CITY OF MANKATO
MANKATO, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2019

PREPARED BY:

FINANCE DEPARTMENT

Daniel Scott
Director of Finance

Member GFOA of U.S. and Canada
Published June 23, 2020

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

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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June 23, 2020

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, 2019.

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, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2019 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 43,567. 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, economic development and transit services. The economic development programs are aimed at stimulating commercial and industrial growth. In addition, a variety of programs have been utilized, over the years, for the intent of providing citizens with adequate and affordable housing. Among these programs are the 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 Transit services staffs 17 full-time and 44 part-time employees. The transit system began in 1976 and provides fixed routes, dial-a-ride, and para-transit services throughout the city as well as the City of North Mankato. Services are provided to Minnesota State University – Mankato and North Mankato through a contractual arrangement.

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 of Public Safety - Police Service Area provides residents with a 59 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 13 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 12 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 31 full-time employees and one part-time employee. The department services 11,536 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 257 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 12 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 and tax increment financing reporting.

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 have 3 full-time staff. This area provides assistance in the area of informational marketing efforts to the community.

The 311 Call Center has 8 full-time employees. 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, organization code and line item. The City Manager may make transfers of appropriations within a fund or organization code. Budget amendments, that reduce the amount of an appropriation, require approval of the City Council. Budget to actual comparisons are provided for each individual governmental fund for which an 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 decrease in the upcoming year due to the national response to the COVID 19 outbreak. 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 2019 was $28,008,378. This represents a decrease of 47.45 percent when compared to fiscal year 2018 permits issued. The market value of all new residential, commercial and industrial permits in fiscal year 2019 was $60,567,906. This represents a decrease of 31.17 percent when compared to fiscal year 2018.

Unemployment has been at a relatively modest rate due to the diverse economic base. The unemployment rate is 2.3 percent which represents a decrease from the previous year rate of 2.4 percent. Unemployment is expected to increase due to the impact of the COVD 19 response.

The hospitality industry makes a significant contribution to the Mankato economy. The lodging tax generated $663,857 for fiscal year 2019. This represents an increase of 3.78 percent when compared to fiscal year 2018.

The food and beverage tax generated $782,920 for fiscal year 2019. This represents an increase of 5.84 percent when compared to fiscal year 2018.

The retail sales are a significant contribution to the Mankato economy as well. The City sales tax generated $5,365,430 in fiscal year 2019. This represents a decrease of 0.41 percent when compared to fiscal year 2018.

Long-term financial planning

Unassigned fund balance in the General fund is 31.09 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 8.05 percent of the subsequent fiscal year total General fund expenditures.

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

Relevant financial policies

Cash management and investment policies have been drafted and are on file in the City Finance Department. Cash temporarily idle during the year was invested in certificates of deposit, commercial paper, or obligations of the U.S. Treasury, or a state approved money market investment fund. The maturities of investments range from 30 days to 10 years. The total value of maturities of one year or less is 26.95 percent of the total portfolio. The value of maturities from 1 year to five years is 63.11 percent of the portfolio. The value of the maturities greater than five years is 9.94 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 2019 was 0.24 percent to 0.75 percent. All other funds were invested in FDIC backed certificates of deposit with coupon rates from 1.40 percent to 2.55 percent; U.S. Agency Bonds with coupon rates from 1.400 percent to 2.440 percent and Municipal Bonds with coupon rates of 1.700 percent to 4.200 percent. Money Market Funds represented 20.04 percent of the total portfolio. U S Government Securities represented 29.73 percent of the total portfolio. Certificates of Deposit represented 16.61 percent of the portfolio. Municipal Bonds represent 33.62 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 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 45 (GASB 45). GASB 45 is directed towards public sector employers providing certain OPEB benefits. The City implemented GASB 45 in the fiscal year 2008 comprehensive annual financial report. GASB 45 was replaced with GASB 75. The intent of GASB 75 is to improve the accounting and financial reporting of local government units for post-employment benefits other than pensions. Updated actuarial studies were performed throughout the fiscal years of 2011, 2013, 2015, 2017, and 2019. For fiscal year 2019, the city recognized OPEB expense of $127,048. Total Deferred outflows of resources is $488,204 at fiscal year-end. The total OPEB liability for the City is $5,679,481. 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 114 through 119).

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

The City authorized improvements to Riverfront Park in the amount of an estimated $669,000. The improvements centered upon required concrete work to enhance the park experience. Funding was supported through the allocation of city sales tax proceeds.

Mayo Clinic Health Systems completed approximately $37 million of improvements to the hospital and health care campuses. Improvements included a new surgical center to the main hospital, construction of an Orthopedic Clinic, construction of a Dialysis Center, an addition to their Eastridge Clinic Campus, and replacing its airport hangar for its medical helicopter at the Mankato Airport.

Eide Bailly, a regional certified public accounting firm, recently completed the construction of a new six floor office complex located in downtown Mankato. The structure will include a banking financial institution and an underground parking facility. The project is valued at $14 million.

Bridge Plaza, a new multi-use five story high rise structure is currently under construction. It is intended to house a mix of restaurants, retail, Class A office space, and upscale apartment living. The project is valued at $10 million.

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, 2018. 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, 2019

Name	Title	Term Ends
Najwa Massad	Mayor	12/31/22
Mike Laven	At Large	12/31/20
Karen Foreman	Council Member 1st Ward	12/31/22
Dennis Dieken	Council Member 2nd Ward	12/31/20
Mark Frost	Council Member 3rd Ward	12/31/22
Jenn Melby-Kelly	Council Member 4th Ward	12/31/20
Jessica Hatanpa	Council Member 5th Ward	12/31/22
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	
Amy Vokal	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 Sather	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
(Vacant)

- Coordinator Tricia Bleck
  - Organizational Development
  - Talent Management
  - Council of Governments
- Coordinator Sheila Huber
  - Compensation & Benefits
  - Labor Relations
  - Safety / Loss Control

Public Information & Community Engagement 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
- Operations

Transitioning in process: 311, Utility Billing, Facilities to Administrative Team

Service Departments

Department of Community Development
Director
Paul Vogel

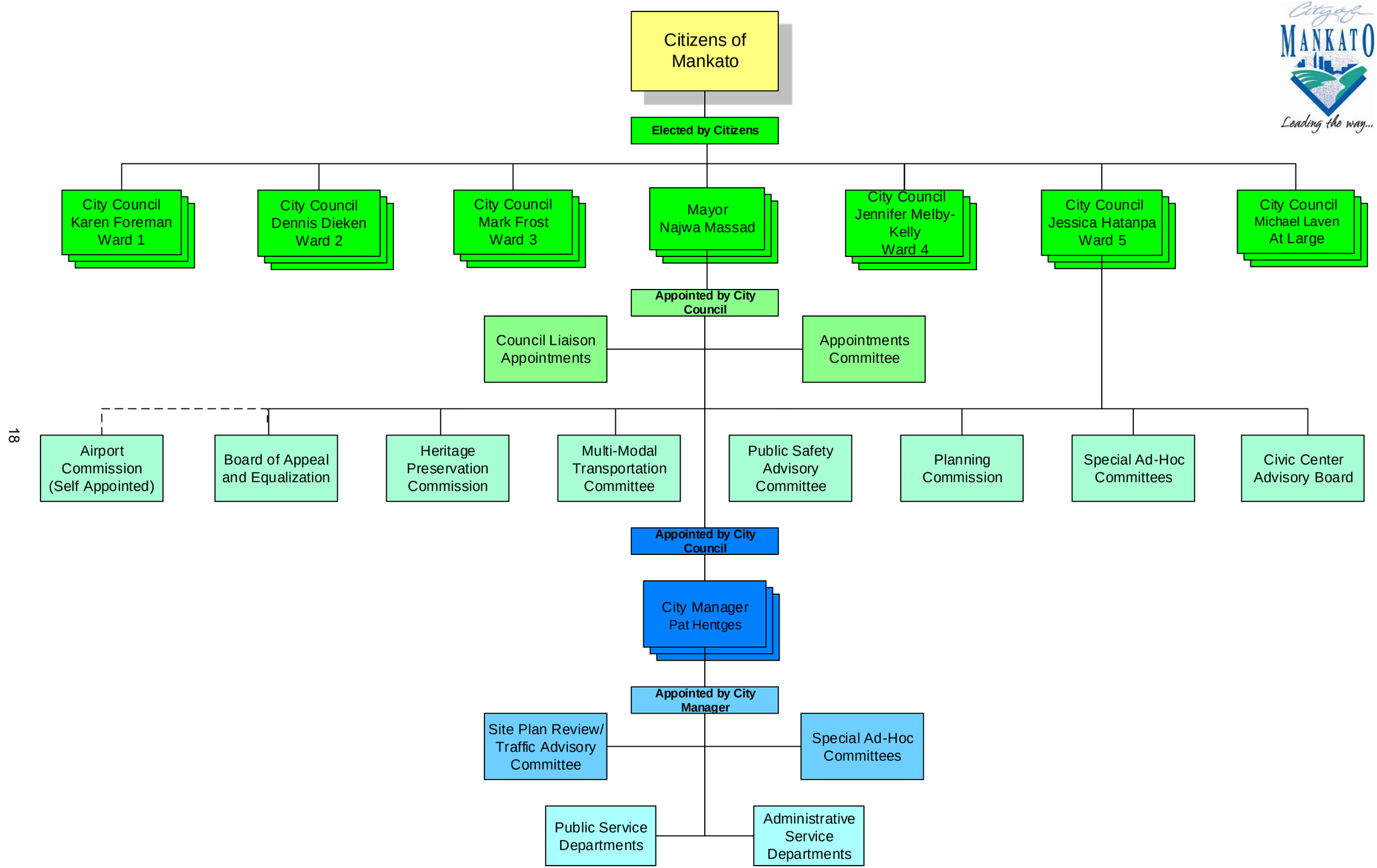
- Transit
- MPO
- Planning and Zoning
  - Building Inspections
- Economic Development
  - Housing

Department of Public Safety
Director
Amy Vokal

- Operations
  - Emergency Response
    Patrol
    Fire Suppression
    Haz Mat
    Prevention
- Strategic Response
  - Investigations
    Hazard/Threat Planning
    Emergency Management
    Rental/Lic. Code Enforcement
    Administrative Support

Department of Public Works
Director
Jeff Johnson

- Engineering
  Construction / CIP
  Traffic / R-O-W Management
- Fleet Mngmt
- Airport
- Streets
- Storm/Water/Sewer Infrastructure
- Parks
- Utilities /Infrastructure


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 Najwa Massad
City Council Jennifer Melby-Kelly Ward 4
City Council Jessica Hatanpa 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
Special Ad-Hoc Committees
Civic Center Advisory Board
Appointed by City Council
City Manager Pat Hentges
Appointed by City Manager
Site Plan Review/ Traffic Advisory Committee
Special Ad-Hoc Committees
Public Service Departments
Administrative Service Departments

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, 2018

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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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, 2019, 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, 2019, 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. 84, Fiduciary Activities, for the year ended December 31, 2019. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

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 114 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 23, 2020, 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 23, 2020

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, 2019. 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 $337,900,497 (*net position* on page 45). Of this amount, $14,669,462 (*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 $8,715,352 in 2019 (on page 47) compared to an increase of $22,474,170 in 2018. Major factors for the current year increase were the business-type activity profits of $9,575,587 before transfers and total charges for services of $41,859,333 increased by $2,588,138 from 2018. Also, total capital grants and contributions for the year were $8,544,242, which approximates the increase for the year.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $9,255,097, or 30.9 percent of total General fund expenditures (page 52).

Overview of the Financial Statements

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

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

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

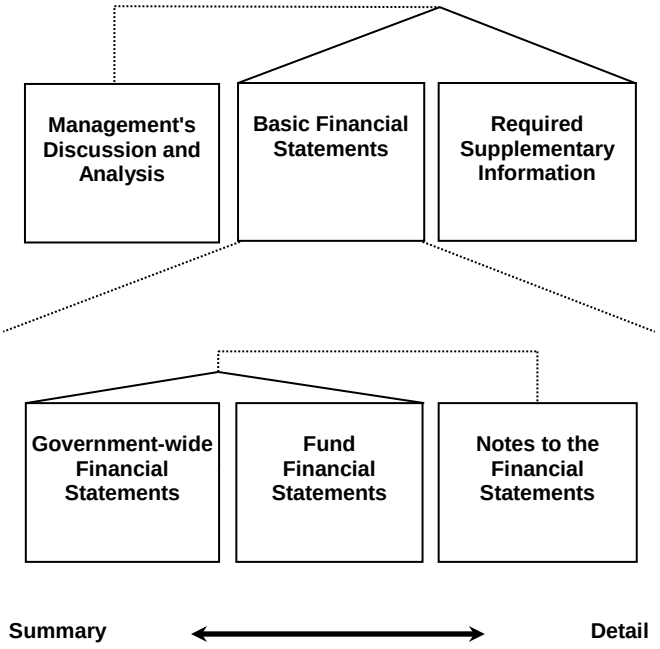


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

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

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

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

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Debt Service fund, the Improvement Bond Redemption, and the 2020 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 50 of this report.

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

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

The basic proprietary fund financial statements can be found starting on page 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 69 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 113 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 $337,900,497 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (87.4 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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Assets						
Current and other assets	$ 63,369,563	$ 63,533,953	$ (164,390)	$ 27,644,421	$ 21,854,463	$ 5,789,958
Capital assets	172,453,172	169,129,589	3,323,583	215,970,293	220,671,319	(4,701,026)
Total Assets	235,822,735	232,663,542	3,159,193	243,614,714	242,525,782	1,088,932
Deferred Outflows of Resources	7,307,731	10,185,215	(2,877,484)	582,406	715,276	(132,870)
Liabilities						
Long-term liabilities outstanding	78,102,167	77,598,663	503,504	43,222,991	49,412,109	(6,189,118)
Other liabilities	11,827,771	11,521,938	305,833	3,240,691	3,364,232	(123,541)
Total Liabilities	89,929,938	89,120,601	809,337	46,463,682	52,776,341	(6,312,659)
Deferred Inflows of Resources	11,491,474	13,818,942	(2,327,468)	1,541,995	1,188,786	353,209
Net position						
Net investment in capital assets	115,421,929	112,389,674	3,032,255	179,739,858	177,933,511	1,806,347
Restricted	26,507,297	25,616,473	890,824	1,561,951	1,555,100	6,851
Unrestricted	(220,172)	1,903,067	(2,123,239)	14,889,634	9,787,320	5,102,314
Total Net Position	$ 141,709,054	$ 139,909,214	$ 1,799,840	$ 196,191,443	$ 189,275,931	$ 6,915,512

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* (4.3 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 $1,799,840. The major factor in this increase is due to an increase in investment earnings of $815,393. Other key elements of this increase are as follows:

City of Mankato's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	$ 4,782,327	$ 5,510,134	$ (727,807)	$ 37,077,006	$ 33,761,061	$ 3,315,945
Operating grants and contributions	1,568,734	1,631,632	(62,898)	6,950,492	6,156,229	794,263
Capital grants and contributions	6,415,487	17,367,765	(10,952,278)	2,128,755	3,301,423	(1,172,668)
General revenues						
Property taxes/tax increments	19,803,307	19,238,549	564,758	682,897	632,657	50,240
Other taxes	2,471,607	2,361,104	110,503	6,403,830	6,373,295	30,535
Grants and contributions not restricted to specific programs	7,242,974	7,238,657	4,317	-	-	-
Unrestricted investments earnings	1,269,890	454,497	815,393	410,259	170,896	239,363
Other	250,522	165,168	85,354	14,790	375,451	(360,661)
Total Revenues	43,804,848	53,967,506	(10,162,658)	53,668,029	50,771,012	2,897,017
Expenses						
General government	2,692,964	2,139,186	553,778	-	-	-
Public safety	16,436,303	14,334,888	2,101,415	-	-	-
Public works/streets	17,026,253	16,397,953	628,300	-	-	-
Culture and recreation	5,336,021	4,629,194	706,827	-	-	-
Community development	1,050,797	1,060,731	(9,934)	-	-	-
Housing and economic development	690,575	924,117	(233,542)	-	-	-
Interest on long-term debt	1,432,170	1,547,167	(114,997)	-	-	-
Housing and economic development	-	-	-	6,887,260	6,308,005	579,255
Water	-	-	-	6,663,144	6,795,137	(131,993)
Wastewater plant	-	-	-	4,227,204	4,439,143	(211,939)
Sewer collection	-	-	-	1,849,602	1,546,690	302,912
Refuse	-	-	-	1,842,917	1,746,596	96,321
Utility operations and administration	-	-	-	1,430,095	1,366,607	63,488
Storm water	-	-	-	1,856,121	1,635,650	220,471
Street lighting	-	-	-	532,966	593,921	(60,955)
Mass transit	-	-	-	4,098,109	3,545,502	552,607
Parking	-	-	-	1,712,397	1,697,388	15,009
Airport	-	-	-	1,722,733	2,206,987	(484,254)
Civic center/arena	-	-	-	11,269,894	9,349,486	1,920,408
Total Expenses	44,665,083	41,033,236	3,631,847	44,092,442	41,231,112	2,861,330
Change in Net Position Before Transfers	(860,235)	12,934,270	(13,794,505)	9,575,587	9,539,900	35,687
Transfers	2,660,075	1,127,375	1,532,700	(2,660,075)	(1,127,375)	(1,532,700)
Change in Net Position	1,799,840	14,061,645	(12,261,805)	6,915,512	8,412,525	(1,497,013)
Net Position - January 1	139,909,214	125,847,569	14,061,645	189,275,931	180,863,406	8,412,525
Net Position - December 31	$ 141,709,054	$ 139,909,214	$ 1,799,840	$ 196,191,443	$ 189,275,931	$ 6,915,512

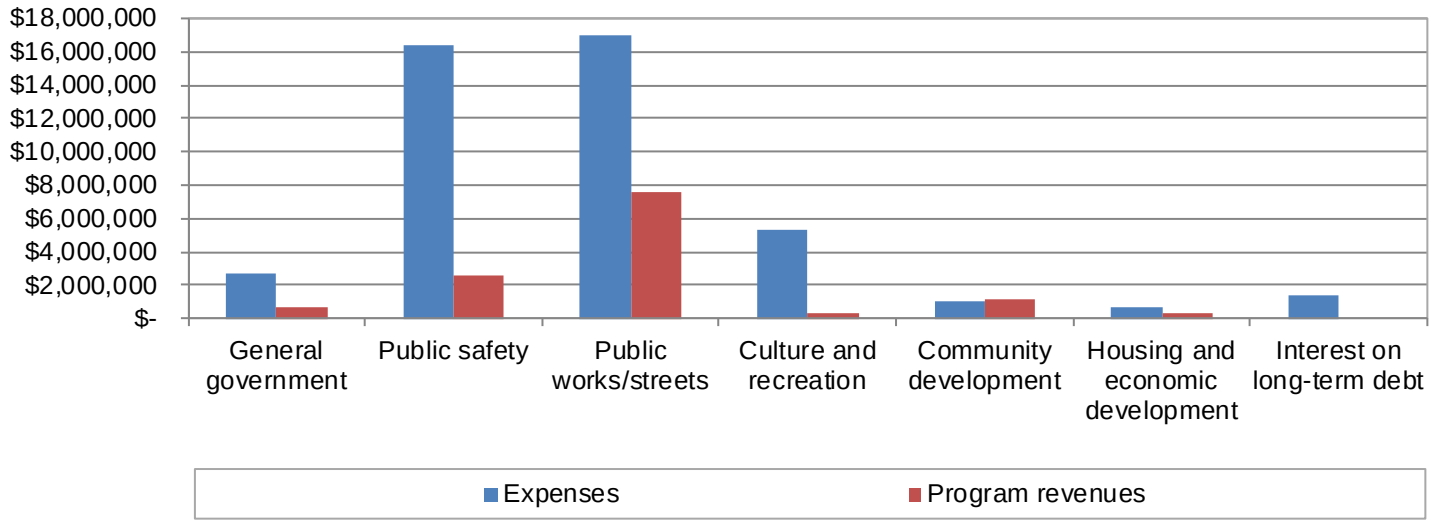
- Governmental property taxes and tax increments increased by $564,758 during the year. This is attributable to an increase in the property tax levy and subsequent collections.

- Governmental other taxes increased $110,503 in fiscal year 2019. 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.

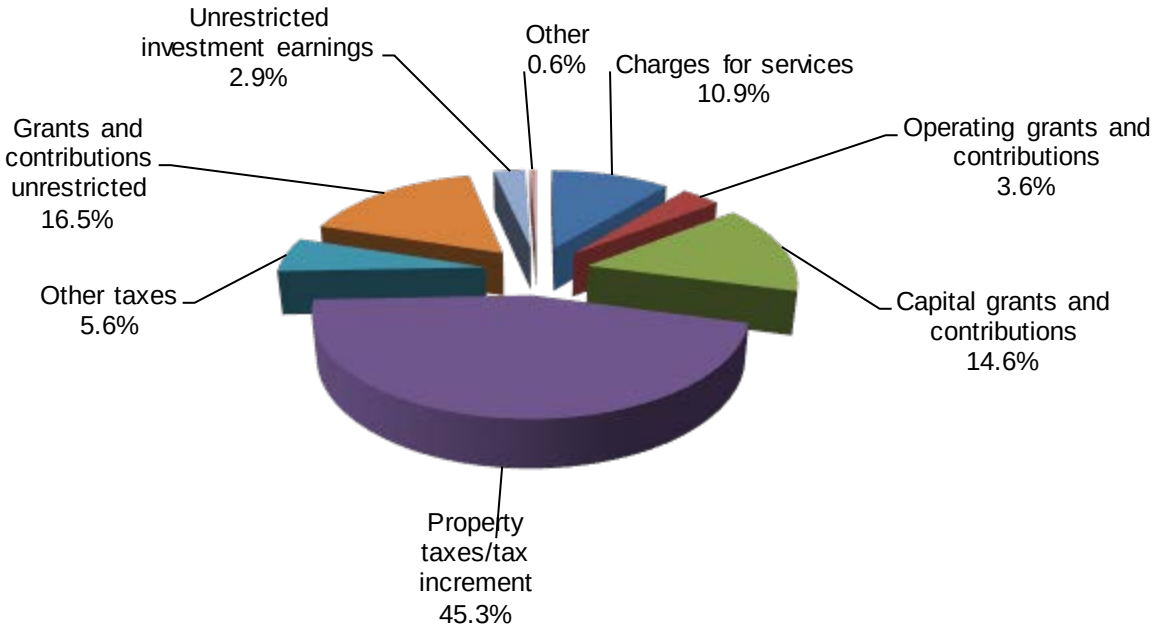
- Total governmental expenses increased a total of $3,631,847 or 8.85 percent. However, there was a decrease in housing and economic development costs, in the amount of $233,542 was a contributing factor. In addition, a decrease in the interest on long-term debt, in the amount of $114,997 was a significant factor.

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

Expenses and Program Revenues - Governmental Activities



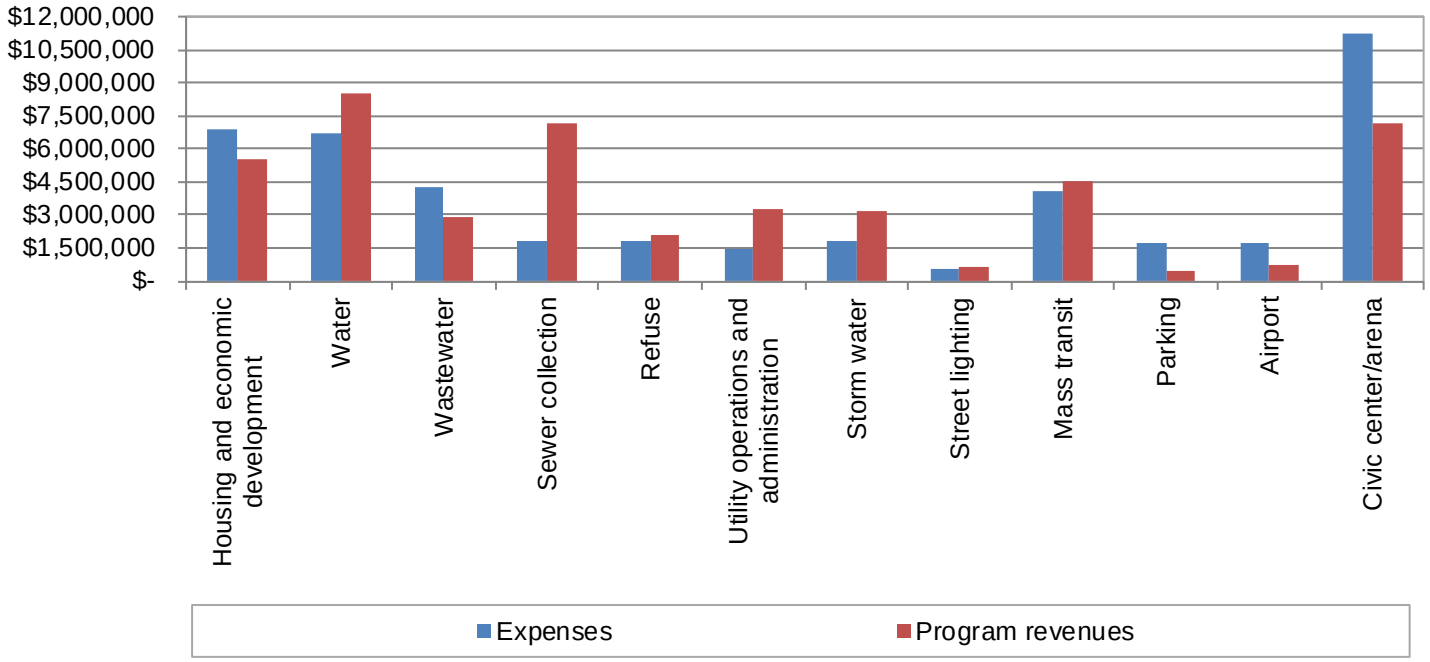
Revenues by Source - Governmental Activities



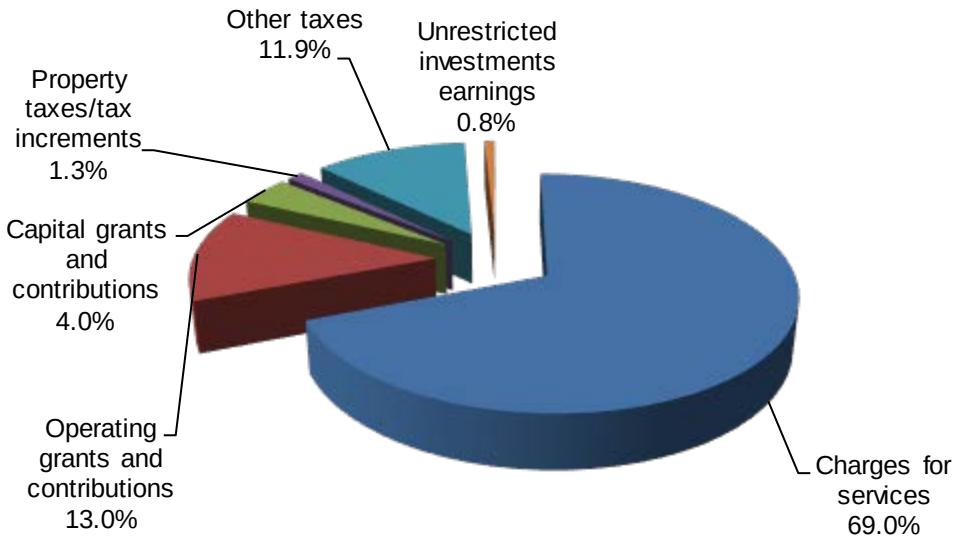
Business-type Activities. Business-type activities increased the City's net position by $6,915,512 for 2019. Key elements of this increase are as follows:

- Charges for services increased by $3,315,945. This was due primarily to an increase in fixed cost of service and consumption for both water utility rate and wastewater rate collections.
- Operating grants and contributions, increased in the amount of $794,263, were a significant factor for the increase.
- Other taxes increased by $30,535. This was due primarily to an increases in the city sales tax and vehicle excise tax collections.
- Total expenses increased a total of $2,861,330 or 6.9 percent. However, airport costs decreased by $484,254. In addition, water utility costs decreased in the amount of $131,993. Wastewater treatment plant costs decreased by $211,939.

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 $12,319,278, an increase of $1,097,295 in comparison with the prior year. A deficit of $14,292,036 constitutes *unassigned fund balance.* The remainder of fund balance is comprised of *nonspendable* balance of $171,392, *restricted* balance of $16,016,990, *committed* balance of $3,178,888 and *assigned* balance of $7,244,044. The *restricted* balance consists of: 1) tax increment financing activities ($38,387) 2) loans ($1,479,355), 3) municipal street projects ($8,288,175), 4) debt service ($6,198,477) and 6) economic development ($12,596). The *committed* balance consists of 1) loans ($3,050,471), and 2) community involvement ($128,417). The *assigned* balance consists of: 1) capital projects ($2,470,109), 2) emergencies ($2,400,000) and 3) for a variety of other assigned purposes ($2,373,935).

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 $12,426,431. During the current fiscal year, fund balance in the General fund increased by $123,329. The increase was a result of increased property tax collections and the increase in interest earnings. The City had planned for a General fund decrease of $81,348 for fiscal year 2019. 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 30.9 percent of total General fund expenditures, while total fund balance represented 41.4 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, 2019, the respective fund balances in the General fund were:

- $2,400,000 for an emergency restriction or 8.0 percent of General fund expenditures.
- $600,000 for a property tax adjustment restriction or 4.5 percent of the property tax levy.
- $171,334 for prepaid items and inventory.
- $9,255,097 of the remaining fund balance is categorized as unassigned or 30.9 percent of the General fund expenditures.

The fund balance of the City's General fund increased by $123,329 during the current fiscal year. Key factors in this increase and key strategies contributing to the increase were as follows:

- Site plan review fees were over budget by $342,052.
- Interest income was over budget in the amount of $197,132.
- Rental license revenue fees were over budget by $164,640.
- Police state aid revenue was over budget, in the amount of $85,987.
- Off duty detail revenue was over budget by $68,875.
- Electric franchise fee collections were over budget, in the amount of $66,550.
- School resource officer fees exceeded budget by $33,046.
- Property taxes were under budget in the amount of $431,858
- Building permits were under budget in the amount of $234,771.
- General government expenditures were over budget by $49,699.
- Public safety expenditures were under budget by $4,749.
- Public works expenditures were over budget by $415,131.
- Culture and recreation expenditures were over budget by $37,709.
- Community development expenditures were under budget by $38,767.

The *Debt Service fund* has a total fund balance of $6,198,477. The net increase during the current year in the Debt Service fund was $975,814. Of this amount, $1,618,185 is allocated for vacation and sick leave balances per accounting standards. The remaining amount of $4,580,292 is restricted for debt service. Finance staff are reviewing all revenue streams, in particular assessment collections and incoming transfers to assure a financial surplus. Staff anticipates that all future collection of non-current special assessments will assist in maintaining a surplus. The fund has $13,225,882 in non-current special assessments receivable.

The *Improvement Bond Redemption fund* had a decrease in fund balance of $234,848 to a fund balance of $253,870 at year end. This is primarily related to transfer of collected assessment amounts to the Debt Service fund.

The *Improvements 2020 fund* had a decrease in fund balance of $8,971,093 ending in a fund balance deficit of $9,157,833 at year end. This was due to the fund incurring capital costs for projects associated with the 2019 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 $5,726,465. The total increase in net position for business-type activities was $6,627,369. The Water fund, Wastewater Plant fund, Sewer Collection fund, Airport fund, Riverfront 2000/Civic Center fund, Economic Development fund, Mankato EDA fund, Eastwood Park fund, Utility Operations/Administration fund, Refuse fund, Storm Water Utility fund, Street Lighting fund, Mass Transit fund and Parking System fund experienced increases or (decreases) in net position of $2,596,216, $2,587,227, $1,240,052, ($816,215), $521,983, ($23,405), ($298,725), $1,652, $287,324, $35,087, $1,054,314, $78,934, $132,320, and ($769,395) respectively. The City sales tax generated $5,365,430 in fiscal year 2019. The food and beverage tax generated $782,920 in fiscal year 2019. The total local sales tax generated was $6,403,830 in fiscal year 2019. This represented a combined increase of $51,650 or 0.4 percent above 2018. City sales tax collections continue to exceed their initial projections.

General Fund Budgetary Highlights

The City did amend its General fund budget for 2019. Significant budget variances are summarized below:

- Property tax collections were under budget by $431,858.
- State aid insurance revenue exceeded budget by $101,187.
- Payments in lieu of taxes exceeded budget by $73,809.
- Court fine collections were under budget by $83,345.
- Reimbursement for school resource officers exceeded by $33,046.
- Reimbursement for drug task force officers exceeded budget by $43,198.
- Building permit revenues under budget by $234,771.
- Rental housing license revenue were over budget by $164,640.
- Site plan review fees exceeded budget by $342,053.
- Miscellaneous street revenue exceeded budget by $67,863.
- Engineering service charge revenues were under budget by $43,668.
- Miscellaneous park revenue exceeded budget by $13,352.
- General government costs were over budget by $49,699.
- Community development expenditures were under budget by $38,767.
- Public safety expenditures were under budget by $4,747.
- Public works expenditures exceeded budget by $415,131.
- Parks expenditures exceeded budget by $37,709.

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, 2019 amounts to $388,423,465 (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 decrease in the City's investment in capital assets for the current fiscal year was $1,377,443 which represents a 0.4 percent overall decrease (a 2.0 percent increase for governmental activities and a 2.1 percent decrease for business-type activities).

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

- Municipal state aid funded improvements at Cherry Street in the amount of $1,500,552.
- Construction on various municipal projects such as infrastructure in new residential developments, street reconstruction, street overlays, alley improvements, and critical link sidewalks continued in 2019. Projects associated with the 2019 Capital Investment Plan were valued at $9,467,768.
- The construction in progress for the governmental type activities as of the end of the current fiscal year had reached $23,685,014 and $5,363,516 for the business type activities.
- Hoffman Road Improvements were valued at $395,313 and were funded through Municipal state aid.
- Improvements associated with Kearney Pond were completed and valued at $157,536.

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

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	$ 4,298,021	$ 4,298,021	$ -	$ 5,166,651	$ 5,166,651	$ -
Land Improvements	3,465,668	1,872,091	1,593,577	3,204,849	3,175,593	29,256
Buildings and Structures	23,293,420	22,384,008	909,412	156,522,842	159,644,286	(3,121,444)
Machinery and Vehicles	13,398,375	11,857,559	1,540,816	10,029,449	11,334,868	(1,305,419)
Office Equipment	50,161	157,383	(107,222)	-	-	-
Infrastructure and Other Improvements	104,262,513	102,828,528	1,433,985	35,682,986	36,091,445	(408,459)
Construction in Progress	23,685,014	25,731,999	(2,046,985)	5,363,516	5,258,476	105,040
Total	$ 172,453,172	$169,129,589	$ 3,323,583	$215,970,293	$220,671,319	$ (4,701,026)

Additional information on the City of Mankato's capital assets can be found in Note 3D starting on page 86 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $88,980,248. Of this amount, $3,015,000 comprises debt backed by the full faith and credit of the City, $3,075,000 represents general obligation tax increment bonds, and $48,165,000 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 ($34,725,248) 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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
General Obligation Bonds	$ 3,015,000	$ 3,740,000	$ (725,000)	$ -	$ -	$ -
G.O. Tax Increment Bonds	3,075,000	3,205,000	(130,000)	-	-	-
G.O. Improvement Bonds	48,165,000	47,530,000	635,000	-	-	-
G.O. Revenue Bonds	-	-	-	34,725,248	40,941,436	(6,216,188)
Loans	62,637	72,716	(10,079)	234,516	272,916	(38,400)
Capital Lease	2,357,315	2,537,494	(180,179)	98,377	292,840	(194,463)
Total	$ 56,674,952	$ 57,085,210	$ (410,258)	$ 35,058,141	$ 41,507,192	$ (6,449,051)

The City's total debt decreased by $6,859,309 (7.0 percent) during the current fiscal year. The City issued $8,125,000 in new debt and retired $14,984,309 of existing debt principal. Of the new issuances, $8,125,000 represents G.O. Improvement Bonds designed to finance various street construction, overlay projects, and petition projects.

The City received an AA bond rating from Standard & Poors' rating agency in November of 2009. This rating was reaffirmed in March of 2019. In addition, the city has maintained the Aa2 bond rating from Moody's Investors Service. The City has received four bond rating upgrades in the past fifteen fiscal years.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is $111,075,990. The net debt applicable to the debt limitation is $3,178,171. The legal debt margin is $107,897,819, 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 92 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 2.3 percent, which is a decrease from 2.4 percent a year ago. This compares favorably to the State's average annual unemployment rate of 3.5 percent and the national annual average rate of 3.5 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 2020 fiscal year.

- The 2020 General fund budget is expected to be balanced.

- The 2020 General fund portion of the property tax levy will increase by $684,000.

- The 2020 budgeted funding from Local Government Aid (LGA) is expected to remain level.

- General fund expenditures are expected to increase by 0.47 percent in 2020.

Utility rates for water consumption and wastewater consumption were increased by 7% respectively in 2019. Refuse rates increased by 5% in 2019. Storm water utility rates increased by 14% for 2019. Street Lighting rates remained unchanged for 2019. In addition, the fixed cost of service rates for water and wastewater increased by 3% in 2019. 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 in 2018. This study provides structural modifications to the fixed cost of service for water and wastewater rates.

Requests for Information

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

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GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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City of Mankato, Minnesota
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 36,004,745	$ 15,281,463	$ 51,286,208
Restricted assets	-	85,854	85,854
Receivables			
Interest	337,268	6,860	344,128
Delinquent taxes	462,879	28	462,907
Accounts, net of allowance	841,104	3,787,848	4,628,952
Notes	1,264,767	2,770,662	4,035,429
Special assessments	23,588,110	333,025	23,921,135
Intergovernmental	2,620,685	1,883,669	4,504,354
Internal balances	(2,321,277)	2,321,277	-
Inventories	436,821	522,562	959,383
Prepaid items	134,461	75,368	209,829
Land held for resale	-	575,805	575,805
Capital assets			
Nondepreciable	27,983,035	10,530,167	38,513,202
Depreciable, net of accumulated depreciation	144,470,137	205,440,126	349,910,263
Total Assets	235,822,735	243,614,714	479,437,449
Deferred Outflows of Resources			
Deferred pension resources	6,971,169	430,764	7,401,933
Deferred other postemployment benefit resources	336,562	151,642	488,204
Total Deferred Inflows of Resources	7,307,731	582,406	7,890,137
Liabilities			
Accounts and contracts payable	2,561,227	1,896,220	4,457,447
Due to other governments	58,139	169,935	228,074
Accrued interest payable	784,670	434,044	1,218,714
Accrued salaries payable	696,206	270,039	966,245
Deposits payable	7,702,501	93,273	7,795,774
Unearned revenue	25,028	377,180	402,208
Noncurrent liabilities			
Due within one year	8,907,696	5,349,452	14,257,148
Due in more than one year	53,441,145	31,663,517	85,104,662
Net pension liability	11,837,967	4,445,900	16,283,867
Other postemployment benefit obligation	3,915,359	1,764,122	5,679,481
Total Liabilities	89,929,938	46,463,682	136,393,620
Deferred Inflows of Resources			
Intergovernmental	714,421	-	714,421
Deferred sponsorship rights	-	600,000	600,000
Deferred pension resources	10,637,834	879,268	11,517,102
Deferred other postemployment benefit resources	139,219	62,727	201,946
Total Deferred Inflows of Resources	11,491,474	1,541,995	13,033,469
Net Position			
Net investment in capital assets	115,421,929	179,739,858	295,161,787
Restricted for			
Debt service	16,688,784	1,500,000	18,188,784
Tax increment financing activities	38,387	-	38,387
Loans	1,479,355	-	1,479,355
Municipal street projects	8,288,175	-	8,288,175
Economic development	12,596	61,951	74,547
Unrestricted	(220,172)	14,889,634	14,669,462
Total Net Position	$ 141,709,054	$ 196,191,443	$ 337,900,497

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, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities				
General government	$ 2,692,964	$ 576,393	$ 43,200	$ 13,934
Public safety	16,436,303	1,593,667	964,733	-
Public works	17,026,253	1,174,274	267,294	6,183,920
Culture and recreation	5,336,021	205,664	-	179,737
Community development	1,050,797	1,206,400	-	-
Housing and economic development	690,575	25,929	293,507	37,896
Interest on long-term debt	1,432,170	-	-	-
Total Governmental Activities	44,665,083	4,782,327	1,568,734	6,415,487
Business-type Activities				
Housing and economic development	6,887,260	1,791,260	3,737,111	-
Water	6,663,144	8,514,790	-	-
Wastewater plant	4,227,204	1,618,345	-	1,250,000
Sewer collection	1,849,602	7,132,321	-	-
Refuse	1,842,917	2,088,145	6,645	-
Utility operations and administration	1,430,095	3,286,935	-	-
Storm water	1,856,121	3,143,071	-	4,131
Street lighting	532,966	651,348	-	-
Mass transit	4,098,109	772,057	3,121,170	657,225
Airport	1,722,733	517,859	85,566	95,602
Parking	1,712,397	484,766	-	-
Civic center/arena	11,269,894	7,076,109	-	121,797
Total Business-type Activities	44,092,442	37,077,006	6,950,492	2,128,755
Totals	$ 88,757,525	$ 41,859,333	$ 8,519,226	$ 8,544,242

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

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
$ (2,059,437)		$ (2,059,437)
(13,877,903)		(13,877,903)
(9,400,765)		(9,400,765)
(4,950,620)		(4,950,620)
155,603		155,603
(333,243)		(333,243)
(1,432,170)		(1,432,170)
(31,898,535)		(31,898,535)
-	$ (1,358,889)	(1,358,889)
-	1,851,646	1,851,646
-	(1,358,859)	(1,358,859)
-	5,282,719	5,282,719
-	251,873	251,873
-	1,856,840	1,856,840
-	1,291,081	1,291,081
-	118,382	118,382
-	452,343	452,343
-	(1,023,706)	(1,023,706)
-	(1,227,631)	(1,227,631)
-	(4,071,988)	(4,071,988)
-	2,063,811	2,063,811
(31,898,535)	2,063,811	(29,834,724)
14,397,784	390,000	14,787,784
4,778,385	-	4,778,385
627,138	292,897	920,035
-	6,403,830	6,403,830
663,858	-	663,858
118,459	-	118,459
1,689,290	-	1,689,290
7,242,974	-	7,242,974
1,269,890	410,259	1,680,149
166,200	-	166,200
84,322	14,790	99,112
2,660,075	(2,660,075)	-
33,698,375	4,851,701	38,550,076
1,799,840	6,915,512	8,715,352
139,909,214	189,275,931	329,185,145
$ 141,709,054	$ 196,191,443	$ 337,900,497

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

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FUND FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Mankato, Minnesota
Balance Sheet
Governmental Funds
December 31, 2019

	1010 General	3010 Debt Service	Capital Projects 5020 Improvement Bond Redemption	Capital Projects 5120 Improvements 2020	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and temporary investments	$ 6,913,227	$ 1,020,562	$ 253,870	$ 29,046	$ 12,666,735	$ 20,883,440
Receivables						
Interest	263,204	-	-	-	-	263,204
Delinquent taxes	338,344	124,535	-	-	-	462,879
Accounts, net of allowance	594,044	-	-	-	75,175	669,219
Notes	-	12,847	-	-	1,251,920	1,264,767
Special assessments	-	14,225,442	7,961,847	-	1,400,821	23,588,110
Intergovernmental	405,951	139,835	-	-	2,046,950	2,592,736
Due from other funds	8,100,000	5,500,000	-	-	5,490,000	19,090,000
Advances to other funds	-	-	-	-	917,656	917,656
Inventories	113,124	-	-	-	-	113,124
Prepaid items	58,210	-	-	-	58	58,268
Total Assets	$ 16,786,104	$ 21,023,221	$ 8,215,717	$ 29,046	$ 23,849,315	$ 69,903,403
Liabilities						
Accounts and contracts payable	$ 603,659	$ -	$ -	$ 386,879	$ 280,326	$ 1,270,864
Due to other funds	-	260,000	-	8,800,000	12,716,000	21,776,000
Advances from other funds	-	-	-	-	1,968,415	1,968,415
Due to other governments	58,139	-	-	-	-	58,139
Accrued salaries payable	507,573	-	-	-	3,269	510,842
Deposits payable	2,851,958	214,767	-	-	4,143,030	7,209,755
Unearned revenue	-	-	-	-	24,700	24,700
Total Liabilities	4,021,329	474,767	-	9,186,879	19,135,740	32,818,715
Deferred Inflows of Resources						
Unavailable revenue - taxes	338,344	124,535	-	-	-	462,879
Unavailable revenue - special assessments	-	14,225,442	7,961,847	-	1,400,821	23,588,110
Unavailable revenue - intergovernmental	-	-	-	-	714,421	714,421
Total Deferred Inflows of Resources	338,344	14,349,977	7,961,847	-	2,115,242	24,765,410
Fund Balances						
Nonspendable	171,334	-	-	-	58	171,392
Restricted	-	6,198,477	-	-	9,818,513	16,016,990
Committed	-	-	-	-	3,178,888	3,178,888
Assigned	3,000,000	-	253,870	-	3,990,174	7,244,044
Unassigned	9,255,097	-	-	(9,157,833)	(14,389,300)	(14,292,036)
Total Fund Balances	12,426,431	6,198,477	253,870	(9,157,833)	2,598,333	12,319,278
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 16,786,104	$ 21,023,221	$ 8,215,717	$ 29,046	$ 23,849,315	$ 69,903,403

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, 2019

Amounts reported for governmental activities in the statement of net position are different because		
Total Fund Balances - Governmental Funds	$	12,319,278
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.		158,343,188
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		(1,618,185)
Other postemployment benefits obligation		(2,796,614)
Bonds payable		(54,317,637)
Bond premiums, net of accumulated amortization		(3,431,291)
Capital leases payable		(2,357,315)
Net pension liability		(9,072,394)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.		
Delinquent property taxes receivable		462,879
Special assessments receivable		23,588,110
Governmental funds do not report long-term amounts related to pensions.		
Deferred outflows of pension resources		6,703,214
Deferred inflows of pension resources		(10,090,885)
Governmental funds do not report long-term amounts related to other postemployment benefits.		
Deferred outflows of other postemployment benefit resources		240,396
Deferred inflows of other postemployment benefit resources		(99,440)
Governmental funds do not report a liability for accrued interest until due and payable.		(784,670)
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.		24,620,420
Total Net Position - Governmental Activities	$	141,709,054

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, 2019

	1010	3010	Capital Projects 5020	5120		
	General	Debt Service	Improvement Bond Redemption	Improvements 2020	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 16,401,749	$ 5,085,830	$ -	$ -	$ 713,134	$ 22,200,713
Special assessments	-	4,184,112	8,419	-	531,285	4,723,816
Licenses and permits	1,597,650	-	-	-	-	1,597,650
Intergovernmental	8,362,788	-	-	-	3,733,397	12,096,185
Charges for services	1,782,599	-	-	-	-	1,782,599
Fines and forfeits	216,656	-	-	-	-	216,656
Investment income	280,802	107,274	6,733	-	322,278	717,087
Miscellaneous	644,052	498	-	-	303,396	947,946
Total Revenues	29,286,296	9,377,714	15,152	-	5,603,490	44,282,652
Expenditures						
Current						
General government	1,611,220	756,000	-	-	172,423	2,539,643
Public safety	15,633,946	-	-	-	17,542	15,651,488
Public works	7,021,486	-	-	-	-	7,021,486
Culture and recreation	4,380,198	-	-	-	-	4,380,198
Community development	1,036,295	-	-	-	-	1,036,295
Housing and economic development	-	36,966	-	-	487,088	524,054
Capital outlay						
Public safety	35,200	-	-	-	-	35,200
Public works	5,124	-	-	8,971,093	4,482,817	13,459,034
Culture and recreation	261,989	-	-	-	315,409	577,398
Housing and economic development	-	-	-	-	17,325	17,325
Debt service						
Principal	-	8,525,179	-	-	10,079	8,535,258
Interest and other	-	1,608,989	-	-	31,805	1,640,794
Bond issuance costs	-	15,200	-	-	79,014	94,214
Total Expenditures	29,985,458	10,942,334	-	8,971,093	5,613,502	55,512,387
Excess (Deficiency) of Revenues Over (Under) Expenditures	(699,162)	(1,564,620)	15,152	(8,971,093)	(10,012)	(11,229,735)
Other Financing Sources (Uses)						
Transfers in	1,116,666	2,455,096	-	-	2,851,911	6,423,673
Debt issued	-	282,634	-	-	7,842,366	8,125,000
Premium on bonds issued	-	402,314	-	-	547,979	950,293
Transfers out	(294,175)	(599,610)	(250,000)	-	(2,028,151)	(3,171,936)
Total Other Financing Sources (Uses)	822,491	2,540,434	(250,000)	-	9,214,105	12,327,030
Net Change in Fund Balances	123,329	975,814	(234,848)	(8,971,093)	9,204,093	1,097,295
Fund Balances, January 1	12,303,102	5,222,663	488,718	(186,740)	(6,605,760)	11,221,983
Fund Balances, December 31	$ 12,426,431	$ 6,198,477	$ 253,870	$ (9,157,833)	$ 2,598,333	$ 12,319,278

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, 2019

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

Net change in fund balances - governmental funds	$	1,097,295
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		13,694,840
Depreciation expense		(10,895,566)
Capital contributions to business-type activities		(776,735)
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.		(95,455)
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		8,535,258
Debt issued or incurred		(8,125,000)
Discount on bonds issued, net of amortization expense		(132)
Premium on bonds issued, net of amortization expense		(571,454)
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.		(75,869)
Long-term pension activity is not reported in governmental funds.		
Pension expense		(38,812)
Direct aid contribution		85,244
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		74,201
Special assessments		(2,047,739)
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		98,499
Compensated absences		(28,667)
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.		869,932
Change in Net Position - Governmental Activities	$	1,799,840

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

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City of Mankato, Minnesota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	$ 16,677,000	$ 16,677,000	$ 16,401,749	$ (275,251)
Licenses and permits	1,621,513	1,621,513	1,597,650	(23,863)
Intergovernmental	8,276,361	8,276,361	8,362,788	86,427
Charges for services	1,409,050	1,409,050	1,782,599	373,549
Fines and forfeits	311,000	311,000	216,656	(94,344)
Investment income	46,000	46,000	280,802	234,802
Miscellaneous	375,300	437,300	644,052	206,752
Total Revenues	28,716,224	28,778,224	29,286,296	508,072
Expenditures				
Current				
General government	1,561,521	1,561,521	1,611,220	(49,699)
Public safety	15,638,695	15,638,695	15,633,946	4,749
Public works	6,606,355	6,606,355	7,021,486	(415,131)
Culture and recreation	4,342,489	4,342,489	4,380,198	(37,709)
Community development	1,008,662	1,075,062	1,036,295	38,767
Capital outlay				
Public safety	1,000	1,000	35,200	(34,200)
Public works	10,500	10,500	5,124	5,376
Culture and recreation	3,500	237,500	261,989	(24,489)
Total Expenditures	29,172,722	29,473,122	29,985,458	(512,336)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(456,498)	(694,898)	(699,162)	(4,264)
Other Financing Sources (Uses)				
Transfers in	895,000	1,067,000	1,116,666	49,666
Transfers out	(453,450)	(453,450)	(294,175)	159,275
Total Other Financing Sources (Uses)	441,550	613,550	822,491	208,941
Net Change in Fund Balances	(14,948)	(81,348)	123,329	204,677
Fund Balances, January 1	12,303,102	12,303,102	12,303,102	-
Fund Balances, December 31	$ 12,288,154	$ 12,221,754	$ 12,426,431	$ 204,677

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, 2019

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Assets				
Current Assets				
Cash and temporary investments	$ 100,409	$ 697,891	$ 191,578	$ 781,347
Receivables				
Interest	-	-	5,489	-
Delinquent taxes	-	-	-	-
Notes - current portion	-	-	72,074	2,708
Accounts, net of allowance for doubtful accounts of $95,500	916,224	91,210	855,567	20,832
Due from employees	-	-	-	-
Sponsorship rights - current portion	-	-	-	-
Miscellaneous	-	-	-	-
Intergovernmental	14,425	9,254	-	84,676
Due from other funds	1,570,000	566,000	1,630,000	-
Advances to other funds - current portion	-	-	-	-
Special assessments receivable - current portion	-	-	-	-
Inventories	186,287	-	11,609	-
Prepaid items	9,059	4,702	4,650	468
Total Current Assets	2,796,404	1,369,057	2,770,967	890,031
Noncurrent Assets				
Restricted assets				
Cash and cash equivalents	-	-	-	-
Notes receivable - net of current portion	-	-	627,877	24,366
Sponsorship rights receivable - net of current portion	-	-	-	-
Land held for resale	-	-	-	-
Advances to other funds - net of current portion	-	-	-	-
Capital assets				
Land	89,159	64,368	56,496	1,351,688
Land improvements	1,989,638	-	-	-
Buildings and structures	49,243,925	44,256,865	556,640	32,533,097
Machinery and vehicles	6,586,197	3,814,715	892,879	672,239
Office equipment	11,060	-	-	60,727
Infrastructure and other improvements	22,688,761	-	31,466,793	-
Construction in progress	126,093	2,359,375	-	1,988,935
Less accumulated depreciation	(27,226,427)	(24,627,619)	(14,643,894)	(13,485,123)
Total Capital Assets, Net of Accumulated Depreciation	53,508,406	25,867,704	18,328,914	23,121,563
Total Noncurrent Assets	53,508,406	25,867,704	18,956,791	23,145,929
Total Assets	56,304,810	27,236,761	21,727,758	24,035,960
Deferred Outflows of Resources				
Deferred other post employment benefit resources	31,999	21,028	11,698	1,828
Deferred pension resources	80,611	49,956	34,180	6,747
Total Deferred Outflows of Resources	112,610	70,984	45,878	8,575

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
$ 3,481,320	$ 1,990,057	$ 1,609,968	$ 6,428,893	$ 15,281,463	$ 15,121,305
-	1,371	-	-	6,860	74,064
-	-	-	28	28	-
-	189,247	-	-	264,029	-
320,278	13,371	28,256	913,828	3,159,566	126,733
-	-	-	-	-	45,152
120,000	-	-	-	120,000	-
-		28,282	-	28,282	-
837,544	18,360	34,221	885,189	1,883,669	27,949
1,700,000	562,039	-	3,100,000	9,128,039	5,500,000
-	55,303	-	-	55,303	314,585
-	-	-	333,025	333,025	-
54,613	-	-	270,053	522,562	323,697
11,973	1,729	34,872	7,915	75,368	76,193
6,525,728	2,831,477	1,735,599	11,938,931	30,858,194	21,609,678
-	-	85,854	-	85,854	-
-	1,854,390	-	-	2,506,633	-
480,000	-	-	-	480,000	-
-	575,805	-	-	575,805	-
-	995,456	-	-	995,456	4,764,066
463,810	904,987	1,299,055	937,088	5,166,651	197,223
912,668	785,168	-	514,788	4,202,262	301,267
61,218,516	4,691,476	13,689,642	32,231,331	238,421,492	3,662,188
7,099,079	-	-	3,747,420	22,812,529	25,307,005
136,244	-	5,706	-	213,737	1,666,150
-	-	6,064,945	3,831,556	64,052,055	-
659,840	-	98,273	131,000	5,363,516	540,097
(18,325,219)	(4,418,211)	(10,370,281)	(11,165,175)	(124,261,949)	(17,563,946)
52,164,938	1,963,420	10,787,340	30,228,008	215,970,293	14,109,984
52,644,938	5,389,071	10,873,194	30,228,008	220,614,041	18,874,050
59,170,666	8,220,548	12,608,793	42,166,939	251,472,235	40,483,728
23,716	3,851	17,359	40,163	151,642	96,166
58,239	15,544	44,672	140,815	430,764	267,955
81,955	19,395	62,031	180,978	582,406	364,121

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, 2019

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Liabilities				
Current Liabilities				
Accounts and contracts payable	$ 176,804	$ 92,795	$ 47,086	$ 254,391
Due to other funds	-	-	-	700,000
Advances from other funds - current portion	-	-	-	-
Due to other governments	13,890	43,749	-	-
Accrued interest payable	162,010	18,106	21,577	-
Accrued salaries payable	49,013	32,012	23,156	5,504
Deposits payable	-	-	-	-
Unearned revenue	-	-	-	-
Compensated absences payable - current portion	74,392	56,327	37,668	7,020
Lease payable - current portion	-	-	-	-
Loans payable - current portion	-	-	-	38,400
Bonds payable - current portion	2,311,000	309,000	307,000	-
Total Current Liabilities	2,787,109	551,989	436,487	1,005,315
Noncurrent Liabilities				
Advances from other funds - net of current portion	-	-	-	-
Compensated absences payable	70,992	30,895	63,366	20,955
Bonds payable - net of current portion	15,416,248	4,666,000	3,246,000	-
Loans payable - net of current portion	-	-	-	77,616
Net pension liability	831,982	515,602	352,777	69,637
Other postemployment benefit obligation	372,251	244,622	136,081	21,271
Total Noncurrent Liabilities	16,691,473	5,457,119	3,798,224	189,479
Total Liabilities	19,478,582	6,009,108	4,234,711	1,194,794
Deferred Inflows of Resources				
Deferred sponsorship rights	-	-	-	-
Deferred pension resources	164,542	101,971	69,769	13,772
Deferred other post employment benefit resources	13,236	8,699	4,839	756
Total Deferrred Inflows of Resources	177,778	110,670	74,608	14,528
Net Position				
Net investment in capital assets	35,781,158	20,892,704	14,775,914	23,005,547
Restricted for				
Debt service	-	-	-	-
Economic development	-	-	-	-
Unrestricted	979,902	295,263	2,688,403	(170,334)
Total Net Position	$ 36,761,060	$ 21,187,967	$ 17,464,317	$ 22,835,213

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
$ 306,391	$ 81,436	$ 22,377	$ 914,940	$ 1,896,220	$ 1,290,363
10,500,000	-	12,039	730,000	11,942,039	-
-	314,585	-	-	314,585	-
31,899	-	62,488	17,909	169,935	-
158,000	74,064	-	287	434,044	-
36,165	11,676	23,286	89,227	270,039	185,364
-	7,419	85,854	-	93,273	492,746
371,980	-	5,200	-	377,180	328
26,724	27,450	38,336	47,758	315,675	234,000
-	-	-	98,377	98,377	-
-	-	-	-	38,400	-
1,970,000	-	-	-	4,897,000	-
13,401,159	516,630	249,580	1,898,498	20,846,767	2,202,801
-	4,764,066	-	-	4,764,066	-
75,508	25,586	20,880	60,300	368,482	390,413
7,770,671	-	-	-	31,098,919	-
-	-	118,500	-	196,116	-
601,081	160,429	461,053	1,453,339	4,445,900	2,765,573
275,898	44,801	201,948	467,250	1,764,122	1,118,745
8,723,158	4,994,882	802,381	1,980,889	42,637,605	4,274,731
22,124,317	5,511,512	1,051,961	3,879,387	63,484,372	6,477,532
600,000	-	-	-	600,000	-
118,876	31,728	91,182	287,428	879,268	546,949
9,810	1,593	7,180	16,614	62,727	39,779
728,686	33,321	98,362	304,042	1,541,995	586,728
42,424,267	1,963,420	10,668,840	30,228,008	179,739,858	14,109,984
1,500,000	-	-	-	1,500,000	-
-	-	61,951	-	61,951	-
(7,524,649)	731,690	789,710	7,936,480	5,726,465	19,673,605
$ 36,399,618	$ 2,695,110	$ 11,520,501	$ 38,164,488	187,028,274	$ 33,783,589
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				9,163,169	
Net position of business-type activities				$ 196,191,443	

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, 2019

	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	8,514,790	1,614,544	7,131,751	471,113
Total Operating Revenues	8,514,790	1,614,544	7,131,751	471,113
Operating Expenses				
Salaries and benefits	1,652,232	1,046,398	803,931	170,462
Supplies	812,409	496,281	63,037	78,001
Other services and charges	931,524	1,297,545	69,963	269,469
Vehicle operation	239,840	84,094	126,697	101,330
Insurance	7,933	-	-	29,317
Utilities	485,302	-	-	90,988
Depreciation	1,988,759	1,209,443	684,516	959,956
Total Operating Expenses	6,117,999	4,133,761	1,748,144	1,699,523
Operating Income (Loss)	2,396,791	(2,519,217)	5,383,607	(1,228,410)
Nonoperating Revenues (Expenses)				
Taxes	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	85,566
Refunds and reimbursements	-	-	-	-
Investment income	19,217	25,545	73,644	7,203
Miscellaneous income	-	3,801	570	2,486
Rental income	-	-	-	44,260
Gain (loss) on sale of assets	-	-	-	-
Interest expense	(485,305)	(72,427)	(62,925)	-
Amortization of bond premiums	-	-	-	-
Total Nonoperating Revenues (Expenses)	(466,088)	(43,081)	11,289	139,515
Income (Loss) Before Contributions and Transfers	1,930,703	(2,562,298)	5,394,896	(1,088,895)
Capital Contributions From Other Funds	317,203	-	185,934	-
Capital Grants and Contributions	-	1,250,000	-	95,602
Transfers In	900,000	3,900,000	375,000	200,000
Transfers Out	(551,690)	(475)	(4,715,778)	(22,922)
Change in Net Position	2,596,216	2,587,227	1,240,052	(816,215)
Net Position, January 1	34,164,844	18,600,740	16,224,265	23,651,428
Net Position, December 31	$ 36,761,060	$ 21,187,967	$ 17,464,317	$ 22,835,213

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
$ 2,748,854	$ -	$ -	$ -	$ 2,748,854	$ -
(1,420,799)	-	-	-	(1,420,799)	-
1,328,055	-	-	-	1,328,055	-
4,291,434	$ 658,103	1,109,299	9,835,137	33,626,171	19,194,339
5,619,489	658,103	1,109,299	9,835,137	34,954,226	19,194,339
1,545,066	322,294	713,707	3,011,353	9,265,443	5,982,632
188,670	2,633	18,879	330,596	1,990,506	1,688,100
4,963,433	1,531,553	3,210,080	5,340,809	17,614,376	10,086,582
37,349	-	-	1,065,687	1,654,997	78,670
121,987	34,504	56,644	89,537	339,922	154,043
430,546	-	203,103	194,252	1,404,191	155,449
2,410,024	99,922	496,758	1,251,668	9,101,046	2,142,576
9,697,075	1,990,906	4,699,171	11,283,902	41,370,481	20,288,052
(4,077,586)	(1,332,803)	(3,589,872)	(1,448,765)	(6,416,255)	(1,093,713)
6,403,830	517,897	-	165,000	7,086,727	-
-	-	-	317,503	317,503	-
-	473,522	3,263,589	858,759	4,595,870	-
-	-	-	2,269,056	2,354,622	110,875
-	-	19,331	-	19,331	-
89,038	42,055	8,227	145,330	410,259	552,803
41,396	4,527	-	271,167	323,947	123,236
-	-	-	2,544	46,804	539,254
-	14,790	-	-	14,790	84,322
(386,221)	(181,321)	-	(3,270)	(1,191,469)	-
252,785	-	-	-	252,785	-
6,400,828	871,470	3,291,147	4,026,089	14,231,169	1,410,490
2,323,242	(461,333)	(298,725)	2,577,324	7,814,914	316,777
-	-	-	273,598	776,735	-
121,797	-	-	5,131	1,472,530	656,225
45,915	492,444	-	477,077	6,390,436	2,095,688
(1,968,971)	(54,516)	-	(2,512,894)	(9,827,246)	(1,910,615)
521,983	(23,405)	(298,725)	820,236	6,627,369	1,158,075
35,877,635	2,718,515	11,819,226	37,344,252	180,400,905	32,625,514
$ 36,399,618	$ 2,695,110	$ 11,520,501	$ 38,164,488	$ 187,028,274	$ 33,783,589

Change in net position as shown above	$ 6,627,369
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	288,143
Change in net position of business-type activities	$ 6,915,512

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, 2019

	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	7,999,076	1,738,780	6,763,227	477,566
Other cash receipts	-	3,801	570	46,746
Payments to suppliers	(2,570,933)	(2,152,594)	(312,954)	(252,963)
Payments to and on behalf of employees	(1,340,979)	(841,883)	(572,606)	(148,380)
Payments for interfund services provided	(241,028)	(84,094)	(125,113)	(184,494)
Net Cash Provided (Used) by Operating Activities	3,846,136	(1,335,990)	5,753,124	(61,525)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	900,000	3,900,000	375,000	200,000
Transfers to other funds	(551,690)	(475)	(4,715,778)	(22,922)
(Increase) decrease in due from other funds	(1,570,000)	(566,000)	(1,630,000)	-
Increase (decrease) in due to other funds	-	-	-	85,000
(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	-	26,132	-	85,566
Teneant fraud recovery	-	-	-	-
Interest paid on advances from other funds	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,221,690)	3,359,657	(5,970,778)	347,644
Cash Flows from Capital and Related Financing Activities				
Acquisitions of capital assets	(137,992)	(2,177,193)	(265,258)	(310,343)
Intergovernmental contributions for capital assets	-	1,250,000	-	833,709
Proceeds from sale of capital assets	-	-	-	-
Principal paid on long-term debt	(2,254,000)	(1,975,188)	(302,000)	(38,400)
Interest paid on long-term debt	(506,266)	(92,061)	(64,749)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,898,258)	(2,994,442)	(632,007)	484,966
Cash Flows from Investing Activities				
Payment received on loans	-	-	70,736	2,707
Loans issued	-	-	-	-
Interest received on investments	19,217	25,545	74,198	7,203
Net Cash Provided (Used) by Investing Activities	19,217	25,545	144,934	9,910
Net Increase (Decrease) in Cash and Cash Equivalents	(254,595)	(945,230)	(704,727)	780,995
Cash and Cash Equivalents, January 1	355,004	1,643,121	896,305	352
Cash and Cash Equivalents, December 31	$ 100,409	$ 697,891	$ 191,578	$ 781,347
Reconciliation of Cash and Cash Equivalents				
Unrestricted	$ 100,409	$ 697,891	$ 191,578	$ 781,347
Restricted	-	-	-	-
Total Cash and Cash Equivalents	$ 100,409	$ 697,891	$ 191,578	$ 781,347

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
$ -	$ -	$ -	$ -	$ -	$ 19,161,114
7,141,017	672,190	788,207	10,766,092	36,346,155	-
41,396	4,527	296,002	567,933	960,975	662,490
(6,297,695)	(1,378,480)	(3,435,229)	(5,038,043)	(21,438,891)	(12,863,827)
(938,445)	(251,129)	(733,656)	(2,307,084)	(7,134,162)	(4,450,402)
(937,349)	(305,207)	-	(2,374,859)	(4,252,144)	(1,219,045)
(991,076)	(1,258,099)	(3,084,676)	1,614,039	4,481,933	1,290,330
45,915	492,444	-	477,077	6,390,436	2,095,688
(1,968,971)	(54,516)	-	(2,512,894)	(9,827,246)	(1,910,615)
(1,700,000)	859,986	-	(3,100,000)	(7,706,014)	4,584,000
4,415,000	-	-	335,000	4,835,000	-
-	54,775	-	-	54,775	-
-	(303,857)	-	-	(303,857)	-
-	-	-	-	-	303,857
6,313,128	517,332	-	165,004	6,995,464	-
-	525,738	3,239,187	3,300,242	7,176,865	14,734
-	-	19,331	-	19,331	-
-	(185,752)	-	-	(185,752)	-
7,105,072	1,906,150	3,258,518	(1,335,571)	7,449,002	5,087,664
(738,062)	-	(127,101)	(187,997)	(3,943,946)	(3,348,221)
121,797	14,790	56,419	1,000	2,277,715	1,806,320
-	-	-	-	-	88,468
(1,685,000)	-	-	(194,463)	(6,449,051)	-
(421,325)	-	-	(3,837)	(1,088,238)	-
(2,722,590)	14,790	(70,682)	(385,297)	(9,203,520)	(1,453,433)
-	159,830	-	-	233,273	-
-	(536,896)	-	-	(536,896)	-
89,038	49,692	8,227	145,330	418,450	557,234
89,038	(327,374)	8,227	145,330	114,827	557,234
3,480,444	335,467	111,387	38,501	2,842,242	5,481,795
876	1,654,590	1,584,435	6,390,392	12,525,075	9,639,510
$ 3,481,320	$ 1,990,057	$ 1,695,822	$ 6,428,893	$ 15,367,317	$ 15,121,305
$ 3,481,320	$ 1,990,057	$ 1,609,968	$ 6,428,893	$ 15,281,463	$ 15,121,305
-	-	85,854	-	85,854	-
$ 3,481,320	$ 1,990,057	$ 1,695,822	$ 6,428,893	$ 15,367,317	$ 15,121,305

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, 2019

	Business-type Activities - Enterprise Funds			
	6010 Water	**6020** Wastewater Plant	**6026** Sewer Collection	**6120** Airport
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ 2,396,791	$ (2,519,217)	$ 5,383,607	$ (1,228,410)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	-	3,801	570	46,746
Notes write-off	-	-	-	-
Depreciation	1,988,759	1,209,443	684,516	959,956
(Increase) decrease in assets				
Accounts receivable	(501,289)	124,236	(369,203)	6,453
Sponsorship rights receivable	-	-	-	-
Due from employees	-	-	-	-
Due from other governments	(14,425)	-	679	-
Inventories	(2,674)	-	(584)	-
Prepaid items	(1,095)	1,007	363	2,374
(Increase) decrease in deferred outflows of resources				
Deferred other postemployment benefit resources	(31,999)	(21,028)	(11,698)	(1,828)
Deferred pension resources	74,255	49,010	17,045	5,332
Increase (decrease) in liabilities				
Accounts and contracts payable	86,757	(90,333)	(24,012)	153,368
Due to other governments	3,704	7,639	-	-
Accrued salaries payable	(14,616)	(15,827)	(976)	(1,170)
Compensated absences payable	(3,040)	(262)	20,590	4,065
Net pension liability	(84,290)	(69,877)	49,701	(1,831)
Other postemployment benefit obligation	29,477	38,958	13,662	(1,186)
Deposits payable	-	-	-	-
Other current liabilities	-	-	-	-
Unearned revenue	-	-	-	-
Increase (decrease) in deferred inflows of resources				
Deferred sponsorship rights	-	-	-	-
Deferred pension resources	(77,526)	(52,705)	(10,300)	(5,109)
Deferred other postemployment benefit resources	(2,653)	(835)	(836)	(285)
Net Cash Provided (Used) by Operating Activities	$ 3,846,136	$ (1,335,990)	$ 5,753,124	$ (61,525)
Schedule of Noncash Investing, Capital and Financing Activities				
Book value of disposed/traded capital assets	$ -	$ -	$ -	$ -
Capital assets acquired on account	-	-	-	87,433
Capital assets acquired with grants (due from other governments)	-	-	-	-
Capital assets contributed by (to) other funds	317,203	-	185,934	-
Notes 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- Internal Service Funds
6200 Riverfront 2000/ Civic Center	**6800** Economic Development	Mankato EDA	Other Enterprise Funds	Totals	
$ (4,077,586)	$ (1,332,803)	$ (3,589,872)	$ (1,448,765)	$ (6,416,255)	$ (1,093,713)
41,396	4,527	-	567,933	664,973	662,490
-	-	-	23,330	23,330	-
2,410,024	99,922	496,758	1,251,668	9,101,046	2,142,576
230,981	17,780	(26,150)	871,844	354,652	(41,037)
(575,000)	-	-	-	(575,000)	-
-	-	-	-	-	5,432
-	-	-	59,111	45,365	2,052
11,280	-	-	(59,473)	(51,451)	(19,328)
43,611	2,986	(2,333)	9,922	56,835	14,936
(23,716)	(3,851)	33,740	(40,163)	(100,543)	(96,166)
17,843	11,473	(17,359)	75,814	233,413	186,621
185,667	(67,330)	5,318	161,946	411,381	188,715
(315)	-	31,246	1,583	43,857	-
2,777	(903)	(4,525)	9,601	(25,639)	(28,900)
21,363	4,703	6,640	(4,142)	49,917	68,756
150,939	581	(2,878)	171,640	213,985	76,056
122,269	18,630	(1,914)	17,601	237,497	224,051
-	(3,693)	1,614	-	(2,079)	(837,256)
-	-	19,246	-	19,246	-
(155,252)	-	(554)	-	(155,806)	328
600,000	-	-	-	600,000	-
(46)	(10,501)	(31,383)	(51,181)	(238,751)	(163,589)
2,689	380	(2,270)	(4,230)	(8,040)	(1,694)
$ (991,076)	$ (1,258,099)	$ (3,084,676)	$ 1,614,039	$ 4,481,933	$ 1,290,330
$ -	$ -	$ -	$ -	$ -	$ 4,146
17,099	-	7,202	-	111,734	195,000
-	-	-	-	-	12,083
-	-	-	273,598	776,735	-
-	-	-	23,330	23,330	-
(252,785)	-	-	-	(252,785)	-

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, 2019

	Custodial Funds
Assets	
Cash and temporary investments	$ 1,465,284
Cash held by fiscal agent	39,402
Receivables	
Accounts	27,265
Notes	50,000
Intergovernmental	57,080
Prepaid items	23,613
Total Assets	1,662,644
Liabilities	
Accounts payable	5,081
Due to other governments	30,577
Accrued salaries payable	8,158
Compensated absences payable	451
Unearned revenue	3,290
Deposits payable	31,014
Other current liabilities	173,185
Total Liabilities	251,756
Net Position	
Restricted	
Individuals, Organizations and Other Governments	$ 1,410,888

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

City of Mankato, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Custodial Funds
Additions	
Tenant rental revenue	$ 296,362
Excess utilities	2,855
HUD capital grants	55,194
HUD operating grants	560,603
Intergovernmental - state	131,445
Investment income	10,102
Other revenue	94,859
Total Additions	1,151,420
Deductions	
Administration	175,640
Utilities	97,025
Maintenance and operations	192,694
Insurance	32,282
Other charges and services	553,136
Total Deductions	1,050,777
Net Increase (Decrease) in Fiduciary Net Position	100,643
Net Position, January 1, as Restated Note 9	1,310,245
Net Position, December 31	$ 1,410,888

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The *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 2020* fund accounts for costs associated with major street projects with construction starting in 2019.

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

Fiduciary funds

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

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.

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, 2019:

- US government and agency securities of $31,993,849 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of $8,385,608 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.

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 2019. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts as of December 31, 2019 was $107,500.

Property Taxes

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

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

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

Land Held for Resale

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

Restricted Assets

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

Capital Assets

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents 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 two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

Compensated Absences

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

Postemployment Benefits Other Than Pensions

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

	Public Employees Retirement Association of Minnesota (PERA)			Total All Plans
	GERP	PEPFP	PEDCP	
Pension Expense	$ 1,276,848	$ 1,299,951	$ 4,124	$ 2,580,923

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 one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: taxes, special assessments and intergovernmental. The enterprise funds report unavailable revenue from one source: sponsorship rights. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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".

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

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund, 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, 2019 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	$ 29,473,122	$ 29,985,458	$ 512,336
Special Revenue			
Revolving Loan - City Fund	-	52,246	52,246
Neigborhood Improvement	2	8,825	8,823

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, 2019:

Fund	Amount
Major	
Capital Projects	
Improvements 2020	$ 9,157,833
Nonmajor	
Capital Projects	
Sibley Park Tax Increment Phase I	1,050,759
Mankato Design Busters Tax Increment	35,555
Bridge Plaza Tax Increment	8,500
HECO Tax Increment	173,876
Highway 169 Flood Control	487,949
South Riverfront Tax Increment	708,225
Curling Club	54,826
Garage Demolition	162,548
Energy Improvements	1,594,557
Franklin Rogers Park Improvements	3,330,414
Regional Parks	2,200
Disaster	84,717
Improvements 2018	1,792,411
Improvements 2019	1,965,869
Improvements 2021	2,936,894
Proprietary	
Refuse	559,223

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 fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- 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 $642,734. The bank balance was $682,492. The bank balance was covered by federal depository insurance of $455,260 and $227,232 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, 2019 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, 2019, 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, 2019, 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	Fair Value Measurement Using Level 2
Pooled Investments at Amortized Costs					
4M Fund	N/A	less than 6 months	$ 11,814,175		
Non-pooled Investments at Fair Value					
Government Agency Securities	AA+	less than 6 months	3,510,035	$ 3,510,035	$ -
Government Agency Securities	AAA	6 months to 1 year	1,001,710	1,001,710	-
Government Agency Securities	AA+	6 months to 1 year	1,998,220	1,998,220	-
Government Agency Securities	AA+	1 to 3 years	5,503,055	5,503,055	-
Government Agency Securities	AA+	more than 3 years	2,999,580	2,999,580	-
Municipal Securities	AAA	less than 6 months	1,006,200	1,006,200	-
Municipal Securities	N/R	less than 6 months	500,060	500,060	-
Municipal Securities	AAA	6 months to 1 year	854,709	854,709	-
Municipal Securities	AA	6 months to 1 year	656,354	656,354	-
Municipal Securities	N/R	6 months to 1 year	300,000	300,000	-
Municipal Securities	AAA	1 to 3 years	2,883,432	2,883,432	-
Municipal Securities	AA+	1 to 3 years	894,299	894,299	-
Municipal Securities	AA	1 to 3 years	717,599	717,599	-
Municipal Securities	AAA	more than 3 years	4,083,563	4,083,563	-
Municipal Securities	AA+	more than 3 years	1,615,266	1,615,266	-
Municipal Securities	AA	more than 3 years	2,213,182	2,213,182	-
Municipal Securities	A+	more than 3 years	730,370	730,370	-
Municipal Securities	N/R	more than 3 years	526,215	526,215	-
Negotiable certificates of deposit	N/A	less than 6 months	490,309	-	490,309
Negotiable certificates of deposit	N/A	6 months to 1 year	646,651	-	646,651
Negotiable certificates of deposit	N/A	1 to 3 years	3,314,739	-	3,314,739
Negotiable certificates of deposit	N/A	more than 3 years	3,933,909	-	3,933,909
Total Investments			$ 52,193,632	$ 31,993,849	$ 8,385,608

(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	Custodial Funds	Totals
Deposits	$ 642,734	$ -	$ 642,734
Investments	50,688,946	1,504,686	52,193,632
Cash on Hand	40,382	-	40,382
Total	$ 51,372,062	$ 1,504,686	$ 52,876,748
Cash and Cash Equivalents	$ 51,286,208	$ 1,465,284	$ 52,751,492
Cash Held by Fiscal Agent	-	39,402	39,402
Restricted Assets	85,854	-	85,854
Total	$ 51,372,062	$ 1,504,686	$ 52,876,748

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, 2019 is $250,297.

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, 2019 are $518,186 and $356,351, 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, 2019 is $20,518.

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, 2019 is $106,568.

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, 2019 is $327,074.

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, 2019 are $15,987 and $1,665,820 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, 2019 is $61,830.

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, 2019 is $699,951.

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, 2019 is $12,847.

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, Mayo Clinic Health System has committed payments of $125,000 annually through December 25, 2024 for the exclusive naming rights of the facility. The City will quit using this name as of December 25, 2024. The balance of these receivables in the enterprise funds at December 31, 2019 is $600,000, which is partially offset by deferred inflows.

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2019 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	25,731,999	10,955,472	(13,002,457)	23,685,014
Total Capital Assets not Being Depreciated	30,030,020	10,955,472	(13,002,457)	27,983,035
Capital Assets Being Depreciated				
Land improvements	4,314,245	1,840,341	-	6,154,586
Buildings and structures	37,410,721	2,184,230	(285,789)	39,309,162
Machinery and vehicles	30,022,274	3,767,413	(916,794)	32,872,893
Office equipment	2,193,520	-	(56,887)	2,136,633
Infrastructure	267,655,861	10,716,327	-	278,372,188
Storm sewer systems	7,117,610	-	-	7,117,610
Total Capital Assets Being Depreciated	348,714,231	18,508,311	(1,259,470)	365,963,072
Less Accumulated Depreciation for				
Land improvements	(2,442,154)	(246,764)	-	(2,688,918)
Buildings and structures	(15,026,713)	(1,179,363)	190,334	(16,015,742)
Machinery and vehicles	(18,164,715)	(2,222,451)	912,648	(19,474,518)
Office equipment	(2,036,137)	(107,222)	56,887	(2,086,472)
Infrastructure	(168,180,074)	(9,145,133)	-	(177,325,207)
Storm sewer systems	(3,764,869)	(137,209)	-	(3,902,078)
Total Accumulated Depreciation	(209,614,662)	(13,038,142)	1,159,869	(221,492,935)
Total Capital Assets Being Depreciated, Net	139,099,569	5,470,169	(99,601)	144,470,137
Governmental Activities Capital Assets, Net	$ 169,129,589	$ 16,425,641	$ (13,102,058)	$ 172,453,172

During the year, capital assets of $776,735 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	$ 5,166,651	$ -	$ -	$ 5,166,651
Construction in progress	5,258,476	3,130,116	(3,025,076)	5,363,516
Total Capital Assets not Being Depreciated	10,425,127	3,130,116	(3,025,076)	10,530,167
Capital Assets Being Depreciated				
Land improvements	3,987,097	215,165	-	4,202,262
Buildings and structures	235,462,410	2,975,262	(16,180)	238,421,492
Machinery and vehicles	22,793,520	87,840	(68,831)	22,812,529
Office equipment	213,737	-	-	213,737
Infrastructure and other improvements	63,035,342	1,016,713	-	64,052,055
Total Capital Assets Being Depreciated	325,492,106	4,294,980	(85,011)	329,702,075
Less Accumulated Depreciation for				
Land improvements	(811,504)	(185,909)	-	(997,413)
Buildings and structures	(75,818,124)	(6,096,706)	16,180	(81,898,650)
Machinery and vehicles	(11,458,652)	(1,393,259)	68,831	(12,783,080)
Office equipment	(213,737)	-	-	(213,737)
Infrastructure and other improvements	(26,943,897)	(1,425,172)	-	(28,369,069)
Total Accumulated Depreciation	(115,245,914)	(9,101,046)	85,011	(124,261,949)
Total Capital Assets Being Depreciated, Net	210,246,192	(4,806,066)	-	205,440,126
Business-type Activities Capital Assets, Net	$ 220,671,319	$ (1,675,950)	$ (3,025,076)	$ 215,970,293

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities	
General government	$ 162,492
Public safety	422,306
Streets and highways, including depreciation of general infrastructure assets	9,474,795
Culture and recreation	683,084
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	2,142,576
Total Depreciation Expense - Governmental Activities	$ 13,038,142
Business-type Activities	
Housing and economic development	$ 498,165
Water	1,988,759
Wastewater plant	1,209,443
Sewer collection	684,516
Storm water	99,971
Street lighting	106,299
Mass transit	219,362
Airport	959,956
Parking	824,629
Civic center arena	2,410,024
Economic development	99,922
Total Depreciation Expense - Business-type Activities	$ 9,101,046

Construction Commitments

The City has active construction projects as of December 31, 2019. 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
Highway 169 Flood Control	$ 71,938	$ 10,682
2019A Improvements	1,638,715	164,888
2020A Improvements	6,243,313	296,757
Airport Taxiway Lighting Replacement/Terminal Remodel/Fueling Facility	1,710,186	896,605
Civic Center Re-roof/Refrigeration Improvements	568,222	63,009
Thomas Park	35,750	7,950
Poplar and Branson Streets	1,330,566	118,078
Digester Project	587,216	42,784
University Park Pond	172,283	69,254
Stoltzman Park Playground	48,226	13,785
Total	$ 12,406,415	$ 1,683,792

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, 2019 is as follows:

Fund	Due from Other Funds	Due to Other Funds
General	$ 8,100,000	$ -
Debt Service	5,500,000	260,000
Improvements 2019	-	8,800,000
Nonmajor Governmental	5,490,000	12,716,000
Water	1,570,000	-
Wastewater Plant	566,000	-
Sewer Collection	1,630,000	-
Airport	-	700,000
Riverfront 2000/Civic Center	1,700,000	10,500,000
Economic Development	562,039	-
Mankato EDA	-	12,039
Nonmajor Enterprise	3,100,000	730,000
Internal Service		
Equipment Replacement	4,100,000	-
Capital Replacement	1,400,000	-
Total	$ 33,718,039	$ 33,718,039

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.

Advances from/to Other Funds

The composition of interfund advances at December 31, 2019 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	$ 35,555
Nonmajor governmental	Nonmajor governmental	4.00	12/09/13	08/01/38	173,876
Nonmajor governmental	Nonmajor governmental	4.00	12/09/13	08/01/26	708,225
Economic Development	Nonmajor governmental	4.00	12/09/13	02/01/38	1,050,759
Internal Service	Economic Development	3.50	06/30/11	08/01/32	5,078,651
Totals					$ 7,047,066

Note 3: Detailed Notes on All Funds (Continued)

A summary of total future interfund advance repayments follows:

Year Ending December 31,	Principal	Interest	Total
2020	$ 459,447	$ 202,466	$ 661,913
2021	474,172	187,741	661,913
2022	493,392	175,956	669,348
2023	513,410	163,373	676,783
2024	530,140	146,644	676,784
2025-2029	2,566,897	482,934	3,049,831
2030-2034	1,735,738	105,103	1,840,841
2035-2038	273,870	3,986	277,856
Total	$ 7,047,066	$ 1,468,203	$ 8,515,269

Interfund Transfers

Interfund transfers for the year ended December 31, 2019 are as follows:

	Transfer In					
Fund	General	Debt Service	Nonmajor Governmental	Water	Wastewater Plant	Sewer Collection
Transfer Out						
General	$ -	$ 21,675	$ -	$ -	$ -	$ -
Debt Service	-	-	-	-	-	-
Improvement Bond Redemption	-	250,000	-	-	-	-
Improvements 2016	-	-	-	-	-	-
Nonmajor governmental	100,000	565,848	1,313,554	-	-	-
Water	-	551,690	-	-	-	-
Wastewater plant	-	475	-	-	-	-
Sewer Collections	-	440,778	-	-	3,900,000	375,000
Airport	-	22,922	-	-	-	-
Riverfront 2000/ Civic Center enterprise	172,000	70,104	1,251,150	-	-	-
Economic Development	-	4,593	13,582	-	-	-
Nonmajor enterprise	844,666	527,011	101,217	900,000	-	-
Central Garage internal service	-	-	7,183	-	-	-
Administrative Services internal service	-	-	165,225	-	-	-
Equipment Replacement internal service	-	-	-	-	-	-
Total Transfers Out	$ 1,116,666	$ 2,455,096	$ 2,851,911	$ 900,000	$ 3,900,000	$ 375,000

Note 3: Detailed Notes on All Funds (Continued)

Fund	Airport	Riverfront 2000/ Civic Center	Economic Development	Nonmajor Enterprise	Internal Service	Total
Transfer Out						
General	$ -	$ -	$ -	$ 12,500	$ 260,000	$ 294,175
Debt Service	-	-	489,610	110,000	-	599,610
Improvement Bond Redemption	-	-	-	-	-	250,000
Nonmajor governmental	-	45,915	2,834	-	-	2,028,151
Water	-	-	-	-	-	551,690
Wastewater plant	-	-	-	-	-	475
Sewer Collections	-	-	-	-	-	4,715,778
Airport	-	-	-	-	-	22,922
Riverfront 2000/ Civic Center enterprise	200,000	-	-	275,717	-	1,968,971
Economic Development	-	-	-	36,341	-	54,516
Nonmajor enterprise	-	-	-	-	140,000	2,512,894
Central Garage internal service	-	-	-	-	415,000	422,183
Administrative Services internal service	-	-	-	42,519	290,000	497,744
Equipment Replacement internal service	-	-	-	-	990,688	990,688
Total Transfers Out	$ 200,000	$ 45,915	$ 492,444	$ 477,077	$ 2,095,688	$ 14,909,797

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, 2019, the City made the following one-time transfers:

- From the Sales Tax fund to the General fund for the POW-WOW Circle construction costs ($172,000).
- From the Improvements 2017 fund to the MSA fund to close the fund / reimburse over-contribution of MSA funds ($307,582).
- From the MSA fund to the Improvements 2014 fund for Lime Township Annexation ($89,523).
- From the MSA fund to the Improvements 2014 fund for Kearny Pond ($157,536).
- From the MSA fund to the Improvements 2014 fund for Hoffman Road Resurfacing ($395,313).
- From the Construction Revolving fund to the Improvements 2014 fund to close the fund ($186,292).
- From the Debt Service fund to the Parking fund for assessment collections for the Broad Street Ramp improvements ($110,000).

Note 3: Detailed Notes on All Funds (Continued)

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 2009B	$ 845,000	2.00 - 4.00 %	12/01/09	02/01/20	$ 95,000
G.O. Capital Improvement Bonds of 2010A	880,000	2.00 - 3.25	12/15/10	02/01/21	190,000
G.O. Capital Improvement Bonds of 2012A	810,000	2.00 - 3.00	02/01/12	02/01/22	260,000
G.O. Capital Improvement Bonds of 2013A	815,000	2.00	02/01/13	02/01/24	415,000
G.O. Capital Improvement Bonds of 2014A	815,000	2.00 - 5.00	02/15/14	02/01/24	500,000
G.O. Capital Improvement Bonds of 2015A	850,000	2.00 - 3.00	03/12/15	02/01/25	585,000
G.O. Capital Improvement Bonds of 2016A	915,000	2.00 - 4.00	04/14/16	02/01/27	750,000
G.O. Capital Improvement Bonds of 2017A	240,000	2.25 - 4.00	04/06/17	02/01/28	220,000
Total General Obligation Bonds					$ 3,015,000

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
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	415,000	16,644	431,644
2025 - 2028	505,000	15,909	520,909
Total	$ 3,015,000	$ 231,160	$ 3,246,160

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	$ 3,075,000

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
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	145,000	85,898	230,898
2025 - 2029	795,000	363,795	1,158,795
2030 - 2034	935,000	214,795	1,149,795
2035 - 2037	650,000	37,620	687,620
Total	$ 3,075,000	$ 1,076,959	$ 4,151,959

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 2009A	$ 7,615,000	2.00 - 4.00 %	02/01/09	02/01/20	$ 785,000
G.O. Improvement Bonds of 2010A	6,160,000	2.00 - 3.25	12/15/10	02/01/21	1,245,000
G.O. Improvement Bonds of 2012A	5,505,000	2.00 - 3.00	02/01/12	02/01/22	1,690,000
G.O. Improvement Bonds of 2013A	6,905,000	2.00	02/01/13	02/01/24	3,450,000
G.O. Improvement Bonds of 2014A	9,565,000	2.00 - 5.00	02/15/14	02/01/24	5,390,000
G.O. Improvement Bonds of 2015A	5,745,000	2.00 - 3.00	03/12/15	02/01/25	3,770,000
G.O. Improvement Bonds of 2016A	17,175,000	2.00 - 4.00	04/14/16	02/01/27	13,605,000
G.O. Improvement Bonds of 2017A	7,265,000	2.25 - 4.00	04/06/17	02/01/28	6,620,000
G.O. Improvement Bonds of 2018A	3,485,000	3.00 - 5.00	04/26/18	02/01/29	3,485,000
G.O. Improvement Bonds of 2019A	8,125,000	3.00 - 5.00	04/10/19	02/01/30	8,125,000
Total G.O. Special Assessment Bonds					$ 48,165,000

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
2020	$ 6,975,000	$ 1,498,965	$ 8,473,965
2021	6,955,000	1,175,550	8,130,550
2022	6,325,000	967,019	7,292,019
2023	5,915,000	769,269	6,684,269
2024	6,000,000	577,668	6,577,668
2025 - 2029	15,025,000	1,031,922	16,056,922
2030	970,000	14,550	984,550
Total	$ 48,165,000	$ 6,034,943	$ 54,199,943

Note 3: Detailed Notes on All Funds (Continued)

General Obligation Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Facilities Authority I - Water	$ 2,309,300	2.31 %	12/12/05	08/20/25	$ 823,300
Public Facilities Authority II - Water	37,729,870	2.63	04/09/07	08/20/26	15,906,948
Public Facilities Authority III - Madison Lake	1,194,071	1.88	06/13/09	08/20/29	580,000
Public Facilities Authority IV - 42" Line	5,520,000	1.656	10/01/10	08/20/30	2,905,000
Public Facilities Authority V - Wastewater	6,495,931	1.007	08/26/14	08/20/34	4,975,000
Public Facilties Authority VI - 42" Line 2	111,173	1.00	05/01/15	08/20/25	68,000
Public Faciltiies Authority III - Water Reuse	1,233,405	1.093	08/10/15	08/20/35	997,000
G.O. Sales Tax Revenue Bonds of 2015B	12,730,000	4.00 - 5.00	03/12/15	02/01/23	8,470,000
Total G.O. Revenue Bonds					$34,725,248

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

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities Principal	Interest	Total
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	3,209,000	276,958	3,485,958
2025 - 2029	8,502,248	467,008	8,969,256
2030 - 2034	2,355,000	72,155	2,427,155
2034 - 2035	67,000	732	67,732
Total	$ 34,725,248	$ 3,373,904	$ 38,099,152

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	$ 8,514,790	$ 1,614,544	$ 7,131,751	$ 2,086,804	$ 7,040,288
Principal and Interest	2,760,266	2,067,249	366,749	198,300	2,106,325
Percentage of Revenues	32.4%	128.0%	5.1%	9.5%	29.9%

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	$ 116,016
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	62,637
Total Loans Payable					$ 297,153

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
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	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-
2040	-	-	-	118,500	-	118,500
Total	$ 62,637	$ 1,950	$ 64,587	$ 234,516	$ -	$ 234,516

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	$ 98,377
Tax-exempt Lease Purchase Agreement	1,255,000	2.62	04/24/17	04/01/33	1,180,775
Taxable Lease Purchase Agreement	1,300,000	3.72	05/24/17	10/01/28	1,176,540
Total Capital Leases Payable					$ 2,455,692

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
2020	$ 186,185	$ 73,734	$ 259,919	$ 98,377	$ 773	$ 99,150
2021	192,397	67,522	259,919	-	-	-
2022	198,821	61,097	259,918	-	-	-
2023	205,466	54,452	259,918	-	-	-
2024	212,340	47,579	259,919	-	-	-
2025 - 2029	1,016,114	127,693	1,143,807	-	-	-
2030 - 2033	345,992	18,468	364,460	-	-	-
Total	$ 2,357,315	$ 450,545	$ 2,807,860	$ 98,377	$ 773	$ 99,150

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. bonds	$ 3,740,000	$ -	$ (725,000)	$ 3,015,000	$ 640,000
G.O. tax increment bonds	3,205,000	-	(130,000)	3,075,000	135,000
G.O. special assessment bonds	47,530,000	8,125,000	(7,490,000)	48,165,000	6,975,000
Bond discounts	(132)	-	132	-	-
Bond premiums	2,859,837	950,293	(378,839)	3,431,291	-
Total Bonds Payable	57,334,705	9,075,293	(8,723,707)	57,686,291	7,750,000
Loans Payable	72,716	-	(10,079)	62,637	20,463
Capital Leases Payable	2,537,494	-	(180,179)	2,357,315	186,185
Compensated Absences Payable	2,145,175	12,247,482	(12,150,059)	2,242,598	951,048
Governmental Activity Long-term Liabilities	$ 62,090,090	$ 21,322,775	$ (21,064,024)	$ 62,348,841	$ 8,907,696
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	$ 40,941,436	$ -	$ (6,216,188)	$ 34,725,248	$ 4,897,000
Bond premiums	1,523,456	-	(252,785)	1,270,671	-
Total Bonds Payable	42,464,892	-	(6,468,973)	35,995,919	4,897,000
Loans Payable	272,916	-	(38,400)	234,516	38,400
Capital Leases Payable	292,840	-	(194,463)	98,377	98,377
Compensated Absences Payable	622,921	478,623	(417,387)	684,157	315,675
Business-type Activity Long-term Liabilities	$ 43,653,569	$ 478,623	$ (7,119,223)	$ 37,012,969	$ 5,349,452

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	$ 1,481,596

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2019, 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	$ 58,210	$ -	$ -	$ -	$ 58	$ 58,268
Inventories	113,124	-	-	-	-	113,124
Total Nonspendable	$ 171,334	$ -	$ -	$ -	$ 58	$ 171,392
Restricted for						
Debt service	$ -	$ 6,198,477	$ -	$ -	$ -	$ 6,198,477
Tax increment financing activities	-	-	-	-	38,387	38,387
Loans	-	-	-	-	1,479,355	1,479,355
Economic development	-	-	-	-	12,596	12,596
Municipal street projects	-	-	-	-	8,288,175	8,288,175
Total Restricted	$ -	$ 6,198,477	$ -	$ -	$ 9,818,513	$ 16,016,990
Committed to						
Loans	$ -	$ -	$ -	$ -	$ 3,050,471	$ 3,050,471
Community investment	-	-	-	-	128,417	128,417
Total Committed	$ -	$ -	$ -	$ -	$ 3,178,888	$ 3,178,888
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	-	-	-	-	5,285	5,285
Metropolitan planning	-	-	-	-	67,943	67,943
Public safety programs	-	-	-	-	309,121	309,121
Downtown safe and clean	-	-	-	-	37,506	37,506
Insurance	-	-	-	-	1,347,130	1,347,130
Capital projects	-	-	253,870	-	2,216,239	2,470,109
Total Assigned	$ 3,000,000	$ -	$ 253,870	$ -	$ 3,990,174	$ 7,244,044
Unassigned	$ 9,255,097	$ -	$ -	$ (9,157,833)	$(14,389,300)	$(14,292,036)

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (GERP)

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

Public Employees Police and Fire Plan (PEPFP)

The PEPFP, 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 PEPFP also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

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

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

GERP Benefits

GERP 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)

PEPFP Benefits

Benefits for the PEPFP 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 PEPFP 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.

Annuities, disability benefits and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2019, 2018 and 2017 were $993,077, $935,992 and $888,279, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

PEPFP Contributions

Police and Fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018 and 2017 were $1,063,129, $1,000,319 and $976,949, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of $10,090,018 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million to the fund in 2019. 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 $313,653. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.1825 percent which was an increase of 0.0035 percent from its proportion measured as of June 30, 2018.

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

City's proportionate share of the net pension liability	$ 10,090,018
State of Minnesota's proportionate share of the net pension liability associated with the City	313,653
Total	$ 10,403,671

For the year ended December 31, 2019, the City recognized pension expense of $1,253,358 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $23,490 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the General Employees Fund.

At December 31, 2019, the City reported its proportionate share of the General Employees Plan'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	$ 300,863	$ 32,441
Changes in Actuarial Assumptions	20,472	817,102
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,009,879
Changes in Proportion	163,351	136,086
Contributions Paid to PERA Subsequent to the Measurement Date	492,934	-
Total	$ 977,620	$ 1,995,508

The $492,934 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ (558,655)
2021	(829,727)
2022	(138,703)
2023	16,263

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

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of $6,193,849 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.5818 percent which was a decrease of 0.0077 percent from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of $1,221,408 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized $78,543 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay $4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay $9 million until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, the City reported its proportionate share of Police and Fire Plan'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	$ 296,718	$ 975,722
Changes in Actuarial Assumptions	5,339,023	7,129,502
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,300,748
Changes in Proportion	237,916	115,622
Contributions to PEPFF Subsequent to the Measurement Date	550,656	-
Total	$ 6,424,313	$ 9,521,594

The $550,656 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ (379,687)
2021	(827,931)
2022	(2,428,146)
2023	14,854
2024	(27,027)

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and 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 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 General Employees Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2017 to MP-2018.

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

Police and Fire Fund

Changes in Actuarial Assumptions:
- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:
- There have been no changes since the prior valuation.

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 Equity	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	-
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 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 General Employees Fund and the Police and Fire Fund 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%)
General Employees Fund	$ 16,587,443	$ 10,090,018	$ 4,725,098
Police and Fire Fund	13,538,602	6,193,849	120

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

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 percent) 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 2019 were:

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 4,124	$ 4,124	5.00%	5.00%	5.00%

The City and council member’s contributions to the DCP for the years ended December 31, 2019, 2018 and 2017 were $4,124, $3,487 and $3,385, 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, 2019, 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, 2019, the City’s average contribution rate was 34.0 percent of covered-employee payroll. For the year 2019, the City contributed $316,288 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 $5,679,481 was measured as of December 31, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2018. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

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	2.74%
20-Year Municpal Bond Yeild	2.74%
Inflation Rate	2.75%
Salary Increases	Based on years of service from 3.25% to 12.25%
Medical Trend Rate	7.00% in 2019 grading to 4% over 13 years

The discount rate used to measure the total OPEB liability was 2.74 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 Mortality Tables.

The actuarial assumptions used in the December 31, 2019 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, 2018	$ 5,053,464
Changes for the Year	
Service cost	177,193
Interest	208,548
Changes in assumptions or other inputs	556,563
Benefit payments	(316,287)
Net Changes	626,017
Balances at December 31, 2019	$ 5,679,481

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

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

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

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 (1.74 percent) or 1-percentage-point higher (3.74 percent) than the current discount rate:

1 Percent Decrease (1.74%)	Current (2.74%)	1 Percent Increase (3.74%)
$ 6,127,111	$ 5,679,481	$ 5,266,343

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (6.00 percent decreasing to 3.00 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.00 percent) than the current Healthcare Cost Trend Rates:

1 Percent Decrease (6% decreasing to 3%)	Healthcare Cost Trend Rates (7% decreasing to 4%)	1 Percent Increase (8% decreasing to 5%)
$ 5,090,088	$ 5,679,481	$ 6,367,209

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, 2019, the City recognized OPEB expense of $127,048. At December 31, 2019, 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	$ 488,204	$ 201,946

Deferred outflows of resources totaling $488,204 and deferred inflows of resources totaling $201,946 related to pensions resulting from the EDA's changes in actuarial assumptions will result in an increase of the OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	$ 36,053
2021	36,053
2022	36,053
2023	36,053
2024	36,053
Thereafter	105,993

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 $7,206,451 in aggregate are covered through reinsurance with Blue Cross/Blue Shield, Inc.

Note 7: Other Information (Continued)

All funds of the City participate in the program and make payments to the Central Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for future claims. The fund has net position of $2,612,423 at December 31, 2019. An estimated claims liability of $319,860 reported in the fund at December 31, 2019 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
2019	$ 319,492	$ 6,975,485	$ (6,975,117)	$ 319,860
2018	334,896	6,856,537	(6,871,941)	319,492
2017	167,752	6,142,161	(5,975,017)	334,896

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.

C. Subsequent Events

On April 23, 2020, the City issued 2020A General Obligation Improvements Bonds for $5,860,000. The bonds will mature on February 1, 2031. These bonds will be used to complete street and capital improvements.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the impact on the U.S. and international economies and, as such, there have been significant losses in the stock market in first quarter 2020. The City has recognized a market value increase for the first quarter of 2020 although the City may see unrealized market losses for the second quarter. However, City management is unable to determine the long term material impact to its asset values.

D. 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 2019 was $7,111,285 for LGA. This accounted for 24.3 percent of General fund revenues.

E. Related Party Transactions

In January 2011 the City entered into an agreement with Najwa Inc. to provide the Civic Center with banquet catering services. The owner of Najwa Inc. was elected as mayor in 2019. During 2019 the payments made to Najwa Inc. totaled $972,749. The contract expires December 31, 2020.

Note 8: Tax Abatements

As of December 31, 2019, 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.

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.

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

Note 8: Tax Abatements (Continued)

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

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

Lost revenue as it relates to tax abatements for the year ended December 31, 2019 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%	12,335	4,687
TIF District #34-1	36.561%	34,314	12,546
TIF District #35-1	36.561%	25,520	9,330
TIF District #37-1	37.997%	34,252	13,015
TIF District #38-1	43.994%	166,922	73,436
TIF District #19-6	43.602%	-	-
TIF District #40-1	43.663%	224	98
TIF District #41-1	43.502%	-	-
Total			$ 145,875

Note 9: Change in Accounting Principle

During fiscal year 2019, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 84, *Fiduciary Activities*. This standard required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2019 financial statements. Changes related to this standard are reflected in the financial statements and related disclosures.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2018 balances to the January 1, 2019 financial statement balances:

Fund	Net Position January 1, 2019 as Previously Reported	Prior Period Restatement	Net Position January 1, 2019 as Restated
Custodial Funds			
Blue Earth County EDA	$ -	$ 1,225,974	$ 1,225,974
MN Valley Council of Governments	-	84,271	84,271
Total Custodial Funds	$ -	$ 1,310,245	$ 1,310,245

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Mankato, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2019

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/19	0.1825 %	$ 10,090,018	$ 313,653	$ 10,403,671	$ 12,917,807	80.5 %	80.2 %
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 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)
12/31/19	$ 993,077	$ 993,077	$ -	$ 13,241,023	7.5 %
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 Employees Fund

Changes in Actuarial Assumptions

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

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

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

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

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

Changes in Plan Provisions

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

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

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

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

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered-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
06/30/19	0.5818 %	$ 6,193,849	$ -	$ 6,193,849	$ 6,139,169	100.9 %	89.3 %
06/30/18	0.5895	6,283,463	-	6,283,463	6,212,949	101.1	88.8
06/30/17	0.5790	7,817,189	-	7,817,189	5,941,530	131.6	85.4
06/30/16	0.5620	22,915,224	-	22,915,224	5,497,049	416.9	63.9
06/30/15	0.5620	6,385,635	-	6,385,635	5,004,685	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 - 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)
12/31/19	$ 1,063,129	$ 1,063,129	$ -	$ 6,272,150	17.0 %
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 - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

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

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

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing $9.0 million state contribution. New annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

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

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

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

	2019	2018
Total OPEB liability		
Service cost	$ 177,193	$ 201,327
Interest	208,548	182,413
Changes in assumptions	556,563	(266,556)
Benefit payments	(316,287)	(327,384)
Net change in total OPEB liability	626,017	(210,200)
Total OPEB liability - beginning	5,053,464	5,263,664
Total OPEB liability - ending	$ 5,679,481	$ 5,053,464
Covered - employee payroll	$ 16,685,974	$ 17,200,364
City's total OPEB liability as a percentage of covered employee payroll	34.0 %	29.4 %

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

Notes to the Required Supplementary Information - Other Postemployment Benefits

Changes in Benefits

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

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

Changes in Assumptions

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

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

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Mankato, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Governmental Funds
Assets			
Cash and temporary investments	$ 7,107,407	$ 5,559,328	$ 12,666,735
Receivables			
Accounts	40,081	35,094	75,175
Notes	895,569	356,351	1,251,920
Special assessments	52,079	1,348,742	1,400,821
Intergovernmental	138,732	1,908,218	2,046,950
Due from other funds	1,620,000	3,870,000	5,490,000
Advances to other funds	917,656	-	917,656
Prepaid items	58	-	58
Total Assets	$ 10,771,582	$ 13,077,733	$ 23,849,315
Liabilities			
Accounts and contracts payable	$ 42,672	$ 237,654	$ 280,326
Due to other funds	61,000	12,655,000	12,716,000
Advances from other funds	-	1,968,415	1,968,415
Accrued salaries payable	3,269	-	3,269
Deposits payable	4,143,030	-	4,143,030
Unearned revenue	24,700	-	24,700
Total Liabilities	4,274,671	14,861,069	19,135,740
Deferred Inflows of Resources			
Unavailable revenue - special assessments	52,079	1,348,742	1,400,821
Unavailable revenue - intergovernmental	-	714,421	714,421
Total Deferred Inflows of Resources	52,079	2,063,163	2,115,242
Fund Balances			
Nonspendable	58	-	58
Restricted	1,491,951	8,326,562	9,818,513
Committed	3,178,888	-	3,178,888
Assigned	1,773,935	2,216,239	3,990,174
Unassigned	-	(14,389,300)	(14,389,300)
Total Fund Balances	6,444,832	(3,846,499)	2,598,333
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,771,582	$ 13,077,733	$ 23,849,315

City of Mankato, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Governmental Funds
Revenues			
Taxes			
Tax increments	$ 52,498	$ 492,485	$ 544,983
Tax abatement	-	168,151	168,151
Special assessments	37,896	493,389	531,285
Intergovernmental			
Federal			
Other	213,833	165,511	379,344
State			
MSA - street construction	-	3,018,421	3,018,421
Other aids	45,112	52,650	97,762
Local			
Other aids	90,360	147,510	237,870
Investment income	167,412	154,866	322,278
Miscellaneous			
Contributions and donations	10,800	65,848	76,648
Refunds and reimbursements	26,259	-	26,259
Note interest payments	24,269	6,904	31,173
Other	1,660	167,656	169,316
Total Revenues	670,099	4,933,391	5,603,490
Expenditures			
Current			
General government	172,423	-	172,423
Public safety	17,542	-	17,542
Housing and economic development	376,036	111,052	487,088
Capital outlay			
Public works	-	4,482,817	4,482,817
Culture and recreation	-	315,409	315,409
Housing and economic development	8,825	8,500	17,325
Debt service			
Principal	10,079	-	10,079
Interest and other	1,412	30,393	31,805
Bond issue costs	-	79,014	79,014
Total Expenditures	586,317	5,027,185	5,613,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	83,782	(93,794)	(10,012)
Other Financing Sources (Uses)			
Transfers in	178,000	2,673,911	2,851,911
Debt issued	-	7,842,366	7,842,366
Premium on bonds issued	-	547,979	547,979
Transfers out	-	(2,028,151)	(2,028,151)
Total Other Financing Sources (Uses)	178,000	9,036,105	9,214,105
Net Change in Fund Balances	261,782	8,942,311	9,204,093
Fund Balance, January 1	6,183,050	(12,788,810)	(6,605,760)
Fund Balances, December 31	$ 6,444,832	$ (3,846,499)	$ 2,598,333

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NONMAJOR SPECIAL REVENUE FUNDS

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

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).

City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2019

	6802 Revolving Loan-Federal	6804 Revolving Loan-State	6806 Revolving Loan-City	2270 Highway #14 Partnership	6809 Neighborhood Improvement
Assets					
Cash and temporary investments	$ 612,530	$ 36,803	$ 1,508,496	$ 29,985	$ 494
Receivables					
Accounts	2,762	3,839	5,970	-	20,033
Notes	119,891	130,406	518,186	-	20,518
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	320,000	-	-
Advances to other funds	209,431	-	708,225	-	-
Prepaid items	-	-	-	-	-
Total Assets	$ 944,614	$ 171,048	$ 3,060,877	$ 29,985	$ 41,045
Liabilities					
Accounts payable	$ -	$ -	$ 26,249	$ -	$ -
Due to other funds	-	-	-	-	18,000
Accrued salaries payable	-	-	-	-	-
Deposits payable	-	-	-	-	-
Unearned revenue	-	-	-	24,700	-
Total Liabilities	-	-	26,249	24,700	18,000
Deferred Inflows of Resources					
Unavailable revenue - special assessments	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	944,614	171,048	252	-	-
Committed	-	-	3,034,376	-	16,095
Assigned	-	-	-	5,285	6,950
Total Fund Balances	944,614	171,048	3,034,628	5,285	23,045
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 944,614	$ 171,048	$ 3,060,877	$ 29,985	$ 41,045

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
$ 490	$ 1,691,119	$ 1,576,949	$ 41,515	$ 1,347,130	$ 261,896	$ 7,107,407
-	-	-	-	-	7,477	40,081
-	-	-	-	-	106,568	895,569
-	-	-	52,079	-	-	52,079
138,732	-	-	-	-	-	138,732
-	-	1,300,000	-	-	-	1,620,000
-	-	-	-	-	-	917,656
58	-	-	-	-	-	58
$ 139,280	$ 1,691,119	$ 2,876,949	$ 93,594	$ 1,347,130	$ 375,941	$ 10,771,582
$ 12,414	$ -	$ -	$ 4,009	$ -	$ -	$ 42,672
43,000	-	-	-	-	-	61,000
3,269	-	-	-	-	-	3,269
-	1,562,702	2,567,828	-	-	12,500	4,143,030
-	-	-	-	-	-	24,700
58,683	1,562,702	2,567,828	4,009	-	12,500	4,274,671
-	-	-	52,079	-	-	52,079
58	-	-	-	-	-	58
12,596	-	-	-	-	363,441	1,491,951
-	128,417	-	-	-	-	3,178,888
67,943	-	309,121	37,506	1,347,130	-	1,773,935
80,597	128,417	309,121	37,506	1,347,130	363,441	6,444,832
$ 139,280	$ 1,691,119	$ 2,876,949	$ 93,594	$ 1,347,130	$ 375,941	$ 10,771,582

City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

	6802 Revolving Loan-Federal	6804 Revolving Loan-State	6806 Revolving Loan-City	2270 Highway #14 Partnership	6809 Neighborhood Improvement
Revenues					
Taxes					
Tax increments	$ -	$ -	$ 52,498	$ -	$ -
Special assessments	-	-	-	-	-
Intergovernmental					
Federal					
Other	-	-	-	-	-
State					
Other	-	-	-	-	-
Local					
Other	-	-	-	43,200	-
Investment income	10,696	-	61,213	-	-
Miscellaneous					
Refunds and reimbursements	-	-	-	-	-
Contributions	-	-	-	10,800	-
Note payments	4,071	2,949	17,079	-	170
Other	-	-	-	-	-
Total Revenues	14,767	2,949	130,790	54,000	170
Expenditures					
Current					
General government	-	-	-	57,469	-
Public safety	-	-	-	-	-
Housing and economic development	-	-	52,246	-	-
Capital outlay					
Housing and economic development	-	-	-	-	8,825
Debt service					
Principal	-	10,079	-	-	-
Interest and other	-	1,412	-	-	-
Total Expenditures	-	11,491	52,246	57,469	8,825
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,767	(8,542)	78,544	(3,469)	(8,655)
Other Financing Sources (Uses)					
Transfers in	-	-	-	8,000	-
Net Change in Fund Balances	14,767	(8,542)	78,544	4,531	(8,655)
Fund Balances, January 1	929,847	179,590	2,956,084	754	31,700
Fund Balances, December 31	$ 944,614	$ 171,048	$ 3,034,628	$ 5,285	$ 23,045

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
$ -	$ -	$ -	$ -	$ -	$ -	$ 52,498
-	-	-	37,896	-	-	37,896
201,235	-	12,598	-	-	-	213,833
45,112	-	-	-	-	-	45,112
47,160	-	-	-	-	-	90,360
-	37,858	30,156	698	22,122	4,669	167,412
-	-	-	-	26,259	-	26,259
-	-	-	-	-	-	10,800
-	-	-	-	-	-	24,269
-	-	-	1,560	-	100	1,660
293,507	37,858	42,754	40,154	48,381	4,769	670,099
-	-	-	-	114,954	-	172,423
-	-	17,542	-	-	-	17,542
280,911	2,772	-	35,107	-	5,000	376,036
-	-	-	-	-	-	8,825
-	-	-	-	-	-	10,079
-	-	-	-	-	-	1,412
280,911	2,772	17,542	35,107	114,954	5,000	586,317
12,596	35,086	25,212	5,047	(66,573)	(231)	83,782
20,000	-	-	-	150,000	-	178,000
32,596	35,086	25,212	5,047	83,427	(231)	261,782
48,001	93,331	283,909	32,459	1,263,703	363,672	6,183,050
$ 80,597	$ 128,417	$ 309,121	$ 37,506	$ 1,347,130	$ 363,441	$ 6,444,832

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 500	$ 10,696	$ 10,196
Miscellaneous			
Note repayments	4,800	4,071	(729)
Total Revenues	5,300	14,767	9,467
Net Change in Fund Balances	5,300	14,767	9,467
Fund Balances, January 1	929,847	929,847	-
Fund Balances, December 31	$ 935,147	$ 944,614	$ 9,467

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Tax increments	$ 52,082	$ 52,498	$ 416
Investment income	50,000	61,213	11,213
Miscellaneous			
Note repayments	17,248	17,079	(169)
Total Revenues	119,330	130,790	11,460
Expenditures			
Current			
Housing and economic development			
Other services and charges	-	52,246	(52,246)
Net Change in Fund Balances	119,330	78,544	(40,786)
Fund Balances, January 1	2,956,084	2,956,084	-
Fund Balances, December 31	$ 3,075,414	$ 3,034,628	$ (40,786)

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Local - other aids	$ 55,000	$ 43,200	$ (11,800)
Miscellaneous			
Contributions	20,000	10,800	(9,200)
Other	500	-	(500)
Total Revenues	75,500	54,000	(21,500)
Expenditures			
Current			
General government			
Other services and charges	80,000	57,469	22,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	(3,469)	1,031
Other Financing Sources (Uses)			
Transfers in	10,000	8,000	(2,000)
Net Change in Fund Balances	5,500	4,531	(969)
Fund Balances, January 1	754	754	-
Fund Balances, December 31	$ 6,254	$ 5,285	$ (969)

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Miscellaneous			
Loan repayments	$ 4,993	$ 170	$ (4,823)
Expenditures			
Current			
Housing and economic development			
Other services and charges	1	-	1
Capital outlay			
Housing and economic development	1	8,825	(8,824)
Total Expenditures	2	8,825	(8,823)
Net Change in Fund Balances	4,991	(8,655)	(13,646)
Fund Balances, January 1	31,700	31,700	-
Fund Balances, December 31	$ 36,691	$ 23,045	$ (13,646)

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Federal - other aids	$ 359,975	$ 201,235	$ (158,740)
State - other aids	32,698	45,112	12,414
Local - other aids	29,462	47,160	17,698
Total Revenues	422,135	293,507	(128,628)
Expenditures			
Current			
Housing and economic development			
Personal services	186,720	130,642	56,078
Supplies	750	-	750
Other services and charges	279,500	150,269	129,231
Total Expenditures	466,970	280,911	186,059
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,835)	12,596	57,431
Other Financing Sources (Uses)			
Transfers in	20,000	20,000	-
Net Change in Fund Balances	(24,835)	32,596	57,431
Fund Balances, January 1	48,001	48,001	-
Fund Balances, December 31	$ 23,166	$ 80,597	$ 57,431

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 10,000	$ 37,858	$ 27,858
Expenditures			
Current			
Housing and economic development			
Other services and charges	10,000	2,772	7,228
Net Change in Fund Balances	-	35,086	35,086
Fund Balances, January 1	93,331	93,331	-
Fund Balances, December 31	$ 93,331	$ 128,417	$ 35,086

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Intergovernmental			
Federal - other	$ 15,000	$ 12,598	$ (2,402)
Investment income	3,000	30,156	27,156
Total Revenues	18,000	42,754	24,754
Expenditures			
Current			
Public safety			
Other services and charges	-	17,542	(17,542)
Capital outlay			
Public safety	54,000	-	54,000
Total Expenditures	54,000	17,542	36,458
Net Change in Fund Balances	(36,000)	25,212	61,212
Fund Balances, January 1	283,909	283,909	-
Fund Balances, December 31	$ 247,909	$ 309,121	$ 61,212

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	$ 46,100	$ 37,896	$ (8,204)
Investment income	-	698	698
Miscellaneous			
Other	5,500	1,560	(3,940)
Total Revenues	51,600	40,154	(11,446)
Expenditures			
Current			
Housing and economic development			
Supplies	-	1,146	(1,146)
Other services and charges	43,000	33,961	9,039
Total Expenditures	43,000	35,107	7,893
Net Change in Fund Balances	8,600	5,047	(3,553)
Fund Balances, January 1	32,459	32,459	-
Fund Balances, December 31	$ 41,059	$ 37,506	$ (3,553)

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, 2019

	Final Budget	Actual	Variance with Final Budget
Revenues			
Investment income	$ 3,000	$ 22,122	$ 19,122
Miscellaneous			
Refunds and reimbursements	560,000	26,259	(533,741)
Total Revenues	563,000	48,381	(514,619)
Expenditures			
Current			
General government			
Other services and charges	574,000	114,954	459,046
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,000)	(66,573)	(55,573)
Other Financing Sources (Uses)			
Transfers in	-	150,000	150,000
Transfers out	(200,000)	-	200,000
Total Other Financing Sources (Uses)	(200,000)	150,000	350,000
Net Change in Fund Balances	(211,000)	83,427	294,427
Fund Balances, January 1	1,263,703	1,263,703	-
Fund Balances, December 31	$ 1,052,703	$ 1,347,130	$ 294,427

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.

Bridge Plaza Tax Increment: The purpose of this fund is to account for costs associated with the improvements of the Bridge Plaza development occurring in the downtown area of the city.

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.

Community Athletic Field Complex: The purpose of this fund is to account for the costs associated with the Community Athletic Fields located near the Rosa Parks Elementary School located in the south end of the community.

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.

Regional Parks: The purpose of this fund is to account for the costs associated with the Regional Parks development that will be funded through the city sales tax.

Thomas Park Improvements: The purpose of this fund is to account for the costs associated with the improvements at Thomas Park located near Mankato East High School.

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

Downtown Abatement: 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 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 2019: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2018.

Improvements 2021: The purpose of this fund is to account for costs associated with major street projects with construction starting in 2019.

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued on Following Pages)
December 31, 2019

	4020 Municipal State Aid Project	4050 Sibley Park Tax Increment Phase I	4060 Graif Building Tax Increment	4070 Mankato Design Busters Tax Increment	4080 Bridge Plaza Tax Increment	4090 HECO Tax Increment	4100 Tailwind Tax Increment
Assets							
Cash and temporary investments	$ 5,012,058	$ 11,364	$ 38,387	$ -	$ 500	$ -	$ 578
Receivables							
Accounts	-	-	-	-	-	-	34,422
Notes	-	-	-	-	-	-	-
Special assessments							
Delinquent	-	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-	-
Intergovernmental	1,905,213	-	-	-	-	-	-
Due from other funds	2,100,000	-	-	-	-	-	-
Total Assets	$ 9,017,271	$ 11,364	$ 38,387	$ -	$ 500	$ -	$ 35,000
Liabilities							
Accounts and contracts payable	$ 14,675	$ 11,364	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	9,000	-	35,000
Advance from other funds	-	1,050,759	-	35,555	-	173,876	-
Total Liabilities	14,675	1,062,123	-	35,555	9,000	173,876	35,000
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Unavailable revenue - intergovernmental	714,421	-	-	-	-	-	-
Total Deferred Inflows of Resources	714,421	-	-	-	-	-	-
Fund Balances							
Restricted	8,288,175	-	38,387	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(1,050,759)	-	(35,555)	(8,500)	(173,876)	-
Total Fund Balances	8,288,175	(1,050,759)	38,387	(35,555)	(8,500)	(173,876)	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,017,271	$ 11,364	$ 38,387	$ -	$ 500	$ -	$ 35,000

4800 City Center Renaissance	4805 Highway 169 Flood Control	4110 South Riverfront Tax Increment	4600 Community Athletic Field Complex	4610 Riverside Park Construction	4620 All Seasons Arena Construction	4760 Curling Club	4770 Garage Demolition	4780 Energy Improvements	4785 Franklin Rogers Park Improvements
$ 282,949	$ 1,379	$ -	$ 212	$ 304	$ -	$ 3,823	$ 452	$ 5,443	$ 4,586
-	672	-	-	-	-	-	-	-	-
-	-	-	-	-	-	91,351	-	-	265,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
$ 282,949	$ 2,051	$ -	$ 212	$ 304	$ -	$ 95,174	$ 452	$ 5,443	$ 269,586
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	490,000	-	-	-	-	150,000	163,000	1,600,000	3,600,000
-	-	708,225	-	-	-	-	-	-	-
-	490,000	708,225	-	-	-	150,000	163,000	1,600,000	3,600,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
282,949	-	-	212	304	-	-	-	-	-
-	(487,949)	(708,225)	-	-	-	(54,826)	(162,548)	(1,594,557)	(3,330,414)
282,949	(487,949)	(708,225)	212	304	-	(54,826)	(162,548)	(1,594,557)	(3,330,414)
$ 282,949	$ 2,051	$ -	$ 212	$ 304	$ -	$ 95,174	$ 452	$ 5,443	$ 269,586

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2019

	4790	4791	4792	4793	4130	5030	5106
	Aquatic Center	Regional Parks	Thomas Park Improvements	Disaster	Downtown Abatement	Construction Revolving	Improvements 2006
Assets							
Cash and temporary investments	$ 150,693	$ 800	$ 1,867	$ 283	$ -	$ 2,981	$ -
Receivables							
Accounts	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-
Special assessments							
Delinquent	-	-	-	-	-	-	-
Noncurrent	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,005	-
Due from other funds	-	-	-	-	-	670,000	-
Total Assets	$ 150,693	$ 800	$ 1,867	$ 283	$ -	$ 675,986	$ -
Liabilities							
Accounts and contracts payable	$ 6,300	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	3,000	-	85,000	-	-	-
Advance from other funds	-	-	-	-	-	-	-
Total Liabilities	6,300	3,000	-	85,000	-	-	-
Deferred Inflows of Resources							
Unavailable revenue - special assessments	-	-	-	-	-	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
Fund Balances							
Restricted	-	-	-	-	-	-	-
Assigned	144,393	-	1,867	-	-	675,986	-
Unassigned	-	(2,200)	-	(84,717)	-	-	-
Total Fund Balances	144,393	(2,200)	1,867	(84,717)	-	675,986	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 150,693	$ 800	$ 1,867	$ 283	$ -	$ 675,986	$ -

5108	5040	5114	5117	5118	5119	5121	
Improvements 2008	Minor Street Repair	Improvements 2014	Improvements 2017	Improvements 2018	Improvements 2019	Improvements 2021	Total Nonmajor Capital Projects
$ -	$ 10,528	$ -	$ -	$ 7,589	$ 20,379	$ 2,173	$ 5,559,328
-	-	-	-	-	-	-	35,094
-	-	-	-	-	-	-	356,351
-	47,487	-	-	-	-	-	47,487
-	1,301,255	-	-	-	-	-	1,301,255
-	-	-	-	-	-	-	1,908,218
-	1,100,000	-	-	-	-	-	3,870,000
$ -	$ 2,459,270	$ -	$ -	$ 7,589	$ 20,379	$ 2,173	$ 13,077,733
$ -	$ -	$ -	$ -	$ -	$ 86,248	$ 119,067	$ 237,654
-	-	-	-	1,800,000	1,900,000	2,820,000	12,655,000
-	-	-	-	-	-	-	1,968,415
-	-	-	-	1,800,000	1,986,248	2,939,067	14,861,069
-	1,348,742	-	-	-	-	-	1,348,742
-	-	-	-	-	-	-	714,421
-	1,348,742	-	-	-	-	-	2,063,163
-	-	-	-	-	-	-	8,326,562
-	1,110,528	-	-	-	-	-	2,216,239
-	-	-	-	(1,792,411)	(1,965,869)	(2,936,894)	(14,389,300)
-	1,110,528	-	-	(1,792,411)	(1,965,869)	(2,936,894)	(3,846,499)
$ -	$ 2,459,270	$ -	$ -	$ 7,589	$ 20,379	$ 2,173	$ 13,077,733

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued on Following Pages)

	4020 Municipal State Aid Project	4050 Sibley Park Tax Increment Phase I	4060 Graif Building Tax Increment	4070 Mankato Design Busters Tax Increment	4080 Bridge Plaza Tax Increment	4090 HECO Tax Increment	4100 Tailwind Tax Increment
Revenues							
Taxes							
Tax increments	$ 210,000	$ 92,375	$ 31,028	$ 23,078	$ -	$ 33,615	$ -
Tax abatement	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental							
Federal	-	-	-	-	-	-	-
State							
MSA - street construction	2,052,375	-	-	-	-	-	-
Other aids	-	-	-	-	-	-	-
Local							
Other aids	-	-	-	-	-	-	-
Investment income	114,699	-	-	-	-	-	-
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Note payments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	2,377,074	92,375	31,028	23,078	-	33,615	-
Expenditures							
Current							
Housing and economic development	-	37,600	20,825	21,340	-	31,287	-
Capital outlay							
Public works	34,931	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Housing and economic development	-	-	-	-	8,500	-	-
Debt service							
Interest and other	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-
Total Expenditures	34,931	37,600	20,825	21,340	8,500	31,287	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,342,143	54,775	10,203	1,738	(8,500)	2,328	-
Other Financing Sources (Uses)							
Transfers in	307,582	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Transfers out	(762,372)	-	-	(1,154)	-	(1,681)	-
Total Other Financing Sources (Uses)	(454,790)	-	-	(1,154)	-	(1,681)	-
Net Change in Fund Balances	1,887,353	54,775	10,203	584	(8,500)	647	-
Fund Balances, January 1	6,400,822	(1,105,534)	28,184	(36,139)	-	(174,523)	-
Fund Balances, December 31	$ 8,288,175	$ (1,050,759)	$ 38,387	$ (35,555)	$ (8,500)	$ (173,876)	$ -

4800 City Center Renaissance	4805 Highway 169 Flood Control	4110 South Riverfront Tax Increment	4600 Community Athletic Field Complex	4610 Riverside Park Construction	4620 All Seasons Arena Construction	4760 Curling Club	4770 Garage Demolition	4780 Energy Improvements	4785 Franklin Rogers Park Improvements
$ -	$ -	$ 102,389	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	960,037	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	673	-	-	-	-	-	-	-	-
5,084	-	-	2	-	-	-	-	-	-
-	-	-	-	-	65,848	-	-	-	-
-	-	-	-	-	-	6,304	-	-	600
-	-	-	-	-	-	-	-	-	-
5,084	960,710	102,389	2	-	65,848	6,304	-	-	600
-	-	-	-	-	-	-	-	-	-
-	22,144	-	-	-	-	-	1,897	-	-
-	-	-	8,790	102,696	-	-	-	-	110,068
-	-	-	-	-	-	-	-	-	-
-	-	30,393	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	22,144	30,393	8,790	102,696	-	-	1,897	-	110,068
5,084	938,566	71,996	(8,788)	(102,696)	65,848	6,304	(1,897)	-	(109,468)
-	200,000	-	9,000	672,150	-	-	-	129,207	100,000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	(65,848)	-	-	-	-
-	200,000	-	9,000	672,150	(65,848)	-	-	129,207	100,000
5,084	1,138,566	71,996	212	569,454	-	6,304	(1,897)	129,207	(9,468)
277,865	(1,626,515)	(780,221)	-	(569,150)	-	(61,130)	(160,651)	(1,723,764)	(3,320,946)
$ 282,949	$ (487,949)	$ (708,225)	$ 212	$ 304	$ -	$ (54,826)	$ (162,548)	$ (1,594,557)	$ (3,330,414)

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, 2019

	4790	4791	4792	4793	4130	5030	5106
	Aquatic Center	Regional Parks	Thomas Park Improvements	Disaster	Downtown Abatement	Construction Revolving	Improvements 2006
Revenues							
Taxes							
Tax increments	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Tax abatement	-	-	-	-	45,915	-	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental							
Federal	-	-	-	157,949	-	-	-
State							
MSA - street construction	-	-	-	-	-	6,009	-
Other aids	-	-	-	52,650	-	-	-
Local							
Other aids	-	-	-	-	-	-	-
Investment income	1,065	-	17	-	-	16,232	-
Miscellaneous							
Contributions and donations	-	-	-	-	-	-	-
Note payments	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	1,065	-	17	210,599	45,915	22,241	-
Expenditures							
Current							
Housing and economic development	-	-	-	-	-	-	-
Capital outlay							
Public works	-	-	-	295,316	-	-	-
Culture and recreation	23,505	2,200	68,150	-	-	-	-
Housing and economic development	-	-	-	-	-	-	-
Debt service							
Interest and other	-	-	-	-	-	-	-
Bond issue costs	-	-	-	-	-	-	-
Total Expenditures	23,505	2,200	68,150	295,316	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,440)	(2,200)	(68,133)	(84,717)	45,915	22,241	-
Other Financing Sources (Uses)							
Transfers in	200,000	-	70,000	-	-	157,308	-
Debt issued	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(45,915)	(436,292)	(30,837)
Total Other Financing Sources (Uses)	200,000	-	70,000	-	(45,915)	(278,984)	(30,837)
Net Change in Fund Balances	177,560	(2,200)	1,867	(84,717)	-	(256,743)	(30,837)
Fund Balances, January 1	(33,167)	-	-	-	-	932,729	30,837
Fund Balances, December 31	$ 144,393	$ (2,200)	$ 1,867	$ (84,717)	$ -	$ 675,986	$ -

5108	5040	5114	5117	5118	5119	5121	
Improvements 2008	Minor Street Repair	Improvements 2014	Improvements 2017	Improvements 2018	Improvements 2019	Improvements 2021	Total Nonmajor Capital Projects
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 492,485
52,367	-	69,869	-	-	-	-	168,151
-	493,389	-	-	-	-	-	493,389
-	-	-	-	7,562	-	-	165,511
-	-	-	-	-	-	-	3,018,421
-	-	-	-	-	-	-	52,650
-	-	-	-	124,730	22,107	-	147,510
-	17,767	-	-	-	-	-	154,866
-	-	-	-	-	-	-	65,848
-	-	-	-	-	-	-	6,904
-	-	-	-	-	167,656	-	167,656
52,367	511,156	69,869	-	132,292	189,763	-	4,933,391
-	-	-	-	-	-	-	111,052
-	-	-	-	289,963	901,672	2,936,894	4,482,817
-	-	-	-	-	-	-	315,409
-	-	-	-	-	-	-	8,500
-	-	-	-	-	-	-	30,393
-	-	-	-	-	79,014	-	79,014
-	-	-	-	289,963	980,686	2,936,894	5,027,185
52,367	511,156	69,869	-	(157,671)	(790,923)	(2,936,894)	(93,794)
-	-	828,664	-	-	-	-	2,673,911
-	-	-	-	-	7,842,366	-	7,842,366
-	-	-	-	-	547,979	-	547,979
(126,470)	(250,000)	-	(307,582)	-	-	-	(2,028,151)
(126,470)	(250,000)	828,664	(307,582)	-	8,390,345	-	9,036,105
(74,103)	261,156	898,533	(307,582)	(157,671)	7,599,422	(2,936,894)	8,942,311
74,103	849,372	(898,533)	307,582	(1,634,740)	(9,565,291)	-	(12,788,810)
$ -	$ 1,110,528	$ -	$ -	$ (1,792,411)	$ (1,965,869)	$ (2,936,894)	$ (3,846,499)

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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.

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position (Continued on Following Pages)
December 31, 2019

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Assets			
Current Assets			
Cash and temporary investments	$ 170,198	$ 375,482	$ 9,040
Receivables			
Delinquent taxes	-	-	-
Accounts	-	166,358	270,237
Intergovernmental	-	-	17,054
Due from other funds	-	2,100,000	-
Special assessments receivable - current portion	-	-	-
Inventories	-	-	-
Prepaid items	-	141	-
Total Current Assets	170,198	2,641,981	296,331
Noncurrent Assets			
Capital assets			
Land	-	-	-
Land improvements	-	-	-
Buildings and structures	21,105	-	-
Machinery and vehicles	-	-	-
Other improvements	-	-	-
Construction in progress	-	-	-
Less accumulated depreciation	(14,070)	-	-
Total Capital Assets	7,035	-	-
Total Assets	177,233	2,641,981	296,331
Deferred Outflows of Resources			
Deferred other post employment benefit resources	-	5,485	-
Deferred pension resources	-	9,102	-
Total Deferred Outflows of Resources	-	14,587	-

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 1,764,022	$ 924,460	$ 1,424,838	$ 1,760,853	$ 6,428,893
-	-	28	-	28
359,329	104,664	3,085	10,155	913,828
8,145	-	859,641	349	885,189
1,000,000	-	-	-	3,100,000
-	-	-	333,025	333,025
27,557	242,496	-	-	270,053
763	-	5,297	1,714	7,915
3,159,816	1,271,620	2,292,889	2,106,096	11,938,931
64,659	-	-	872,429	937,088
-	-	-	514,788	514,788
179,279	-	6,855,139	25,175,808	32,231,331
251,029	1,504,369	754,755	1,237,267	3,747,420
3,831,556	-	-	-	3,831,556
-	-	131,000	-	131,000
(723,808)	(256,059)	(999,055)	(9,172,183)	(11,165,175)
3,602,715	1,248,310	6,741,839	18,628,109	30,228,008
6,762,531	2,519,930	9,034,728	20,734,205	42,166,939
5,423	-	27,427	1,828	40,163
18,530	213	108,821	4,149	140,815
23,953	213	136,248	5,977	180,978

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position (Continued)
December 31, 2019

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Liabilities			
Current Liabilities			
Accounts payable	$ -	$ 4,304	$ 109,768
Due to other funds	-	-	630,000
Due to other governments	-	-	17,122
Accrued interest payable	-	-	287
Accrued salaries payable	-	5,654	-
Compensated absences payable - current portion	-	4,287	-
Lease payable - current portion	-	-	98,377
Total Current Liabilities	-	14,245	855,554
Long-Term Liabilities			
Compensated absences payable	-	-	-
Net pension liability	-	93,939	-
Other postemployment benefit obligation	-	63,814	-
Total Long-Term Liabilities	-	157,753	-
Total Liabilities	-	171,998	855,554
Deferred Inflows of Resources			
Deferred pension resources	-	18,578	-
Deferred other post employment benefit resources	-	2,269	-
Total Deferrred Inflows of Resources	-	20,847	-
Net Position			
Investment in capital assets	7,035	-	-
Unrestricted	170,198	2,463,723	(559,223)
Total Net Postion	$ 177,233	$ 2,463,723	$ (559,223)

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 24,935	$ 11,010	$ 736,391	$ 28,532	$ 914,940
-	100,000	-	-	730,000
-	492	-	295	17,909
-	-	-	-	287
11,030	362	69,514	2,667	89,227
11,302	-	31,486	683	47,758
-	-	-	-	98,377
47,267	111,864	837,391	32,177	1,898,498
9,719	-	50,581	-	60,300
191,248	2,194	1,123,137	42,821	1,453,339
63,092	-	319,073	21,271	467,250
264,059	2,194	1,492,791	64,092	1,980,889
311,326	114,058	2,330,182	96,269	3,879,387
37,823	434	222,124	8,469	287,428
2,243	-	11,346	756	16,614
40,066	434	233,470	9,225	304,042
3,602,715	1,248,310	6,741,839	18,628,109	30,228,008
2,832,377	1,157,341	(134,515)	2,006,579	7,936,480
$ 6,435,092	$ 2,405,651	$ 6,607,324	$ 20,634,688	$ 38,164,488

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position -
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Operating Revenues			
Charges for services	$ -	$ 3,187,307	$ 2,086,804
Operating Expenses			
Salaries and benefits	-	218,774	-
Supplies	-	11,042	9,280
Other services and charges	-	1,193,112	1,757,353
Vehicle operation	-	1,182	72,230
Insurance	-	-	-
Utilities	-	-	-
Depreciation	1,407	-	-
Total Operating Expenses	1,407	1,424,110	1,838,863
Operating Income (Loss)	(1,407)	1,763,197	247,941
Nonoperating Revenues (Expenses)			
Taxes	-	-	-
Special assessments	-	-	-
Intergovernmental			
Federal	-	-	-
State	-	-	6,645
Investment income	3,059	30,487	-
Rental income	-	2,544	-
Miscellaneous income	-	97,113	1,341
Interest expense	-	-	(3,270)
Total Nonoperating Revenues (Expenses)	3,059	130,144	4,716
Income (Loss) Before Contributions and Transfers	1,652	1,893,341	252,657
Capital Contributions from Other Funds	-	-	-
Capital Grants and Contributions	-	-	-
Transfers In	-	-	-
Transfers Out	-	(1,606,017)	(217,570)
Change in Net Position	1,652	287,324	35,087
Net Position, January 1	175,581	2,176,399	(594,310)
Net Position, December 31	$ 177,233	$ 2,463,723	$ (559,223)

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 3,128,448	$ 634,325	$ 644,217	$ 154,036	$ 9,835,137
386,622	2,821	2,335,690	67,446	3,011,353
223,784	51,677	31,182	3,631	330,596
844,641	370,755	443,712	731,236	5,340,809
157,369	1,172	806,277	27,457	1,065,687
-	-	83,537	6,000	89,537
111,470	-	36,434	46,348	194,252
99,971	106,299	219,362	824,629	1,251,668
1,823,857	532,724	3,956,194	1,706,747	11,283,902
1,304,591	101,601	(3,311,977)	(1,552,711)	(1,448,765)
-	-	165,000	-	165,000
-	-	-	317,503	317,503
-	-	858,759	-	858,759
-	-	2,262,411	-	2,269,056
45,461	16,012	16,787	33,524	145,330
-	-	-	-	2,544
14,623	17,023	127,840	13,227	271,167
-	-	-	-	(3,270)
60,084	33,035	3,430,797	364,254	4,026,089
1,364,675	134,636	118,820	(1,188,457)	2,577,324
273,598	-	-	-	273,598
4,131	-	1,000	-	5,131
-	-	12,500	464,577	477,077
(588,090)	(55,702)	-	(45,515)	(2,512,894)
1,054,314	78,934	132,320	(769,395)	820,236
5,380,778	2,326,717	6,475,004	21,404,083	37,344,252
$ 6,435,092	$ 2,405,651	$ 6,607,324	$ 20,634,688	$ 38,164,488

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	6810 Eastwood Park	**6000** Utility Operations/ Administration	**6030** Refuse
Cash Flows from Operating Activities			
Receipts from customers and users	$ -	$ 4,431,513	$ 1,919,881
Other cash receipts	-	99,657	1,341
Payments to suppliers	-	(459,924)	(1,696,877)
Payments to and on behalf of employees	-	(173,974)	-
Payments for interfund services provided	-	(841,182)	(144,000)
Net Cash Provided (Used) by Operating Activities	-	3,056,090	80,345
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	-	-	-
Transfers to other funds	-	(1,606,017)	(217,570)
(Increase) decrease in due from other funds	-	(2,100,000)	-
Increase (decrease) in due to other funds	-	-	335,000
Tax receipts	-	-	-
Intergovernmental operating grants received	-	-	6,645
Net Cash Provided (Used) by Noncapital Financing Activities	-	(3,706,017)	124,075
Cash Flows from Capital and Related Financing Activities			
Acquisitions of capital assets	-	-	-
Intergovernmental contributions for capital assets	-	-	-
Principal paid on long-term debt	-	-	(194,463)
Interest paid on debt	-	-	(3,837)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(198,300)
Cash Flows from Investing Activities			
Interest received on investments	3,059	30,487	-
Net Increase (Decrease) in Cash and Cash Equivalents	3,059	(619,440)	6,120
Cash and Cash Equivalents, January 1	167,139	994,922	2,920
Cash and Cash Equivalents, December 31	$ 170,198	$ 375,482	$ 9,040

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 2,950,254	$ 584,183	$ 729,712	$ 150,549	$ 10,766,092
14,623	17,023	127,840	307,449	567,933
(1,144,151)	(443,403)	(536,022)	(757,666)	(5,038,043)
(303,143)	(3,389)	(1,785,196)	(41,382)	(2,307,084)
(299,731)	(31,172)	(989,317)	(69,457)	(2,374,859)
1,217,852	123,242	(2,452,983)	(410,507)	1,614,039
-	-	12,500	464,577	477,077
(588,090)	(55,702)	-	(45,515)	(2,512,894)
(1,000,000)	-	-	-	(3,100,000)
-	-	-	-	335,000
-	-	165,004	-	165,004
-	-	3,293,597	-	3,300,242
(1,588,090)	(55,702)	3,471,101	419,062	(1,335,571)
-	-	-	(187,997)	(187,997)
-	-	1,000	-	1,000
-	-	-	-	(194,463)
-	-	-	-	(3,837)
-	-	1,000	(187,997)	(385,297)
45,461	16,012	16,787	33,524	145,330
(324,777)	83,552	1,035,905	(145,918)	38,501
2,088,799	840,908	388,933	1,906,771	6,390,392
$ 1,764,022	$ 924,460	$ 1,424,838	$ 1,760,853	$ 6,428,893

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2019

	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)	$ 1,763,197	$ 247,941
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	-	99,657	1,341
Note write-off	-	-	-
Depreciation	1,407	-	-
(Increase) decrease in assets			
Accounts receivable	-	1,244,206	(149,869)
Due from other governments	-	-	(17,054)
Inventories	-	-	-
Prepaid items	-	2,208	-
(Increase) decrease in deferred outflows of resources			
Deferred other postemployment benefit resources	-	(5,485)	-
Deferred pension resources	-	8,236	-
Increase (decrease) in liabilities			
Accounts payable	-	(25,696)	(3,154)
Due to other governments	-	-	1,140
Accrued salaries payable	-	(6,647)	-
Compensated absences payable	-	(11,016)	-
Net pension liability	-	(8,645)	-
Other postemployment benefits obligation	-	5,053	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	-	(8,523)	-
Deferred other postemployment benefit resources	-	(455)	-
Net Cash Provided (Used) by Operating Activities	$ -	$ 3,056,090	$ 80,345
Noncash Investing, Capital and Financing Activities			
Capital assets contributed by (to) other funds	$ -	$ -	$ -
Loans written off	-	-	-

Business-type Activities - Enterprise Funds				
6060 Storm Water Utility	**6080** Street Lighting	**6100** Mass Transit	**6110** Parking System	Totals
$ 1,304,591	$ 101,601	$ (3,311,977)	$ (1,552,711)	$ (1,448,765)
14,623	17,023	127,840	307,449	567,933
-	-	-	23,330	23,330
99,971	106,299	219,362	824,629	1,251,668
(174,180)	(50,142)	5,110	(3,281)	871,844
(4,014)	-	80,385	(206)	59,111
2,917	(62,390)	-	-	(59,473)
(296)	-	4,847	3,163	9,922
(5,423)	-	(27,427)	(1,828)	(40,163)
11,722	295	52,903	2,658	75,814
(37,775)	11,010	232,445	(14,884)	161,946
-	409	-	34	1,583
(2,320)	308	17,850	410	9,601
499	-	7,552	(1,177)	(4,142)
12,257	(811)	166,293	2,546	171,640
5,185	-	5,679	1,684	17,601
(9,464)	(360)	(30,663)	(2,171)	(51,181)
(441)	-	(3,182)	(152)	(4,230)
$ 1,217,852	$ 123,242	$ (2,452,983)	$ (410,507)	$ 1,614,039
$ 273,598	$ -	$ -	$ -	$ 273,598
-	-	-	23,330	23,330

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THE GENERAL FUND

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

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City of Mankato, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and temporary investments	$ 6,913,227	$ 8,911,954
Receivables		
Interest	263,204	135,450
Delinquent taxes	338,344	248,853
Accounts, net of allowance	594,044	625,946
Intergovernmental	405,951	287,866
Due from other funds	8,100,000	5,100,000
Inventories	113,124	123,735
Prepaid items	58,210	55,299
Total Assets	$ 16,786,104	$ 15,489,103
Liabilities		
Accounts and contracts payable	$ 603,659	$ 442,205
Due to other governments	58,139	90
Accrued salaries payable	507,573	650,213
Deposits payable	2,851,958	1,844,640
Total Liabilities	4,021,329	2,937,148
Deferred Inflows of Resources		
Unavailable revenue - taxes	338,344	248,853
Fund Balances		
Nonspendable	171,334	179,034
Assigned for		
Tax adjustment	600,000	600,000
Emergencies	2,400,000	2,400,000
Unassigned	9,255,097	9,124,068
Total Fund Balances	12,426,431	12,303,102
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 16,786,104	$ 15,489,103

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 14,362,000	$ 14,362,000	$ 13,930,142	$ (431,858)	$ 12,988,968
Lodging	610,000	610,000	663,858	53,858	639,651
Gambling	95,000	95,000	118,459	23,459	106,776
Franchise fees	1,610,000	1,610,000	1,689,290	79,290	1,614,677
Total taxes	16,677,000	16,677,000	16,401,749	(275,251)	15,350,072
Licenses and permits	1,621,513	1,621,513	1,597,650	(23,863)	1,480,785
Intergovernmental					
Federal					
Other	12,000	12,000	24,562	12,562	9,184
State					
Local governmental aid	7,111,285	7,111,285	7,111,285	-	7,102,050
Property tax credits and aids	100	100	184	84	134
PERA aid	40,000	40,000	39,823	(177)	39,823
Police and fire pension	9,500	9,500	30,617	21,117	18,478
Police and fire insurance premiums	605,000	605,000	706,187	101,187	664,331
Other	377,476	377,476	328,201	(49,275)	414,330
Total state	8,143,361	8,143,361	8,216,297	72,936	8,239,146
Local					
Other	121,000	121,000	121,929	929	109,326
Total intergovernmental	8,276,361	8,276,361	8,362,788	86,427	8,357,656
Charges for services					
General government	27,200	27,200	27,272	72	22,682
Public safety	157,850	157,850	558,205	400,355	600,553
Public works	1,054,000	1,054,000	1,082,282	28,282	908,727
Culture and recreation	170,000	170,000	114,840	(55,160)	121,821
Total charges for services	1,409,050	1,409,050	1,782,599	373,549	1,653,783
Fines and forfeits	311,000	311,000	216,656	(94,344)	230,206
Investment income	46,000	46,000	280,802	234,802	62,974
Miscellaneous					
Rents	21,000	21,000	81,436	60,436	37,250
Contributions	41,000	103,000	18,872	(84,128)	20,372
Refunds and reimbursements	254,000	254,000	330,246	76,246	333,752
Other	59,300	59,300	213,498	154,198	317,288
Total miscellaneous	375,300	437,300	644,052	206,752	708,662
Total Revenues	28,716,224	28,778,224	29,286,296	508,072	27,844,138

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures					
Current					
General government					
General government					
Supplies	$ -	$ -	$ -	$ -	$ 30
Other services and charges	12,500	12,500	4,698	7,802	1,133
Total general government	12,500	12,500	4,698	7,802	1,163
Grants					
Other services and charges	1,549,021	1,549,021	1,606,522	(57,501)	1,234,151
Total general government	1,561,521	1,561,521	1,611,220	(49,699)	1,235,314
Public safety					
Police					
Personal services	7,898,527	7,898,527	7,495,128	403,399	7,520,394
Supplies	99,725	94,725	67,828	26,897	46,157
Other services and charges	467,143	457,143	1,010,454	(553,311)	440,037
Vehicle charges	775,573	775,573	678,176	97,397	716,160
Total police	9,240,968	9,225,968	9,251,586	(25,618)	8,722,748
Administration					
Personal services	989,890	989,890	981,713	8,177	811,592
Supplies	30,555	59,455	36,799	22,656	34,141
Other services and charges	748,662	748,662	839,920	(91,258)	634,456
Vehicle charges	7,200	7,200	9,512	(2,312)	11,191
Total administration	1,776,307	1,805,207	1,867,944	(62,737)	1,491,380
Building facilities					
Other services and charges	247,375	247,375	227,889	19,486	256,993
Emergency management					
Personal services	381,872	381,872	243,584	138,288	261,768
Supplies	13,500	9,000	8,213	787	6,570
Other services and charges	18,328	8,928	138,932	(130,004)	9,600
Vehicle charges	12,118	12,118	12,016	102	13,897
Total emergency management	425,818	411,918	402,745	9,173	291,835
Fire					
Personal services	2,800,465	2,800,465	2,736,355	64,110	2,707,668
Supplies	263,375	263,375	188,981	74,394	179,844
Other services and charges	714,390	714,390	764,625	(50,235)	643,616
Vehicle charges	169,997	169,997	193,821	(23,824)	247,221
Total fire	3,948,227	3,948,227	3,883,782	64,445	3,778,349
Total public safety	15,638,695	15,638,695	15,633,946	4,749	14,541,305

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, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works					
Engineering					
Personal services	$ 1,304,148	$ 1,304,148	$ 1,168,894	$ 135,254	$ 1,388,752
Supplies	20,300	20,300	13,140	7,160	18,082
Other services and charges	268,695	268,695	429,635	(160,940)	189,944
Vehicle charges	72,265	72,265	51,253	21,012	72,985
Total engineering	1,665,408	1,665,408	1,662,922	2,486	1,669,763
Streets					
Personal services	1,627,121	1,627,121	1,632,618	(5,497)	1,584,889
Supplies	780,450	780,450	719,974	60,476	893,302
Other services and charges	1,337,550	1,337,550	1,661,052	(323,502)	1,292,853
Vehicle charges	1,195,826	1,195,826	1,344,920	(149,094)	1,320,563
Total streets	4,940,947	4,940,947	5,358,564	(417,617)	5,091,607
Total public works	6,606,355	6,606,355	7,021,486	(415,131)	6,761,370
Culture and recreation					
Parks					
Personal services	1,618,323	1,618,323	1,556,897	61,426	1,658,976
Supplies	422,800	422,800	380,820	41,980	345,476
Other services and charges	1,563,205	1,563,205	1,856,526	(293,321)	1,540,886
Vehicle charges	738,161	738,161	585,955	152,206	860,944
Total culture and recreation	4,342,489	4,342,489	4,380,198	(37,709)	4,406,282
Community development					
Personal services	800,294	791,694	774,867	16,827	833,883
Supplies	3,600	3,600	1,860	1,740	2,123
Other services and charges	168,850	243,850	227,492	16,358	190,029
Vehicle charges	35,918	35,918	32,076	3,842	31,495
Total community development	1,008,662	1,075,062	1,036,295	38,767	1,057,530
Total current	29,157,722	29,224,122	29,683,145	(459,023)	28,001,801
Capital outlay					
Public safety	1,000	1,000	35,200	(34,200)	1,003
Public works	10,500	10,500	5,124	5,376	14,229
Culture and recreation	3,500	237,500	261,989	(24,489)	115
Total capital outlay	15,000	249,000	302,313	(53,313)	15,347
Total Expenditures	29,172,722	29,473,122	29,985,458	(512,336)	28,017,148
Excess (Deficiency) of Revenues Over (Under) Expenditures	(456,498)	(694,898)	(699,162)	(4,264)	(173,010)
Other Financing Sources (Uses)					
Transfers in	895,000	1,067,000	1,116,666	49,666	712,690
Transfers out	(453,450)	(453,450)	(294,175)	159,275	(272,500)
Total Other Financing Sources (Uses)	441,550	613,550	822,491	208,941	440,190
Net Change in Fund Balances	(14,948)	(81,348)	123,329	204,677	267,180
Fund Balances, January 1	12,303,102	12,303,102	12,303,102	-	12,035,922
Fund Balances, December 31	$ 12,288,154	$ 12,221,754	$ 12,426,431	$ 204,677	$ 12,303,102

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.

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

City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2019

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Assets			
Current Assets			
Cash and temporary investments	$ 1,764,742	$ 4,317,848	$ 4,075,539
Receivables			
Interest	-	-	74,064
Accounts	486	125,919	-
Due from employees	-	45,152	-
Intergovernmental	1,132	-	12,083
Due from other funds	-	-	4,100,000
Advances to other funds - current portion	-	-	314,585
Inventories	323,697	-	-
Prepaid items	3,008	73,185	-
Total Current Assets	2,093,065	4,562,104	8,576,271
Noncurrent Assets			
Advances to other funds - net of current portion	-	-	4,764,066
Capital assets			
Land	-	-	197,223
Land improvements	-	-	-
Buildings and structures	99,880	1,442,803	-
Machinery and vehicles	146,571	880,761	23,918,616
Office equipment	-	1,666,150	-
Construction in progress	-	-	240,995
Less accumulated depreciation	(186,523)	(3,112,811)	(13,949,577)
Total Capital Assets, Net of Accumulated Depreciation	59,928	876,903	10,407,257
Total Noncurrent Assets	59,928	876,903	15,171,323
Total Assets	2,152,993	5,439,007	23,747,594
Deferred Outflows of Resources			
Deferred other post employment benefit resources	23,027	73,139	-
Deferred pension resources	58,725	209,230	-
Total Deferred Outflows of Resources	81,752	282,369	-
Liabilities			
Current Liabilities			
Accounts and contracts payable	60,931	328,939	195,000
Accrued salaries payable	36,652	148,712	-
Deposits payable	-	492,746	-
Unearned revenue	-	-	-
Compensated absences payable - current portion	35,468	198,532	-
Total Current Liabilities	133,051	1,168,929	195,000
Noncurrent Liabilities			
Compensated absences payable	75,338	315,075	-
Net pension liability	606,102	2,159,471	-
Other postemployment benefit obligation	267,887	850,858	-
Total Noncurrent Liabilities	949,327	3,325,404	-
Total Liabilities	1,082,378	4,494,333	195,000
Deferred Inflows of Resources			
Deferred pension resources	119,869	427,080	-
Deferred other post employment benefit resources	9,525	30,254	-
Total Deferrred Inflows of Resources	129,394	457,334	-
Net Position			
Investment in capital assets	59,928	876,903	10,407,257
Unrestricted	963,045	(107,194)	13,145,337
Total Net Position	$ 1,022,973	$ 769,709	$ 23,552,594

7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ 2,940,556	$ 2,022,620	$ 15,121,305
-	-	74,064
328	-	126,733
-	-	45,152
14,734	-	27,949
-	1,400,000	5,500,000
-	-	314,585
-	-	323,697
-	-	76,193
2,955,618	3,422,620	21,609,678
-	-	4,764,066
-	-	197,223
-	301,267	301,267
-	2,119,505	3,662,188
-	361,057	25,307,005
-	-	1,666,150
-	299,102	540,097
-	(315,035)	(17,563,946)
-	2,765,896	14,109,984
-	2,765,896	18,874,050
2,955,618	6,188,516	40,483,728
-	-	96,166
-	-	267,955
-	-	364,121
342,867	362,626	1,290,363
-	-	185,364
-	-	492,746
328	-	328
-	-	234,000
343,195	362,626	2,202,801
-	-	390,413
-	-	2,765,573
-	-	1,118,745
-	-	4,274,731
343,195	362,626	6,477,532
-	-	546,949
-	-	39,779
-	-	586,728
-	2,765,896	14,109,984
2,612,423	3,059,994	19,673,605
$ 2,612,423	$ 5,825,890	$ 33,783,589

City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2019

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Operating Revenues			
Billings to departments	$ 3,064,486	$ 6,854,480	$ 1,502,453
Operating Expenses			
Salaries and benefits	1,332,776	4,649,856	-
Supplies	1,285,402	366,223	36,475
Other services and charges	443,504	1,392,439	483,970
Vehicle operation	73,684	4,986	-
Insurance	78,139	75,904	-
Utilities	46,914	108,535	-
Depreciation	4,994	283,681	1,671,687
Total Operating Expenses	3,265,413	6,881,624	2,192,132
Operating Income (Loss)	(200,927)	(27,144)	(689,679)
Nonoperating Revenues (Expenses)			
Intergovernmental	-	-	-
Investment income	33,763	83,054	329,653
Miscellaneous income	33,813	58,478	4,707
Rental income	-	539,254	-
Gain (loss) on sale of assets	-	-	84,322
Total Nonoperating Revenues (Expenses)	67,576	680,786	418,682
Income (Loss) Before Contributions and Transfers	(133,351)	653,642	(270,997)
Capital Grants and Contributions	-	-	656,225
Transfers in	330,000	250,000	-
Transfers out	(422,183)	(497,744)	(990,688)
Change in Net Position	(225,534)	405,898	(605,460)
Net Position, January 1	1,248,507	363,811	24,158,054
Net Position, December 31	$ 1,022,973	$ 769,709	$ 23,552,594

7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ 7,397,920	$ 375,000	$ 19,194,339
-	-	5,982,632
-	-	1,688,100
7,499,264	267,405	10,086,582
-	-	78,670
-	-	154,043
-	-	155,449
-	182,214	2,142,576
7,499,264	449,619	20,288,052
(101,344)	(74,619)	(1,093,713)
14,734	96,141	110,875
55,202	51,131	552,803
-	26,238	123,236
-	-	539,254
-	-	84,322
69,936	173,510	1,410,490
(31,408)	98,891	316,777
-	-	656,225
-	1,515,688	2,095,688
-	-	(1,910,615)
(31,408)	1,614,579	1,158,075
2,643,831	4,211,311	32,625,514
$ 2,612,423	$ 5,825,890	$ 33,783,589

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2019

	7010 Central Garage	7020 Administrative Services	7030 Equipment Replacement
Cash Flows from Operating Activities			
Receipts from interfund services provided	$ 3,063,297	$ 6,819,260	$ 1,520,371
Other cash receipts	33,813	597,732	4,707
Payments to suppliers	(1,848,412)	(3,647,029)	(88,445)
Payments to and on behalf of employees	(1,023,643)	(3,426,759)	-
Payments for interfund services provided	(359,514)	(19,531)	(432,000)
Net Cash Provided (Used) by Operating Activities	(134,459)	323,673	1,004,633
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	330,000	250,000	-
Transfers to other funds	(422,183)	(497,744)	(990,688)
(Increase) decrease in due from other funds	-	1,900,000	2,084,000
Intergovernmental operating grants received	-	-	-
Payment received on advances to other funds	-	-	303,857
Net Cash Provided (Used) by Noncapital Financing Activities	(92,183)	1,652,256	1,397,169
Cash Flows from Capital and Related Financing Activities			
Acquisitions of capital assets	-	(204,997)	(2,371,634)
Proceeds from capital grant	-	-	1,619,795
Proceeds from sale of capital assets	-	-	88,468
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(204,997)	(663,371)
Cash Flows from Investing Activities			
Interest received on investments	33,763	83,054	334,084
Net Increase (Decrease) in Cash and Cash Equivalents	(192,879)	1,853,986	2,072,515
Cash and Cash Equivalents, January 1	1,957,621	2,463,862	2,003,024
Cash and Cash Equivalents, December 31	$ 1,764,742	$ 4,317,848	$ 4,075,539

7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ 7,383,186	$ 375,000	$ 19,161,114
-	26,238	662,490
(7,101,894)	(178,047)	(12,863,827)
-	-	(4,450,402)
(408,000)	-	(1,219,045)
(126,708)	223,191	1,290,330
-	1,515,688	2,095,688
-	-	(1,910,615)
-	600,000	4,584,000
14,734	-	14,734
-	-	303,857
14,734	2,115,688	5,087,664
-	(771,590)	(3,348,221)
-	186,525	1,806,320
-	-	88,468
-	(585,065)	(1,453,433)
55,202	51,131	557,234
(56,772)	1,804,945	5,481,795
2,997,328	217,675	9,639,510
$ 2,940,556	$ 2,022,620	$ 15,121,305

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued)
For the Year Ended December 31, 2019

	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)	$ (200,927)	$ (27,144)	$ (689,679)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	33,813	597,732	4,707
Depreciation	4,994	283,681	1,671,687
(Increase) decrease in assets			
Accounts receivable	(57)	(40,652)	-
Due from employees	-	5,432	-
Due from other governments	(1,132)	-	17,918
Inventories	(19,328)	-	-
Prepaid items	5,930	9,006	-
(Increase) decrease in deferred outflows of resources			
Deferred other post employment benefit resources	(23,027)	(73,139)	-
Deferred pension resources	47,807	138,814	-
Increase (decrease) in liabilities			
Accounts and contracts payable	36,548	73,439	-
Accrued salaries payable	(12,345)	(16,555)	-
Compensated absences payable	24,279	44,477	-
Net pension liability	(24,200)	100,256	-
Other postemployment benefit obligation	40,835	183,216	-
Deposits payable	-	(837,256)	-
Unearned revenue	-	-	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(46,649)	(116,940)	-
Deferred other postemployment benefit resources	(1,000)	(694)	-
Net Cash Provided (Used) by Operating Activities	$ (134,459)	$ 323,673	$ 1,004,633
Noncash Investing, Capital and Financing Activities			
Book value of disposed of capital assets	$ -	$ -	$ 4,146
Capital assets acquired on account	-	-	195,000
Capital assets acquired with grants	-	-	12,083

7060 Central Insurance	7070 Building Facilities Replacement	Totals
$ (101,344)	$ (74,619)	$ (1,093,713)
-	26,238	662,490
-	182,214	2,142,576
(328)	-	(41,037)
-	-	5,432
(14,734)	-	2,052
-	-	(19,328)
-	-	14,936
-	-	(96,166)
-	-	186,621
(10,630)	89,358	188,715
-	-	(28,900)
-	-	68,756
-	-	76,056
-	-	224,051
-	-	(837,256)
328	-	328
-	-	(163,589)
-	-	(1,694)
$ (126,708)	$ 223,191	$ 1,290,330
$ -	$ -	$ 4,146
-	-	195,000
-	-	12,083

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CUSTODIAL FUNDS

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

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

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

City of Mankato, Minnesota
Custodial Funds
Combining Statement of Fiduciary Net Position
December 31, 2019

	Blue Earth County EDA	MN Valley Council of Governments	Totals
Assets			
Cash and temporary investments	$ 1,396,860	$ 68,424	$ 1,465,284
Cash held by fiscal agent	39,402	-	39,402
Receivables			
Accounts	8,790	18,475	27,265
Notes	50,000	-	50,000
Intergovernmental	57,080	-	57,080
Prepaid items	23,575	38	23,613
Total Assets	1,575,707	86,937	1,662,644
Liabilities			
Accounts payable	5,081	-	5,081
Due to other governments	30,577	-	30,577
Accrued salaries payable	5,839	2,319	8,158
Compensated absences payable	-	451	451
Unearned revenue	3,290	-	3,290
Deposits payable	31,014	-	31,014
Other current liabilities	173,185	-	173,185
Total Liabilities	248,986	2,770	251,756
Net Position			
Restricted			
Individuals, organizations and other governments	$ 1,326,721	$ 84,167	$ 1,410,888

City of Mankato, Minnesota
Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
December 31, 2019

	Blue Earth County EDA	MN Valley Council of Governments	Totals
Additions			
Tenant rental revenue	$ 296,362	$ -	$ 296,362
Excess utilities	2,855	-	2,855
HUD capital grants	55,194	-	55,194
HUD operating grants	560,603	-	560,603
Intergovernmental - state	131,445	-	131,445
Investment income	10,102	-	10,102
Other revenue	94,844	15	94,859
Total Additions	1,151,405	15	1,151,420
Deductions			
Administration	175,521	119	175,640
Utilities	97,025	-	97,025
Maintenance and operations	192,694	-	192,694
Insurance	32,282	-	32,282
Other charges and services	553,136	-	553,136
Total Deductions	1,050,658	119	1,050,777
Net Increase (Decrease) in Fiduciary Net Position	100,747	(104)	100,643
Net Position, January 1, as Restated Note 9	1,225,974	84,271	1,310,245
Net Position, December 31	$ 1,326,721	$ 84,167	$ 1,410,888

City of Mankato, Minnesota
Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2019 and 2018

	Total		Percent Increase (Decrease)	
	2019	2018		
Revenues				
Taxes	$ 22,200,713	$ 21,542,612	3.05	%
Special assessments	4,723,816	9,894,759	(52.26)	
Licenses and permits	1,597,650	1,480,785	7.89	
Intergovernmental	12,096,185	13,050,190	(7.31)	
Charges for services	1,782,599	1,653,783	7.79	
Fines and forfeits	216,656	230,206	(5.89)	
Investment earnings	717,087	173,098	314.27	
Miscellaneous	947,946	2,309,417	(58.95)	
Total Revenues	$ 44,282,652	$ 50,334,850	(12.02)	%
Per Capita	$ 1,016	$ 1,171	(13.20)	%
Expenditures				
Current				
General government	$ 2,539,643	$ 2,140,717	18.64	%
Public safety	15,651,488	14,548,972	7.58	
Public works	7,021,486	6,761,414	3.85	
Culture and recreation	4,380,198	4,406,282	(0.59)	
Community development	1,036,295	1,057,530	(2.01)	
Housing and economic development	524,054	736,455	(28.84)	
Capital outlay				
Public safety	35,200	1,003	3,409.47	
Public works	13,459,034	12,877,210	4.52	
Culture and recreation	577,398	3,449,671	(83.26)	
Housing and economic development	17,325	37,404	(53.68)	
Debt service				
Principal	8,535,258	8,679,790	(1.67)	
Interest and other charges	1,640,794	1,912,509	(14.21)	
Bond issuance costs	94,214	71,058	32.59	
Total Expenditures	$ 55,512,387	$ 56,680,015	(2.06)	%
Per Capita	$ 1,274	$ 1,318	(3.37)	%
Total Long-term Indebtedness	$ 56,674,952	$ 57,085,210	(0.72)	%
Per Capita	1,301	1,328	(2.04)	
General Fund Balance - December 31	$ 12,426,431	$ 12,303,102	1.00	%
Per Capita	285	286	(0.35)	

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.

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.

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Governmental Activities					
Net investment in capital assets	$ 115,421,929	$ 112,389,674	$ 101,941,446	$ 110,565,540	$ 118,192,062
Restricted	26,507,297	25,616,473	17,570,445	17,333,882	13,950,167
Unrestricted	(220,172)	1,903,067	9,597,559	8,510,377	2,700,132
Total Governmental Activities Net Position	141,709,054	139,909,214	129,109,450	136,409,799	134,842,361
Business-type Activities					
Net investment in capital assets	179,739,858	177,933,511	172,507,213	159,282,527	144,769,977
Restricted	1,561,951	1,555,100	1,545,781	1,621,790	1,550,383
Unrestricted	14,889,634	9,787,320	7,451,414	4,376,319	14,682,046
Total Business-type Activities Net Position	196,191,443	189,275,931	181,504,408	165,280,636	161,002,406
Primary Government					
Net investment in capital assets	295,161,787	290,323,185	274,448,659	269,848,067	262,962,039
Restricted	28,069,248	27,171,573	19,116,226	18,955,672	15,500,550
Unrestricted	14,669,462	11,690,387	17,048,973	12,886,696	17,382,178
Total Primary Government Net Position	$ 337,900,497	$ 329,185,145	$ 310,613,858	$ 301,690,435	$ 295,844,767

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

Table 1

	Fiscal Year				
	2014	2013	2012	2011	2010
	$ 110,615,767	$ 104,495,612	$ 99,776,628	$ 80,876,348	$ 71,580,346
	14,948,225	14,934,488	14,851,935	16,690,340	21,227,488
	18,699,209	16,803,735	16,854,778	25,984,793	25,338,723
	144,263,201	136,233,835	131,483,341	123,551,481	118,146,557
	133,631,312	130,374,455	123,992,933	118,480,296	104,708,126
	1,616,447	1,539,668	1,728,331	1,667,771	1,658,300
	11,844,458	11,441,521	14,905,663	14,688,729	24,191,413
	147,092,217	143,355,644	140,626,927	134,836,796	130,557,839
	244,247,079	234,870,067	223,769,561	199,356,644	176,288,472
	16,564,672	16,474,156	16,580,266	18,358,111	22,885,788
*	30,543,667	28,245,256	31,760,441	40,673,522	49,530,136
	$ 291,355,418	$ 279,589,479	$ 272,110,268	$ 258,388,277	$ 248,704,396

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Expenses					
Governmental Activities					
General government	$ 2,692,964	$ 2,139,186	$ 2,246,913	$ 2,031,948	$ 1,840,077
Public safety	16,436,303	14,334,888	15,403,251	16,433,824	13,854,689
Public works/streets	17,026,253	16,397,953	14,966,128	13,784,587	13,285,115
Culture and recreation	5,336,021	4,629,194	4,148,693	3,869,272	4,151,137
Community development	1,050,797	1,060,731	983,128	897,656	964,341
Housing and economic development	690,575	924,117	947,291	940,961	1,560,076
Interest on long-term debt	1,432,170	1,547,167	1,687,254	1,663,645	1,839,992
Total Governmental Activities Expenses	44,665,083	41,033,236	40,382,658	39,621,893	37,495,427
Business-type Activities					
Housing and economic development	6,887,260	6,308,005	6,203,104	6,778,791	6,634,108
Water	6,663,144	6,795,137	6,987,612	6,702,415 *	6,963,670
Wastewater plant	4,227,204	4,439,143	4,288,383	4,613,522 *	7,994,856
Sewer collection	1,849,602	1,546,690	2,030,859	1,943,202 *	-
Refuse	1,842,917	1,746,596	1,755,936	1,584,680 *	1,478,244
Utility operations and administration	1,430,095	1,366,607	1,442,752	1,714,572 *	-
Storm water	1,856,121	1,635,650	2,294,482	1,130,538	1,039,917
Street lighting	532,966	593,921	488,450	463,482	537,359
Mass transit	4,098,109	3,545,502	3,356,825	2,969,748	2,799,702
Parking	1,722,733	2,206,987	2,066,455	1,725,826	1,704,404
Airport	1,712,397	1,697,388	1,349,815	1,280,481	1,253,425
Civic center/arena	11,269,894	9,349,486	8,724,519	8,296,733	7,533,370
Total Business-type Activities Expenses	44,092,442	41,231,112	40,989,192	39,203,990	37,939,055
Total Primary Government Expenses	$ 88,757,525	$ 82,264,348	$ 81,371,850	$ 78,825,883	$ 75,434,482
Program Revenues					
Governmental activities					
Charges for services					
General government	$ 576,393	$ 359,181	$ 302,194	$ 138,957	$ 507,071
Public safety	1,593,667	1,663,227	1,304,091	1,379,009	696,165
Public works/streets	1,174,274	1,234,569	1,171,461	1,190,829	1,300,370
Culture and recreation	205,664	1,046,303	174,024	163,995	210,317
Community development	1,206,400	1,044,521	1,408,187	887,801	1,402,855
Housing and economic development	25,929	162,333	44,548	85,274	128,412
Operating grants and contributions	1,568,734	1,631,632	1,687,363	1,709,401	1,517,232
Capital grants and contributions	6,415,487	17,367,765	9,221,473	7,836,216	10,263,893
Total Governmental Activities Program Revenues	12,766,548	24,509,531	15,313,341	13,391,482	16,026,315
Business-type Activities					
Charges for services					
Housing and economic development	1,791,260	2,465,882	1,756,903	1,660,174	1,579,761
Water	8,514,790	7,661,621	7,222,928	6,754,785 *	7,602,348
Wastewater	1,618,345	1,587,571	1,416,702	1,518,721 *	8,064,504
Sewer	7,132,321	6,520,595	6,087,338	5,668,533 *	-
Refuse	2,088,145	1,956,612	1,887,512	1,767,800 *	1,712,654
Utility operations and administration	3,286,935	3,262,295	3,109,481	2,894,300 *	-
Storm water	3,143,071	2,724,008	2,217,398	1,848,593	1,775,644
Street lighting	651,348	629,952	644,975	570,865	564,205
Mass transit	772,057	715,533	721,241	781,053	689,118
Parking	517,859	499,241	486,005	510,484	511,873
Airport	484,766	481,443	510,558	405,919	501,417
Civic center/arena	7,076,109	5,256,308	5,063,134	4,454,798	3,766,307
Operating grants and contributions	6,950,492	6,156,229	3,616,802	3,518,467	3,237,800
Capital grants and contributions	2,128,755	3,301,423	5,161,103	4,746,420	18,896,137
Total Business-type Activities Program Revenues	46,156,253	43,218,713	39,902,080	37,100,912	48,901,768
Total Primary Government Program Revenues	$ 58,922,801	$ 67,728,244	$ 55,215,421	$ 50,492,394	$ 64,928,083

Table 2

Fiscal Year				
2014	2013	2012	2011	2010
$ 1,531,723	$ 1,516,610	$ 2,164,119	$ 1,758,385	$ 1,700,795
12,635,722	12,124,676	11,088,280	10,235,082	10,321,759
6,661,969	13,699,207	12,830,170	12,552,180	12,511,847
3,489,926	3,142,526	3,967,360	2,720,460	2,726,903
824,372	737,065	692,065	712,338	825,489
8,345,526	692,735	835,370	1,186,443	2,262,353
1,786,208	1,552,416	1,667,988	1,900,056	2,306,166
35,275,446	33,465,235	33,245,352	31,064,944	32,655,312
6,564,123	5,933,081	5,618,551	5,556,149	5,377,278
5,657,427	5,704,267	5,699,685	5,628,762	5,007,253
6,576,152	6,349,596	6,367,447	6,278,046	6,805,509
-	-	-	-	-
1,595,558	1,518,051	1,465,029	1,403,140	1,401,632
-	-	-	-	-
1,093,040	746,361	779,104	932,310	737,544
473,791	526,632	-	-	-
2,355,462	2,077,044	2,160,734	1,801,097	1,648,413
1,650,675	1,488,654	1,276,180	1,477,825	1,325,164
1,251,951	1,166,252	1,063,128	1,057,847	1,068,950
6,674,094	6,486,079	7,068,359	5,774,402	5,355,797
33,892,273	31,996,017	31,498,217	29,909,578	28,727,540
$ 69,167,719	$ 65,461,252	$ 64,743,569	$ 60,974,522	$ 61,382,852
$ 478,265	$ 297,140	$ 296,949	$ 343,809	$ 408,100
654,190	716,344	628,105	597,126	582,449
895,996	1,118,932	1,013,960	628,191	598,352
169,124	170,637	217,565	253,421	151,608
1,351,616	1,278,058	1,163,500	967,478	1,084,076
446,837	72,067	319,541	563,218	528,467
1,420,585	1,196,506	1,381,403	1,286,807	983,607
11,831,916	8,601,386	10,308,408	3,985,234	7,419,802
17,248,529	13,451,070	15,329,431	8,625,284	11,756,461
1,641,645	1,566,129	1,762,591	1,122,050	1,126,594
7,149,823	6,733,488	6,832,767	6,639,088	6,198,191
7,709,753	7,381,881	7,319,742	7,763,023	7,479,253
-	-	-	-	-
1,638,421	1,515,431	1,502,100	1,392,027	1,356,772
-	-	-	-	-
1,403,042	1,294,654	1,260,040	1,145,884	1,212,729
548,957	525,054	-	-	-
603,761	585,109	507,570	470,098	461,987
460,429	482,899	449,885	439,215	382,965
416,238	338,868	304,742	316,769	289,253
3,397,300	3,538,408	4,297,506	3,055,092	2,884,824
3,474,719	4,212,825	3,908,635	3,958,971	4,830,135
4,276,486	1,538,544	4,860,654	7,127,656	3,875,768
32,720,574	29,713,290	33,006,232	33,429,873	30,098,471
$ 49,969,103	$ 43,164,360	$ 48,335,663	$ 42,055,157	$ 41,854,932

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

	Fiscal Year				
	2019	2018	2017	2016	2015
Program Revenues (Continued)					
Net (expense)/revenue					
Governmental activities	$ (31,898,535)	$ (16,523,705)	$ (25,069,317)	$ (26,230,411)	$ (21,469,112)
Business-type activities	2,063,811	1,987,601	(1,087,112)	(2,103,078)	10,962,713
Total Primary Government Net Expense	$ 29,834,724	$ 14,536,104	$ 26,156,429	$ 28,333,489	$ 10,506,399
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	$ 14,397,784	$ 13,755,275	$ 12,324,959	$ 11,572,743	$ 10,065,551
Property taxes, levied for debt service	4,778,385	4,842,266	4,778,752	4,782,809	4,773,315
Tax increments	627,138	641,008	609,308	576,736	436,701
Hotel-motel tax	663,858	639,651	616,818	534,709	546,573
Gambling tax	118,459	106,776	96,069	88,192	70,730
Franchise taxes	1,689,290	1,614,677	1,627,921	1,582,872	1,401,288
Grants and contributions not restricted to specific prograı	7,242,974	7,238,657	7,048,678	6,978,457	6,953,808
Unrestricted investment earnings	1,269,890	454,497	417,292	341,858	295,049
Other revenues	166,200	110,000	127,506	679,059	463,837
Gain on sale of capital assets	84,322	55,168	38,446	42,635	2,283
Transfers	2,660,075	1,127,375	(10,394,943)	617,779	339,690
Total Governmental Activities	33,698,375	30,585,350	17,290,806	27,797,849	25,348,825
Business-type Activities					
Taxes					
Property taxes, levied for general purposes	390,000	390,000	390,000	392,000	392,000
Tax increments	292,897	242,657	279,095	288,074	273,850
Sales tax	6,403,830	6,373,295	6,178,779	6,067,592	6,478,659
Unrestricted investment earnings	410,259	170,896	131,166	102,251	74,687
Other revenues	-	12,649	-	-	212,825
Gain on sale of capital assets	14,790	362,802	415,063	149,170	65,373
Transfers	(2,660,075)	(1,127,375)	10,394,943	(617,779)	(339,690)
Total Business-type Activities	4,851,701	6,424,924	17,789,046	6,381,308	7,157,704
Total Primary Government	$ 38,550,076	$ 37,010,274	$ 35,079,852	$ 34,179,157	$ 32,506,529
Changes in Net Position					
Governmental Activities	$ 1,799,840	$ 14,061,645	$ (7,778,511)	$ 1,567,438	$ 3,879,713
Business-type Activities	6,915,512	8,412,525	16,701,934	4,278,230	18,120,417
Total Primary Government	$ 8,715,352	$ 22,474,170	$ 8,923,423	$ 5,845,668	$ 22,000,130

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

Table 2 (Continued)

Fiscal Year				
2014	2013	2012	2011	2010
$ (18,026,917)	$ (20,014,165)	$ (17,915,921)	$ (22,439,660)	$ (20,898,851)
(1,171,699)	(2,282,727)	1,508,015	3,520,295	1,370,931
$ 19,198,616	$ 22,296,892	$ 16,407,906	$ 18,919,365	$ 19,527,920
$ 9,764,558	$ 9,915,583	$ 10,183,057	$ 9,278,959	$ 8,803,137
4,638,833	4,527,711	3,738,151	3,334,688	3,249,774
381,427	707,867	553,925	705,125	815,467
477,105	431,100	433,348	387,912	386,686
56,947	55,224	47,908	44,341	47,537
937,473	909,863	884,975	891,247	850,777
6,858,121	6,268,648	6,268,599	6,503,440	6,416,702
395,154	172,427	629,831	842,660	543,382
598,469	399,245	457,072	413,400	317,760
23,593	65,200	374,389	39,827	42,404
1,924,603	1,311,791	2,276,526	5,639,008	1,081,362
26,056,283	24,764,659	25,847,781	28,080,607	22,554,988
392,000	387,000	387,000	427,000	427,500
75,831	167,575	142,807	146,604	143,353
5,896,934	5,626,488	5,562,626	5,295,204	5,031,581
114,683	11,422	228,392	551,847	352,507
80,899	204	-	-	-
272,528	130,546	237,817	-	-
(1,924,603)	(1,311,791)	(2,276,526)	(5,639,008)	(1,081,362)
4,908,272	5,011,444	4,282,116	781,647	4,873,579
$ 30,964,555	$ 29,776,103	$ 30,129,897	$ 28,862,254	$ 27,428,567
$ 8,029,366	$ 4,750,494	$ 7,931,860	$ 5,640,947	$ 1,656,137
3,736,573	2,728,717	5,790,131	4,301,942	6,244,510
$ 11,765,939	$ 7,479,211	$ 13,721,991	$ 9,942,889	$ 7,900,647

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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
2019	$ 14,397,784	$ 4,778,385	$ 627,138	$ 663,858	$ 118,459	$ 1,689,290	$ 22,274,914
2018	13,755,275	4,842,266	641,008	639,651	106,776	1,614,677	21,599,653
2017	12,324,959	4,778,752	609,308	616,818	96,069	1,627,921	20,053,827
2016	11,572,743	4,782,809	576,736	534,709	88,192	1,582,872	19,138,061
2015	10,065,551	4,773,315	436,701	546,573	70,730	1,401,288	17,294,158
2014	9,764,558	4,638,833	381,427	477,105	56,947	937,473	16,256,343
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

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

	Fiscal Year			
	2019	2018	2017	2016
General Fund				
Nonspendable	$ 171,334	$ 179,034	$ 165,473	$ 153,146
Assigned	3,000,000	3,000,000	3,000,000	3,000,000
Unassigned (Unreserved in 2010 - 2011)	9,255,097	9,124,068	8,870,449	8,384,654
Total General Fund	$ 12,426,431	$ 12,303,102	$ 12,035,922	$ 11,537,800
All Other Governmental Funds				
Nonspendable	$ 58	$ 49	$ 47	$ 37
Restricted (Reserved in 2010 - 2011)	16,016,990	13,124,778	7,427,663	9,295,748
Committed	3,178,888	3,074,165	3,021,247	2,950,329
Assigned	4,244,044	4,596,933	6,221,780	7,197,004
Unassigned (Unreserved in 2010 - 2011), reported in				
Debt Service fund	-	-	(2,378,694)	(4,249,292)
Special revenue funds	-	-	-	-
Capital projects funds	(23,547,133)	(21,877,044)	(15,088,388)	(16,560,902)
Total All Other Governmental Funds	$ (107,153)	$ (1,081,119)	$ (796,345)	$ (1,367,076)

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					
2015	2014	2013	2012	2011	2010
$ 143,646	$ 22,545	$ 41,501	$ 35,836	$ 23,855	$ 30,224
3,000,000	2,900,000	2,900,000	2,900,000	2,700,000	-
8,106,691	7,952,060	7,597,750	7,090,014	7,002,340	9,307,516
$ 11,250,337	$ 10,874,605	$ 10,539,251	$ 10,025,850	$ 9,726,195	$ 9,337,740
$ 24	$ 27	$ -	$ 1,104	$ -	$ -
6,340,427	4,601,236	6,338,136	6,326,789	3,124,776	5,832,830
2,891,820	2,822,164	2,256,215	2,266,144	2,687,410	-
7,145,675	6,342,712	6,571,529	10,219,483	11,393,774	-
(5,762,043)	(5,289,623)	(5,867,103)	(5,724,531)	(1,766,249)	-
(38,270)	(2,429)	(780,340)	(753,782)	(651,270)	4,774,018
(23,394,510)	(19,396,398)	(23,635,216)	(27,215,625)	(18,875,078)	(7,054,684)
$ (12,816,877)	$ (10,922,311)	$ (15,116,779)	$ (14,880,418)	$ (4,086,637)	$ 3,552,164

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

	Fiscal Year			
	2019	2018	2017	2016
Revenues				
Taxes	$ 22,200,713	$ 21,542,612	$ 20,023,327	$ 19,074,341
Special assessments	4,723,816	9,894,759	4,870,934	5,199,426
Licenses and permits	1,597,650	1,480,785	1,894,224	1,444,038
Intergovernmental revenue	12,096,185	13,050,190	12,001,970	11,814,810
Charges for services	1,782,599	1,653,783	1,179,278	1,367,322
Fines and forfeits	216,656	230,206	280,885	259,746
Investment earnings (loss)	717,087	173,098	146,303	92,332
Other revenues	947,946	2,309,417	2,172,452	2,121,187
Total Revenues	44,282,652	50,334,850	42,569,373	41,373,202
Expenditures				
General government	2,539,643	2,140,717	2,170,822	1,875,492
Public safety	15,651,488	14,548,972	14,133,308	13,550,789
Public works	7,021,486	6,761,414	5,777,744	5,465,300
Culture and recreation	4,380,198	4,406,282	3,945,199	3,698,288
Community development	1,036,295	1,057,530	958,326	921,082
Housing and economic development	524,054	736,455	599,650	528,856
Capital outlay	14,088,957	16,365,288	16,532,171	14,177,483
Debt service				
Principal	8,535,258	8,679,790	8,530,000	8,825,000
Interest	1,640,794	1,912,509	1,928,673	1,660,429
Bond issuance costs	94,214	71,058	132,892	101,111
Total Expenditures	55,512,387	56,680,015	54,708,785	50,803,830
Deficiency of Revenues Under Expenditures	(11,229,735)	(6,345,165)	(12,139,412)	(9,430,628)
Other Financing Sources (Uses)				
Transfers in	6,423,673	8,980,459	10,588,378	6,230,922
Transfers out	(3,171,936)	(6,556,023)	(7,936,164)	(3,668,406)
Sale of capital assets	-	-	-	-
Bonds issued	8,125,000	3,575,000	10,060,000	18,090,000
Payment to refunded bond escrow agent	-	-	-	-
Premium on bonds issued	950,293	328,135	496,051	515,376
Total Other Financing Sources (Uses)	12,327,030	6,327,571	13,208,265	21,167,892
Net Change in Fund Balances	$ 1,097,295	$ (17,594)	$ 1,068,853	$ 11,737,264
Debt Service as a Percentage of Noncapital Expenditures	24.33%	25.99%	26.85%	28.32%

Table 5

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 17,507,555	$ 16,260,912	$ 16,503,543	$ 15,853,459	$ 15,128,503	$ 14,076,010
5,629,972	4,905,110	7,444,796	4,593,208	4,421,820	5,344,772
1,656,723	1,653,681	1,558,052	1,427,286	1,175,944	1,309,605
11,016,877	15,853,629	9,825,341	13,835,393	8,349,853	9,257,993
1,639,943	1,137,238	1,282,000	1,315,421	787,003	793,263
320,089	286,036	249,696	245,021	300,473	340,578
67,711	119,078	(47,414)	272,819	459,904	323,901
2,861,029	1,179,889	896,227	1,251,962	1,385,707	1,128,482
40,699,899	41,395,573	37,712,241	38,794,569	32,009,207	32,574,604
1,651,814	1,466,057	1,369,311	2,073,632	1,624,078	1,537,785
12,881,448	12,137,728	11,673,146	10,707,822	10,322,858	10,288,345
5,259,489	5,410,032	4,687,982	4,466,929	4,381,954	5,069,003
3,513,213	2,932,316	2,625,886	3,211,203	2,732,200	2,610,854
949,100	813,647	746,751	707,280	728,881	843,051
455,572	395,110	482,956	1,173,772	663,397	879,548
17,821,659	20,057,460	16,046,210	24,256,649	12,898,974	12,976,909
8,945,000	8,730,000	9,775,000	10,560,000	9,270,000	17,675,000
1,830,782	1,776,714	1,704,968	1,877,261	2,109,757	2,497,684
249,969	75,421	88,008	43,872	25,200	-
53,558,046	53,794,485	49,200,218	59,078,420	44,757,299	54,378,179
(12,858,147)	(12,398,912)	(11,487,977)	(20,283,851)	(12,748,092)	(21,803,575)
5,072,476	11,870,994	7,280,738	10,677,682	14,275,983	10,391,354
(3,854,634)	(8,558,279)	(3,553,164)	(7,877,913)	(4,638,237)	(5,706,589)
-	-	-	322,731	-	-
9,930,000	10,380,000	7,720,000	6,315,000	-	10,130,000
-	-	-	-	(4,140,000)	-
191,471	1,503,593	317,443	352,225	-	174,260
11,339,313	15,196,308	11,765,017	9,789,725	5,497,746	14,989,025
$ (1,518,834)	$ 2,797,396	$ 277,040	$ (10,494,126)	$ (7,250,346)	$ (6,814,550)
30.07%	30.44%	33.49%	34.26%	35.14%	47.88%

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
2019	$ 19,101,968	$ 627,138	$ 663,858	$ 118,459	$ 1,689,290	$ 22,200,713
2018	18,540,500	641,008	639,651	106,776	1,614,677	21,542,612
2017	17,073,211	609,308	616,818	96,069	1,627,921	20,023,327
2016	16,291,832	576,736	534,709	88,192	1,582,872	19,074,341
2015	15,052,263	436,701	546,573	70,730	1,401,288	17,507,555
2014	14,407,960	381,427	477,105	56,947	937,473	16,260,912
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

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
2019	$ 390,000	$ 292,897	$ 255,480	$ 5,365,430	$ 782,920	$ 7,086,727
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

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						
2019	$ 25,418,645	$ 20,894,668	$ 835,871	$ -	$ 47,149,184	44.060	$ 3,702,533,000	1.27 %
2018	23,924,662	20,791,850	843,674	-	45,560,186	44.000	3,554,406,700	1.28
2017	22,512,708	20,497,055	811,087	-	43,820,850	43.820	3,405,370,800	1.29
2016	20,340,351	19,958,545	754,176	-	41,053,072	43.730	3,183,113,900	1.29
2015	19,253,456	19,075,301	613,716	43,134	38,899,339	43.620	3,034,101,000	1.28
2014	17,785,746	16,644,681	591,542	42,846	34,979,123	44.060	2,680,987,800	1.31
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

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
2020	32.95 %	11.11 %	44.06 %	38.94 %	3.09 %	42.03 %
2019	32.18	11.82	44.00	38.34	3.24	41.58
2018	31.09	12.73	43.82	38.50	1.42	39.92
2017	30.35	13.38	43.73	37.54	1.49	39.03
2016	29.17	14.45	43.62	36.29	1.78	38.07
2015	29.19	14.87	44.06	35.40	1.77	37.17
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

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			
11.05	%	10.67	%	21.72	%			0.17	%	44.06	%	63.92	%	107.98	%		
10.93		11.49		22.42				0.17		44.00		64.17		108.17			
9.81		12.42		22.23				0.17		43.82		62.32		106.14			
9.91		12.49		22.40				0.17		43.73		61.60		105.33			
10.36		13.74		24.10				0.16		43.62		62.33		105.95			
10.21		12.36		22.57				0.16		44.06		59.90		103.96			
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			

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

Table 9

Taxpayer	Type of Business	2019 Taxable Assessed Value	2019 Rank	2019 Percentage of Total Taxable Assessed Value	2010 Taxable Assessed Value	2010 Rank	2010 Percentage of Total Taxable Assessed Value
Xcel Energy	Utility	$ 1,322,038	1	2.80 %	$ 902,853	2	2.62 %
River Hills Mall	Shopping Center	1,053,420	2	2.23	1,021,246	1	2.96
Wal-Mart Stores, Inc.	Retail	576,340	3	1.22	205,484	13	0.60
Highland Hills of Mankato	Apartments	363,796	4	0.77	230,701	10	0.67
Mankato Clinic LTD	Medical	358,488	5	0.76	181,944	15	0.53
Inland Real Estate Corp	Apartments	317,496	6	0.67	318,838	3	0.92
PDL Leasing LLC	Manufacturing	306,118	7	0.65	182,972	14	0.53
Kearney Properties LTD	Retail	298,186	8	0.63	-		-
Minnesota Gas Company	Utility	295,840	9	0.63	-		-
Archer-Daniels Midland	Soybean Processor	282,056	10	0.60	288,432	5	0.84
ISJ Mayo Health Systems	Hospital	260,771	11	0.55	287,511	6	0.83
Monks Road Associates	Apartments	259,417	12	0.55	245,850	8	0.71
J L Partnership	Commercial Real Estate	248,120	13	0.53	232,730	9	0.67
Quarters at Mankato LLC	Apartments	237,689	14	0.50	-		-
Mills Properties, Inc.	Hardware Distribution	237,480	15	0.50	-		-
City of Mankato	Government	-		-	300,638	4	0.87
Verizon Communications	Wireless Telecommunication	-		-	286,580	7	0.83
Harvest States	Agriculture	-		-	228,658	11	0.66
Menard, Inc.	Hardware Distribution	-		-	223,302	12	0.65
Total		$ 6,417,255		13.61 %	$ 5,137,739		14.89 %

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
2019	$ 19,652,000	$ 19,383,695	98.6 %	$ -	$ 19,383,695	98.6 %
2018	18,839,000	18,624,837	98.9	137,707	18,762,544	99.6
2017	17,600,000	17,451,332	99.2	122,660	17,573,992	99.9
2016	16,620,000	16,448,430	99.0	150,664	16,599,094	99.9
2015	15,132,325	15,019,204	99.3	95,287	15,114,491	99.9
2014	14,536,325	14,359,049	98.8	169,772	14,528,821	99.9
2013	14,349,750	14,204,737	99.0	138,196	14,342,933	100.0
2012	14,100,750	13,924,048	98.7	170,704	14,094,752	100.0
2011	13,429,000	13,265,141	98.8	161,211	13,426,352	100.0
2010	13,171,585	12,905,138	98.0	264,413	13,169,551	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
2019	$ 3,178,171	$ 3,075,000	$ 51,433,120	$ 2,357,315	$ 35,995,919	$ -
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

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
$ 234,516	$ 98,377	$ 96,372,418	N/A %	$ 2,212
272,916	292,840	102,902,847	3.42	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

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
2019	$ 3,178,171	$ 3,075,000	$ 51,433,120	$ -	$ 57,686,291	1.56 %	$ 1,324
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

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, 2019

Table 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt			
City of Mankato	$ 60,043,606	100.00 %	$ 60,043,606
Overlapping Debt			
Blue Earth County	16,766,538	50.57	8,478,838
Nicollet County	16,685,000	0.14	23,359
Independent School Dist. 77	90,647,821	78.18	70,868,466
Total Overlapping Debt	124,099,359		79,370,663
Total Direct and Overlapping Debt	$ 184,142,965		$ 139,414,269

(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

	2019	2018	2017	2016	2015
Debt Limit	$ 111,075,990	$ 106,632,201	$ 102,161,124	$ 95,493,417	$ 91,023,030
Total Net Debt Applicable to Limit	3,178,171	3,933,206	4,734,909	5,543,513	5,395,081
Legal Debt Margin	$ 107,897,819	$ 102,698,995	$ 97,426,215	$ 89,949,904	$ 85,627,949
Total Net Debt Applicable to the Limit	2.86%	3.69%	4.63%	5.81%	5.93%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value - Nonexempt	$ 47,149,184
Assessed Value - Exempt	-
Total Assessed Value	47,149,184
Debt Limit (3 Percent of Total Assessed Value)	111,075,990
Debt Applicable to Limit	
General obligation bonds	3,178,171
Legal Debt Margin	$ 107,897,819

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

2014	2013	2012	2011	2010
$ 83,178,351	$ 80,429,634	$ 78,121,512	$ 78,338,937	$ 78,181,878
5,146,438	4,977,163	4,754,371	4,430,728	4,860,898
$ 78,031,913	$ 75,452,471	$ 73,367,141	$ 73,908,209	$ 73,320,980
6.19%	6.19%	6.09%	5.66%	6.22%

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

Table 15A

Year	Utility Revenue Bonds						
	Gross Revenue	Direct Operating Expenses[2]	Net Revenue Available for Debt Service	Debt Service Requirements [1]			Coverage
				Principal	Interest	Total	
2019	$ 17,261,085	$ 8,117,186	$ 9,143,899	$ 5,318,688	$ 815,435	$ 6,134,123	1.49
2018	15,656,034	8,058,515	7,597,519	5,222,727	974,742	6,197,469	1.23
2017	14,656,386	8,504,034	6,152,352	5,314,484	1,364,582	6,679,066	0.92
2016	13,850,842	7,913,925	5,936,917	4,996,544	1,350,409	6,346,953	0.94
2015	17,166,230	11,325,392	5,840,838	4,859,978	1,270,239	6,130,217	0.95
2014	16,257,803	10,248,379	6,009,424	4,485,502	1,316,858	5,802,360	1.04
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

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
2019	$ 12,023,319	$ 7,287,051	$ 4,736,268	$ 1,685,000	$ 386,221	$ 2,071,221	2.29
2018	10,297,601	5,580,697	4,716,904	2,495,000	472,285	2,967,285	1.59
2017	10,108,718	5,860,481	4,248,237	2,200,000	576,892	2,776,892	1.53
2016	9,499,310	5,690,259	3,809,051	1,035,000	661,063	1,696,063	2.25
2015	8,712,210	5,455,506	3,256,704	1,035,000	575,318	1,610,318	2.02
2014	7,197,628	4,702,516	2,495,112	1,010,000	131,325	1,141,325	2.19
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

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
2019	43,567	N/A	$ 44,076	27.0	8,685	2.3 %
2018	42,986	$ 3,008,501,655	43,165	27.0	8,568	2.4
2017	42,799	2,917,818,540	40,484	27.0	8,780	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

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

Table 17

	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Independent School District 77	2,500	1	9.32 %	1,400	3	7.37 %
Immanuel St. Joseph's - Mayo Health System	1,871	2	6.98	2,200	1	11.58
Minnesota State University, Mankato	1,700	3	6.34	1,700	2	8.95
Mankato Clinic	826	4	3.08	682	5	3.59
Walmart Distribution Center	525	5	1.96	-		-
Blue Earth County	509	6	1.90	415	8	2.18
City of Mankato	382	7	1.42	322	10	1.69
Minnesota Elevator, Inc.	330	8	1.23	-		-
MRCI Industrial Operation	319	9	1.19	1,240	4	6.53
MTU Onsite Energy	306	10	1.14	342	9	2
Monarch Healthcare Management (Formerly Thro Co)	-		-	656	6	3.45
Verizon Wireless	-		-	540	7	2.84
Total	9,268		34.56 %	9,497		49.98 %

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				
	2019	2018	2017	2016	2015
General government	-	-	-	1	3
Public safety					
Administration	9	7	8	8	8
Police	74	76	67	77	63
Fire	19	20	18	18	18
Emergency management	1	1	1	1	1
Building inspectors	4	5	4	4	4
Streets and highways					
Engineering	11	10	13	17	12
Maintenance	15	15	14	15	14
Culture and recreation					
Parks	15	15	13	12	12
Housing and economic development	17	19	17	13	14
Water	17	15	17	17	15
Sewer	21	22	18	21	20
Utility administration	2	3	3	5	5
Storm water	4	3	3	3	3
Transit	41	34	30	39	31
Airport	3	3	2	2	2
Parking	1	1	1	-	-
Civic center	16	12	9	7	8
Garage	13	14	12	9	10
Administrative services	38	37	34	31	31
Total	321	312	284	300	274

Source: Human Resources Department

Table 18

Full-time Equivalent Employees as of December 31

2014	2013	2012	2011	2010
3	3	3	3	3
8	9	9	9	8
55	53	53	54	54
17	18	18	18	16
1	1	-	-	-
4	4	3	3	5
12	12	14	13	11
14	14	13	13	15
12	9	12	12	12
14	13	12	12	12
14	15	15	15	15
20	20	18	18	19
5	5	6	6	6
3	3	2	2	2
25	25	17	17	17
2	2	2	2	2
-	-	-	-	-
8	12	12	12	12
9	11	10	10	10
28	29	28	27	26
254	258	247	246	245

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

Function	Fiscal Year 2019	2018	2017	2016	2015
Police					
Physical arrests	3,588	3,495	3,773	3,333	3,763
Parking violations	2,323	2,797	2,717	4,167	3,567
Traffic violations	1,695	1,945	2,221	1,948	2,784
Fire					
Number of calls answered	2,965	2,888	2,878	2,852	2,706
Inspections	303	176	191	178	178
Building Permits					
Residential	90	138	180	123	110
Industrial, construction and commercial	20	23	53	43	28
Highways and Streets					
Street resurfacing (miles)	0.94	1.20	3.03	1.55	2.29
Potholes repaired	903	785	853	673	702
Culture and Recreation					
Swimming pool attendance	7,817	15,322	15,176	15,875	18,534
Campground rentals	2,071	2,108	2,330	2,368	2,229
Park shelter rentals	1,039	849	894	1,559	832
Water					
New connections	282	236	259	566	373
Water main breaks	33	34	28	11	27

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

Table 19

Fiscal Year				
2014	2013	2012	2011	2010
3,435	3,075	3,005	3,229	3,415
4,316	2,957	3,354	3,400	4,743
2,390	1,741	1,158	970	1,479
2,633	2,221	2,117	2,206	2,168
178	110	154	71	132
83	151	114	100	100
27	35	26	33	25
1.19	0.44	4.66	5.14	4.36
736	712	637	564	786
21,084	17,226	19,359	18,367	21,784
1,308	2,178	1,367	1,494	1,399
710	402	249	228	183
276	316	220	173	107
38	33	31	25	38

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

Function	Fiscal Year 2019	2018	2017	2016	2015
Public safety					
Police					
Stations	1	1	1	1	1
Fire					
Stations	3	3	3	3	3
Hydrants	2,293	2,285	2,271	2,255	2,192
I.S.O. Rating	2	3	3	3	3
Public works					
Street division					
Miles of street	249.45	243.06	241.77	238.35	238.35
Lane miles of street	583.76	844.58	838.89	834.73	834.73
Percent of paved streets	100%	100%	100%	100%	100%
Miles of alleys	23.07	23.07	23.12	23.12	23.12
Signalized intersections	59	59	59	59	59
Parks division					
Neighborhood parks	24	23	23	23	23
Area in acres	154.44	147.5	148	148	148
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 6,800 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	1w/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	11,536	11,461	11,340	11,102	10,417
Commercial	1,065	1,336	1,507	1,499	1,444
Industrial	127	178	51	17	17
Government	286	414	352	259	230
Average daily consumption in gallons	5,088,000	4,972,000	4,886,000	4,811,928	-
Maximum daily consumption	6,815,000	7,453,000	7,380,000	7,113,000	7,665,000
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	261	259	257	256	251

Table 20

Fiscal Year				
2014	2013	2012	2011	2010
1	1	1	1	1
3	3	2	2	2
2,164	2,144	2,105	2,057	2,054
3	3	3	3	3
202.30	176.75	158.20	188.74	188.74
692.04	424.53	422.11	520.14	520.14
100%	100%	100%	100%	100%
23.12	19.94	11.58	11.58	11.58
61	59	59	57	56
21	20	20	18	17
137	136	136	128	96
7	7	7	6	5
472	472	472	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	12	6	6
10	10	10	10	9
18	18	18	18	15
1 with 39 sites	1 with 39 sites	1 with 39 sites	1 with 22 sites	1 with 30 sites
3	3	3	3	3
8	8	8	8	8
2	2	2	2	2
6	8	8	8	8
4	4	4	4	4
6	-	-	-	-
Lime softening	Lime softening	Lime softening	Lime softening	Lime softening
10,200	10,060	9,917	9,769	9,673
1,399	1,372	1,341	1,322	1,304
17	17	17	14	14
229	224	230	218	215
5,051,381	4,977,205	5,433,419	5,110,564	4,929,403
8,026,000	7,983,000	9,325,000	7,779,000	7,372,000
12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
10,900,000	10,900,000	10,900,000	10,900,000	10,900,000
247	244	242	236	234

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

Function	Fiscal Year 2019	2018	2017	2016	2015
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	2,734,290,400	2,392,197,208	2,114,450,000	2,398,963,855	2,326,311,000
City of North Mankato, gal/year	629,146,900	549,309,292	509,051,000	547,156,211	408,810,000
City of Eagle Lake, gal/year	110,923,400	119,076,500	107,551,000	98,229,900	80,312,000
South Bend Township, gal/year	20,665,600	17,306,000	16,060,000	18,058,897	13,538,000
LWSSD- Lake Washington, gal/year	31,766,926	21,189,562	19,220,500	19,853,237	18,023,000
LWSSD- Duck/ Balantyne, gal/year	9,781,000	9,549,000	8,911,000	9,499,500	8,986,000
Skyline, gal/year	8,175,300	8,439,200	7,886,000	8,143,400	8,104,000
Madison Lake, gal/year	44,147,100	39,890,000	35,739,000	36,551,000	33,901,000
Average daily sewage treatment in gallons	9,812,000	8,646,420	7,719,800	8,570,000	7,939,685
Maximum design capacity (millions of gallons/da	11.25	11.25	11.25	11.25	11.25
Miles of sanitary sewer	211	209	207	206	203
Storm drains					
Lift stations	14	14	14	13	13
Holding ponds	82	82	82	80	78
Flood control pumping stations	5	5	5	5	5
Miles of storm drains	247	245	244	242	240
Ramps					
Ramps	6	6	6	6	6
Ramp spaces					
Mankato Place	596	596	596	596	596
Cherry Street	197	197	197	197	197
Civic Center	334	334	334	334	334
Second Street	179	179	179	179	179
Public Safety Center	56	56	56	56	56
City Center	315	315	315	315	315
Total ramp spaces	1,677	1,677	1,677	1,677	1,677
Employees					
Supervisors					
Union employees	156	163	145	144	144
Other employees	156	148	144	144	144
Total employees	312	311	289	288	288

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

Table 20 (Continued)

Fiscal Year				
2014	2013	2012	2011	2010
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
2,348,652,000	2,103,854,000	1,893,800,000	2,427,777,000	2,239,189,000
422,613,000	363,231,000	363,389,000	551,771,000	467,357,000
87,963,000	75,802,000	61,439,000	87,378,000	89,093,000
14,929,000	14,399,000	14,820,000	24,148,000	18,455,000
19,056,000	18,528,000	18,525,000	19,611,000	18,134,000
2,727,000	-	-	-	-
8,904,000	11,145,000	11,452,000	10,257,000	14,059,000
34,436,000	36,741,000	33,035,000	33,035,000	37,552,000
8,052,822	7,188,219	6,545,000	8,593,863	7,871,000
11.25	11.25	11.25	11.25	11.25
201	198	196	191	168
13	13	13	13	13
78	75	54	54	54
5	5	5	5	5
238	-	-	-	-
5	5	5	5	4
596	596	596	596	596
170	170	170	170	170
449	449	449	449	449
197	197	197	197	-
56	56	-	-	-
-	-	-	-	-
1,468	1,468	1,412	1,412	1,215
134	147	123	122	128
130	117	132	126	118
264	264	255	248	246

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SCHEDULES OF SOURCES AND USES OF PUBLIC FUNDS (UNAUDITED)

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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, 2019

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	1,333,648	102,389	869,900
State grant	280,000	282,260	-	(2,260)
City utility fund	195,000	135,560	-	59,440
Total Sources of Funds	3,145,937	2,187,862	102,389	855,686
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	179,135	30,393	120,678
Administrative cost	50,000	50,000	-	-
Total Uses of Funds	3,145,937	2,968,083	30,393	147,461
District Balance (or Deficiency)	-	(780,221)	71,996	708,225
Funds Remaining (or Deficient)	$ -	$ (780,221)	$ 71,996	$ (708,225)

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, 2019

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 12/31/19		$ 25,299	

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 599,600	$ 542,205	$ 52,498	$ 4,897
Uses of Funds				
Site improvements	204,400	112,443	-	91,957
Loan payments			-	
Principal	200,000	174,701	25,299	-
Interest	155,200	144,861	632	9,707
Interest	-	70,453	-	(70,453)
Administrative cost	40,000	36,978	3,022	-
Tax increment remitted to County	-	-	65	(65)
Total Uses of Funds	599,600	539,436	29,018	31,146
District Balance (or Deficiency)	-	2,769	23,480	(26,249)
Funds Remaining (or Deficient)	$ -	$ 2,769	$ 23,480	$ 26,249

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, 2019

Name of District: Sibley Parkway Phase I - Fund 4050

Type of District: Redevelopment

Original Net Tax Capacity	$ 29,676
Current Net Tax Capacity	130,421
Captured Net Tax Capacity	$ 100,745
Retained By Authority	$ 100,745

	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 increments received	6,848,154	285,209	92,375	6,470,570
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	3,706,238	92,375	5,410,441
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	37,600	(66,430)
Closure of Lime Pond	334,660	459,370	-	(124,710)
Riverbank stabilization	450,000	242,202	-	207,798
Finance costs	3,934,080	388,563	-	3,545,517
Administrative costs	717,512	38,524	-	678,988
Total Uses of Funds	9,209,054	4,811,772	37,600	4,359,682
District Balance (or Deficiency)	-	(1,105,534)	54,775	1,050,759
Funds Remaining (or Deficient)	$ -	$ (1,105,534)	$ 54,775	$ (1,050,759)

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, 2019

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	$ 217,535	$ 31,028	$ 83,776
Interest on invested funds	-	39	-	(39)
Total Sources of Funds	332,339	217,574	31,028	83,737
Uses of Funds				
Site improvements	312,399	169,049	20,825	122,525
Administrative costs	19,940	20,341	-	(401)
Total Uses of Funds	332,339	189,390	20,825	122,124
District Balance (or Deficiency)	-	28,184	10,203	(38,387)
Funds Remaining (or Deficient)	$ -	$ 28,184	$ 10,203	$ 38,387

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, 2019

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	$ 163,182	$ 23,078	$ 222,889
Uses of Funds				
Streets and sidewalks	216,403	111,641	14,784	89,978
Interest	172,289	79,521	6,556	86,212
Administrative costs	20,457	8,159	1,154	11,144
Total Uses of Funds	409,149	199,321	22,494	187,334
District Balance (or Deficiency)	-	(36,139)	584	35,555
Funds Remaining (or Deficient)	$ -	$ (36,139)	$ 584	$ (35,555)

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, 2019

Name of District: Habitat for Humanity - Fund 6800

Type of District: Housing

Original Net Tax Capacity	$ 4,073
Current Net Tax Capacity	16,409
Captured Net Tax Capacity	$ 12,336
Retained By Authority	$ 12,336

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 289,913	$ 46,193	$ 11,803	$ 231,917
Uses of Funds				
Public utilities	275,417	43,883	11,213	220,321
Administrative costs	14,496	2,310	590	11,596
Total Uses of Funds	289,913	46,193	11,803	231,917
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, 2019

Name of District: Heco Building - Fund 4090

Type of District: Redevelopment

Original Net Tax Capacity	$ 38,952
Current Net Tax Capacity	73,205
Captured Net Tax Capacity	$ 34,253
Retained By Authority	$ 34,253

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 853,085	$ 178,145	$ 33,615	$ 641,325
Uses of Funds				
Redevelopment costs	250,000	102,528	24,213	123,259
Parking facilities	167,539	167,539	-	-
Interest	390,865	73,692	7,074	310,099
Administrative costs	44,681	8,909	1,681	34,091
Total Uses of Funds	853,085	352,668	32,968	467,449
District Balance (or Deficiency)	-	(174,523)	647	173,876
Funds Remaining (or Deficient)	$ -	$ (174,523)	$ 647	$ (173,876)

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, 2019

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	$ 419,492	$ 83,723	$ 73,260
Uses of Funds				
Land acquisition and site improvements	386,355	255,831	68,365	62,159
Interest	161,296	134,305	6,821	20,170
Administrative costs	28,824	20,905	4,186	3,733
Total Uses of Funds	576,475	411,041	79,372	86,062
District Balance (or Deficiency)	-	8,451	4,351	(12,802)
Funds Remaining (or Deficient)	$ -	$ 8,451	$ 4,351	$ 12,802

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, 2019

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

Type of District: Redevelopment

Original Net Tax Capacity	$ 2,686
Current Net Tax Capacity	169,608
Captured Net Tax Capacity	$ 166,922
Retained By Authority	$ 166,922

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 1,026,276	$ 663,682	$ 176,597	$ 185,997
Uses of Funds				
Site improvements	471,684	169,355	71,192	231,137
Public improvements and utilites	250,250	-	-	250,250
Interest	253,028	82,571	-	170,457
Administrative costs	51,314	33,185	8,830	9,299
Tax increment remitted to County	-	252,514	126,057	(378,571)
Total Uses of Funds	1,026,276	537,625	206,079	282,572
District Balance (or Deficiency)	-	126,057	(29,482)	(96,575)
Funds Remaining (or Deficient)	$ -	$ 126,057	$ (29,482)	$ 96,575

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, 2019

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

Type of District: Redevelopment

Original Net Tax Capacity	$ 59,840	
Current Net Tax Capacity	358,047	
Captured Net Tax Capacity	$ 298,207	
Retained By Authority	$ 298,207	
Total General Obligation Tax Increment		
Bonds Issued		$ 3,335,000
Amounts Redeemed		130,000
Outstanding bonds at 12/31/19		$ 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	733,541	332,042	6,341,449
Total Sources of Funds	10,742,032	4,068,541	332,042	6,341,449
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	130,000	3,075,000
Interest	3,160,143	349,288	99,812	2,711,043
Caplitalized interest	-	51,263	-	(51,263)
Interest on advance	-	7,190	-	(7,190)
Administrative costs	370,354	96,325	8,500	265,529
Total Uses of Funds	10,742,032	3,969,066	238,312	6,534,654
District Balance (or Deficiency)	-	99,475	93,730	(193,205)
Funds Remaining (or Deficient)	$ -	$ 99,475	$ 93,730	$ 193,205

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (JWA Expansion Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2019

Name of District: 19-6 JWA Expansion - Fund 6800

Type of District: Economic Development

Original Net Tax Capacity	$ 189,936
Current Net Tax Capacity	189,936
Captured Net Tax Capacity	$ -
Retained By Authority	$ -

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 1,093,966	$ -	$ -	$ 1,093,966
Uses of Funds				
Site improvements	758,591	-	-	758,591
Interest	308,026	-	-	308,026
Administrative costs	27,349	-	-	27,349
Total Uses of Funds	1,093,966	-	-	1,093,966
District Balance (or Deficiency)	-	-	-	-
Funds Remaining (or Deficient)	$ -	$ -	$ -	$ -

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Rosa Place Housing Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2019

Name of District: 40-1 Rosa Place Housing - Fund 6800

Type of District: Housing

Original Net Tax Capacity	$ 1,115
Current Net Tax Capacity	1,339
Captured Net Tax Capacity	$ 224
Retained By Authority	$ 224

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 926,971	$ -	$ 237	$ 926,734
Uses of Funds				
Construction of affordable housing	559,080	-	-	559,080
Interest	321,542	-	-	321,542
Administrative costs	46,349	-	-	46,349
Total Uses of Funds	926,971	-	-	926,971
District Balance (or Deficiency)	-	-	237	(237)
Funds Remaining (or Deficient)	$ -	$ -	$ 237	$ 237

City of Mankato, Minnesota
Schedule of Sources and Uses of Public Funds
For (Eide Bailly Tax Increment), a Tax Increment Financing District
For the Year Ended December 31, 2019

Name of District: 41-1 Eide Bailly Center - Fund 6800

Type of District: Redevelopment

Original Net Tax Capacity	$ 13,700
Current Net Tax Capacity	13,700
Captured Net Tax Capacity	$ -
Retained By Authority	$ -

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of Funds				
Tax increments received	$ 3,271,402	$ -	$ -	$ 3,271,402
Uses of Funds				
Site improvements	3,107,832	-	-	3,107,832
Administrative costs	163,570	-	-	163,570
Total Uses of Funds	3,271,402	-	-	3,271,402
District Balance (or Deficiency)	-	-	-	-
Funds Remaining (or Deficient)	$ -	$ -	$ -	$ -

SINGLE AUDIT AND OTHER
REQUIRED REPORTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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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, 2019, 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 23, 2020.

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

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 23, 2020

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, 2019, 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 23, 2020.

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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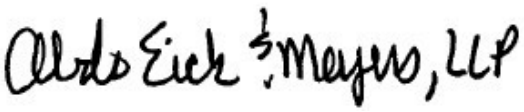
Purpose of this Report

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 23, 2020

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, 2019. 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, 2019.

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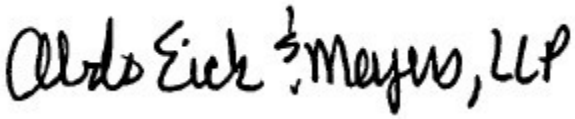
Report on Internal Control Over Compliance

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 23, 2020

People + Process. Going Beyond the Numbers

City of Mankato, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

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-19-MC-27-0012	$ 464,777
U.S. Department of Housing and Urban Development		Shelter Care Plus	14.238		40,825
U.S. Department of Housing and Urban Development		Public and Indian Housing (Low Rent)	14.850	C-4119	124,800
U.S. Department of Housing and Urban Development		Section 8 Housing Choice Vouchers	14.871	C-4037V	2,830,486
U.S. Department of Housing and Urban Development		Public Housing Capital Fund (CFP)	14.872	MN46PO63501-17	49,395
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	163,366
		Total U.S. Department of Housing and Urban Development			3,728,366
U.S. Department of the Interior		Historic Preservation Fund Grants-In-Aid	15.904		13,670
U.S. Department of Justice		Bulletproof Vest Partnership Program	16.607		6,215
U.S. Department of Justice	Minnesota Department of Public Safety	Public Safety Partnership and Community Policing Grants	16.710	2018-DJ-BX-0774	12,598
		Total U.S. Department of Justice			18,813
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	3-27-0055-21-14 3-27-0055-22-15	94,676
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	717141	7,562
U.S. Department of Transportation	Minnesota Department of Transportation	Metropolitan Transportation Planning	20.505	MPO MK19(145)	201,235
U.S. Department of Transportation	Minnesota Department of Transportation	Metropolitan Transportation Planning	20.507	MN-90-4334	249,021
U.S. Department of Transportation	Minnesota Department of Transportation	Formula Grants for Rural Areas	20.509	1032159 MN-2009-004-001	609,738
U.S. Department of Transportation	Minnesota Department of Transportation	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	F-HMEP-2018-MANKATFD 2975	2,677
		Total U.S. Department of Transportation			1,164,909
U.S. Department of Environmental Protection Agency		Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF 00E02276	104,886
U.S. Department of Health and Human Services	Minnesota Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959		2,000
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4390	157,949
	Total Expended				$ 5,190,593

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, 2019. 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, 2019, 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, 2019

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.**
Community Development Block Grant	14.228
Section 8 Housing Vouchers	14.871

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.