	4,000,000	100,000	100,000
Transfers to other funds	(590,638)	(100,000)	(4,454,407)	-
(Increase) decrease in due from other funds	-	1,850,000	-	250,000
Increase (decrease) in due to other funds	(615,500)	-	(414,500)	480,000
(Increase) decrease in advance to other funds	-	-	-	-
Increase (decrease) in advance from other funds	-	-	-	-
Principal received on advances to other funds	-	-	-	-
Tax receipts	-	-	-	-
Intergovernmental operating grants received	-	-	-	83,327
Teneant fraud recovery	-	-	-	-
Interest paid on advances from other funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(306,138)	5,750,000	(4,768,907)	913,327
Cash Flows from Capital and Related Financing Activities				
Acquisitions of capital assets	(493,115)	(398,906)	(66,993)	(1,689,069)
Intergovernmental contributions for capital assets	4,853	-	-	1,108,596
Proceeds from sale of capital assets	-	-	-	-
Principal paid on long-term debt	(2,197,140)	(1,921,886)	(297,000)	(38,400)
Interest paid on long-term debt	(562,766)	(145,194)	(71,210)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,248,168)	(2,465,986)	(435,203)	(618,873)
Cash Flows from Investing Activities				
Payment received on loans	-	-	69,424	2,707
Loans issued	-	-	-	-
Interest received on investments	634	7,828	17,461	1,977
Net Cash Provided (Used) by Investing Activities	634	7,828	86,885	4,684

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

Business-type Activities - Enterprise Funds					Governmental Activities-
6200 Riverfront 2000/ Civic Center	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Internal Service Funds
$ -	$ -	$ -	$ -	$ -	$ 19,376,605
5,185,325	1,486,078	817,957	9,175,988	32,560,827	-
1,882	94,101	101,187	492,082	851,053	399,753
(5,257,411)	(1,067,695)	(3,256,979)	(4,689,642)	(20,088,921)	(11,886,853)
(691,078)	(235,486)	(752,140)	(2,175,402)	(6,785,308)	(4,188,721)
(964,954)	(244,916)	-	(2,430,552)	(4,557,177)	(1,031,804)
(1,726,236)	32,082	(3,089,975)	372,474	1,980,474	2,668,980
45,733	494,269	-	1,150,372	6,790,374	2,095,688
(876,192)	(101,849)	-	(2,873,913)	(8,996,999)	(2,313,499)
1,300,000	(966,319)	-	1,622,250	4,055,931	6,291,000
(5,685,000)	-	(55,706)	(678,500)	(6,969,206)	-
-	(3,203)	-	-	(3,203)	-
-	(293,495)	-	-	(293,495)	-
-	-	-	-	-	293,495
6,275,379	467,939	-	165,000	6,908,318	-
-	249,036	3,005,135	2,659,191	5,996,689	15,448
-	-	12,649	-	12,649	-
-	(196,114)	-	-	(196,114)	-
1,059,920	(349,736)	2,962,078	2,044,400	7,304,944	6,382,132
(2,845,500)	-	(149,452)	(596,512)	(6,239,547)	(3,145,257)
56,009	362,802	94,186	230,000	1,856,446	112,776
-	-	-	-	-	55,168
(2,495,000)	-	-	(191,444)	(7,140,870)	-
(516,462)	-	-	(6,855)	(1,302,487)	-
(5,800,953)	362,802	(55,266)	(564,811)	(12,826,458)	(2,977,313)
-	155,741	-	-	227,872	-
-	(200,000)	-	-	(200,000)	-
57,518	55,065	4,271	26,661	171,415	285,680
57,518	10,806	4,271	26,661	199,287	285,680

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, 2018

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Net Increase (Decrease) in Cash and Cash Equivalents	$ (107,721)	$ 1,575,194	$ 475,652	$ (630,913)
Cash and Cash Equivalents, January 1	462,725	67,927	420,653	631,265
Cash and Cash Equivalents, December 31	$ 355,004	$ 1,643,121	$ 896,305	$ 352
Reconciliation of Cash and Cash Equivalents				
Unrestricted	$ 355,004	$ 1,643,121	$ 896,305	$ 352
Restricted	-	-	-	-
Total Cash and Cash Equivalents	$ 355,004	$ 1,643,121	$ 896,305	$ 352
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ 1,364,429	$ (2,718,774)	$ 4,995,728	$ (1,838,351)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	58,205	1,200	54,348	48,048
Loan write-off	-	-	-	-
Depreciation	2,067,529	1,204,962	683,645	932,480
(Increase) decrease in assets				
Accounts receivable	10,158	(194,424)	(7,202)	580
Sponsorship rights receivable	-	-	-	-
Due from employees	-	-	-	-
Due from other governments	-	(20,882)	22	-
Inventories	8,029	-	1,477	-
Prepaid items	(1,129)	(2,763)	(485)	(2,331)
(Increase) decrease in deferred outflows of resources				
Deferred pension resources	104,027	69,281	46,255	8,696
Increase (decrease) in liabilities				
Accounts payable	(9,735)	120,863	(59,101)	(68,044)
Due to other governments	1,226	(41,225)	-	-
Accrued salaries payable	9,183	(2,221)	7,038	394
Compensated absences payable	20,285	1,282	9,281	2,996
Pension liability	(175,384)	(123,913)	(107,960)	(16,136)
Other postemployment benefit obligation	(19,112)	(11,970)	(21,888)	1,734
Deposits payable	-	-	-	-
Other current liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources				
Deferred pension resources	(7,649)	(7,598)	(13,956)	(1,158)
Deferred other postemployment benefit resources	15,889	9,534	5,675	1,041
Net Cash Provided (Used) by Operating Activities	$ 3,445,951	$ (1,716,648)	$ 5,592,877	$ (930,051)
Schedule of Noncash Investing, Capital and Financing Activities				
Book value of disposed/traded capital assets	$ -	$ -	$ -	$ -
Capital assets acquired on account	-	110,026	182,034	83,065
Capital assets acquired with grants (due from other governments)	-	-	-	-
Capital assets contributed by (to) other funds	506,274	-	307,869	-
Capital assets contributed by others	-	-	-	-
Debt forgiven	-	-	-	-
Loans written off	-	-	-	-
Amortization of bond (premium) discount	-	-	-	-

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

Business-type Activities - Enterprise Funds					Governmental Activities-
6200 Riverfront 2000/ Civic Center	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	Internal Service Funds
$ (6,409,751)	$ 55,954	$ (178,892)	$ 1,878,724	$ (3,341,753)	$ 6,359,479
6,410,627	1,598,636	1,785,352	4,511,668	15,888,853	3,280,031
$ 876	$ 1,654,590	$ 1,606,460	$ 6,390,392	$ 12,547,100	$ 9,639,510
$ 876	$ 1,654,590	$ 1,541,466	$ 6,390,392	$ 12,482,106	$ 9,639,510
-	-	64,994	-	64,994	-
$ 876	$ 1,654,590	$ 1,606,460	$ 6,390,392	$ 12,547,100	$ 9,639,510
$ (3,998,012)	$ (334,561)	$ (3,464,242)	$ (1,555,420)	$ (7,549,203)	$ 1,028,066
1,882	94,101	-	492,082	749,866	399,753
-	5,875	-	-	5,875	-
2,341,621	159,587	496,638	1,276,543	9,163,005	1,860,868
(104,377)	39,029	(7,159)	(99,689)	(363,084)	(52,062)
225,000	-	-	-	225,000	-
-	-	-	-	-	7,737
-	-	-	(21,411)	(42,271)	-
(14,578)	-	-	(34,243)	(39,315)	(21,113)
(8,290)	(2,765)	(690)	(9,656)	(28,109)	(13,495)
25,707	13,465	56,013	154,485	477,929	298,189
(30,243)	63,439	1,073	409,533	427,785	(651,540)
2,566	-	(31,823)	801	(68,455)	-
11,961	1,632	(1,822)	17,249	43,414	15,658
1,261	5,101	(7,028)	(19,460)	13,718	(14,831)
20,936	(10,851)	(102,890)	(283,145)	(799,343)	(484,609)
(8,478)	(6,365)	(28,932)	43,311	(51,700)	(24,975)
-	-	(2,775)	-	(2,775)	295,406
-	-	(3,037)	-	(3,037)	-
(221,054)	-	4,346	-	(216,708)	-
20,741	3,182	(7,097)	(19,350)	(32,885)	(15,545)
7,121	1,213	9,450	20,844	70,767	41,473
$ (1,726,236)	$ 32,082	$ (3,089,975)	$ 372,474	$ 1,980,474	$ 2,668,980
$ 54,014	$ -	$ -	$ -	$ 54,014	$ -
57,270	-	-	-	432,395	-
-	-	-	-	-	993,571
-	-	-	265,107	1,079,250	-
56,009	-	-	-	56,009	-
-	156,867	-	-	156,867	-
-	5,875	-	-	5,875	-
(234,897)	-	-	-	(234,897)	-

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, 2018

	Agency
Assets	
Cash and temporary investments	$ 1,396,700
Cash held by fiscal agent	38,471
Receivables	
Accounts	70,334
Loans	50,000
Intergovernmental	25,463
Prepaid items	22,528
Total Assets	$ 1,603,496
Liabilities	
Accounts payable	$ 9,164
Due to other governments	1,376,867
Salaries payable	5,778
Compensated absences payable	400
Deposits payable	35,484
Other current liabilities	175,803
Total Liabilities	$ 1,603,496

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

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as unavailable revenue in the governmental fund financial statements.

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

The *Improvements 2019* fund accounts for costs associated with major street projects with construction starting in 2017.

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary funds:

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

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

The *Riverfront 2000/Civic Center fund* accounts for the costs associated with the construction and operations of an arena/civic center in the downtown area.

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 capital replacement services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The *Agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The City accounts for the following agency activities: Blue Earth County EDA and Minnesota Valley Council of Governments (MVCOG).

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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.

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.

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 1: Summary of Significant Accounting Policies (Continued)

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, 2018:

- US government and agency securities of $14,853,637 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of $12,845,993 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:

* Demand Deposits (FDIC or NCUSIF backed) checking accounts	75%
* Time Deposits (FDIC or NCUSIF backed)	100%
* Municipal Depository Funds (Local Government Investment Pool)	50%
* Super NOW Accounts (FDIC or NCUSIF backed)	50%
* Certificates of Deposit (FDIC or NCUSIF backed)	50%
* Sweep Accounts	50%
* Commercial Paper (Rating of A1, P1, or F1)	50%
* Repurchase Agreements (30 day maturity & FDIC backed)	50%
* Federal Government Direct Obligations	100%
* Federal Financing Bank Obligations	100%
* Government Sponsored Securities	100%

The Director of Finance 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 Finance 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 Director of Finance will attempt to maintain a minimum of thirty days cash flow requirement in the master checking account or a government approved money market fund. Available funds exceeding the thirty day cash flow requirement will be defined as "available excess funds" subject to the following desired maturity schedule. The following guidelines may be deviated from if so directed by the City Manager. The available excess funds shall be scheduled to coincide with projected cash flow needs.

Maturities in this category shall be timed to comply with the following minimum guidelines:

Under 1 year	10 % minimum
Under 2 years	30 % minimum
Under 3 years	50 % minimum
Under 4 years	60 % minimum
Under 5 years	70 % minimum
Under 10 years	80 % minimum
Under 15 years	90 % minimum
Under 20 years	100 % minimum

If at the year of any fiscal year, the above minimum percentages are exceeded, then the Director of Finance shall execute all new investment transactions in shorter term instruments until the minimum standards are met.

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.

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 same regulatory rules of the SEC under rule 2a7. The City's investment in this trust is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

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 2018. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts as of December 31, 2018 was $94,000.

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, June and November each year.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Inventories and Prepaid Items

All inventories are stated at the lower of cost or market 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.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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 a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

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, 2018. 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 GERF, PEPFF and PEDCP is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Total All Plans
	GERF	PEPFF	PEDCP	
Pension Expense	$ 477,724	$ 1,571,266	$ 3,487	$ 2,052,477

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has three 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 two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

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".

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, Revolving Loan - Federal, Revolving Loan - City, Highway #14 Partnership, Neighborhood Improvement, Metropolitan Planning Organization, Community Investment, Public Safety Grants and Donations, Downtown Special Services District 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) transit capital grant expenditures, 2) new Neighborhood Improvement loan, 3) storm water, airport and wastewater capital expenditures, 4) water reuse study, 5) disaster expenditures, 6) energy lease debt and 7) technology upgrades.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2018 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Revolving Loan - City	$ -	$ 49,479	$ 49,479
Community Investment	-	16,253	16,253

The over-expenditures were funded by revenues in excess of budget and available fund balance.

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2018:

Fund	Amount
Major	
Capital Projects	
Improvements 2019	$ 9,565,291
Nonmajor	
Capital Projects	
Sibley Park Tax Increment Phase I	1,105,534
Mankato Design Busters Tax Increment	36,139
HECO Tax Increment	174,523
Highway 169 Flood Control	1,626,515
South Riverfront Tax Increment	780,221
Riverside Park Construction	569,150
Curling Club	61,130
Garage Demolition	160,651
Energy Improvements	1,723,764
Franklin Rogers Park Improvements	3,320,946
Aquatic Center	33,167
Improvements 2014	898,533
Improvements 2018	1,634,740
Improvements 2020	186,740
Proprietary	
Refuse	594,310

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

The proprietary fund deficit will be funded by future utility revenues and transfers from other funds.

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 market 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;
- 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 $498,522. The bank balance was $498,776. The bank balance was covered by federal depository insurance of $273,755 and $225,021 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Note 3: Detailed Notes on All Funds (Continued)

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 86 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, 2018 all investments were insured or registered, or securities were held by the City or tis 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, 2018, 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, 2018, 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						
4M Fund	N/A	less than 6 months	$ 15,699,528			
Non-pooled Investments at Fair Value						
Government Agency Securities	AAA	less than 6 months	818,775	$ 818,775	$ -	$ -
Government Agency Securities	AA+	less than 6 months	2,191,398	2,191,398	-	-
Government Agency Securities	AAA	6 months to 1 year	436,203	436,203	-	-
Government Agency Securities	AA+	6 months to 1 year	3,311,392	3,311,392	-	-
Government Agency Securities	AA+	1 to 3 years	4,984,998	4,984,998	-	-
Government Agency Securities	AAA	more than 3 years	285,849	285,849	-	-
Government Agency Securities	AA+	more than 3 years	1,986,405	1,986,405	-	-
Government Agency Securities	N/R	more than 3 years	838,617	838,617	-	-
Negotiable certificates of deposit	N/A	less than 6 months	1,445,593	-	1,445,593	-
Negotiable certificates of deposit	N/A	6 months to 1 year	3,643,837	-	3,643,837	-
Negotiable certificates of deposit	N/A	1 to 3 years	3,217,383	-	3,217,383	-
Negotiable certificates of deposit	N/A	more than 3 years	4,539,180	-	4,539,180	-
Total Investments			$ 43,399,158	$ 14,853,637	$ 12,845,993	$ -

(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 $40,382.

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	Agency Funds	Totals
Deposits	$ 498,522	$ -	$ 498,522
Investments	41,963,987	1,435,171	43,399,158
Cash on Hand	40,382	-	40,382
Total	$ 42,502,891	$ 1,435,171	$ 43,938,062
Cash and Cash Equivalents	$ 42,437,897	$ 1,396,700	$ 43,834,597
Cash Held by Fiscal Agent	-	38,471	38,471
Restricted Assets	64,994	-	64,994
Total	$ 42,502,891	$ 1,435,171	$ 43,938,062

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 balance of these notes in the special revenue funds at December 31, 2018 is $300,978.

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. The balance of these notes in the special revenue funds and capital project funds at December 31, 2018 are $598,677 and $430,067, respectively.

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. The balance of these notes in the special revenue funds at December 31, 2018 is $24,750.

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. The balance of these notes in the special revenue funds at December 31, 2018 is $116,600.

Note 3: Detailed Notes on All Funds (Continued)

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. The balance of these notes in the enterprise funds at December 31, 2018 is $353,111.

The City has loaned funds to individuals in conjunction with the Store Front Improvement and the 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 balance of these notes in the enterprise funds at December 31, 2018 are $30,405 and $1,267,356 respectively.

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 balance of these notes in the enterprise funds at December 31, 2018 is $68,810.

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 forcemain 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 balance of this note in the enterprise funds at December 31, 2018 is $770,687.

The City has loaned funds to a local business in lieu of an annual assessment. This note is to be paid back to the City with 4 percent interest over 10 years. The balance of this loan in the debt service fund at December 31, 2018 is $14,682.

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 2015 - 2019 for the exclusive rights to sell or distribute beverages at the facility. Also, Verizon Communications has committed payments of $100,000 annually through April 2018 for the exclusive naming rights of the facility. The City will quit using this name as of April 1, 2019. The balance of these receivables in the enterprise funds at December 31, 2018 is $25,000, which is partially offset by unearned revenue.

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 4,298,021	$ -	$ -	$ 4,298,021
Construction in progress	22,287,541	16,298,251	(12,853,793)	25,731,999
Total Capital Assets not Being Depreciated	26,585,562	16,298,251	(12,853,793)	30,030,020
Capital Assets Being Depreciated				
Land improvements	4,269,781	44,464	-	4,314,245
Buildings and structures	36,515,306	930,415	(35,000)	37,410,721
Machinery and vehicles	27,569,553	3,016,746	(564,025)	30,022,274
Office equipment	2,262,426	-	(68,906)	2,193,520
Infrastructure	257,173,364	10,482,497	-	267,655,861
Storm sewer systems	7,117,610	-	-	7,117,610
Total Capital Assets Being Depreciated	334,908,040	14,474,122	(667,931)	348,714,231
Less Accumulated Depreciation for				
Land improvements	(2,277,141)	(165,013)	-	(2,442,154)
Buildings and structures	(13,945,912)	(1,100,801)	20,000	(15,026,713)
Machinery and vehicles	(16,827,276)	(1,901,464)	564,025	(18,164,715)
Office equipment	(1,967,657)	(137,386)	68,906	(2,036,137)
Infrastructure	(159,190,982)	(8,989,092)	-	(168,180,074)
Storm sewer systems	(3,627,659)	(137,210)	-	(3,764,869)
Total Accumulated Depreciation	(197,836,627)	(12,430,966)	652,931	(209,614,662)
Total Capital Assets Being Depreciated, Net	137,071,413	2,043,156	(15,000)	139,099,569
Governmental Activities Capital Assets, Net	$ 163,656,975	$ 18,341,407	$ (12,868,793)	$ 169,129,589

During the year, capital assets of $1,079,250 were contributed to business-type activities.

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	$ 5,110,155	$ 56,496	$ -	$ 5,166,651
Construction in progress	507,319	5,223,580	(472,423)	5,258,476
Total Capital Assets not Being Depreciated	5,617,474	5,280,076	(472,423)	10,425,127
Capital Assets Being Depreciated				
Land improvements	3,832,494	154,603	-	3,987,097
Buildings and structures	235,695,583	23,476	(256,649)	235,462,410
Machinery and vehicles	21,905,268	1,148,771	(260,519)	22,793,520
Office equipment	272,033	-	(58,296)	213,737
Infrastructure and other improvements	61,710,851	1,324,491	-	63,035,342
Total Capital Assets Being Depreciated	323,416,229	2,651,341	(575,464)	325,492,106
Less Accumulated Depreciation for				
Land improvements	(634,640)	(176,864)	-	(811,504)
Buildings and structures	(69,871,793)	(6,439,810)	234,522	(76,077,081)
Machinery and vehicles	(10,297,732)	(1,389,552)	228,632	(11,458,652)
Office equipment	(272,033)	-	58,296	(213,737)
Infrastructure and other improvements	(25,528,161)	(1,156,779)	-	(26,684,940)
Total Accumulated Depreciation	(106,604,359)	(9,163,005)	521,450	(115,245,914)
Total Capital Assets Being Depreciated, Net	216,811,870	(6,511,664)	(54,014)	210,246,192
Business-type Activities Capital Assets, Net	$ 222,429,344	$ (1,231,588)	$ (526,437)	$ 220,671,319

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities	
General government	$ 165,726
Public safety	488,453
Streets and highways, including depreciation of general infrastructure assets	9,319,795
Culture and recreation	443,235
Housing and economic development	152,889
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	1,860,868
Total Depreciation Expense - Governmental Activities	$ 12,430,966
Business-type Activities	
Housing and economic development	$ 498,045
Water	2,067,529
Wastewater plant	1,204,962
Sewer collection	683,645
Storm water	94,656
Street lighting	106,299
Mass transit	219,362
Airport	932,480
Parking	854,819
Civic center arena	2,341,621
Economic development	159,587
Total Depreciation Expense - Business-type Activities	$ 9,163,005

Construction Commitments

The City has active construction projects as of December 31, 2018. The projects include street construction, utility and sanitary sewer improvements and remodeling projects. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Franklin Rogers Park Improvements	$ 984,974	$ 51,841
Highway 169 Flood Control	59,666	22,954
2018A Improvements	3,025,243	351,768
2019A Improvements	5,693,156	775,627
Airport Sanitary Sewer Lining	178,393	14,610
Wastewater Pre-design Digestor	151,786	14,609
Airport Taxiway Lighting Replacement	1,578,243	18,717
Civic Center Re-roof	166,630	14,609
Total	$ 11,838,091	$ 1,264,735

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, 2018 is as follows:

Fund	Due from Other Funds	Due to Other Funds
General	$ 5,100,000	$ -
Debt Service	4,522,700	-
Improvements 2019	-	8,036,000
Nonmajor Governmental	5,200,000	11,175,700
Airport	-	615,000
Riverfront 2000/Civic Center	-	6,085,000
Economic Development	1,422,025	-
Mankato EDA	-	22,025
Nonmajor Enterprise	-	395,000
Internal Service		
Administrative Services	1,900,000	-
Equipment Replacement	6,184,000	-
Capital Replacement	2,000,000	-
Total	$ 26,328,725	$ 26,328,725

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. The majority of the interfund balances represent temporary funding for cash deficits.

Note 3: Detailed Notes on All Funds (Continued)

Advances from/to Other Funds

The composition of interfund advances at December 31, 2018 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	$ 36,139
Nonmajor governmental	Nonmajor governmental	4.00	12/09/13	08/01/38	174,523
Economic Development	Nonmajor governmental	4.00	12/09/13	02/01/38	1,105,534
Nonmajor governmental	Nonmajor governmental	4.00	12/09/13	08/01/26	780,221
Internal Service	Economic Development	3.50	06/30/11	08/01/32	5,382,508
Totals					$ 7,478,925

A summary of total future interfund advance repayments follows:

Year Ending December 31,	Principal	Interest	Total
2019	$ 425,384	$ 259,877	$ 685,261
2020	441,022	244,346	685,368
2021	457,237	228,242	685,479
2022	477,966	215,063	693,029
2023	499,611	200,974	700,585
2024-2028	2,560,066	723,932	3,283,998
2029-2033	2,183,613	274,452	2,458,065
2034-2038	434,026	48,008	482,034
Total	$ 7,478,925	$ 2,194,894	$ 9,673,819

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

Interfund transfers for the year ended December 31, 2018 are as follows:

	Transfer In						
Fund	General	Debt Service	Improvements 2019	Nonmajor Governmental	Water	Wastewater Plant	Sewer Collection
Transfer Out							
General	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service	-	-	-	-	-	-	-
Improvement Bond Redemption	-	750,000	-	-	-	-	-
Improvements 2016	-	-	-	-	-	-	-
Nonmajor governmental	-	1,565,848	-	3,427,673	-	-	-
Water	-	590,638	-	-	-	-	-
Wastewater plant	-	-	-	-		-	100,000
Sewer Collections	-	454,407	-	-	-	4,000,000	-
Riverfront 2000/ Civic Center enterprise	-	-	-	300,000	-	-	-
Economic development authority	49,980	-	-	-	-	-	-
Nonmajor enterprise	662,710	679,030	412,560	79,613	900,000	-	-
Central Garage internal service	-	-	-	-	-	-	-
Administrative Services internal service	-	-	-	8,000	-	-	-
Equipment Replacement internal service	-	-	-	-	-	-	-
Total Transfers Out	$ 712,690	$ 4,039,923	$ 412,560	$ 3,815,286	$ 900,000	$ 4,000,000	$ 100,000

Note 3: Detailed Notes on All Funds (Continued)

	Transfer In					
Fund	Airport	Riverfront 2000/ Civic Center	Economic Development	Nonmajor Enterprise	Internal Service	Total
Transfer Out						
General	$ -	$ -	$ -	$ 12,500	$ 260,000	$ 272,500
Debt Service	-	-	489,610	-	-	489,610
Improvement Bond Redemption	-	-	-	-	-	750,000
Nonmajor governmental	-	45,733	4,659	-	-	5,043,913
Water	-	-	-	-	-	590,638
Wastewater plant	-			-	-	100,000
Sewer Collections	-	-	-	-	-	4,454,407
Riverfront 2000/ Civic Center enterprise	100,000	-	-	476,192	-	876,192
Economic development authority	-	-	-	51,869	-	101,849
Nonmajor enterprise	-	-	-	-	140,000	2,873,913
Central Garage internal service	-	-	-	-	375,000	375,000
Administrative Services internal service	-	-	-	28,435	530,000	566,435
Equipment Replacement internal service	-	-	-	581,376	790,688	1,372,064
Total Transfers Out	$ 100,000	$ 45,733	$ 494,269	$ 1,150,372	$ 2,095,688	$ 17,866,521

Note 3: Detailed Notes on All Funds (Continued)

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, 2018, the City made the following one-time transfers:

- From the Revolving Loan-Federal and Parking funds to the Tailwind Tax Increment fund for construction costs ($79,613).
- From the Construction Revolving fund to the Improvements 2015 fund to close the fund ($162,187).
- From the MSA fund to the Improvements 2018 fund for Stadium Road Hill ($738,229).
- From the MSA fund to the Improvements 2018 fund for Adams Street extension ($1,927,644).
- From the Storm Water fund to the Improvements 2019 fund for storm water projects ($412,560).

F. 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:

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 2008B	$ 815,000	3.50 - 4.25 %	12/15/08	02/01/19	$ 100,000
G.O. Capital Improvement Bonds of 2009B	845,000	2.00 - 4.00	12/01/09	02/01/20	185,000
G.O. Capital Improvement Bonds of 2010A	880,000	2.00 - 3.25	12/15/10	02/01/21	280,000
G.O. Capital Improvement Bonds of 2012A	810,000	2.00 - 3.00	02/01/12	02/01/22	345,000
G.O. Capital Improvement Bonds of 2013A	815,000	2.00	02/01/13	02/01/24	495,000
G.O. Capital Improvement Bonds of 2014A	815,000	2.00 - 5.00	02/15/14	02/01/24	585,000
G.O. Capital Improvement Bonds of 2015A	850,000	2.00 - 3.00	03/12/15	02/01/25	675,000
G.O. Capital Improvement Bonds of 2016A	915,000	2.00 - 4.00	04/14/16	02/01/27	835,000
G.O. Capital Improvement Bonds of 2017A	240,000	2.25 - 4.00	04/06/17	02/01/28	240,000
Total General Obligation Bonds					$ 3,740,000

Note 3: Detailed Notes on All Funds (Continued)

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
2019	$ 725,000	$ 95,856	$ 820,856
2020	640,000	73,781	713,781
2021	560,000	55,938	615,938
2022	485,000	40,869	525,869
2023	410,000	28,019	438,019
2024 - 2028	920,000	32,553	952,553
Total	$ 3,740,000	$ 327,016	$ 4,067,016

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	$ 3,205,000

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
2019	$ 130,000	$ 99,812	$ 229,812
2020	135,000	97,690	232,690
2021	135,000	95,260	230,260
2022	140,000	92,508	232,508
2023	140,000	89,393	229,393
2024 - 2028	770,000	386,743	1,156,743
2029 - 2033	905,000	249,245	1,154,245
2034 - 2037	850,000	66,120	916,120
Total	$ 3,205,000	$ 1,176,771	$ 4,381,771

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 2008A	$ 8,915,000	3.50 - 4.25 %	12/15/08	02/01/19	$ 945,000
G.O. Improvement Bonds of 2009A	7,615,000	2.00 - 4.00	02/01/09	02/01/20	1,560,000
G.O. Improvement Bonds of 2010A	6,160,000	2.00 - 3.25	12/15/10	02/01/21	1,860,000
G.O. Improvement Bonds of 2012A	5,505,000	2.00 - 3.00	02/01/12	02/01/22	2,235,000
G.O. Improvement Bonds of 2013A	6,905,000	2.00	02/01/13	02/01/24	4,155,000
G.O. Improvement Bonds of 2014A	9,565,000	2.00 - 5.00	02/15/14	02/01/24	6,370,000
G.O. Improvement Bonds of 2015A	5,745,000	2.00 - 3.00	03/12/15	02/01/25	4,355,000
G.O. Improvement Bonds of 2016A	17,175,000	2.00 - 4.00	04/14/16	02/01/27	15,300,000
G.O. Improvement Bonds of 2017A	7,265,000	2.25 - 4.00	04/06/17	02/01/28	7,265,000
G.O. Improvement Bonds of 2018A	3,485,000	3.00 - 5.00	04/26/18	02/01/29	3,485,000
Total G.O. Special Assessment Bonds					$ 47,530,000

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
2019	$ 7,490,000	$ 1,318,478	$ 8,808,478
2020	6,975,000	1,041,506	8,016,506
2021	6,305,000	842,150	7,147,150
2022	5,640,000	666,994	6,306,994
2023	5,200,000	504,244	5,704,244
2024 - 2028	15,505,000	815,191	16,320,191
2029	415,000	6,225	421,225
Total	$ 47,530,000	$ 5,194,788	$ 52,724,788

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 - Wastewater	$24,682,000	3.07 %	05/01/98	08/20/19	$ 1,623,188
Public Facilities Authority II - Wastewater	678,000	3.07	11/09/00	08/20/19	46,000
Public Facilities Authority I - Water	2,309,300	2.31	12/12/05	08/20/25	950,300
Public Facilities Authority II - Water	37,729,870	2.63	04/09/07	08/20/26	17,976,948
Public Facilities Authority III - Madison Lake	1,194,071	1.88	06/13/09	08/20/29	632,000
Public Facilities Authority IV - 42" Line	5,520,000	1.656	10/01/10	08/20/30	3,144,000
Public Facilities Authority V - Wastewater	6,495,931	1.007	08/26/14	08/20/34	5,281,000
Public Facilties Authority VI - 42" Line 2	111,173	1.00	05/01/15	08/20/25	79,000
Public Facilties Authority III - Water Reuse	1,233,405	1.093	08/10/15	08/20/35	1,054,000
G.O. Sales Tax Revenue Bonds of 2015B	12,730,000	4.00 - 5.00	03/12/15	02/01/23	10,155,000
Total G.O. Revenue Bonds					$40,941,436

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
2019	$ 6,216,188	$ 1,084,400	$ 7,300,588
2020	4,897,000	888,019	5,785,019
2021	5,065,000	719,285	5,784,285
2022	5,235,000	554,733	5,789,733
2023	5,395,000	395,014	5,790,014
2024 - 2028	10,965,248	707,434	11,672,682
2029 - 2033	2,679,000	103,648	2,782,648
2034 - 2035	489,000	5,772	494,772
Total	$ 40,941,436	$ 4,458,305	$ 45,399,741

Note 3: Detailed Notes on All Funds (Continued)

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	Refuse	Riverfront 2000/ Civic Center
Revenues	$ 7,603,416	$ 1,586,371	$ 6,466,247	$ 1,954,019	$ 5,285,756
Principal and Interest	2,759,906	2,067,080	368,210	198,299	3,011,462
Percentage of Revenues	36.3%	130.3%	5.7%	10.1%	57.0%

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
Airport T-hangar Loan (State)	$ 381,616	0.00 %	02/07/12	02/01/23	$ 154,416
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	72,716
Total Loans Payable					$ 345,632

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
2019	$ 10,079	$ 1,412	$ 11,491	$ 38,400	$ -	$ 38,400
2020	20,463	1,066	21,529	38,400	-	38,400
2021	20,876	653	21,529	38,400	-	38,400
2022	21,298	231	21,529	38,400	-	38,400
2023	-	-	-	816	-	816
2024 - 2028	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-
2039 - 2040	-	-	-	118,500	-	118,500
Total	$ 72,716	$ 3,362	$ 76,078	$ 272,916	$ -	$ 272,916

Note 3: Detailed Notes on All Funds (Continued)

Capital Leases

During 2015 the City entered into a capital lease for recycling and refuse carts. These lease agreements qualify as capital leases for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease 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
Refuse Equipment Lease	$ 950,000	1.57 %	08/01/15	04/24/20	$ 292,840
Tax-exempt Lease Purchase Agreement	1,255,000	2.62	04/24/17	04/01/33	1,248,256
Taxable Lease Purchase Agreement	1,300,000	3.72	05/24/17	10/01/28	1,289,238
Total Capital Leases Payable					$ 2,830,334

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

Year Ending December 31,	Capital Leases Payable Governmental Activities Principal	Interest	Total	Capital Leases Payable Business-type Activities Principal	Interest	Total
2019	$ 180,179	$ 79,740	$ 259,919	$ 194,462	$ 3,837	$ 198,299
2020	186,185	73,734	259,919	98,378	773	99,151
2021	192,397	67,522	259,919	-	-	-
2022	198,821	61,097	259,918	-	-	-
2023	205,466	54,452	259,918	-	-	-
2024 - 2028	1,135,281	164,313	1,299,594	-	-	-
2029 - 2033	439,165	29,427	468,592	-	-	-
Total	$ 2,537,494	$ 530,285	$ 3,067,779	$ 292,840	$ 4,610	$ 297,450

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	$ 4,515,000	$ -	$ (775,000)	$ 3,740,000	$ 725,000
G.O. tax increment bonds	3,335,000	-	(130,000)	3,205,000	130,000
G.O. special assessment bonds	51,785,000	3,485,000	(7,740,000)	47,530,000	7,490,000
Bond discounts	(590)	-	458	(132)	-
Bond premiums	2,861,119	328,135	(329,417)	2,859,837	-
Total Bonds Payable	62,495,529	3,813,135	(8,973,959)	57,334,705	8,345,000
Loans Payable	-	90,000	(17,284)	72,716	10,079
Capital Leases Payable	2,555,000	-	(17,506)	2,537,494	180,179
Other Postemployment Benefits Obligation	3,685,338	82,046	(240,545)	3,526,839	-
Pension Liability					
GERF	6,638,572	109,577	(1,049,878)	5,698,271	-
PEPEFF	7,817,189	-	(1,533,726)	6,283,463	-
Compensated Absences Payable	2,081,262	1,286,252	(1,222,339)	2,145,175	948,905
Governmental Activity Long-term Liabilities	$ 85,272,890	$ 5,381,010	$ (13,055,237)	$ 77,598,663	$ 9,484,163
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	$ 47,852,462	$ -	$ (6,911,026)	$ 40,941,436	$ 6,216,188
Bond premiums	1,758,353	-	(234,897)	1,523,456	-
Total Bonds Payable	49,610,815	-	(7,145,923)	42,464,892	6,216,188
Loans Payable	468,183	-	(195,267)	272,916	38,400
Capital Leases Payable	484,284	-	(191,444)	292,840	194,462
Other Postemployment Benefits Obligation	1,578,326	35,138	(86,839)	1,526,625	-
Pension Liability					
GERF	5,031,258	102,785	(902,128)	4,231,915	-
Compensated Absences Payable	620,522	399,693	(397,294)	622,921	308,366
Business-type Activity Long-term Liabilities	$ 57,793,388	$ 537,616	$ (8,918,895)	$ 49,412,109	$ 6,757,416

Conduit Debt Obligation

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Issued to	Issue Date	Amount Issued	Balance at Year End
MRCI	11/15/13	$ 2,025,000	$ 1,569,260

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2018, 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	Debt Service	Improvement Bond Redemption	Improvements 2019	Other Governmental Funds	Total Governmental Funds
Nonspendable for						
Prepaid items	$ 55,299	$ -	$ -	$ -	$ 49	$ 55,348
Inventories	123,735	-	-	-	-	123,735
Total Nonspendable	$ 179,034	$ -	$ -	$ -	$ 49	$ 179,083
Restricted for						
Debt service	$ -	$ 5,222,663	$ -	$ -	$ -	$ 5,222,663
Tax increment financing activities	-	-	-	-	28,184	28,184
Loans	-	-	-	-	1,473,109	1,473,109
Municipal street projects	-	-	-	-	6,400,822	6,400,822
Total Restricted	$ -	$ 5,222,663	$ -	$ -	$ 7,902,115	$ 13,124,778
Committed to						
Loans	$ -	$ -	$ -	$ -	$ 2,980,834	$ 2,980,834
Community investment	-	-	-	-	93,331	93,331
Total Committed	$ -	$ -	$ -	$ -	$ 3,074,165	$ 3,074,165
Assigned to						
Tax adjustments	$ 600,000	$ -	$ -	$ -	$ -	$ 600,000
Emergencies	2,400,000	-	-	-	-	2,400,000
Neighborhood improvement	-	-	-	-	6,950	6,950
Highway #14 enhancement and promotion	-	-	-	-	754	754
Metropolitan planning	-	-	-	-	47,952	47,952
Public safety programs	-	-	-	-	283,909	283,909
Downtown safe and clean	-	-	-	-	32,459	32,459
Insurance	-	-	-	-	1,263,703	1,263,703
Capital projects	-	-	488,718	-	2,472,488	2,961,206
Total Assigned	$ 3,000,000	$ -	$ 488,718	$ -	$ 4,108,215	$ 7,596,933
Unassigned	$ 9,124,068	$ -	$ -	$ (9,565,291)	$(12,311,753)	$(12,752,976)

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 Fund (GERF)

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

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to 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 Minnesota 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.

GERF Benefits

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

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

PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF 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 3.0 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C. Contributions

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

GERF Contributions

Plan members were required to contribute 6.50 percent of their annual covered salary and the City was required to contribute 7.50 percent of pay for Coordinated Plan members in fiscal year 2018. The City's contributions to the GERF for the years ending December 31, 2018, 2017 and 2016 were $935,992, $888,279 and $859,978, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary and the City was required to contribute 16.20 percent of pay for members in fiscal year 2018. The City's contributions to the PEPFF for the years ending December 31, 2018, 2017 and 2016 were $1,000,319, $976,949 and $926,281, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

D. Pension Costs

GERF Pension Costs

At December 31, 2018, the City reported a liability of $9,930,186 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million to the fund in 2018. 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 $325,778. The net pension liability was measured as of June 30, 2018, 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.1790 percent which was a decrease of 0.0038 percent from its proportion measured as of June 30, 2017.

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

City's proportionate share of the net pension liability	$ 9,930,186
State of Minnesota's proportionate share of the net pension liability associated with the City	325,778
Total	$ 10,255,964

For the year ended December 31, 2018, the City recognized negative pension revenue of $477,724 for its proportionate share of GERF's pension expense. In addition, the City recognized an additional $75,791 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the GERF.

At December 31, 2018, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 262,763	$ 259,823
Changes in Actuarial Assumptions	941,389	1,115,763
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,036,860
Changes in Proportion	5,533	210,991
Contributions to GERF Subsequent to the Measurement Date	468,693	-
Total	$ 1,678,378	$ 2,623,437

Deferred outflows of resources totaling $468,693 related to pensions resulting from the City's contributions to GERF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

2019	$ 290,477
2020	(612,948)
2021	(884,021)
2022	(207,260)

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

PEPFF Pension Costs

At December 31, 2018, the City reported a liability of $6,283,463 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 through June 30, 2018 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportionate share was 0.5895 percent which was an increase of 0.0105 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of $570,947 for its proportionate share of PEPFF's pension expense. The City also recognized $53,055 for the year ended December 31, 2018, as pension expense (and an offsetting reduction of net pension liability) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2018, the City reported its proportionate share of PEPFF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 255,106	$ 1,560,840
Changes in Actuarial Assumptions	8,149,223	9,250,075
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,325,711
Changes in Proportion	313,036	13,413
Contributions to PEPFF Subsequent to the Measurement Date	504,748	-
Total	$ 9,222,113	$ 12,150,039

Deferred outflows of resources totaling $504,748 related to pensions resulting from the City's contributions to PEPFF subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to PEPFF pensions will be recognized in pension expense as follows:

2019	$ 200,842
2020	(382,738)
2021	(830,996)
2022	(2,431,196)
2023	11,414

Total Pension Expense

The total pension expense for all plans recognized by the City for the year ended December 31, 2018 was $116,166.

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for GERF and 1.0 percent per year for PEPFF.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERF plan was completed in 2015. The most recent four-year experience study for PEPFF was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

GERF

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

PEPFF

- 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.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	36.0 %	5.10 %
International Stocks	17.0	5.30
Bonds (Fixed Income)	20.0	0.75
Alternative Assets (Private Markets)	25.0	5.90
Cash	2.0	-
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50 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 GERF and PEPFF 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.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
GERF	$ 16,137,824	$ 9,930,186	$ 4,805,958
PEPFF	13,472,138	6,283,463	338,727

H. Pension Plan Fiduciary Net Position

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

Note 5: Defined Contribution Plan

There are six City Council members of the City covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP 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.

The defined contribution plan consists of individual accounts paying a lump-sum benefit. Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. 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 5 percent of salary which is matched by the elected official's employer. 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) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City during the fiscal year 2018 were:

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 3,487	$ 3,487	5.00%	5.00%	5.00%

The City and council member’s contributions to the PEDCP for the years ended December 31, 2018, 2017 and 2016 were $3,487, $3,385 and $3,792, 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.

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	26
Active Plan Members	253
Total Plan Members	279

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, 2018, the City’s average contribution rate was 29.38 percent of covered-employee payroll. For the year 2018, the City contributed $327,384 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 $5,053,464 was measured as of January 1, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2018.

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.11%
20-Year Municpal Bond Yeild	4.11%
Inflation Rate	2.75%
Salary Increases	Based on years of service from 3.25% to 12.25%
Medical Trend Rate	7.00% in 2018 grading to 4% over 13 years

The discount rate used to measure the total OPEB liability was 4.11 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 RP-2014 White Collar Mortality Tables.

The actuarial assumptions used in the December 31, 2018 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, 2017	$ 5,263,664
Changes for the Year:	
Service cost	201,327
Interset	182,413
Changes in assumptions or other inputs	(266,556)
Benefit payments	(327,384)
Net Changes	(210,200)
Balances at December 31, 2018	$ 5,053,464

Note 6: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

- 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%.

Since the prior measurement date, the following benefit terms changed:

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

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 (3.11 percent) or 1-percentage-point higher (5.11 percent) than the current discount rate:

1 Percent Decrease (3.11%)	Current (4.11%)	1 Percent Increase (5.11%)
$ 5,457,807	$ 5,053,464	$ 4,683,241

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 Trent Rates that is 1-percentage point lower (6.00 percent decreasing to 3.00 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.00 percent) than the current discount rate:

1 Percent Decrease (6% decreasing to 3%)	Healthcare Cost Trend Rates (7% decreasing to 4%)	1 Percent Increase (8% decreasing to 5%)
$ 4,592,393	$ 5,053,464	$ 5,586,862

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, 2018, the City recognized OPEB expense of $24,052. At December 31, 2018, 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	$ -	$ 234,252

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

2019	$(32,304)
2020	(32,304)
2021	(32,304)
2022	(32,304)
2023	(32,304)
Thereafter	(72,732)

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 $5,946,100 in aggregate are covered through reinsurance with Blue Cross/Blue Shield, Inc.

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 $2,643,831 at December 31, 2018. An estimated claims liability of $319,492 reported in the fund at December 31, 2018 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
2018	$ 334,896	$6,856,537	$ (6,871,941)	$ 319,492
2017	167,752	6,142,161	(5,975,017)	334,896
2016	341,450	5,033,725	(5,207,423)	167,752

Note 7: Other Information (Continued)

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.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

D. Subsequent Events

On April 10, 2019, the City issued 2019A General Obligation Improvements Bonds for $8,125,000 at interest rates of 3.0 - 5.0 percent. The bonds will mature on February 1, 2030. These bonds will be used to complete street and capital improvements.

E. 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 2018 was $7,102,050 for LGA. This accounted for 26 percent of General fund revenues.

Note 8: Tax Abatements

As of December 31, 2018, the City has six 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 #6f) on March 29, 2011 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 $547,651 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 #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.

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.

Note 8: Tax Abatements (Continued)

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 #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.

Lost revenue as it relates to tax abatements for the year ended December 31, 2018 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 #6f	39.557%	$ 82,825	$ 32,763
TIF District #33-2	37.997%	11,573	4,397
TIF District #34-1	36.561%	32,874	12,019
TIF District #35-1	36.561%	25,520	9,330
TIF District #37-1	37.997%	35,092	13,334
TIF District #38-1	43.994%	168,512	74,135
Total			$ 145,978

Note 9: Change in Accounting Principle

During fiscal year 2018, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2018 financial statements totaling $3,902,883. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 1.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2017 balances to the December 31, 2018 financial statements:

Fund	Net Position January 1, 2018 as Previosly Reported	Prior Period Restatement	Net Position January 1, 2018 as Restated
Governmental activities	$ 129,109,450	$ (2,783,719)	$ 126,325,731
Business-type activities	$ 181,504,408	$ (1,119,164)	$ 180,385,244
Business-type activities			
Water	$ 32,710,433	$ (246,991)	$ 32,463,442
Wastewater Plant	17,672,525	(135,914)	17,536,611
Sewer Collection	15,370,297	(97,069)	15,273,228
Airport	23,392,129	(13,743)	23,378,386
Riverfront 2000/ Civic Center	34,600,768	(91,964)	34,508,804
Economic Development	1,453,226	(17,579)	1,435,647
Mankato EDA	12,417,403	(232,794)	12,184,609
Eastwood Park	176,257	-	176,257
Utility Operations/ Administration	2,262,720	(44,110)	2,218,610
Refuse	(649,457)	-	(649,457)
Storm Water Utility	4,984,637	(40,555)	4,944,082
Street Lighting	2,297,651	-	2,297,651
Mass Transit	5,806,389	(181,983)	5,624,406
Parking System	22,164,261	(16,462)	22,147,799
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	6,845,169	-	6,845,169
Total business-type activities	$ 181,504,408	$ (1,119,164)	$ 180,385,244
Internal service funds	$ 30,917,123	$ (919,669)	$ 29,997,454

Note 10: Prior Period Restatement

There was a prior period restatement between governmental activities and business-type activities for $478,162 for an internal service mass transit capital grant reported as a governmental activity, but should have been a business-type activity.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2017 balances to the December 31, 2018 financial statements:

Fund	Net Position January 1, 2018 as Previosly Reported	Prior Period Adjustment	Net Position January 1, 2018 as Restated
Governmental activities	$ 126,325,731	$ (478,162)	$ 125,847,569
Business-type activities	$ 180,385,244	$ 478,162	$ 180,863,406
Business-type activities			
Water	$ 32,463,442	$ -	$ 32,463,442
Wastewater Plant	17,536,611	-	17,536,611
Sewer Collection	15,273,228	-	15,273,228
Airport	23,378,386	-	23,378,386
Riverfront 2000/ Civic Center	34,508,804	-	34,508,804
Economic Development	1,435,647	-	1,435,647
Mankato EDA	12,184,609	-	12,184,609
Eastwood Park	176,257	-	176,257
Utility Operations/ Administration	2,218,610	-	2,218,610
Refuse	(649,457)	-	(649,457)
Storm Water Utility	4,944,082	-	4,944,082
Street Lighting	2,297,651	-	2,297,651
Mass Transit	5,624,406	-	5,624,406
Parking System	22,147,799	-	22,147,799
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	6,845,169	478,162	7,323,331
Total Business-type Activities	$ 180,385,244	$ 478,162	$ 180,863,406
Internal Service Funds	$ 29,997,454	$ -	$ 29,997,454

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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City of Mankato, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2018

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Retirement 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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/18	0.1790 %	$ 9,930,186	$ 325,778	$ 10,255,964	$ 12,031,732	85.2 %	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 Retirement Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/18	$ 935,992	$ 935,992	$ -	$ 12,479,896	7.5 %
12/31/17	888,279	888,279	-	11,843,718	7.5
12/31/16	859,978	859,978	-	11,465,972	7.5
12/31/15	823,522	823,522	-	10,980,293	7.5

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 Employee Retirement Fund

Changes in Actuarial Assumptions

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.

Changes in Plan Provisions

2017 - The State's special funding contribution increased from $6 million to $16 million.

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 - Public Employees 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-Employee Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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	5,004,685	127.6	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 - Public Employees 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-Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
12/31/18	$ 1,000,319	$ 1,000,319	$ -	$ 6,174,809	16.2 %
12/31/17	976,949	976,949	-	6,030,552	16.2
12/31/16	926,281	926,281	-	5,717,785	16.2
12/31/15	864,592	864,592	-	5,336,988	16.2

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

Notes to the Required Supplementary Information - Public Employees Police and Fire Fund

Changes in Actuarial Assumptions

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.

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

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

	2018
Total OPEB liability	
Service cost	$ 201,327
Interest	182,413
Changes in assumptions	(266,556)
Benefit payments	(327,384)
Net change in total OPEB liability	(210,200)
Total OPEB liability - beginning	5,263,664
Total OPEB liability - ending	$ 5,053,464
Covered - employee payroll	$ 17,200,364
City's total OPEB liability as a percentage of covered employee payroll	29.38 %

Benefit changes:

In 2018, the following benefit changes occurred:

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

Changes in Assumptions:

In 2018, the following assumptions changes ocurred:

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%.

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

Combining and Individual Fund Statements & Schedules

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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City of Mankato, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2018

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Governmental Funds
Assets			
Cash and temporary investments	$ 7,650,037	$ 2,604,913	$ 10,254,950
Receivables			
Accounts	38,397	508,952	547,349
Loans	1,041,005	430,067	1,471,072
Special assessments	40,594	1,295,438	1,336,032
Intergovernmental	243,932	1,174,340	1,418,272
Due from other funds	-	5,200,000	5,200,000
Advances to other funds	990,883	-	990,883
Prepaid items	49	-	49
Total Assets	$ 10,004,897	$ 11,213,710	$ 21,218,607
Liabilities			
Accounts payable	$ 21,904	$ 213,914	$ 235,818
Due to other funds	157,500	11,018,200	11,175,700
Advances from other funds	-	2,096,417	2,096,417
Wages payable	2,824	-	2,824
Deposits payable	3,582,325	-	3,582,325
Unearned revenue	16,700	-	16,700
Total Liabilities	3,781,253	13,328,531	17,109,784
Deferred Inflows of Resources			
Unavailable revenue - special assessments	40,594	1,295,438	1,336,032
Fund Balances			
Nonspendable	49	-	49
Restricted	1,473,109	6,429,006	7,902,115
Committed	3,074,165	-	3,074,165
Assigned	1,635,727	2,472,488	4,108,215
Unassigned	-	(12,311,753)	(12,311,753)
Total Fund Balances	6,183,050	(3,410,259)	2,772,791
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,004,897	$ 11,213,710	$ 21,218,607

City of Mankato, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Governmental Funds
Revenues			
Taxes			
Tax increments	$ 52,499	$ 477,351	$ 529,850
Tax abatement	-	511,999	511,999
Special assessments	52,538	449,325	501,863
Intergovernmental			
Federal			
Other	257,867	1,159,844	1,417,711
State			
MSA - street construction	-	2,986,131	2,986,131
Other aids	92,698	44,792	137,490
Local			
Other aids	85,822	65,380	151,202
Investment income	65,657	33,377	99,034
Miscellaneous			
Contributions and donations	11,300	830,076	841,376
Refunds and reimbursements	45,902	-	45,902
Loan payments	29,834	8,886	38,720
Other	6,869	318,222	325,091
Total Revenues	700,986	6,885,383	7,586,369
Expenditures			
Current			
General government	185,403	-	185,403
Public safety	7,667	-	7,667
Public works	-	44	44
Housing and economic development	435,444	261,509	696,953
Capital outlay			
Public works	-	4,414,881	4,414,881
Culture and recreation	-	3,449,556	3,449,556
Housing and economic development	37,404	-	37,404
Debt service			
Principal	17,284	-	17,284
Interest and other	1,647	88,897	90,544
Bond issue costs	-	57,687	57,687
Total Expenditures	684,849	8,272,574	8,957,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,137	(1,387,191)	(1,371,054)
Other Financing Sources (Uses)			
Transfers in	28,000	3,787,286	3,815,286
Debt issued	90,000	3,372,747	3,462,747
Premium on bonds issued	-	29,175	29,175
Transfers out	(79,613)	(4,964,300)	(5,043,913)
Total Other Financing Sources (Uses)	38,387	2,224,908	2,263,295
Net Change in Fund Balances	54,524	837,717	892,241
Fund Balance, January 1	6,128,526	(4,247,976)	1,880,550
Fund Balances, December 31	$ 6,183,050	$ (3,410,259)	$ 2,772,791

NONMAJOR SPECIAL REVENUE FUNDS

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

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.

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.

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.

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.

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.

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.

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.

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).

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City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2018

	6802 Revolving Loan-Federal	6804 Revolving Loan-State	6806 Revolving Loan-City	2270 Highway #14 Partnership	6809 Neighborhood Improvement
Assets					
Cash and temporary investments	$ 567,455	$ 145	$ 1,571,216	$ 17,454	$ 296
Receivables					
Accounts	2,762	3,366	5,970	-	19,654
Loans	148,968	152,010	598,677	-	24,750
Special assessments	-	-	-	-	-
Intergovernmental	-	150,000	-	-	-
Advances to other funds	210,662	-	780,221	-	-
Prepaid items	-	-	-	-	-
Total Assets	$ 929,847	$ 305,521	$ 2,956,084	$ 17,454	$ 44,700
Liabilities					
Accounts payable	$ -	$ 18,931	$ -	$ -	$ -
Due to other funds	-	107,000	-	-	13,000
Wages payable	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	-	-	-	16,700	-
Total Liabilities	-	125,931	-	16,700	13,000
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	929,847	179,590	-	-	-
Committed	-	-	2,956,084	-	24,750
Assigned	-	-	-	754	6,950
Total Fund Balances	929,847	179,590	2,956,084	754	31,700
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 929,847	$ 305,521	$ 2,956,084	$ 17,454	$ 44,700

2300 Metropolitan Planning Organization	**2320** Community Investment	**2260** Public Safety Grants and Donations	**6114** Downtown Special Services District	**7062** Risk Management	**6808** MHFA	Total Nonmajor Special Revenue
$ 425	$ 2,485,002	$ 1,455,848	$ 35,432	$ 1,263,703	$ 253,061	$ 7,650,037
-	-	-	-	-	6,645	38,397
-	-	-	-	-	116,600	1,041,005
-	-	-	40,594	-	-	40,594
87,717	-	6,215	-	-	-	243,932
-	-	-	-	-	-	990,883
49	-	-	-	-	-	49
$ 88,191	$ 2,485,002	$ 1,462,063	$ 76,026	$ 1,263,703	$ 376,306	$ 10,004,897
$ -	$ -	$ -	$ 2,973	$ -	$ -	$ 21,904
37,500	-	-	-	-	-	157,500
2,690	-	-	-	-	134	2,824
-	2,391,671	1,178,154	-	-	12,500	3,582,325
-	-	-	-	-	-	16,700
40,190	2,391,671	1,178,154	2,973	-	12,634	3,781,253
-	-	-	40,594	-	-	40,594
49	-	-	-	-	-	49
-	-	-	-	-	363,672	1,473,109
-	93,331	-	-	-	-	3,074,165
47,952	-	283,909	32,459	1,263,703	-	1,635,727
48,001	93,331	283,909	32,459	1,263,703	363,672	6,183,050
$ 88,191	$ 2,485,002	$ 1,462,063	$ 76,026	$ 1,263,703	$ 376,306	$ 10,004,897

City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2018

	6802 Revolving Loan-Federal	6804 Revolving Loan-State	6806 Revolving Loan-City	2270 Highway #14 Partnership	6809 Neighborhood Improvement
Revenues					
Taxes					
Tax increments	$ -	$ -	$ 52,499	$ -	$ -
Special assessments	-	-	-	-	-
Intergovernmental					
Federal					
Other	-	-	-	-	-
State					
Other	-	60,000	-	-	-
Local					
Other	-	-	-	45,200	-
Investment income	2,579	-	39,890	-	10
Miscellaneous					
Refunds and reimbursements	-	-	-	-	-
Contributions	-	-	-	11,300	-
Loan payments	4,930	3,442	21,206	-	256
Other	-	-	-	-	-
Total Revenues	7,509	63,442	113,595	56,500	266
Expenditures					
Current					
General government	-	-	-	75,410	-
Public safety	-	-	-	-	-
Housing and economic development	-	-	49,479	-	-
Capital outlay					
Housing and economic development	-	-	-	-	37,404
Debt service					
Principal	-	17,284	-	-	-
Interest and other	-	1,647	-	-	-
Total Expenditures	-	18,931	49,479	75,410	37,404
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,509	44,511	64,116	(18,910)	(37,138)
Other Financing Sources (Uses)					
Debt issued	-	90,000	-	-	-
Transfers in	-	-	-	8,000	-
Transfers out	(79,613)	-	-	-	-
Total Other Financing Sources (Uses)	(79,613)	90,000	-	8,000	-
Net Change in Fund Balances	(72,104)	134,511	64,116	(10,910)	(37,138)
Fund Balances, January 1	1,001,951	45,079	2,891,968	11,664	68,838
Fund Balances, December 31	$ 929,847	$ 179,590	$ 2,956,084	$ 754	$ 31,700

2300 Metropolitan Planning Organization	**2320** Community Investment	**2260** Public Safety Grants and Donations	**6114** Downtown Special Services District	**7062** Risk Management	**6808** MHFA	Total Nonmajor Special Revenue
$ -	$ -	$ -	$ -	$ -	$ -	$ 52,499
-	-	-	52,538	-	-	52,538
251,652	-	6,215	-	-	-	257,867
32,698	-	-	-	-	-	92,698
40,622	-	-	-	-	-	85,822
-	11,141	5,089	177	5,667	1,104	65,657
-	-	-	-	45,902	-	45,902
-	-	-	-	-	-	11,300
-	-	-	-	-	-	29,834
5,114	-	-	1,755	-	-	6,869
330,086	11,141	11,304	54,470	51,569	1,104	700,986
-	-	-	-	109,993	-	185,403
-	-	7,667	-	-	-	7,667
324,849	16,253	-	41,425	-	3,438	435,444
-	-	-	-	-	-	37,404
-	-	-	-	-	-	17,284
-	-	-	-	-	-	1,647
324,849	16,253	7,667	41,425	109,993	3,438	684,849
5,237	(5,112)	3,637	13,045	(58,424)	(2,334)	16,137
-	-	-	-	-	-	90,000
20,000	-	-	-	-	-	28,000
-	-	-	-	-	-	(79,613)
20,000	-	-	-	-	-	38,387
25,237	(5,112)	3,637	13,045	(58,424)	(2,334)	54,524
22,764	98,443	280,272	19,414	1,322,127	366,006	6,128,526
$ 48,001	$ 93,331	$ 283,909	$ 32,459	$ 1,263,703	$ 363,672	$ 6,183,050

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 500	$ 2,579	$ 2,079
Miscellaneous			
Loan repayments	5,672	4,930	(742)
Total Revenues	6,172	7,509	1,337
Other Financing Sources (Uses)			
Transfers out	-	(79,613)	(79,613)
Net Change in Fund Balances	6,172	(72,104)	(78,276)
Fund Balances, January 1	1,001,951	1,001,951	-
Fund Balances, December 31	$ 1,008,123	$ 929,847	$ (78,276)

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Tax increments	$ 52,082	$ 52,499	$ 417
Investment income	50,000	39,890	(10,110)
Miscellaneous			
Loan repayments	18,886	21,206	2,320
Total Revenues	120,968	113,595	(7,373)
Expenditures			
Current			
Housing and economic development			
Other services and charges	-	49,479	(49,479)
Net Change in Fund Balances	120,968	64,116	(56,852)
Fund Balances, January 1	2,891,968	2,891,968	-
Fund Balances, December 31	$ 3,012,936	$ 2,956,084	$ (56,852)

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Local - other aids	$ 55,000	$ 45,200	$ (9,800)
Miscellaneous			
Contributions	20,000	11,300	(8,700)
Other	500	-	(500)
Total Revenues	75,500	56,500	(19,000)
Expenditures			
Current			
General government			
Other services and charges	80,000	75,410	4,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	(18,910)	(14,410)
Other Financing Sources (Uses)			
Transfers in	10,000	8,000	(2,000)
Net Change in Fund Balances	5,500	(10,910)	(16,410)
Fund Balances, January 1	11,664	11,664	-
Fund Balances, December 31	$ 17,164	$ 754	$ (16,410)

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ -	$ 10	$ 10
Miscellaneous			
Loan repayments	4,993	256	(4,737)
Total Revenues	4,993	266	(4,727)
Expenditures			
Current			
Housing and economic development			
Other services and charges	1	-	1
Capital outlay			
Housing and economic development	47,651	37,404	10,247
Total Expenditures	47,652	37,404	10,248
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,659)	(37,138)	5,521
Other Financing Sources (Uses)			
Transfers in	25,650	-	(25,650)
Net Change in Fund Balances	(17,009)	(37,138)	(20,129)
Fund Balances, January 1	68,838	68,838	-
Fund Balances, December 31	$ 51,829	$ 31,700	$ (20,129)

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Federal - other aids	$ 359,975	$ 251,652	$ (108,323)
State - other aids	32,698	32,698	-
Local - other aids	29,462	40,622	11,160
Miscellaneous			
Other	-	5,114	5,114
Total Revenues	422,135	330,086	(92,049)
Expenditures			
Current			
Housing and economic development			
Personal services	194,948	124,662	70,286
Supplies	750	58	692
Other services and charges	285,283	200,129	85,154
Total Expenditures	480,981	324,849	156,132
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,846)	5,237	64,083
Other Financing Sources (Uses)			
Transfers in	20,000	20,000	-
Net Change in Fund Balances	(38,846)	25,237	64,083
Fund Balances, January 1	22,764	22,764	-
Fund Balances, December 31	$ (16,082)	$ 48,001	$ 64,083

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 3,200	$ 11,141	$ 7,941
Expenditures			
Current			
Housing and economic development			
Other services and charges	-	16,253	(16,253)
Net Change in Fund Balances	3,200	(5,112)	(8,312)
Fund Balances, January 1	98,443	98,443	-
Fund Balances, December 31	$ 101,643	$ 93,331	$ (8,312)

City of Mankato, Minnesota
Public Safety Grants and Donations
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Federal	$ -	$ 6,215	$ 6,215
Investment income	-	5,089	5,089
Total Revenues	-	11,304	11,304
Expenditures			
Current			
Public safety			
Other services and charges	6,000	7,667	(1,667)
Capital outlay			
Public safety	57,500	-	57,500
Total Expenditures	63,500	7,667	55,833
Net Change in Fund Balances	(63,500)	3,637	67,137
Fund Balances, January 1	280,272	280,272	-
Fund Balances, December 31	$ 216,772	$ 283,909	$ 67,137

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	$ 46,100	$ 52,538	$ 6,438
Investment income	-	177	177
Miscellaneous			
Other	5,500	1,755	(3,745)
Total Revenues	51,600	54,470	2,870
Expenditures			
Current			
Housing and economic development			
Supplies	-	1,781	(1,781)
Other services and charges	42,500	39,644	2,856
Total Expenditures	42,500	41,425	1,075
Net Change in Fund Balances	9,100	13,045	3,945
Fund Balances, January 1	19,414	19,414	-
Fund Balances, December 31	$ 28,514	$ 32,459	$ 3,945

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, 2018

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 3,000	$ 5,667	$ 2,667
Miscellaneous			
Refunds and reimbursements	560,000	45,902	(514,098)
Total Revenues	563,000	51,569	(511,431)
Expenditures			
Current			
General government			
Other services and charges	624,000	109,993	514,007
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,000)	(58,424)	2,576
Other Financing Sources (Uses)			
Transfers out	(200,000)	-	200,000
Net Change in Fund Balances	(261,000)	(58,424)	202,576
Fund Balances, January 1	1,322,127	1,322,127	-
Fund Balances, December 31	$ 1,061,127	$ 1,263,703	$ 202,576

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.

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

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

Highway 169 Flood Control: The purpose of this fund is to account for all improvements to the flood control system located adjacent to the Minnesota River. This will include improvements to existing infrastructure as well as any new infrastructure. The improvements will be funded from City sales tax collections as allowed via State legislation.

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

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 all construction costs and improvements to the All Seasons Arena. The City of Mankato will act as the lead financing agent for the project. The costs associated with this project will be shared by the City of Mankato, the City of North Mankato, the City of Skyline, and Blue Earth County.

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.

Garage Demolition: The purpose of this fund is to account for costs associated with the demolition of the old public works site.

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.

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NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

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

Downtown Development: The purpose of this fund is to account for all activity related to the proposed improvements in the Core Area of the Downtown property. The activities include, but are not limited to, 1) the design and construction of an additional downtown parking ramp; 2) the design and construction of improvements to the existing stair towers located in the Mankato Place Ramp; 3) the design and development of a skywalk system connecting various structures to the Midwest Wireless Civic Center.

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

Improvements 2006: The purpose of this fund is to account for costs associated with major street projects identified in the 2006 Capital Investment Plan.

Improvements 2008: The purpose of this fund is to account for costs associated with major street projects identified in the 2008 Capital Investment Plan.

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

Improvements 2014: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2013.

Improvements 2015: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2014.

Improvements 2017: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2016.

Improvements 2018: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2017.

Improvements 2020: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2018.

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City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued on Following Pages)
December 31, 2018

	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	4100 Tailwind Tax Increment
Assets						
Cash and temporary investments	$ 93,364	$ -	$ 28,184	$ -	$ -	$ 578
Receivables						
Accounts	-	-	-	-	-	34,422
Loans	-	-	-	-	-	-
Special assessments						
Delinquent	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-
Intergovernmental	1,107,458	-	-	-	-	-
Due from other funds	5,200,000	-	-	-	-	-
Total Assets	$ 6,400,822	$ -	$ 28,184	$ -	$ -	$ 35,000
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	35,000
Advance from other funds	-	1,105,534	-	36,139	174,523	-
Total Liabilities	-	1,105,534	-	36,139	174,523	35,000
Deferred Inflows of Resources						
Unavailable revenue - special assessments	-	-	-	-	-	-
Fund Balances						
Restricted	6,400,822	-	28,184	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(1,105,534)	-	(36,139)	(174,523)	-
Total Fund Balances	6,400,822	(1,105,534)	28,184	(36,139)	(174,523)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,400,822	$ -	$ 28,184	$ -	$ -	$ 35,000

4800 City Center Renaissance	4805 Highway 169 Flood Control	4110 South Riverfront Tax Increment	4610 Riverside Park Construction	4620 All Seasons Arena Construction	4760 Curling Club	4770 Garage Demolition	4780 Energy Improvements	4785 Franklin Rogers Park Improvements
$ 277,865	$ 8,105	$ -	$ 850	$ -	$ 803	$ 349	$ 236	$ 365
-	-	-	-	-	-	-	-	474,530
-	-	-	-	-	145,067	-	-	285,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	65,380	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
$ 277,865	$ 73,485	$ -	$ 850	$ -	$ 145,870	$ 349	$ 236	$ 759,895
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 51,841
-	1,700,000	-	570,000	-	207,000	161,000	1,724,000	4,029,000
-	-	780,221	-	-	-	-	-	-
-	1,700,000	780,221	570,000	-	207,000	161,000	1,724,000	4,080,841
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
277,865	-	-	-	-	-	-	-	-
-	(1,626,515)	(780,221)	(569,150)	-	(61,130)	(160,651)	(1,723,764)	(3,320,946)
277,865	(1,626,515)	(780,221)	(569,150)	-	(61,130)	(160,651)	(1,723,764)	(3,320,946)
$ 277,865	$ 73,485	$ -	$ 850	$ -	$ 145,870	$ 349	$ 236	$ 759,895

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2018

	4790	4130	5030	5106	5108	5040
	Aquatic Center	Downtown Abatement	Construction Revolving	Improvements 2006	Improvements 2008	Minor Street Repair
Assets						
Cash and temporary investments	$ 33	$ -	$ 931,227	$ 30,837	$ 74,103	$ 849,372
Receivables						
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Special assessments						
Delinquent	-	-	-	-	-	45,521
Noncurrent	-	-	-	-	-	1,249,917
Intergovernmental	-	-	1,502	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	$ 33	$ -	$ 932,729	$ 30,837	$ 74,103	$ 2,144,810
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	33,200	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Total Liabilities	33,200	-	-	-	-	-
Deferred Inflows of Resources						
Unavailable revenue - special assessments	-	-	-	-	-	1,295,438
Fund Balances						
Restricted	-	-	-	-	-	-
Assigned	-	-	932,729	30,837	74,103	849,372
Unassigned	(33,167)	-	-	-	-	-
Total Fund Balances	(33,167)	-	932,729	30,837	74,103	849,372
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 33	$ -	$ 932,729	$ 30,837	$ 74,103	$ 2,144,810

5114	5115	5117	5118	5120	
Improvements 2014	Improvements 2015	Improvements 2017	Improvements 2018	Improvements 2020	Total Nonmajor Capital Projects
$ 467	$ -	$ 307,582	$ 483	$ 110	$ 2,604,913
-	-	-	-	-	508,952
					430,067
-	-	-	-	-	45,521
-	-	-	-	-	1,249,917
-	-	-	-	-	1,174,340
-	-	-	-	-	5,200,000
$ 467	$ -	$ 307,582	$ 483	$ 110	$11,213,710
$ -	$ -	$ -	$ 159,223	$ 2,850	$ 213,914
899,000	-	-	1,476,000	184,000	11,018,200
-	-	-	-	-	2,096,417
899,000	-	-	1,635,223	186,850	13,328,531
-	-	-	-	-	1,295,438
-	-	-	-	-	6,429,006
-	-	307,582	-	-	2,472,488
(898,533)	-	-	(1,634,740)	(186,740)	(12,311,753)
(898,533)	-	307,582	(1,634,740)	(186,740)	(3,410,259)
$ 467	$ -	$ 307,582	$ 483	$ 110	$11,213,710

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, 2018

	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	4100 Tailwind Tax Increment
Revenues						
Taxes						
Tax increments	$ 210,000	$ 69,450	$ 29,726	$ 23,078	$ 34,439	$ -
Tax abatement	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental						
Federal	47,125	-	-	-	-	-
State						
MSA - street construction	2,833,306	-	-	-	-	-
Other aids	-	-	-	-	-	-
Local						
Other aids	-	-	-	-	-	-
Investment income	22,192	-	-	-	-	-
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	3,112,623	69,450	29,726	23,078	34,439	-
Expenditures						
Current						
Public works	-	-	-	-	-	-
Housing and economic development	-	28,830	20,826	21,340	31,287	159,226
Capital outlay						
Public works	19,488	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service						
Interest and other	-	43,823	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Total Expenditures	19,488	72,653	20,826	21,340	31,287	159,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,093,135	(3,203)	8,900	1,738	3,152	(159,226)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	159,226
Bonds issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Transfers out	(2,685,873)	-	(1,783)	(1,154)	(1,722)	-
Total Other Financing Sources (Uses)	(2,685,873)	-	(1,783)	(1,154)	(1,722)	159,226
Net Change in Fund Balances	407,262	(3,203)	7,117	584	1,430	-
Fund Balances, January 1	5,993,560	(1,102,331)	21,067	(36,723)	(175,953)	-
Fund Balances, December 31	$ 6,400,822	$(1,105,534)	$ 28,184	$ (36,139)	$ (174,523)	$ -

4800	4805	4110	4610	4620	4760	4770	4780	4785
City Center Renaissance	Highway 169 Flood Control	South Riverfront Tax Increment	Riverside Park Construction	All Seasons Arena Construction	Curling Club	Garage Demolition	Energy Improvements	Franklin Rogers Park Improvements
$ -	$ -	$ 110,658	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	65,380	-	-	-	-	-	-	-
1,215	-	-	-	-	-	-	-	-
-	-	-	-	65,848	-	-	-	764,228
-	-	-	-	-	8,435	-	-	451
-	-	-	-	-	-	-	195,244	-
1,215	65,380	110,658	-	65,848	8,435	-	195,244	764,679
-	-	-	-	-	-	44	-	-
-	-	-	-	-	-	-	-	-
-	1,791,895	-	-	-	-	113,913	81,653	-
-	-	-	669,150	-	-	-	-	2,775,494
-	-	33,529	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,791,895	33,529	669,150	-	-	113,957	81,653	2,775,494
1,215	(1,726,515)	77,129	(669,150)	65,848	8,435	(113,957)	113,591	(2,010,815)
-	100,000	-	100,000	-	-	-	-	100,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	(65,848)	-	-	-	-
-	100,000	-	100,000	(65,848)	-	-	-	100,000
1,215	(1,626,515)	77,129	(569,150)	-	8,435	(113,957)	113,591	(1,910,815)
276,650	-	(857,350)	-	-	(69,565)	(46,694)	(1,837,355)	(1,410,131)
$ 277,865	$(1,626,515)	$ (780,221)	$ (569,150)	$ -	$ (61,130)	$ (160,651)	$(1,723,764)	$(3,320,946)

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, 2018

	4790	4130	5030	5106	5108	5040
	Aquatic Center	Downtown Abatement	Construction Revolving	Improvements 2006	Improvements 2008	Minor Street Repair
Revenues						
Taxes						
Tax increments	$ -	$ -	$ -	$ -	$ -	$ -
Tax abatement	-	45,733	-	208,133	208,133	-
Special assessments	-	-	-	-	-	449,325
Intergovernmental						
Federal	-	-	-	-	-	-
State						
MSA - street construction	-	-	6,009	-	-	-
Other aids	-	-	-	-	-	-
Local						
Other aids	-	-	-	-	-	-
Investment income	-	-	4,957	335	306	4,372
Miscellaneous						
Contributions and donations	-	-	-	-	-	-
Loan payments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	-	45,733	10,966	208,468	208,439	453,697
Expenditures						
Current						
Public works	-	-	-	-	-	-
Housing and economic development	-	-	-	-	-	-
Capital outlay						
Public works	-	-	-	-	-	-
Culture and recreation	4,912	-	-	-	-	-
Debt service						
Interest and other	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-
Total Expenditures	4,912	-	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,912)	45,733	10,966	208,468	208,439	453,697
Other Financing Sources (Uses)						
Transfers in	-	-	500,000	-	-	-
Bonds issued	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-
Transfers out	-	(45,733)	(912,187)	(300,000)	(200,000)	(750,000)
Total Other Financing Sources (Uses)	-	(45,733)	(412,187)	(300,000)	(200,000)	(750,000)
Net Change in Fund Balances	(4,912)	-	(401,221)	(91,532)	8,439	(296,303)
Fund Balances, January 1	(28,255)	-	1,333,950	122,369	65,664	1,145,675
Fund Balances, December 31	$ (33,167)	$ -	$ 932,729	$ 30,837	$ 74,103	$ 849,372

5114	5115	5117	5118	5120	
Improvements 2014	Improvements 2015	Improvements 2017	Improvements 2018	Improvements 2020	Total Nonmajor Capital Projects
$ -	$ -	$ -	$ -	$ -	$ 477,351
50,000	-	-	-	-	511,999
-	-	-	-	-	449,325
-	-	-	1,112,719	-	1,159,844
24,652	-	-	122,164	-	2,986,131
-	-	44,792	-	-	44,792
-	-	-	-	-	65,380
-	-	-	-	-	33,377
-	-	-	-	-	830,076
-	-	-	-	-	8,886
56,697	-	2,677	63,604	-	318,222
131,349	-	47,469	1,298,487	-	6,885,383
-	-	-	-	-	44
-	-	-	-	-	261,509
-	-	79,613	2,141,579	186,740	4,414,881
-	-	-	-	-	3,449,556
-	-	-	11,545	-	88,897
-	-	12,000	45,687	-	57,687
-	-	91,613	2,198,811	186,740	8,272,574
131,349	-	(44,144)	(900,324)	(186,740)	(1,387,191)
-	162,187	-	2,665,873	-	3,787,286
-	-	-	3,372,747	-	3,372,747
-	-	-	29,175	-	29,175
-	-	-	-	-	(4,964,300)
-	162,187	-	6,067,795	-	2,224,908
131,349	162,187	(44,144)	5,167,471	(186,740)	837,717
(1,029,882)	(162,187)	351,726	(6,802,211)	-	(4,247,976)
$ (898,533)	$ -	$ 307,582	$(1,634,740)	$ (186,740)	$(3,410,259)

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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.

Storm Water Utility: The purpose of this fund is to account 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.

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 (Continued on Following Pages)
December 31, 2018

	Business-type Activities - Enterprise Funds		
	6810	**6000**	**6030**
	Eastwood Park	Utility Operations/ Administration	Refuse
Assets			
Current Assets			
Cash and temporary investments	$ 167,139	$ 994,922	$ 2,920
Receivables			
Delinquent taxes	-	-	-
Accounts	-	1,410,564	120,368
Intergovernmental	-	-	-
Special assessments receivable - current portion	-	-	-
Inventories	-	-	-
Prepaid items	-	2,349	-
Total Current Assets	167,139	2,407,835	123,288
Noncurrent Assets			
Loans receivable	-	-	-
Capital assets			
Land	-	-	-
Land improvements	-	-	-
Buildings and structures	21,105	-	-
Machinery and vehicles	-	-	-
Other improvements	-	-	-
Construction in progress	-	-	-
Less accumulated depreciation	(12,663)	-	-
Total Capital Assets	8,442	-	-
Total Noncurrent Assets	8,442	-	-
Total Assets	175,581	2,407,835	123,288
Deferred Outflows of Resources			
Deferred pension resources	-	17,338	-

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 2,088,799	$ 840,908	$ 388,933	$ 1,906,771	$ 6,390,392
-	-	32	-	32
185,149	54,522	8,195	6,874	1,785,672
-	-	1,112,453	143	1,112,596
-	-	-	309,744	309,744
30,474	180,106	-	-	210,580
467	-	10,144	4,877	17,837
2,304,889	1,075,536	1,519,757	2,228,409	9,826,853
-	-	-	23,330	23,330
64,659	-	-	872,429	937,088
-	-	-	351,113	351,113
179,279	-	6,855,139	25,151,486	32,207,009
251,029	1,504,369	784,358	1,276,495	3,816,251
3,557,958	-	-	-	3,557,958
-	-	131,000	-	131,000
(623,837)	(149,760)	(809,296)	(8,386,782)	(9,982,338)
3,429,088	1,354,609	6,961,201	19,264,741	31,018,081
3,429,088	1,354,609	6,961,201	19,288,071	31,041,411
5,733,977	2,430,145	8,480,958	21,516,480	40,868,264
30,252	508	161,724	6,807	216,629

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position (Continued)
December 31, 2018

	Business-type Activities - Enterprise Funds		
	6810	**6000**	**6030**
	Eastwood Park	Utility Operations/ Administration	Refuse
Liabilities			
Current Liabilities			
Accounts payable	$ -	$ 30,000	$ 112,922
Due to other funds	-	-	295,000
Accrued interest payable	-	-	854
Due to other governments	-	-	15,982
Accrued salaries payable	-	12,301	-
Compensated absences payable - current portion	-	9,299	-
Lease payable - current portion	-	-	194,462
Total Current Liabilities	-	51,600	619,220
Long-Term Liabilities			
Compensated absences payable	-	6,004	-
Other postemployment benefit obligation	-	58,761	-
Pension liability	-	102,584	-
Lease payable - net of current portion	-	-	98,378
Total Long-Term Liabilities	-	167,349	98,378
Total Liabilities	-	218,949	717,598
Deferred Inflows of Resources			
Deferred other post employment benefit resources	-	2,724	-
Deferred pension resources	-	27,101	-
Total Deferrred Inflows of Resources	-	29,825	-
Net Position			
Investment in capital assets	8,442	-	-
Unrestricted	167,139	2,176,399	(594,310)
Total Net Postion	$ 175,581	$ 2,176,399	$ (594,310)

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 62,710	$ -	$ 503,946	$ 43,416	$ 752,994
-	100,000	-	-	395,000
-	-	-	-	854
-	83	-	261	16,326
13,350	54	51,664	2,257	79,626
9,321	-	31,121	1,860	51,601
-	-	-	-	194,462
85,381	100,137	586,731	47,794	1,490,863
11,201	-	43,394	-	60,599
57,907	-	313,394	19,587	449,649
178,991	3,005	956,844	40,275	1,281,699
-	-	-	-	98,378
248,099	3,005	1,313,632	59,862	1,890,325
333,480	103,142	1,900,363	107,656	3,381,188
2,684	-	14,528	908	20,844
47,287	794	252,787	10,640	338,609
49,971	794	267,315	11,548	359,453
3,429,088	1,354,609	6,961,201	19,264,741	31,018,081
1,951,690	972,108	(486,197)	2,139,342	6,326,171
$ 5,380,778	$ 2,326,717	$ 6,475,004	$ 21,404,083	$ 37,344,252

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position -
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	6810	**6000**	**6030**
	Eastwood Park	Utility Operations/ Administration	Refuse
Operating Revenues			
Charges for services	$ -	$ 3,118,857	$ 1,954,019
Operating Expenses			
Salaries and benefits	-	304,136	-
Supplies	-	15,877	-
Other services and charges	-	1,211,198	1,707,847
Vehicle operation	-	1,096	63,554
Insurance	-	-	-
Utilities	-	-	-
Depreciation	1,407	-	-
Total Operating Expenses	1,407	1,532,307	1,771,401
Operating Income (Loss)	(1,407)	1,586,550	182,618
Nonoperating Revenues (Expenses)			
Taxes	-	-	-
Special assessments	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	-
Local	-	-	-
Rental income	-	26,310	-
Investment income	731	4,726	-
Miscellaneous income	-	117,128	2,593
Interest expense	-	-	(6,296)
Total Nonoperating Revenues (Expenses)	731	148,164	(3,703)
Income (Loss) Before Contributions and Transfers	(676)	1,734,714	178,915
Capital Contributions from Other Funds	-	-	-
Capital Grants and Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	(1,776,925)	(123,768)
Change in Net Position	(676)	(42,211)	55,147
Net Position, January 1 as Restated	176,257	2,218,610	(649,457)
Net Position, December 31	$ 175,581	$ 2,176,399	$ (594,310)

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 2,706,907	$ 617,515	$ 727,898	$ 171,892	$ 9,297,088
324,653	4,240	1,923,711	58,160	2,614,900
272,904	45,125	30,278	2,826	367,010
741,671	446,837	320,140	724,617	5,152,310
144,322	1,831	958,914	3,986	1,173,703
2,585	-	69,305	6,000	77,890
87,363	-	42,739	60,050	190,152
94,656	106,299	219,362	854,819	1,276,543
1,668,154	604,332	3,564,449	1,710,458	10,852,508
1,038,753	13,183	(2,836,551)	(1,538,566)	(1,555,420)
-	-	165,000	-	165,000
-	-	-	301,462	301,462
-	-	958,420	-	958,420
-	-	1,713,889	-	1,713,889
-	-	8,040	-	8,040
-	-	-	-	26,310
9,342	3,446	-	8,416	26,661
17,101	12,437	17,924	8,089	175,272
-	-	-	-	(6,296)
26,443	15,883	2,863,273	317,967	3,368,758
1,065,196	29,066	26,722	(1,220,599)	1,813,338
265,107	-	-	-	265,107
-	-	230,000	-	230,000
-	-	593,876	556,496	1,150,372
(893,607)	-	-	(79,613)	(2,873,913)
436,696	29,066	850,598	(743,716)	584,904
4,944,082	2,297,651	5,624,406	22,147,799	36,759,348
$ 5,380,778	$ 2,326,717	$ 6,475,004	$ 21,404,083	$ 37,344,252

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Cash Flows from Operating Activities			
Receipts from customers and users	$ -	$ 3,033,332	$ 1,967,352
Other cash receipts	-	143,438	2,593
Payments to suppliers	-	(494,063)	(1,641,377)
Payments to and on behalf of employees	-	(300,438)	-
Payments for interfund services provided	-	(781,096)	(144,000)
Net Cash Provided (Used) by Operating Activities	-	1,601,173	184,568
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	-	-	-
Transfers to other funds	-	(1,776,925)	(123,768)
(Increase) decrease in due from other funds	-	940,000	-
Increase (decrease) in due to other funds	-	-	100,000
Tax receipts	-	-	-
Intergovernmental operating grants received	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	(836,925)	(23,768)
Cash Flows from Capital and Related Financing Activities			
Acquisitions of capital assets	-	-	-
Intergovernmental contributions for capital assets	-	-	-
Principal paid on long-term debt	-	-	(191,444)
Interest paid on debt	-	-	(6,855)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(198,299)
Cash Flows from Investing Activities			
Interest received on investments	731	4,726	-
Net Increase (Decrease) in Cash and Cash Equivalents	731	768,974	(37,499)
Cash and Cash Equivalents, January 1	166,408	225,948	40,419
Cash and Cash Equivalents, December 31	$ 167,139	$ 994,922	$ 2,920

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 2,678,889	$ 628,373	$ 690,896	$ 177,146	$ 9,175,988
17,101	12,437	17,924	298,589	492,082
(1,028,949)	(480,766)	(301,223)	(743,264)	(4,689,642)
(281,034)	(4,397)	(1,552,927)	(36,606)	(2,175,402)
(286,081)	(49,831)	(1,105,558)	(63,986)	(2,430,552)
1,099,926	105,816	(2,250,888)	(368,121)	372,474
-	-	593,876	556,496	1,150,372
(893,607)	-	-	(79,613)	(2,873,913)
182,250	-	-	500,000	1,622,250
-	-	(778,500)	-	(678,500)
-	-	165,000	-	165,000
-	-	2,659,191	-	2,659,191
(711,357)	-	2,639,567	976,883	2,044,400
(292,198)	-	(230,000)	(74,314)	(596,512)
-	-	230,000	-	230,000
-	-	-	-	(191,444)
-	-	-	-	(6,855)
(292,198)	-	-	(74,314)	(564,811)
9,342	3,446	-	8,416	26,661
105,713	109,262	388,679	542,864	1,878,724
1,983,086	731,646	254	1,363,907	4,511,668
$ 2,088,799	$ 840,908	$ 388,933	$ 1,906,771	$ 6,390,392

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2018

	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)	$ 1,586,550	$ 182,618
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	-	143,438	2,593
Depreciation	1,407	-	-
(Increase) decrease in assets			
Accounts receivable	-	(85,525)	320
Due from other governments	-	-	13,013
Inventories	-	-	-
Prepaid items	-	(1,779)	-
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	-	23,297	-
Increase (decrease) in liabilities			
Accounts payable	-	23,473	(14,626)
Due to other governments	-	-	650
Accrued salaries payable	-	185	-
Compensated absences payable	-	6,632	-
Pension liability	-	(68,757)	-
Other postemployment benefits obligation	-	(16,972)	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	-	(12,093)	-
Deferred other postemployment benefit resources	-	2,724	-
Net Cash Provided (Used) by Operating Activities	$ -	$ 1,601,173	$ 184,568
Noncash Investing, Capital and Financing Activities			
Capital assets contributed by (to) other funds	$ -	$ -	$ -

	Business-type Activities - Enterprise Funds			
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 1,038,753	$ 13,183	$ (2,836,551)	$ (1,538,566)	$ (1,555,420)
17,101	12,437	17,924	298,589	492,082
94,656	106,299	219,362	854,819	1,276,543
(28,018)	10,858	(2,641)	5,317	(99,689)
-	-	(34,361)	(63)	(21,411)
2,649	(36,892)	-	-	(34,243)
(100)	5	(5,253)	(2,529)	(9,656)
22,400	330	104,264	4,194	154,485
(1,049)	-	386,151	15,584	409,533
-	83	-	68	801
1,376	54	15,284	350	17,249
(707)	-	(25,814)	429	(19,460)
(43,022)	(527)	(164,725)	(6,114)	(283,145)
(3,298)	-	64,717	(1,136)	43,311
(3,499)	(14)	(3,773)	29	(19,350)
2,684	-	14,528	908	20,844
$ 1,099,926	$ 105,816	$ (2,250,888)	$ (368,121)	$ 372,474
$ 265,107	$ -	$ -	$ -	$ 265,107

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General Fund

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, 2018 and 2017

	2018	2017
Assets		
Cash and temporary investments	$ 8,911,954	$ 12,445,445
Receivables		
Interest	135,450	131,435
Delinquent taxes	248,853	204,545
Accounts	625,946	524,716
Intergovernmental	287,866	318,940
Due from other funds	5,100,000	825,000
Inventories	123,735	133,699
Prepaid items	55,299	31,774
Total Assets	$ 15,489,103	$ 14,615,554
Liabilities		
Accounts payable	$ 442,205	$ 354,503
Due to other governments	90	1,286
Wages payable	650,213	546,874
Deposits payable	1,844,640	1,472,424
Total Liabilities	2,937,148	2,375,087
Deferred Inflows of Resources		
Unavailable revenue - taxes	248,853	204,545
Fund Balances		
Nonspendable	179,034	165,473
Assigned for		
Tax adjustment	600,000	600,000
Emergencies	2,400,000	2,400,000
Unassigned	9,124,068	8,870,449
Total Fund Balances	12,303,102	12,035,922
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 15,489,103	$ 14,615,554

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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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 13,449,000	$ 13,449,000	$ 12,988,968	$ (460,032)	$ 11,575,255
Lodging	550,000	550,000	639,651	89,651	616,818
Gambling	85,000	85,000	106,776	21,776	96,069
Franchise fees	1,625,000	1,625,000	1,614,677	(10,323)	1,627,921
Total taxes	15,709,000	15,709,000	15,350,072	(358,928)	13,916,063
Licenses and permits	1,513,413	1,513,413	1,480,785	(32,628)	1,894,224
Intergovernmental					
Federal					
Other	12,000	40,071	9,184	(30,887)	80,242
State					
Local governmental aid	7,102,043	7,102,043	7,102,050	7	6,954,200
Property tax credits and aids	100	100	134	34	134
PERA aid	40,000	40,000	39,823	(177)	39,823
Police and fire pension	9,500	9,500	18,478	8,978	34,632
Police and fire insurance premiums	575,000	575,000	664,331	89,331	613,504
Other	385,276	385,276	414,330	29,054	359,506
Total state	8,111,919	8,111,919	8,239,146	127,227	8,001,799
Local					
Other	117,165	117,165	109,326	(7,839)	119,236
Total intergovernmental	8,241,084	8,269,155	8,357,656	88,501	8,201,277
Charges for services					
General government	14,700	14,700	22,682	7,982	15,471
Public safety	157,850	157,850	600,553	442,703	149,923
Public works	1,054,000	1,054,000	908,727	(145,273)	870,077
Culture and recreation	71,700	71,700	121,821	50,121	143,807
Total charges for services	1,298,250	1,298,250	1,653,783	355,533	1,179,278
Fines and forfeits	311,000	311,000	230,206	(80,794)	280,885
Investment income	36,000	36,000	62,974	26,974	48,611
Miscellaneous					
Rents	28,000	28,000	37,250	9,250	19,815
Contributions	41,000	41,000	20,372	(20,628)	60,042
Refunds and reimbursements	254,000	254,000	333,752	79,752	216,340
Other	67,300	76,000	317,288	241,288	214,852
Total miscellaneous	390,300	399,000	708,662	309,662	511,049
Total Revenues	27,499,047	27,535,818	27,844,138	308,320	26,031,387

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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures					
Current					
General government					
General government					
Personal services	$ -	$ -	$ -	$ -	$ 869
Supplies	-	-	30	(30)	81
Other services and charges	7,500	7,500	1,133	6,367	2,007
Total general government	7,500	7,500	1,163	6,337	2,957
Grants					
Other services and charges	1,382,000	1,382,000	1,234,151	147,849	1,409,989
Total general government	1,389,500	1,389,500	1,235,314	154,186	1,412,946
Public safety					
Police					
Personal services	7,666,632	7,743,062	7,520,394	222,668	7,080,648
Supplies	147,055	112,625	46,157	66,468	118,207
Other services and charges	483,643	470,643	440,037	30,606	656,632
Vehicle charges	803,180	803,180	716,160	87,020	629,321
Total police	9,100,510	9,129,510	8,722,748	406,762	8,484,808
Administration					
Personal services	800,465	809,165	811,592	(2,427)	761,524
Supplies	54,555	43,055	34,141	8,914	40,931
Other services and charges	660,225	642,725	634,456	8,269	639,260
Vehicle charges	7,200	7,200	11,191	(3,991)	5,504
Total administration	1,522,445	1,502,145	1,491,380	10,765	1,447,219
Building facilities					
Other services and charges	251,000	251,000	256,993	(5,993)	209,599
Vehicle charges	-	-	-	-	33
Total building facilities	251,000	251,000	256,993	(5,993)	209,632
Emergency management					
Personal services	372,200	372,200	261,768	110,432	222,424
Supplies	26,000	26,000	6,570	19,430	19,617
Other services and charges	30,052	30,052	9,600	20,452	13,318
Vehicle charges	32,842	32,842	13,897	18,945	18,631
Total emergency management	461,094	461,094	291,835	169,259	273,990
Fire					
Personal services	2,646,679	2,709,679	2,707,668	2,011	2,507,838
Supplies	282,600	234,600	179,844	54,756	168,756
Other services and charges	658,490	643,490	643,616	(126)	639,073
Vehicle charges	373,865	373,865	247,221	126,644	319,403
Total fire	3,961,634	3,961,634	3,778,349	183,285	3,635,070
Total public safety	15,296,683	15,305,383	14,541,305	764,078	14,050,719

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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works					
Engineering					
Personal services	$ 1,336,187	$ 1,336,187	$ 1,388,752	$ (52,565)	$ 1,218,039
Supplies	20,300	20,300	18,082	2,218	21,757
Other services and charges	261,595	261,595	189,944	71,651	238,305
Vehicle charges	79,509	79,509	72,985	6,524	54,425
Total engineering	1,697,591	1,697,591	1,669,763	27,828	1,532,526
Streets					
Personal services	1,563,135	1,563,135	1,584,889	(21,754)	1,350,596
Supplies	794,200	794,200	893,302	(99,102)	630,612
Other services and charges	1,206,550	1,206,550	1,292,853	(86,303)	1,122,140
Vehicle charges	1,236,934	1,236,934	1,320,563	(83,629)	1,141,870
Total streets	4,800,819	4,800,819	5,091,607	(290,788)	4,245,218
Total public works	6,498,410	6,498,410	6,761,370	(262,960)	5,777,744
Culture and recreation					
Parks					
Personal services	1,573,567	1,573,567	1,658,976	(85,409)	1,499,559
Supplies	436,800	441,498	345,476	96,022	270,828
Other services and charges	1,550,630	1,574,004	1,540,886	33,118	1,541,359
Vehicle charges	786,601	786,601	860,944	(74,343)	633,453
Total culture and recreation	4,347,598	4,375,670	4,406,282	(30,612)	3,945,199
Community development					
Personal services	838,146	838,146	833,883	4,263	794,799
Supplies	3,300	3,300	2,123	1,177	3,278
Other services and charges	208,450	208,450	190,029	18,421	127,458
Vehicle charges	33,037	33,037	31,495	1,542	32,791
Total community development	1,082,933	1,082,933	1,057,530	25,403	958,326
Total current	28,615,124	28,651,896	28,001,801	650,095	26,144,934
Capital outlay					
Public safety	1,000	1,000	1,003	(3)	380
Public works	13,250	13,250	14,229	(979)	15,826
Culture and recreation	3,000	3,000	115	2,885	96,207
Total capital outlay	17,250	17,250	15,347	1,903	112,413
Total Expenditures	28,632,374	28,669,146	28,017,148	651,998	26,257,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,133,327)	(1,133,328)	(173,010)	960,318	(225,960)
Other Financing Sources (Uses)					
Transfers in	1,385,000	1,385,000	712,690	(672,310)	1,094,598
Transfers out	(272,500)	(272,500)	(272,500)	-	(370,516)
Total Other Financing Sources (Uses)	1,112,500	1,112,500	440,190	(672,310)	724,082
Net Change in Fund Balances	(20,827)	(20,828)	267,180	288,008	498,122
Fund Balances, January 1	12,035,922	12,035,922	12,035,922	-	11,537,800
Fund Balances, December 31	$ 12,015,095	$ 12,015,094	$ 12,303,102	$ 288,008	$ 12,035,922

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Internal Service Funds

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.

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.

Capital 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, 2018

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Assets			
Current Assets			
Cash and temporary investments	$ 1,957,621	$ 2,463,862	$ 2,003,024
Receivables			
Interest	-	-	78,495
Accounts	429	85,267	-
Due from employees	-	50,584	-
Intergovernmental	-	-	993,571
Due from other funds	-	1,900,000	6,184,000
Advances to other funds - current portion	-	-	303,857
Inventories	304,369	-	-
Prepaid items	8,938	82,191	-
Total Current Assets	2,271,357	4,581,904	9,562,947
Noncurrent Assets			
Advances to other funds - net of current portion	-	-	5,078,651
Capital assets			
Land	-	-	197,223
Land improvements	-	-	-
Buildings and structures	99,880	1,442,803	-
Machinery and vehicles	146,571	713,364	22,408,456
Office equipment	-	1,723,037	-
Construction in progress	-	-	-
Less accumulated depreciation	(181,529)	(2,923,617)	(13,089,223)
Total Capital Assets, Net of Accumulated Depreciation	64,922	955,587	9,516,456
Total Noncurrent Assets	64,922	955,587	14,595,107
Total Assets	2,336,279	5,537,491	24,158,054
Deferred Outflows of Resources			
Deferred pension resources	106,532	348,044	-
Liabilities			
Current Liabilities			
Accounts payable	24,383	255,500	-
Wages payable	48,997	165,267	-
Compensated absences payable - current portion	50,243	195,762	-
Deposits payable	-	1,330,002	-
Total Current Liabilities	123,623	1,946,531	-
Noncurrent Liabilities			
Compensated absences payable	36,284	273,368	-
Pension liability	630,302	2,059,215	-
Other postemployment benefit obligation	227,052	667,642	-
Total Noncurrent Liabilities	893,638	3,000,225	-
Total Liabilities	1,017,261	4,946,756	-
Deferred Inflows of Resources			
Deferred other post employment benefit resources	10,525	30,948	-
Deferred pension resources	166,518	544,020	-
Total Deferrred Inflows of Resources	177,043	574,968	-
Net Position			
Investment in capital assets	64,922	955,587	9,516,456
Unrestricted	1,183,585	(591,776)	14,641,598
Total Net Position	$ 1,248,507	$ 363,811	$ 24,158,054

7060 Central Insurance	**7070** Capital Replacement	Totals
$ 2,997,328	$ 217,675	$ 9,639,510
-	-	78,495
-	-	85,696
-	-	50,584
-	90,384	1,083,955
-	2,000,000	10,084,000
-	-	303,857
-	-	304,369
-	-	91,129
2,997,328	2,308,059	21,721,595
-	-	5,078,651
-	-	197,223
-	218,792	218,792
-	1,610,705	3,153,388
-	336,844	23,605,235
-	-	1,723,037
-	143,000	143,000
-	(132,821)	(16,327,190)
-	2,176,520	12,713,485
-	2,176,520	17,792,136
2,997,328	4,484,579	39,513,731
-	-	454,576
353,497	273,268	906,648
-	-	214,264
-	-	246,005
-	-	1,330,002
353,497	273,268	2,696,919
-	-	309,652
-	-	2,689,517
-	-	894,694
-	-	3,893,863
353,497	273,268	6,590,782
-	-	41,473
-	-	710,538
-	-	752,011
-	2,176,520	12,713,485
2,643,831	2,034,791	19,912,029
$ 2,643,831	$ 4,211,311	$ 32,625,514

City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2018

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Operating Revenues			
Billings to departments	$ 3,152,877	$ 6,705,893	$ 1,994,708
Operating Expenses			
Salaries and benefits	1,268,687	3,781,144	-
Supplies	1,099,911	230,711	90,330
Other services and charges	415,967	1,218,041	498,485
Vehicle operation	67,373	4,067	-
Insurance	105,956	66,623	-
Utilities	72,482	101,778	-
Depreciation	19,703	246,318	1,485,689
Total Operating Expenses	3,050,079	5,648,682	2,074,504
Operating Income (Loss)	102,798	1,057,211	(79,796)
Nonoperating Revenues (Expenses)			
Intergovernmental	-	-	-
Investment income	8,419	20,197	232,535
Miscellaneous income	24,112	43,685	-
Rental income	-	331,956	-
Gain (loss) on sale of assets	-	-	55,168
Total Nonoperating Revenues (Expenses)	32,531	395,838	287,703
Income (Loss) Before Contributions and Transfers	135,329	1,453,049	207,907
Capital Grants and Contributions	-	-	975,653
Transfers			
Transfers in	330,000	-	-
Transfers out	(375,000)	(566,435)	(1,372,064)
Total Transfers	(45,000)	(566,435)	(1,372,064)
Change in Net Position	90,329	886,614	(188,504)
Net Position, January 1 as Restated	1,158,178	(522,803)	24,346,558
Net Position, December 31	$ 1,248,507	$ 363,811	$ 24,158,054

7060	7070	
Central Insurance	Capital Replacement	Totals
$ 7,160,160	$ 407,292	$ 19,420,930
-	-	5,049,831
-	-	1,420,952
7,352,610	157,831	9,642,934
-	-	71,440
-	-	172,579
-	-	174,260
-	109,158	1,860,868
7,352,610	266,989	18,392,864
(192,450)	140,303	1,028,066
15,448	90,384	105,832
13,145	7,103	281,399
-	-	67,797
-	-	331,956
-	-	55,168
28,593	97,487	842,152
(163,857)	237,790	1,870,218
-	-	975,653
250,000	1,515,688	2,095,688
-	-	(2,313,499)
250,000	1,515,688	(217,811)
86,143	1,753,478	2,628,060
2,557,688	2,457,833	29,997,454
$ 2,643,831	$ 4,211,311	$ 32,625,514

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2018

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Cash Flows from Operating Activities			
Receipts from interfund services provided	$ 3,152,448	$ 6,661,997	$ 1,994,708
Other cash receipts	24,112	375,641	-
Payments to suppliers	(1,741,071)	(2,548,719)	(324,815)
Payments to and on behalf of employees	(999,294)	(3,189,427)	-
Payments for interfund services provided	(327,382)	(20,422)	(264,000)
Net Cash Provided (Used) by Operating Activities	108,813	1,279,070	1,405,893
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	330,000	-	-
Transfers to other funds	(375,000)	(566,435)	(1,372,064)
(Increase) decrease in due from other funds	850,000	1,825,000	3,616,000
Intergovernmental operating grants received	-	-	-
Payment received on advances to other funds	-	-	293,495
Net Cash Provided (Used) by Noncapital Financing Activities	805,000	1,258,565	2,537,431
Cash Flows from Capital and Related Financing Activities			
Acquisitions of capital assets	-	(304,670)	(2,362,356)
Proceeds from capital grant	-	-	112,776
Proceeds from sale of capital assets	-	-	55,168
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(304,670)	(2,194,412)
Cash Flows from Investing Activities			
Interest received on investments	8,419	20,197	236,816
Net Increase (Decrease) in Cash and Cash Equivalents	922,232	2,253,162	1,985,728
Cash and Cash Equivalents, January 1	1,035,389	210,700	17,296
Cash and Cash Equivalents, December 31	$ 1,957,621	$ 2,463,862	$ 2,003,024

7060 Central Insurance	7070 Capital Replacement	Totals
$ 7,160,160	$ 407,292	$ 19,376,605
-	-	399,753
(7,038,736)	(233,512)	(11,886,853)
-	-	(4,188,721)
(396,000)	(24,000)	(1,031,804)
(274,576)	149,780	2,668,980
250,000	1,515,688	2,095,688
-	-	(2,313,499)
1,000,000	(1,000,000)	6,291,000
15,448	-	15,448
-	-	293,495
1,265,448	515,688	6,382,132
-	(478,231)	(3,145,257)
-	-	112,776
-	-	55,168
-	(478,231)	(2,977,313)
13,145	7,103	285,680
1,004,017	194,340	6,359,479
1,993,311	23,335	3,280,031
$ 2,997,328	$ 217,675	$ 9,639,510

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued)
For the Year Ended December 31, 2018

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 102,798	$ 1,057,211	$ (79,796)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	24,112	375,641	-
Depreciation	19,703	246,318	1,485,689
(Increase) decrease in assets			
Accounts receivable	(429)	(51,633)	-
Due from employees	-	7,737	-
Inventories	(24,073)	2,960	-
Prepaid items	(5,725)	(7,770)	-
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	55,530	242,659	-
Increase (decrease) in liabilities			
Accounts payable	(11,579)	(458,154)	-
Wages payable	715	14,943	-
Compensated absences payable	(18,317)	3,486	-
Deposits payable	-	295,406	-
Pension liability	(53,052)	(431,557)	-
Other postemployment benefit obligation	(1,596)	(23,379)	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	10,201	(25,746)	-
Deferred other postemployment benefit resources	10,525	30,948	-
Net Cash Provided (Used) by Operating Activities	$ 108,813	$ 1,279,070	$ 1,405,893
Noncash Investing, Capital and Financing Activities			
Capital assets acquired with grants	$ -	$ -	$ 993,571

7060 Central Insurance	7070 Capital Replacement	Totals
$ (192,450)	$ 140,303	$ 1,028,066
-	-	399,753
-	109,158	1,860,868
-	-	(52,062)
-	-	7,737
-	-	(21,113)
-	-	(13,495)
-	-	298,189
(82,126)	(99,681)	(651,540)
-	-	15,658
-	-	(14,831)
-	-	295,406
-	-	(484,609)
-	-	(24,975)
-	-	(15,545)
-	-	41,473
$ (274,576)	$ 149,780	$ 2,668,980
$ -	$ -	$ 993,571

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Agency Funds

AGENCY FUNDS

Agency 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.

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City of Mankato, Minnesota
Agency Funds
Combining Statement of Fiduciary Net Position
December 31, 2018
(With Comparative Totals for December 31, 2017)

	Blue Earth County EDA	MN Valley Council of Governments	Totals 2018	Totals 2017
Assets				
Cash and temporary investments	$ 1,383,085	$ 13,615	$ 1,396,700	$ 1,303,409
Cash held by fiscal agent	38,471	-	38,471	37,735
Receivables				
Accounts receivable	23,238	47,096	70,334	34,745
Loans	50,000	-	50,000	50,000
Intergovernmental	25,463	-	25,463	9,507
Prepaid items	22,497	31	22,528	21,604
Total Assets	$ 1,542,754	$ 60,742	$ 1,603,496	$ 1,457,000
Liabilities				
Accounts payable	$ 9,164	$ -	$ 9,164	$ 18,832
Due to other governments	1,318,513	58,354	1,376,867	1,219,398
Wages payable	3,790	1,988	5,778	6,547
Compensated absences payable	-	400	400	255
Deposits payable	35,484	-	35,484	37,576
Other current liabilities	175,803	-	175,803	174,392
Total Liabilities	$ 1,542,754	$ 60,742	$ 1,603,496	$ 1,457,000

City of Mankato, Minnesota
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Blue Earth County EDA				
Assets				
Cash and temporary investments	$ 1,290,513	$ 1,042,437	$ 949,865	$ 1,383,085
Cash held by fiscal agent	37,735	736	-	38,471
Receivables				
Accounts	17,203	377,272	371,237	23,238
Loans	50,000	-	-	50,000
Intergovernmental	9,507	25,463	9,507	25,463
Prepaid items	21,584	22,497	21,584	22,497
Total Assets	$ 1,426,542	$ 1,468,405	$ 1,352,193	$ 1,542,754
Liabilities				
Accounts payable	$ 18,832	$ 780,042	$ 789,710	$ 9,164
Due to other governments	1,191,340	1,071,119	943,946	1,318,513
Wages payable	4,402	3,790	4,402	3,790
Deposits payable	37,576	15,705	17,797	35,484
Other current liabilities	174,392	1,411	-	175,803
Total Liabilities	$ 1,426,542	$ 1,872,067	$ 1,755,855	$ 1,542,754
MN Valley Council of Governments				
Assets				
Cash and temporary investments	$ 12,896	$ 84,928	$ 84,209	$ 13,615
Receivables				
Accounts	17,542	113,823	84,269	47,096
Prepaid items	20	31	20	31
Total Assets	$ 30,458	$ 198,782	$ 168,498	$ 60,742
Liabilities				
Wages payable	$ 2,145	$ 1,988	$ 2,145	$ 1,988
Compensated absences payable	255	400	255	400
Due to other governments	28,058	110,064	79,768	58,354
Total Liabilities	$ 30,458	$ 112,452	$ 82,168	$ 60,742
Total - All Funds				
Assets				
Cash and temporary investments	$ 1,303,409	$ 1,127,365	$ 1,034,074	$ 1,396,700
Cash held by fiscal agent	37,735	736	-	38,471
Receivables				
Accounts	34,745	491,095	455,506	70,334
Loans	50,000	-	-	50,000
Intergovernmental	9,507	25,463	9,507	25,463
Prepaid items	21,604	22,528	21,604	22,528
Total Assets	$ 1,457,000	$ 1,667,187	$ 1,520,691	$ 1,603,496
Liabilities				
Accounts payable	$ 18,832	$ 780,042	$ 789,710	$ 9,164
Wages payable	6,547	5,778	6,547	5,778
Compensated absences payable	255	400	255	400
Due to other governments	1,219,398	1,181,183	1,023,714	1,376,867
Deposits payable	37,576	15,705	17,797	35,484
Other current liabilities	174,392	1,411	-	175,803
Total Liabilities	$ 1,457,000	$ 1,984,519	$ 1,838,023	$ 1,603,496

City of Mankato, Minnesota

Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2018 and 2017

	Total		Percent Increase (Decrease)	
	2018	2017		
Revenues				
Taxes	$ 21,542,612	$ 20,023,327	7.59	%
Special assessments	9,894,759	4,870,934	103.14	
Licenses and permits	1,480,785	1,894,224	(21.83)	
Intergovernmental	13,050,190	12,001,970	8.73	
Charges for services	1,653,783	1,179,278	40.24	
Fines and forfeits	230,206	280,885	(18.04)	
Investment earnings	173,098	146,303	18.31	
Miscellaneous	2,309,417	2,172,452	6.30	
Total Revenues	$ 50,334,850	$ 42,569,373	18.24	%
Per Capita	$ 1,171	$ 995	17.73	%
Expenditures				
Current				
General government	$ 2,140,717	$ 2,170,822	(1.39)	%
Public safety	14,548,972	14,133,308	2.94	
Public works	6,761,414	5,777,744	17.03	
Culture and recreation	4,406,282	3,945,199	11.69	
Community development	1,057,530	958,326	10.35	
Housing and economic development	736,455	599,650	22.81	
Capital outlay				
Public safety	1,003	50,814	(98.03)	
Public works	12,877,210	14,710,023	(12.46)	
Culture and recreation	3,449,671	1,751,363	96.97	
Housing and economic development	37,404	19,971	87.29	
Debt service				
Principal	8,679,790	8,530,000	1.76	
Interest and other charges	1,912,509	1,928,673	(0.84)	
Bond issuance costs	71,058	132,892	(46.53)	
Total Expenditures	$ 56,680,015	$ 54,708,785	3.60	%
Per Capita	$ 1,318	$ 1,278	3.15	%
Total Long-term Indebtedness	$ 57,085,210	$ 62,190,000	(8.21)	%
Per Capita	1,328	1,453	(8.61)	
General Fund Balance - December 31	$ 12,303,102	$ 12,035,922	2.22	%
Per Capita	286	281	1.78	

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 Dan Scott at (507) 387-8670.

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Mankato's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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				
	2018	2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	$ 112,389,674	$ 101,941,446	$ 110,565,540	$ 118,192,062	$ 110,615,767
Restricted	25,616,473	17,570,445	17,333,882	13,950,167	14,948,225
Unrestricted	1,903,067	9,597,559	8,510,377	2,700,132	18,699,209
Total Governmental Activities Net Position	139,909,214	129,109,450	136,409,799	134,842,361	144,263,201
Business-type Activities					
Net investment in capital assets	177,933,511	172,507,213	159,282,527	144,769,977	133,631,312
Restricted	1,555,100	1,545,781	1,621,790	1,550,383	1,616,447
Unrestricted	9,787,320	7,451,414	4,376,319	14,682,046	11,844,458
Total Business-type Activities Net Position	189,275,931	181,504,408	165,280,636	161,002,406	147,092,217
Primary Government					
Net investment in capital assets	290,323,185	274,448,659	269,848,067	262,962,039	244,247,079
Restricted	27,171,573	19,116,226	18,955,672	15,500,550	16,564,672
Unrestricted	11,690,387	17,048,973	12,886,696	* 17,382,178	30,543,667
Total Primary Government Net Position	$ 329,185,145	$ 310,613,858	$ 301,690,435	$ 295,844,767	$ 291,355,418

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

Table 1

Fiscal Year				
2013	2012	2011	2010	2009
$ 104,495,612	$ 99,776,628	$ 80,876,348	$ 71,580,346	$ 66,406,759
14,934,488	14,851,935	16,690,340	21,227,488	23,913,184
16,803,735	16,854,778	25,984,793	25,338,723	26,113,707
136,233,835	131,483,341	123,551,481	118,146,557	116,433,650
130,374,455	123,992,933	118,480,296	104,708,126	97,395,544
1,539,668	1,728,331	1,667,771	1,658,300	1,665,411
11,441,521	14,905,663	14,688,729	24,191,413	25,309,144
143,355,644	140,626,927	134,836,796	130,557,839	124,370,099
234,870,067	223,769,561	199,356,644	176,288,472	163,802,303
16,474,156	16,580,266	18,358,111	22,885,788	25,578,595
28,245,256	31,760,441	40,673,522	49,530,136	51,422,851
$ 279,589,479	$ 272,110,268	$ 258,388,277	$ 248,704,396	$ 240,803,749

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Expenses					
Governmental Activities					
General government	$ 2,139,186	$ 2,246,913	$ 2,031,948	$ 1,840,077	$ 1,531,723
Public safety	14,334,888	15,403,251	16,433,824	13,854,689	12,635,722
Public works/streets	16,397,953	14,966,128	13,784,587	13,285,115	6,661,969
Culture and recreation	4,629,194	4,148,693	3,869,272	4,151,137	3,489,926
Community development	1,060,731	983,128	897,656	964,341	824,372
Housing and economic development	924,117	947,291	940,961	1,560,076	8,345,526
Interest on long-term debt	1,547,167	1,687,254	1,663,645	1,839,992	1,786,208
Total Governmental Activities Expenses	41,033,236	40,382,658	39,621,893	37,495,427	35,275,446
Business-type Activities					
Housing and economic development	6,308,005	6,203,104	6,778,791	6,634,108	6,564,123
Water	6,795,137	6,987,612	6,702,415 *	6,963,670	5,657,427
Wastewater plant	4,439,143	4,288,383	4,613,522 *	7,994,856	6,576,152
Sewer collection	1,546,690	2,030,859	1,943,202 *	-	-
Refuse	1,746,596	1,755,936	1,584,680 *	1,478,244	1,595,558
Utility operations and administration	1,366,607	1,442,752	1,714,572 *	-	-
Storm water	1,635,650	2,294,482	1,130,538	1,039,917	1,093,040
Street lighting	593,921	488,450	463,482	537,359	473,791
Mass transit	3,545,502	3,356,825	2,969,748	2,799,702	2,355,462
Parking	2,206,987	2,066,455	1,725,826	1,704,404	1,650,675
Airport	1,697,388	1,349,815	1,280,481	1,253,425	1,251,951
Civic center/arena	9,349,486	8,724,519	8,296,733	7,533,370	6,674,094
Total Business-type Activities Expenses	41,231,112	40,989,192	39,203,990	37,939,055	33,892,273
Total Primary Government Expenses	$ 82,264,348	$ 81,371,850	$ 78,825,883	$ 75,434,482	$ 69,167,719
Program Revenues					
Governmental activities					
Charges for services					
General government	$ 359,181	$ 302,194	$ 138,957	$ 507,071	$ 478,265
Public safety	1,663,227	1,304,091	1,379,009	696,165	654,190
Public works/streets	1,234,569	1,171,461	1,190,829	1,300,370	895,996
Culture and recreation	1,046,303	174,024	163,995	210,317	169,124
Community development	1,044,521	1,408,187	887,801	1,402,855	1,351,616
Housing and economic development	162,333	44,548	85,274	128,412	446,837
Operating grants and contributions	1,631,632	1,687,363	1,709,401	1,517,232	1,420,585
Capital grants and contributions	17,367,765	9,221,473	7,836,216	10,263,893	11,831,916
Total Governmental Activities Program Revenues	24,509,531	15,313,341	13,391,482	16,026,315	17,248,529
Business-type Activities					
Charges for services					
Housing and economic development	2,465,882	1,756,903	1,660,174	1,579,761	1,641,645
Water	7,661,621	7,222,928	6,754,785 *	7,602,348	7,149,823
Wastewater	1,587,571	1,416,702	1,518,721 *	8,064,504	7,709,753
Sewer	6,520,595	6,087,338	5,668,533 *	-	-
Refuse	1,956,612	1,887,512	1,767,800 *	1,712,654	1,638,421
Utility operations and administration	3,262,295	3,109,481	2,894,300 *	-	-
Storm water	2,724,008	2,217,398	1,848,593	1,775,644	1,403,042
Street lighting	629,952	644,975	570,865	564,205	548,957
Mass transit	715,533	721,241	781,053	689,118	603,761
Parking	499,241	486,005	510,484	511,873	460,429
Airport	481,443	510,558	405,919	501,417	416,238
Civic center/arena	5,256,308	5,063,134	4,454,798	3,766,307	3,397,300
Operating grants and contributions	6,156,229	3,616,802	3,518,467	3,237,800	3,474,719
Capital grants and contributions	3,301,423	5,161,103	4,746,420	18,896,137	4,276,486
Total Business-type Activities Program Revenues	43,218,713	39,902,080	37,100,912	48,901,768	32,720,574
Total Primary Government Program Revenues	$ 67,728,244	$ 55,215,421	$ 50,492,394	$ 64,928,083	$ 49,969,103

Table 2

Fiscal Year				
2013	2012	2011	2010	2009
$ 1,516,610	$ 2,164,119	$ 1,758,385	$ 1,700,795	$ 1,829,194
12,124,676	11,088,280	10,235,082	10,321,759	10,876,267
13,699,207	12,830,170	12,552,180	12,511,847	13,066,913
3,142,526	3,967,360	2,720,460	2,726,903	2,999,405
737,065	692,065	712,338	825,489	968,897
692,735	835,370	1,186,443	2,262,353	2,247,186
1,552,416	1,667,988	1,900,056	2,306,166	2,529,472
33,465,235	33,245,352	31,064,944	32,655,312	34,517,334
5,933,081	5,618,551	5,556,149	5,377,278	4,625,463
5,704,267	5,699,685	5,628,762	5,007,253	5,189,165
6,349,596	6,367,447	6,278,046	6,805,509	6,242,151
-	-	-	-	-
1,518,051	1,465,029	1,403,140	1,401,632	1,331,834
-	-	-	-	-
746,361	779,104	932,310	737,544	688,301
526,632	-	-	-	-
2,077,044	2,160,734	1,801,097	1,648,413	1,580,148
1,488,654	1,276,180	1,477,825	1,325,164	1,175,760
1,166,252	1,063,128	1,057,847	1,068,950	1,001,701
6,486,079	7,068,359	5,774,402	5,355,797	5,131,940
31,996,017	31,498,217	29,909,578	28,727,540	26,966,463
$ 65,461,252	$ 64,743,569	$ 60,974,522	$ 61,382,852	$ 61,483,797
$ 297,140	$ 296,949	$ 343,809	$ 408,100	$ 401,394
716,344	628,105	597,126	582,449	598,833
1,118,932	1,013,960	628,191	598,352	1,052,102
170,637	217,565	253,421	151,608	157,215
1,278,058	1,163,500	967,478	1,084,076	817,384
72,067	319,541	563,218	528,467	865,859
1,196,506	1,381,403	1,286,807	983,607	1,573,714
8,601,386	10,308,408	3,985,234	7,419,802	9,230,102
13,451,070	15,329,431	8,625,284	11,756,461	14,696,603
1,566,129	1,762,591	1,122,050	1,126,594	1,322,789
6,733,488	6,832,767	6,639,088	6,198,191	6,308,861
7,381,881	7,319,742	7,763,023	7,479,253	7,241,174
-	-	-	-	-
1,515,431	1,502,100	1,392,027	1,356,772	1,360,947
-	-	-	-	-
1,294,654	1,260,040	1,145,884	1,212,729	1,258,201
525,054	-	-	-	-
585,109	507,570	470,098	461,987	474,178
482,899	449,885	439,215	382,965	339,917
338,868	304,742	316,769	289,253	407,243
3,538,408	4,297,506	3,055,092	2,884,824	2,850,962
4,212,825	3,908,635	3,958,971	4,830,135	3,876,949
1,538,544	4,860,654	7,127,656	3,875,768	2,548,630
29,713,290	33,006,232	33,429,873	30,098,471	27,989,851
$ 43,164,360	$ 48,335,663	$ 42,055,157	$ 41,854,932	$ 42,686,454

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Program Revenues (Continued)					
Net (expense)/revenue					
Governmental activities	$ (16,523,705)	$ (25,069,317)	$ (26,230,411)	$ (21,469,112)	$ (18,026,917)
Business-type activities	1,987,601	(1,087,112)	(2,103,078)	10,962,713	(1,171,699)
Total Primary Government Net Expense	$ 14,536,104	$ 26,156,429	$ 28,333,489	$ 10,506,399	$ 19,198,616
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	$ 13,755,275	$ 12,324,959	$ 11,572,743	$ 10,065,551	$ 9,764,558
Property taxes, levied for debt service	4,842,266	4,778,752	4,782,809	4,773,315	4,638,833
Tax increments	641,008	609,308	576,736	436,701	381,427
Hotel-motel tax	639,651	616,818	534,709	546,573	477,105
Gambling tax	106,776	96,069	88,192	70,730	56,947
Franchise taxes	1,614,677	1,627,921	1,582,872	1,401,288	937,473
Grants and contributions not restricted to specific programs	7,238,657	7,048,678	6,978,457	6,953,808	6,858,121
Unrestricted investment earnings	454,497	417,292	341,858	295,049	395,154
Other revenues	110,000	127,506	679,059	463,837	598,469
Gain on sale of capital assets	55,168	38,446	42,635	2,283	23,593
Transfers	1,127,375	(10,394,943)	617,779	339,690	1,924,603
Total Governmental Activities	30,585,350	17,290,806	27,797,849	25,348,825	26,056,283
Business-type Activities					
Taxes					
Property taxes, levied for general purposes	390,000	390,000	392,000	392,000	392,000
Tax increments	242,657	279,095	288,074	273,850	75,831
Sales tax	6,373,295	6,178,779	6,067,592	6,478,659	5,896,934
Grants and contributions not restricted to specific programs	-	-	-	-	-
Unrestricted investment earnings	170,896	131,166	102,251	74,687	114,683
Other revenues	12,649	-	-	212,825	80,899
Gain on sale of capital assets	362,802	415,063	149,170	65,373	272,528
Transfers	(1,127,375)	10,394,943	(617,779)	(339,690)	(1,924,603)
Total Business-type Activities	6,424,924	17,789,046	6,381,308	7,157,704	4,908,272
Total Primary Government	$ 37,010,274	$ 35,079,852	$ 34,179,157	$ 32,506,529	$ 30,964,555
Changes in Net Position					
Governmental Activities	$ 14,061,645	$ (7,778,511)	$ 1,567,438	$ 3,879,713	$ 8,029,366
Business-type Activities	8,412,525	16,701,934	4,278,230	18,120,417	3,736,573
Total Primary Government	$ 22,474,170	$ 8,923,423	$ 5,845,668	$ 22,000,130	$ 11,765,939

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

Table 2 (Continued)

Fiscal Year				
2013	2012	2011	2010	2009
$(20,014,165)	$(17,915,921)	$(22,439,660)	$(20,898,851)	$(19,820,731)
(2,282,727)	1,508,015	3,520,295	1,370,931	1,023,388
$ 22,296,892	$ 16,407,906	$ 18,919,365	$ 19,527,920	$ 18,797,343
$ 9,915,583	$ 10,183,057	$ 9,278,959	$ 8,803,137	$ 8,969,272
4,527,711	3,738,151	3,334,688	3,249,774	3,034,199
707,867	553,925	705,125	815,467	1,107,298
431,100	433,348	387,912	386,686	358,336
55,224	47,908	44,341	47,537	46,633
909,863	884,975	891,247	850,777	899,878
6,268,648	6,268,599	6,503,440	6,416,702	7,630,725
172,427	629,831	842,660	543,382	623,024
399,245	457,072	413,400	317,760	409,713
65,200	374,389	39,827	42,404	-
1,311,791	2,276,526	5,639,008	1,081,362	1,233,527
24,764,659	25,847,781	28,080,607	22,554,988	24,312,605
387,000	387,000	427,000	427,500	447,501
167,575	142,807	146,604	143,353	152,707
5,626,488	5,562,626	5,295,204	5,031,581	4,654,834
-	-	-	-	2,779
11,422	228,392	551,847	352,507	331,861
204	-	-	-	-
130,546	237,817	-	-	1,172,798
(1,311,791)	(2,276,526)	(5,639,008)	(1,081,362)	(1,233,527)
5,011,444	4,282,116	781,647	4,873,579	5,528,953
$ 29,776,103	$ 30,129,897	$ 28,862,254	$ 27,428,567	$ 29,841,558
$ 4,750,494	$ 7,931,860	$ 5,640,947	$ 1,656,137	$ 4,491,874
2,728,717	5,790,131	4,301,942	6,244,510	6,552,341
$ 7,479,211	$ 13,721,991	$ 9,942,889	$ 7,900,647	$ 11,044,215

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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	Total
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
2013	9,915,583	4,527,711	707,867	431,100	55,224	909,863	16,547,348
2012	10,183,057	3,738,151	553,925	433,348	47,908	884,975	15,841,364
2011	9,278,959	3,334,688	705,125	387,912	44,341	891,247	14,642,272
2010	8,803,137	3,249,774	815,467	386,686	47,537	850,777	14,153,378
2009	8,969,272	3,034,199	1,107,298	358,336	46,633	899,878	14,415,616

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

	Fiscal Year				
	2018	2017	2016	2015	2014
General Fund					
Nonspendable	$ 179,034	$ 165,473	$ 153,146	$ 143,646	$ 22,545
Assigned	3,000,000	3,000,000	3,000,000	3,000,000	2,900,000
Unassigned (Unreserved in 2009 - 2010)	9,124,068	8,870,449	8,384,654	8,106,691	7,952,060
Total General Fund	$ 12,303,102	$ 12,035,922	$ 11,537,800	$ 11,250,337	$ 10,874,605
All Other Governmental Funds					
Nonspendable	$ 49	$ 47	$ 37	$ 24	$ 27
Restricted (Reserved in 2009 - 2010)	13,124,778	7,427,663	9,295,748	6,340,427	4,601,236
Committed	3,074,165	3,021,247	2,950,329	2,891,820	2,822,164
Assigned	4,596,933	6,221,780	7,197,004	7,145,675	6,342,712
Unassigned (Unreserved in 2009 - 2010), reported in					
Debt Service fund	-	(2,378,694)	(4,249,292)	(5,762,043)	(5,289,623)
Special revenue funds	-	-	-	(38,270)	(2,429)
Capital projects funds	(21,877,044)	(15,088,388)	(16,560,902)	(23,394,510)	(19,396,398)
Total All Other Governmental Funds	$ (1,081,119)	$ (796,345)	$ (1,367,076)	$ (12,816,877)	$ (10,922,311)

Note: The City implemented GASB 54 in fiscal year 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.

Table 4

Fiscal Year				
2013	2012	2011	2010	2009
$ 41,501	$ 35,836	$ 23,855	$ 30,224	$ 28,551
2,900,000	2,900,000	2,700,000	-	-
7,597,750	7,090,014	7,002,340	9,307,516	9,483,149
$ 10,539,251	$ 10,025,850	$ 9,726,195	$ 9,337,740	$ 9,511,700
$ -	$ 1,104	$ -	$ -	$ -
6,338,136	6,326,789	3,124,776	5,832,830	12,952,237
2,256,215	2,266,144	2,687,410	-	-
6,571,529	10,219,483	11,393,774	-	-
(5,867,103)	(5,724,531)	(1,766,249)	-	-
(780,340)	(753,782)	(651,270)	4,774,018	5,624,933
(23,635,216)	(27,215,625)	(18,875,078)	(7,054,684)	(8,384,416)
$ (15,116,779)	$(14,880,418)	$ (4,086,637)	$ 3,552,164	$ 10,192,754

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

	Fiscal Year				
	2018	2017	2016	2015	2014
Revenues					
Taxes	$ 21,542,612	$ 20,023,327	$ 19,074,341	$ 17,507,555	$ 16,260,912
Special assessments	9,894,759	4,870,934	5,199,426	5,629,972	4,905,110
Licenses and permits	1,480,785	1,894,224	1,444,038	1,656,723	1,653,681
Intergovernmental revenue	13,050,190	12,001,970	11,814,810	11,016,877	15,853,629
Charges for services	1,653,783	1,179,278	1,367,322	1,639,943	1,137,238
Fines and forfeits	230,206	280,885	259,746	320,089	286,036
Investment earnings (loss)	173,098	146,303	92,332	67,711	119,078
Other revenues	2,309,417	2,172,452	2,121,187	2,861,029	1,179,889
Total Revenues	50,334,850	42,569,373	41,373,202	40,699,899	41,395,573
Expenditures					
General government	2,140,717	2,170,822	1,875,492	1,651,814	1,466,057
Public safety	14,548,972	14,133,308	13,550,789	12,881,448	12,137,728
Public works	6,761,414	5,777,744	5,465,300	5,259,489	5,410,032
Culture and recreation	4,406,282	3,945,199	3,698,288	3,513,213	2,932,316
Community development	1,057,530	958,326	921,082	949,100	813,647
Housing and economic development	736,455	599,650	528,856	455,572	395,110
Capital outlay	16,365,288	16,532,171	14,177,483	17,821,659	20,057,460
Debt service					
Principal	8,679,790	8,530,000	8,825,000	8,945,000	8,730,000
Interest	1,912,509	1,928,673	1,660,429	1,830,782	1,776,714
Bond issuance costs	71,058	132,892	101,111	249,969	75,421
Total Expenditures	56,680,015	54,708,785	50,803,830	53,558,046	53,794,485
Deficiency of Revenues Under Expenditures	(6,345,165)	(12,139,412)	(9,430,628)	(12,858,147)	(12,398,912)
Other Financing Sources (Uses)					
Transfers in	8,980,459	10,588,378	6,230,922	5,072,476	11,870,994
Transfers out	(6,556,023)	(7,936,164)	(3,668,406)	(3,854,634)	(8,558,279)
Sale of capital assets	-	-	-	-	-
Bonds issued	3,575,000	10,060,000	18,090,000	9,930,000	10,380,000
Payment to refunded bond escrow agent	-	-	-	-	-
Premium on bonds issued	328,135	496,051	515,376	191,471	1,503,593
Total Other Financing Sources (Uses)	6,327,571	13,208,265	21,167,892	11,339,313	15,196,308
Net Change in Fund Balances	$ (17,594)	$ 1,068,853	$ 11,737,264	$ (1,518,834)	$ 2,797,396
Debt Service as a Percentage of Noncapital Expenditures	25.99%	26.85%	28.32%	30.07%	30.44%

Table 5

Fiscal Year				
2013	2012	2011	2010	2009
$ 16,503,543	$ 15,853,459	$ 15,128,503	$ 14,076,010	$ 14,262,811
7,444,796	4,593,208	4,421,820	5,344,772	6,703,543
1,558,052	1,427,286	1,175,944	1,309,605	1,071,494
9,825,341	13,835,393	8,349,853	9,257,993	10,585,826
1,282,000	1,315,421	787,003	793,263	1,141,034
249,696	245,021	300,473	340,578	347,219
(47,414)	272,819	459,904	323,901	382,549
896,227	1,251,962	1,385,707	1,128,482	1,829,283
37,712,241	38,794,569	32,009,207	32,574,604	36,323,759
1,369,311	2,073,632	1,624,078	1,537,785	1,680,055
11,673,146	10,707,822	10,322,858	10,288,345	10,749,740
4,687,982	4,466,929	4,381,954	5,069,003	4,776,340
2,625,886	3,211,203	2,732,200	2,610,854	2,884,272
746,751	707,280	728,881	843,051	973,540
482,956	1,173,772	663,397	879,548	1,804,249
16,046,210	24,256,649	12,898,974	12,976,909	16,076,602
9,775,000	10,560,000	9,270,000	17,675,000	14,652,834
1,704,968	1,877,261	2,109,757	2,497,684	2,625,306
88,008	43,872	25,200	-	-
49,200,218	59,078,420	44,757,299	54,378,179	56,222,938
(11,487,977)	(20,283,851)	(12,748,092)	(21,803,575)	(19,899,179)
7,280,738	10,677,682	14,275,983	10,391,354	14,860,874
(3,553,164)	(7,877,913)	(4,638,237)	(5,706,589)	(12,112,469)
-	322,731	-	-	-
7,720,000	6,315,000	-	10,130,000	14,955,000
-	-	(4,140,000)	-	-
317,443	352,225	-	174,260	386,406
11,765,017	9,789,725	5,497,746	14,989,025	18,089,811
$ 277,040	$(10,494,126)	$ (7,250,346)	$ (6,814,550)	$ (1,809,368)
33.49%	34.26%	35.14%	47.88%	41.21%

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	Hotel-Motel Tax	Gambling Tax	Franchise Tax	Total
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
2013	14,399,489	707,867	431,100	55,224	909,863	16,503,543
2012	13,933,303	553,925	433,348	47,908	884,975	15,853,459
2011	13,099,878	705,125	387,912	44,341	891,247	15,128,503
2010	12,085,504	705,506	386,686	47,537	850,777	14,076,010
2009	11,907,446	1,050,518	358,336	46,633	899,878	14,262,811

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

Table 6B

Fiscal Year	Property Taxes	Tax Increments	Vehicle Excise Tax	Local Option Sales Tax	Food and Beverage Tax	Total
2018	$ 390,000	$ 242,657	$ 246,060	$ 5,387,494	$ 739,741	$ 7,005,952
2017	390,000	279,095	227,440	5,175,401	775,938	6,847,874
2016	392,000	288,074	211,960	5,097,531	758,101	6,747,666
2015	392,000	273,850	219,240	5,390,465	868,954	7,144,509
2014	392,000	75,831	217,300	4,925,499	754,135	6,364,765
2013	387,000	167,574	205,820	4,783,334	637,335	6,181,063
2012	387,000	142,806	212,640	4,727,513	622,474	6,092,433
2011	427,000	146,604	195,960	4,535,940	563,304	5,868,808
2010	427,501	143,352	180,080	4,321,528	529,973	5,602,434
2009	447,501	154,044	153,200	4,158,045	343,589	5,256,379

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						
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
2013	16,932,958	16,396,254	542,858	43,032	33,829,038	43.550	2,604,050,400	1.30
2012	16,277,090	16,051,535	530,408	43,032	32,816,001	44.840	2,611,279,900	1.26
2011	16,398,651	15,871,300	508,539	43,248	32,735,242	43.990	2,606,062,600	1.26
2010	17,853,113	16,191,062	495,445	43,434	34,496,186	39.790	3,283,105,200	1.05
2009	18,275,901	16,824,587	449,439	42,508	35,507,419	38.050	2,693,716,100	1.32

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
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
2014	29.22	14.33	43.55	36.86	1.89	38.75
2013	32.32	12.52	44.84	40.07	3.92	43.99
2012	31.61	12.38	43.99	39.65	4.25	43.90
2011	28.41	11.38	39.79	39.55	4.11	43.66
2010	27.95	10.10	38.05	36.66	4.02	40.68

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	
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	
11.56		12.49		24.05		0.17		43.55		62.97		106.52	
13.21		5.69		18.90		0.19		44.84		63.08		107.92	
10.65		10.31		20.96		0.20		43.99		65.06		109.05	
9.36		9.73		19.09		0.19		39.79		62.94		102.73	
10.21		9.37		19.58		0.19		38.05		60.45		98.50	

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

Table 9

Taxpayer	Type of Business	2018 Taxable Assessed Value	2018 Rank	2018 Percentage of Total Taxable Assessed Value	2009 Taxable Assessed Value	2009 Rank	2009 Percentage of Total Taxable Assessed Value
Xcel Energy	Utility	$1,306,784	1	2.87 %	$ 863,079	2	2.43 %
River Hills Mall	Shopping Center	1,116,640	2	2.45	1,073,674	1	3.02
Wal-Mart Stores, Inc.	Retail	608,085	3	1.33	211,788	12	0.60
Highland Hills of Mankato	Apartments	363,796	4	0.80	230,701	10	0.65
Mankato Clinic LTD	Medical	360,878	5	0.79	183,866	15	0.52
Inland Real Estate Corp	Apartments	317,246	6	0.70	326,902	3	0.92
Minnesota Gas Company	Utility	304,324	7	0.67	-		-
Archer-Daniels Midland	Soybean Processor	282,672	8	0.62	293,784	6	0.83
Kearney Properties LTD	Retail	276,162	9	0.61	252,742	7	0.71
ISJ Mayo Health Systems	Hospital	260,756	10	0.57	299,828	4	0.84
Monks Road Associates	Apartments	259,417	11	0.57	245,850	8	0.69
Mills Properties, Inc.	Hardware Distribution	244,130	12	0.54	-		-
Quarter at Mankato LLC	Apartments	237,689	13	0.52	-		-
Federated Mutual Insurance Company	Insurance	230,342	14	0.51	-		-
J L Partnership	Commercial Real Estate	227,866	15	0.50	-		-
Verizon Communications	Wireless Telecommunications	-		-	294,218	5	0.83
Harvest States	Agriculture	-		-	236,782	9	0.67
Menard, Inc.	Hardware Distribution	-		-	215,116	11	0.61
Highland Hills of Mankato Phase II	Apartments	-		-	204,104	13	0.57
PDL Leasing LLC	Manufacturing	-		-	189,822	14	0.53
Total		$6,396,787		14.04 %	$ 5,122,256		14.43 %

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
2018	$ 18,839,000	$ 18,624,837	98.9 %	$ -	$ 18,624,837	98.9 %
2017	17,600,000	17,451,332	99.2	107,241	17,558,573	99.8
2016	16,620,000	16,448,430	99.0	141,430	16,589,860	99.8
2015	15,132,325	15,019,204	99.3	92,058	15,111,262	99.9
2014	14,536,325	14,359,049	98.8	168,384	14,527,433	99.9
2013	14,349,750	14,204,737	99.0	137,334	14,342,071	99.9
2012	14,100,750	13,924,048	98.7	170,181	14,094,229	100.0
2011	13,429,000	13,265,141	98.8	160,738	13,425,879	100.0
2010	13,171,585	12,905,138	98.0	264,018	13,169,156	100.0
2009	12,639,182	12,302,729	97.3	335,194	12,637,923	100.0

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

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	G.O. Tax Increment Bonds	G.O. Special Assessment Bonds	Capital Lease Payable	Utility Bonds	General Obligation Revenue Bonds
2018	$ 3,933,206	$ 3,205,000	$ 50,196,499	$ 2,537,494	$42,464,892	$ -
2017	4,734,909	3,335,000	54,425,620	2,555,000	46,782,462	2,828,353
2016	5,543,513	3,498,999	54,274,648	-	51,152,377	5,127,025
2015	5,395,081	3,658,028	44,764,042	-	56,032,854	5,127,025
2014	5,146,438	472,118	47,237,128	-	42,204,686	4,272,693
2013	4,977,163	611,268	44,254,156	58,977	42,174,729	5,302,626
2012	4,754,371	745,449	46,252,778	-	45,386,094	6,312,164
2011	4,430,728	869,690	50,525,672	-	48,112,129	7,321,702
2010	4,860,898	988,962	63,534,133	-	47,171,622	8,300,649
2009	4,360,111	1,103,264	71,344,285	-	50,555,085	18,358,608

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

Table 11

Business-type Activities					
Loans Payable	Capital Lease Payable	Total Primary Government	Percentage of Personal Income		Per Capita
$ 272,916	$ 292,840	$ 102,902,847	N/A	%	$ 2,394
468,183	484,284	115,613,811	3.96		2,701
573,799	858,308	121,028,669	4.33		2,900
646,778	-	115,623,808	3.99		2,807
719,757	-	100,052,820	3.70		2,456
789,537	-	98,168,456	3.81		2,443
324,000	-	103,774,856	4.05		2,619
369,532	-	111,629,453	4.71		2,840
428,605	-	125,284,869	6.26		3,864
504,021	-	146,225,374	7.45		4,509

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

Table 12

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: G.O. Tax Increment Bonds	Governmental Activities: G.O. Special Assessment Bonds	Business-type Activities: General Obligation Revenue Bonds	Total General Obligation Debt	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2018	$ 3,933,206	$ 3,205,000	$ 50,196,499	$ -	$ 57,334,705	1.61 %	$ 1,334
2017	4,734,909	3,335,000	54,425,620	2,828,353	65,323,882	1.92	1,526
2016	5,543,513	3,498,999	54,274,648	5,127,025	68,444,185	2.15	1,640
2015	5,395,081	3,658,028	44,764,042	5,127,025	58,944,176	1.94	1,431
2014	5,146,438	472,118	47,237,128	4,272,693	57,128,377	2.13	1,402
2013	4,977,163	611,268	44,254,156	5,302,626	55,145,213	2.12	1,372
2012	4,754,371	745,449	46,252,778	6,312,164	58,064,762	2.22	1,465
2011	4,430,728	869,690	50,525,672	7,321,702	63,147,792	2.42	1,606
2010	4,860,898	988,962	63,534,133	8,300,649	77,684,642	2.37	2,396
2009	4,360,111	1,103,264	71,344,285	18,358,608	95,166,268	3.53	2,935

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.

City of Mankato, Minnesota
Computation of Direct and Overlapping Debt
December 31, 2018

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Mankato	$ 59,872,199	100.00 %	$ 59,872,199
Overlapping Debt			
Blue Earth County	18,885,121	42.75	8,073,389
Nicollet County	15,995,000	0.14	22,393
Independent School Dist. 77	99,020,000	76.43	75,680,986
Total Overlapping Debt	133,900,121		83,776,768
Total Direct and Overlapping Debt	$ 193,772,320		$ 143,648,967

(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

	2018	2017	2016	2015	2014
Debt Limit	$106,632,201	$102,161,124	$95,493,417	$91,023,030	$83,178,351
Total Net Debt Applicable to Limit	3,933,206	4,734,909	5,543,513	5,395,081	5,146,438
Legal Debt Margin	$102,698,995	$ 97,426,215	$89,949,904	$85,627,949	$78,031,913
Total Net Debt Applicable to the Limit	3.69%	4.63%	5.81%	5.93%	6.19%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed Value - Nonexempt	$ 45,560,186
Assessed Value - Exempt	-
Total Assessed Value	45,560,186
Debt Limit (3 Percent of Total Assessed Value)	106,632,201
Debt Applicable to Limit	
General obligation bonds	3,933,206
Legal Debt Margin	$102,698,995

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

2013	2012	2011	2010	2009
$80,429,634	$78,121,512	$78,338,937	$78,181,878	$98,493,156
4,977,163	4,754,371	4,430,728	4,860,898	4,360,111
$75,452,471	$73,367,141	$73,908,209	$73,320,980	$94,133,045
6.19%	6.09%	5.66%	6.22%	4.43%

City of Mankato, Minnesota
Pledged-Revenue Coverage - Utility Revenue Bonds
Last Ten Fiscal Years

Table 15A

	Utility Revenue Bonds						
		Direct	Net Revenue	Debt Service Requirements [1]			
Year	Gross Revenue	Operating Expenses[2]	Available for Debt Service	Principal	Interest	Total	Coverage
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
2013	15,456,830	9,921,219	5,535,611	4,485,659	1,405,325	5,890,984	0.94
2012	15,509,911	9,844,929	5,664,982	4,598,156	1,511,516	6,109,672	0.93
2011	15,077,755	9,530,557	5,547,198	4,598,156	1,511,516	6,109,672	0.91
2010	14,765,066	9,169,669	5,595,397	4,900,935	1,546,168	6,447,103	0.87
2009	14,736,296	8,861,894	5,874,402	4,607,457	1,637,881	6,245,338	0.94

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 - Riverfront 2000/Civic Center Revenue Bonds

Last Ten Fiscal Years

Table 15B

	Riverfront 2000/Civic Center Revenue Bonds						
		Direct	Net Revenue	Debt Service Requirements[2]			
Year	Revenues[1 and 4]	Operating Expenses[3]	Available for Debt Service	Principal	Interest	Total	Coverage
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
2013	8,247,565	4,613,472	3,634,093	990,000	161,775	1,151,775	3.16
2012	8,853,136	5,184,940	3,668,196	990,000	191,062	1,181,062	3.11
2011	7,477,147	4,030,557	3,446,590	960,000	215,325	1,175,325	2.93
2010	7,097,111	3,585,873	3,511,238	910,000 [5]	237,578	1,147,578	3.06
2009	6,914,206	3,711,595	3,202,611	870,000	52,336	922,336	3.47

Source: City of Mankato Financial Records.

(1) Revenues include sales tax revenue.
(2) The revenues of the Civic 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
2018	42,986	N/A	$ 43,165	27.0	8,568	2.4 %
2017	42,799	$ 2,917,818,540	40,484	27.0	8,780	2.4
2016	41,727	2,795,045,681	39,212	27.0	8,381	2.7
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
2013	40,183	2,575,167,280	35,337	27.0	7,598	4.3
2012	39,628	2,559,313,029	31,689	27.0	7,534	5.1
2011	39,309	2,369,809,464	30,617	27.0	7,392	4.1
2010	32,427	2,002,838,744	29,582	27.0	7,273	5.4
2009	32,427	1,961,625,033	27,911	25.3	7,127	6.3

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

Table 17

	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Immanuel St. Joseph's - Mayo Health System	2,300	1	9.18 %	2,223	1	11.70 %
Minnesota State University, Mankato	2,000	2	7.98	1,577	2	8.30
Independent School District 77	1,450	3	5.79	1,200	4	6.32
Mankato Clinic	793	4	3.17	749	5	3.94
Walmart Distribution Center	525	5	2.10	-		-
Blue Earth County	479	6	1.91	416	8	2.19
Monarch Healthcare Management (Formerly Thro Co)	436	7	1.74	700	6	3.68
MRCI Industrial Operation	425	8	1.70	1,544	3	8.13
City of Mankato	387	9	1.54	370	9	1.95
Minnesota Elevator, Inc.	330	10	1.32	-		-
Consolidated Communications	-		-	500	7	2.63
Bethany Lutheran College	-		-	350	10	1.84
Total	9,125		36.43 %	9,629		50.68 %

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				
	2018	2017	2016	2015	2014
General government	-	-	1	3	3
Public safety					
Administration	7	8	8	8	8
Police	76	67	77	63	55
Fire	20	18	18	18	17
Emergency management	1	1	1	1	1
Building inspectors	5	4	4	4	4
Streets and highways					
Engineering	10	13	17	12	12
Maintenance	15	14	15	14	14
Culture and recreation					
Parks	15	13	12	12	12
Housing and economic development	19	17	13	14	14
Water	15	17	17	15	14
Sewer	22	18	21	20	20
Utility administration	3	3	5	5	5
Storm water	3	3	3	3	3
Transit	34	30	39	31	25
Airport	3	2	2	2	2
Parking	1	1	-	-	-
Civic center	12	9	7	8	8
Garage	14	12	9	10	9
Administrative services	37	34	31	31	28
Total	312	284	300	274	254

Source: Human Resources Department

Table 18

Full-time Equivalent Employees as of December 31

2013	2012	2011	2010	2009
3	3	3	3	3
9	9	9	8	7
53	53	54	54	56
18	18	18	16	16
1	-	-	-	-
4	3	3	5	5
12	14	13	11	13
14	13	13	15	16
9	12	12	12	14
13	12	12	12	5
15	15	15	15	13
20	18	18	19	21
5	6	6	6	6
3	2	2	2	2
25	17	17	17	17
2	2	2	2	-
-	-	-	-	-
12	12	12	12	12
11	10	10	10	10
29	28	27	26	25
258	247	246	245	241

City of Mankato, Minnesota
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year 2018	2017	2016	2015	2014
Police					
Physical arrests	3,495	3,773	3,333	3,763	3,435
Parking violations	2,797	2,717	4,167	3,567	4,316
Traffic violations	1,945	2,221	1,948	2,784	2,390
Fire					
Number of calls answered	2,888	2,878	2,852	2,706	2,633
Inspections	176	191	178	178	178
Building Permits					
Residential	138	180	123	110	83
Industrial, construction and commercial	23	53	43	28	27
Highways and Streets					
Street resurfacing (miles)	1.20	3.03	1.55	2.29	1.19
Potholes repaired	785	853	673	702	736
Culture and Recreation					
Swimming pool attendance	15,322	15,176	15,875	18,534	21,084
Campground rentals	2,108	2,330	2,368	2,229	1,308
Park shelter rentals	849	894	1,559	832	710
Water					
New connections	236	259	566	373	276
Water main breaks	34	28	11	27	38

Sources: Various government departments.
Note: Indicators are not available for the general government function.

Table 19

Fiscal Year				
2013	2012	2011	2010	2009
3,075	3,005	3,229	3,415	4,385
2,957	3,354	3,400	4,743	5,516
1,741	1,158	970	1,479	2,154
2,221	2,117	2,206	2,168	2,217
110	154	71	132	439
151	114	100	100	123
35	26	33	25	25
0.44	4.66	5.14	4.36	3.09
712	637	564	786	943
17,226	19,359	18,367	21,784	19,227
2,178	1,367	1,494	1,399	882
402	249	228	183	218
316	220	173	107	159
33	31	25	38	38

City of Mankato, Minnesota
Capital Asset Statistics by Function (Continued on the Following Pages)
Last Ten Fiscal Years

Function	Fiscal Year 2018	2017	2016	2015	2014
Public safety					
Police					
Stations	1	1	1	1	1
Fire					
Stations	3	3	3	3	3
Hydrants	2,285	2,271	2,255	2,192	2,164
I.S.O. Rating	3	3	3	3	3
Public works					
Street division					
Miles of street	243.06	241.77	238.35	238.35	202.30
Lane miles of street	844.58	838.89	834.73	834.73	692.04
Percent of paved streets	100%	100%	100%	100%	100%
Miles of alleys	23.07	23.12	23.12	23.12	23.12
Signalized intersections	59	59	59	59	61
Parks division					
Neighborhood parks	23	23	23	23	21
Area in acres	147.5	147.5	148	148	137
Regional parks	7	7	7	7	7
Area in acres	472	472	472	472	472
Arena/civic center	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
Baseball diamonds	12	12	12	12	12
Basketball courts	10	10	10	10	10
Bike trails in miles	18	18	18	18	18
Campground	1w/39 sites	1w/39 sites	1w/39 sites	1w/39 sites	1 with 39 sites
Hockey rinks/outdoor	3	3	3	3	3
Softball diamonds	8	8	8	8	8
Swimming areas	2	2	2	2	2
Tennis courts	6	6	6	6	6
Volleyball courts	4	4	4	4	4
Pickelball courts	6	6	6	6	6
Utilities					
Municipal water					
Type of treatment	Lime softening	Lime softening	Lime softening	Lime softening	Lime softening
Consumers					
Residential	11,461	11,340	11,102	10,417	10,200
Commercial	1,336	1,507	1,499	1,444	1,399
Industrial	178	51	17	17	17
Government	414	352	259	230	229
Average daily consumption in gallons	4,972,000	4,886,000	4,811,928	-	5,051,381
Maximum daily consumption	7,453,000	7,380,000	7,113,000	7,665,000	8,026,000
Maximum production capacity	12,000,000	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	10,900,000
Miles of water main	259	257	256	251	247

Table 20

Fiscal Year				
2013	2012	2011	2010	2009
1	1	1	1	1
3	2	2	2	3
2,144	2,105	2,057	2,054	2,022
3	3	3	3	3
176.75	158.20	188.74	188.74	188.26
424.53	422.11	520.14	520.14	519.18
100%	100%	100%	100%	100%
19.94	11.58	11.58	11.58	11.58
59	59	57	56	55
20	20	18	17	17
136	136	128	96	96
7	7	6	5	5
472	472	455	455	455
1 with 4,800 seating capacity	1 with 4,800 seating capacity	1 with 4,800 seating capacity	1 with 4,800 seating capacity	1 with 4,800 seating capacity
12	12	6	6	6
10	10	10	9	9
18	18	18	15	14
1 with 39 sites	1 with 39 sites	1 with 22 sites	1 with 30 sites	1 with 42 sites
3	3	3	3	3
8	8	8	8	8
2	2	2	2	2
8	8	8	8	10
4	4	4	4	4
-	-	-	-	-
Lime softening	Lime softening	Lime softening	Lime softening	Lime softening
10,060	9,917	9,769	9,673	9,493
1,372	1,341	1,322	1,304	1,300
17	17	14	14	14
224	230	218	215	201
4,977,205	5,433,419	5,110,564	4,929,403	5,181,748
7,983,000	9,325,000	7,779,000	7,372,000	7,372,000
12,000,000	12,000,000	12,000,000	12,000,000	9,000,000
10,900,000	10,900,000	10,900,000	10,900,000	10,900,000
244	242	236	234	230

City of Mankato, Minnesota
Capital Asset Statistics by Function (Continued)
Last Ten Fiscal Years

Function	Fiscal Year 2018	2017	2016	2015	2014
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	Activated sludge and anaerobic digestion
Users					
City of Mankato, gal/year	2,392,197,208	2,114,450,000	2,398,963,855	2,326,311,000	2,348,652,000
City of North Mankato, gal/year	549,309,292	509,051,000	547,156,211	408,810,000	422,613,000
City of Eagle Lake, gal/year	119,076,500	107,551,000	98,229,900	80,312,000	87,963,000
South Bend Township, gal/year	17,306,000	16,060,000	18,058,897	13,538,000	14,929,000
LWSSD- Lake Washington, gal/year	21,189,562	19,220,500	19,853,237	18,023,000	19,056,000
LWSSD- Duck/ Balantyne, gal/year	9,549,000	8,911,000	9,499,500	8,986,000	2,727,000
Skyline, gal/year	8,439,200	7,886,000	8,143,400	8,104,000	8,904,000
Madison Lake, gal/year	39,890,000	35,739,000	36,551,000	33,901,000	34,436,000
Average daily sewage treatment in gallons	8,646,420	7,719,800	8,570,000	7,939,685	8,052,822
Maximum design capacity (millions of gallons/day)	11.25	11.25	11.25	11.25	11.25
Miles of sanitary sewer	209	207	206	203	201
Storm drains					
Lift stations	14	14	13	13	13
Holding ponds	82	82	80	78	78
Flood control pumping stations	5	5	5	5	5
Miles of storm drains	245	244	242	240	238
Ramps					
Ramps	6	6	6	6	5
Ramp spaces					
Mankato Place	596	596	596	596	596
Cherry Street	197	197	197	197	170
Civic Center	334	334	334	334	449
Second Street	179	179	179	179	197
Public Safety Center	56	56	56	56	56
City Center	315	315	315	315	-
Total ramp spaces	1,677	1,677	1,677	1,677	1,468
Employees					
Supervisors					
Union employees	163	145	144	144	134
Other employees	148	144	144	144	130
Total employees	311	289	288	288	264

Source: City of Mankato Financial Records.
Note: No capital asset indicators are available for the general government function.

Table 20 (Continued)

Fiscal Year				
2013	2012	2011	2010	2009
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
2,103,854,000	1,893,800,000	2,427,777,000	2,239,189,000	1,850,257,400
363,231,000	363,389,000	551,771,000	467,357,000	439,948,000
75,802,000	61,439,000	87,378,000	89,093,000	52,432,000
14,399,000	14,820,000	24,148,000	18,455,000	13,648,000
18,528,000	18,525,000	19,611,000	18,134,000	17,559,600
-	-	-	-	-
11,145,000	11,452,000	10,257,000	14,059,000	6,155,000
36,741,000	33,035,000	33,035,000	37,552,000	28,913,000
7,188,219	6,545,000	8,593,863	7,871,000	6,522,000
11.25	11.25	11.25	11.25	11.25
198	196	191	168	168
13	13	13	13	13
75	54	54	54	40
5	5	5	5	5
-	-	-	-	-
5	5	5	4	4
596	596	596	596	596
170	170	170	170	170
449	449	449	449	449
197	197	197	-	-
56	-	-	-	-
-	-	-	-	-
1,468	1,412	1,412	1,215	1,215
147	123	122	128	128
117	132	126	118	134
264	255	248	246	262

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Schedule of Sources and Uses of Public Funds

SCHEDULES OF SOURCES AND USES OF PUBLIC FUNDS (UNAUDITED)

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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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
For the Year Ended December 31, 2018

Name of District: South Riverfront - Fund 4110

Type of District: Redevelopment

Original Net Tax Capacity	$ 39,819
Current Net Tax Capacity	144,449
Captured Net Tax Capacity	$ 104,630
Retained By Authority	$ 104,630

	Modified Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Assessments	$ 365,000	$ 436,394	$ -	$ (71,394)
Tax Increments Received	2,305,937	1,222,990	110,658	972,289
State Grant	280,000	282,260	-	(2,260)
City Utility Fund	195,000	135,560	-	59,440
Total Sources of Funds	3,145,937	2,077,204	110,658	958,075
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	145,606	33,529	151,071
Administrative Cost	50,000	50,000	-	-
Total Uses of Funds	3,145,937	2,934,554	33,529	177,854
District Balance (or Deficiency)	-	(857,350)	77,129	780,221
Funds Remaining (or Deficient)	$ -	$ (857,350)	$ 77,129	$ (780,221)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Brennan - Landkammer Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Brennan - Landkammer - Fund 6806

Type of District: Redevelopment

Original Net Tax Capacity	$ 3,512	
Current Net Tax Capacity	55,698	
Captured Net Tax Capacity	$ 52,186	
Retained By Authority	$ 52,186	
Total Loans Incurred		$ 200,000
Amounts Redeemed		174,701
Outstanding Loans at 12/31/18		$ 25,299

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 599,600	$ 489,706	$ 52,499	$ 57,395
Uses of Funds				
Site Improvements	204,400	112,443	-	91,957
Loan Payments				
Principal	200,000	128,352	46,349	25,299
Interest	155,200	141,731	3,130	10,339
Interest	-	70,453	-	(70,453)
Administrative Cost	40,000	33,958	3,020	3,022
Total Uses of Funds	599,600	486,937	52,499	60,164
District Balance (or Deficiency)	-	2,769	-	(2,769)
Funds Remaining (or Deficient)	$ -	$ 2,769	$ -	$ 2,769

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Sibley Parkway Phase I Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Sibley Parkway Phase I - Fund 4050

Type of District: Redevelopment

Original Net Tax Capacity	$ 29,676
Current Net Tax Capacity	105,410
Captured Net Tax Capacity	$ 75,734
Retained By Authority	$ 75,734

	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	215,759	69,450	6,562,945
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	3,636,788	69,450	5,502,816
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	-	-	28,830	(28,830)
Closure of Lime Pond	334,660	459,370	-	(124,710)
Riverbank Stabilization	450,000	242,202	-	207,798
Finance Costs	3,934,080	344,740	43,823	3,545,517
Administrative Costs	717,512	38,524	-	678,988
Total Uses of Funds	9,209,054	4,739,119	72,653	4,397,282
District Balance (or Deficiency)	-	(1,102,331)	(3,203)	1,105,534
Funds Remaining (or Deficient)	$ -	$ (1,102,331)	$ (3,203)	$ (1,105,534)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Graif Building Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Graif Building - Fund 4060

Type of District: Redevelopment

Original Net Tax Capacity	$ 14,750
Current Net Tax Capacity	47,624
Captured Net Tax Capacity	$ 32,874
Retained By Authority	$ 32,874

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 332,339	$ 187,809	$ 29,726	$ 114,804
Interest on Invested Funds	-	39	-	(39)
Total Sources of Funds	332,339	187,848	29,726	114,765
Uses of Funds				
Site Improvements	312,399	148,224	20,825	143,350
Administrative Costs	19,940	18,557	1,784	(401)
Total Uses of Funds	332,339	166,781	22,609	142,949
District Balance (or Deficiency)	-	21,067	7,117	(28,184)
Funds Remaining (or Deficient)	$ -	$ 21,067	$ 7,117	$ 28,184

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Mankato Design/Busters Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Mankato Design / Busters - Fund 4070

Type of District: Redevelopment

Original Net Tax Capacity	$ 29,250
Current Net Tax Capacity	54,770
Captured Net Tax Capacity	$ 25,520
Retained By Authority	$ 25,520

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 409,149	$ 140,104	$ 23,078	$ 245,967
Uses of Funds				
Streets and Sidewalks	216,403	97,773	13,868	104,762
Interest	172,289	72,049	7,472	92,768
Administrative Costs	20,457	7,005	1,154	12,298
Total Uses of Funds	409,149	176,827	22,494	209,828
District Balance (or Deficiency)	-	(36,723)	584	36,139
Funds Remaining (or Deficient)	$ -	$ (36,723)	$ 584	$ (36,139)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Brennan - Embers Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Brennan-Embers - Fund 4080

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				
Bond Proceeds	$ 1,846,502	$ -	$ -	$ 1,846,502
Tax Increments Received	1,601,548	-	-	1,601,548
Total Sources of Funds	3,448,050	-	-	3,448,050
Uses of Funds				
Land Write-down	100,000	-	-	100,000
Site Improvements	50,000	-	-	50,000
Parking Improvements	100,000	-	-	100,000
Public Streets	2,117,825	-	-	2,117,825
Interest	895,575	-	-	895,575
Administrative Costs	184,650	-	-	184,650
Total Uses of Funds	3,448,050	-	-	3,448,050
District Balance (or Deficiency)	-	-	-	-
Funds Remaining (or Deficient)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (HECO Building Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Heco Building - Fund 4090

Type of District: Redevelopment

Original Net Tax Capacity	$ 38,952
Current Net Tax Capacity	74,044
Captured Net Tax Capacity	$ 35,092
Retained By Authority	$ 35,092

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 853,085	$ 143,706	$ 34,439	$ 674,940
Uses of Funds				
Redevelopment Costs	250,000	79,482	23,046	147,472
Parking Facilities	167,539	167,539	-	-
Interest	390,865	65,451	8,241	317,173
Administrative Costs	44,681	7,187	1,722	35,772
Total Uses of Funds	853,085	319,659	33,009	500,417
District Balance (or Deficiency)	-	(175,953)	1,430	174,523
Funds Remaining (or Deficient)	$ -	$ (175,953)	$ 1,430	$ (174,523)

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Habitat for Humanity Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Habitat for Humanity - Fund 6800

Type of District: Housing

Original Net Tax Capacity	$ 4,073
Current Net Tax Capacity	15,645
Captured Net Tax Capacity	$ 11,572
Retained By Authority	$ 11,572

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 289,913	$ 35,122	$ 11,071	$ 243,720
Uses of Funds				
Public Utilities	275,417	33,366	10,517	231,534
Administrative Costs	14,496	1,756	554	12,186
Total Uses of Funds	289,913	35,122	11,071	243,720
District Balance (or Deficiency)	-	-	-	-
Funds Remaining (or Deficient)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Volk Transfer Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Volk Transfer - Fund 6800

Type of District: Economic Development

Original Net Tax Capacity	$ 4,077
Current Net Tax Capacity	86,902
Captured Net Tax Capacity	$ 82,825
Retained By Authority	$ 82,825

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increments Received	$ 576,475	$ 335,767	$ 83,725	$ 156,983
Uses of Funds				
Land Acquisition and Site Improvements	386,355	191,391	64,440	130,524
Interest	161,296	123,559	10,746	26,991
Administrative Costs	28,824	16,719	4,186	7,919
Total Uses of Funds	576,475	331,669	79,372	165,434
District Balance (or Deficiency)	-	4,098	4,353	(8,451)
Funds Remaining (or Deficient)	$ -	$ 4,098	$ 4,353	$ 8,451

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (South Front Street - Tailwind Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: South Front Street - Tailwind - Fund 4100 / 3010

Type of District: Redevelopment

Original Net Tax Capacity	$ 59,840	
Current Net Tax Capacity	363,492	
Captured Net Tax Capacity	$ 303,652	
Retained By Authority	$ 303,652	
Total General Obligation Tax Increment		
Bonds Issued		$ 3,335,000
Amounts Redeemed		130,000
Outstanding bonds at 12/31/18		$ 3,205,000

	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	414,688	318,853	6,673,491
Total Sources of Funds	10,742,032	3,749,688	318,853	6,673,491
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	-	130,000	3,205,000
Interest	3,160,143	247,655	101,633	2,810,855
Caplitalized Interest	-	51,263	-	(51,263)
Interest on Advance	-	7,190	-	(7,190)
Administrative Costs	370,354	87,825	8,500	274,029
Total Uses of Funds	10,742,032	3,728,933	240,133	6,772,966
District Balance (or Deficiency)	-	20,755	78,720	(99,475)
Funds Remaining (or Deficient)	$ -	$ 20,755	$ 78,720	$ 99,475

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Imperial Plastics, Inc. Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2018

Name of District: Imperial Plastics, Inc. - Fund 6800

Type of District: Redevelopment

Original Net Tax Capacity	$ 2,686
Current Net Tax Capacity	171,198
Captured Net Tax Capacity	$ 168,512
Retained By Authority	$ 168,512

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax Increment Received	$ 1,026,276	$ 530,990	$ 132,692	$ 362,594
Uses of Funds				
Site Improvements	471,684	169,355	-	302,329
Public Iprovements and Utilites	250,250	-	-	250,250
Interest	253,028	82,571	-	170,457
Administrative Costs	51,314	26,550	6,635	18,129
Tax Increment Remitted to County	-	84,505	168,009	(252,514)
Total Uses of Funds	1,026,276	362,981	174,644	488,651
District Balance (or Deficiency)	-	168,009	(41,952)	(126,057)
Funds Remaining (or Deficient)	$ -	$ 168,009	$ (41,952)	$ 126,057

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Single Audit and Other Required Reports

SINGLE AUDIT AND OTHER
REQUIRED REPORTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2019.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

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 *Minnesota Legal Compliance Audit Guide for Cities*. 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.

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 Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 18, 2019

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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, 2018, 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 18, 2019.

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) to determine the 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.

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 determination of financial statement amounts. 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 reported under *Government Auditing Standards*.

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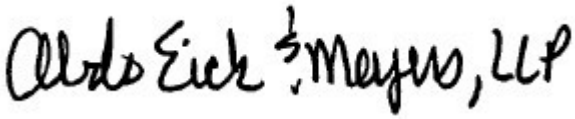
Purpose of this Report

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.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 18, 2019

People + Process®
Going Beyond the Numbers

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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

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, 2018. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

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, 2018.

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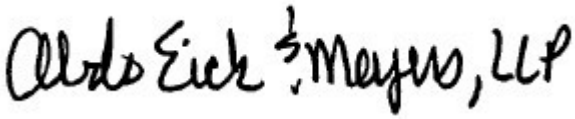
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, EICK & MEYERS, LLP
Mankato, Minnesota
June 18, 2019

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City of Mankato, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor	Pass-Through Grantor	Program Title	Catalog of Federal Domestic Assistance Number	State or Other Contract Number	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	B-18-MC-27-0012	$ 326,483
U.S. Department of Housing and Urban Development		Shelter Care Plus	14.238		45,131
U.S. Department of Housing and Urban Development		Public and Indian Housing (Low Rent)	14.850	C-4119	154,444
U.S. Department of Housing and Urban Development		Section 8 Housing Choice Vouchers	14.871	C-4037V	2,723,390
U.S. Department of Housing and Urban Development		Public Housing Capital Fund (CFP)	14.872	MN46PO63501-17	75,980
U.S. Department of Housing and Urban Development		Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services	14.877		54,717
U.S. Department of Housing and Urban Development		Mainstream Vouchers	14.879	05-439-2878	28,277
		Total U.S. Department of Housing and Urban Development			3,408,422
U.S. Department of Justice		Bulletproof Vest Partnership Program	16.607		3,841
U.S. Department of Justice	Minnesota Department of Public Safety	Public Safety Partnership and Community Policing Grants	16.710	2017-DJ-BX-1005	6,215
		Total U.S. Department of Justice			10,056
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	3-27-0055-24-17 3-27-0055-25-18	1,754,503
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	716094 717142 717141	1,159,845
U.S. Department of Transportation	Minnesota Department of Transportation	Metropolitan Transportation Planning	20.505	MPO MK18(139)	251,652
U.S. Department of Transportation	Minnesota Department of Transportation	Federal Transit Formula Grants	20.507	MN-90-X334 MN-90-X353 1029443	958,421
U.S. Department of Transportation	Minnesota Department of Transportation	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		3,743
		Total U.S. Department of Transportation			4,128,164
U.S. Department of Environmental Protection Agency		Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00E02276	37,125
U.S. Department of Health and Human Services	Minnesota Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,600
	Total Expended				$ 7,585,367

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, 2018. 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 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). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

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, 2018, the City did not elect to use the 10% de minimis indirect cost rate.

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City of Mankato, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

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.**
Section 8 Housing Vouchers	14.871
Airport Improvement Program	20.106
Federal Transit Formula Grant	20.509

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.