CITY OF MANKATO
MANKATO, MINNESOTA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2020

PREPARED BY:

FINANCE DEPARTMENT

Member GFOA of U.S. and Canada
Published June 21, 2021

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# City of Mankato
Mankato, Minnesota
Comprehensive Annual Financial Report
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For the Year Ended December 31, 2020


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INTRODUCTORY SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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06/21/2021

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, 2020.

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, 2020 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, 2020 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 44,389. 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 39 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 13 full-time and 39 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 31,765 service hours to 304,655 riders. There are 313 mobility riders and 635 fixed route riders. There are 18 established transit routes.

The Department of Public Safety - Police Service Area provides residents with a 56 member force that operates from the Public Safety Center. The City has a 7 member trained and licensed part-time force. In addition, the City has a 7 member police reserve unit. The department has one full-time community service officers and twelve part-time community service officers. In addition, the department has six 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 17 full-time and 14 part-time personnel and 29 paid on call 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 - Operations has 25 full-time and one part-time personnel. The department is responsible for maintaining 188 miles of streets with approximately 518 lane miles. In addition, the department provides maintenance for 76 miles of storm water infrastructure. The department is also responsible for maintaining 17 parks that encompass 96 acres. The park facilities include 18 playgrounds, six baseball diamonds, nine basketball courts, 10 tennis courts, four volleyball courts, three outdoor ice rinks, one swimming pool, one outdoor swimming area, 14 miles of bike trails, and one campground with 42 sites on 92 acres. In addition, the City operates an indoor park pavilion at the Land of Memories Park, and a 4,800-seat arena/civic center.

The Department of Public Utilities staffs 21 full-time employees and one part-time employee. The department services 11,539 residential customers, 1,340 commercial customers, 160 industrial customers, and 401 governmental customers. The average daily water consumption in gallons is 4,968,000. The water storage capacity is 10,700,000 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 18,207 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 7.169 million gallons per day.

The Department of Public Works - Infrastructure Service Area staffs 11 full-time employees. The department services 257 miles of water mains, 207 miles of sanitary sewer mains, and 244 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 employes. 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 8 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 11 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 four ramps with 1,346 parking spaces. In addition, there are 237 off street surface parking spaces.

The Department of Human Resources employs 4 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 5 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 2 full-time staff. This area provides assistance in the area of informational marketing efforts to the community.

The 311 Call Center has 7 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 has begun increasing after a decline 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 2020 was $50,995,390. This represents an increase of 82.1 percent when compared to fiscal year 2019 permits issued. The market value of all new residential, commercial and industrial permits in fiscal year 2020 was $99,976,411. This represents an increase of 64.77 percent when compared to fiscal year 2019.

Unemployment has been at a relatively modest rate due to the diverse economic base. The unemployment rate is 3.4 percent which represents an increase from the previous year rate of 2.3 percent. Unemployment rose due to the impact of the COVD 19 response.

The hospitality industry makes a significant contribution to the Mankato economy. The lodging tax generated $368,056 for fiscal year 2020. This represents a decrease of 44.56 percent when compared to fiscal year 2019.

The food and beverage tax generated $629,718 for fiscal year 2020. This represents a decrease of 19.57 percent when compared to fiscal year 2019.

The retail sales are a significant contribution to the Mankato economy as well. The City sales tax generated $5,226,227 in fiscal year 2020. This represents a decrease of 2.6 percent when compared to fiscal year 2019.

***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 0.02 percent to 1.38 percent. All other funds were invested in FDIC backed certificates of deposit with coupon rates from 0.35 percent to 3.30 percent; U.S. Agency Bonds with coupon rates from 0.30 percent to 1.64 percent and Municipal Bonds with coupon rates of 0.35 percent to 5.70 percent. Money Market Funds represented 33.38 percent of the total portfolio. U S Government Securities represented 13.99 percent of the total portfolio. Certificates of Deposit represented 15.32 percent of the portfolio. Municipal Bonds represent 37.31 percent of the portfolio. All municipal bonds have ratings of A+ to AAA.

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

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

The Department of Administrative Services - Finance engaged an actuarial study for Other Post-Employment Benefits (OPEB) in order to comply with Governmental Accounting Standards Board Pronouncement 45 (GASB 45). GASB 45 is directed towards public sector employers providing certain OPEB benefits. The City implemented GASB 45 in the fiscal year 2008 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 2020, the city recognized negative OPEB expense of $26,830. Total Deferred outflows of resources is $627,354 at fiscal year- end. The total OPEB liability for the City is $4,846,469. The City's OPEB liability is relatively minor when compared to other Minnesota cities. Unlike other governmental agencies, the issuance of debt for the purposes of funding OPEB liabilities "will not" be required. Additional information regarding OPEB liability can be found in the Notes to the Financial Statements.

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

Specific area of insurance coverage include, property, supplemental flood coverage, crime, employee dishonesty bonds, employee faithful performance bonds, police professional liability, municipal liability, automobile and equipment liability, automobile physical damage, Minnesota 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***

Multiple-Family Dwellings continues to be a major initiative in Mankato. The new and renovated units serve many sectors of housing need in Mankato.

- 81 Unit Multiple Family Dwelling Building (Ecumen, Mound Avenue) – ($13,929,436) – Market Rate, Memory Care
- 62 Unit Multiple Family Dwelling Building (Pondview Apartments, Adams Street) – ($10,000,000) – Market Rate
- Studio 5 – Commercial/19 Rental units (507 N Riverfront Drive) ($2,365,000) –Market Rate, Mixed Use
- Club House for Apartment Complex (Tailwind, Timberwolf Drive) – ($1,320,000)
- Colonial Square – Remodel, Parking Lot (300 Ramsey Street) ($4,622,747) – Affordable Units

Commercial

- Kwik Trip constructed a new convenience store located at the intersection of Stadium Road and Monks Avenue. ($2,100,000)
- Hyland Dental – Dental Clinic (Independence-Prairie Winds)($1,170,328)

Industrial

- MTU America, Inc., a worldwide corporation (100 Power Drive) constructed a $6,600,000 addition to the existing facility. The construction will allow for more efficient operations within the facility.

Medical/Educational/Government

- Mayo Clinic Health Systems continued making improvements within the City of Mankato. Improvements were made to the Radiology areas totaling $2.48 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, 2019. 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.

X 

Susan Arntz
City Manager

X 

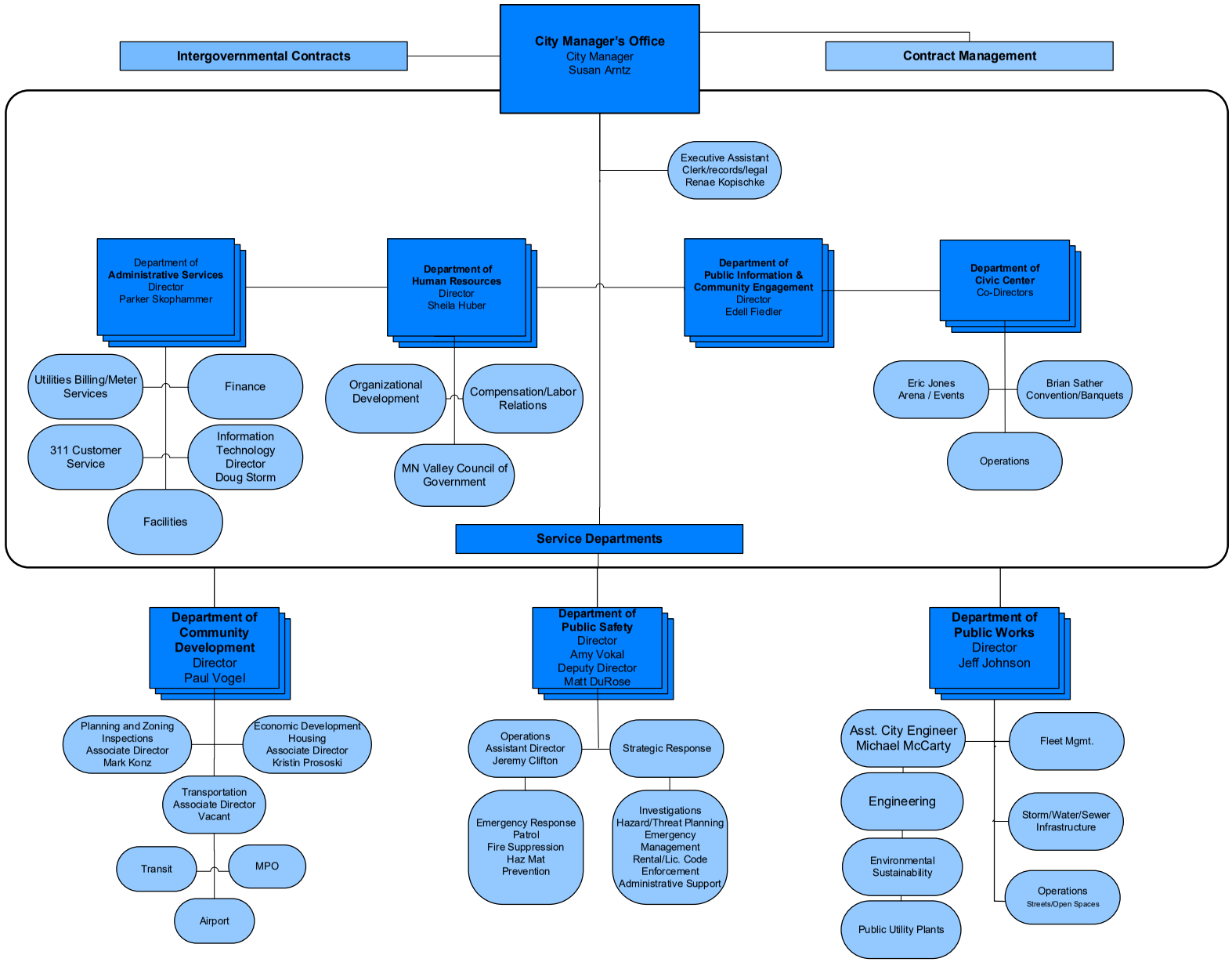
Parker Skophammer
Director of Admin Services

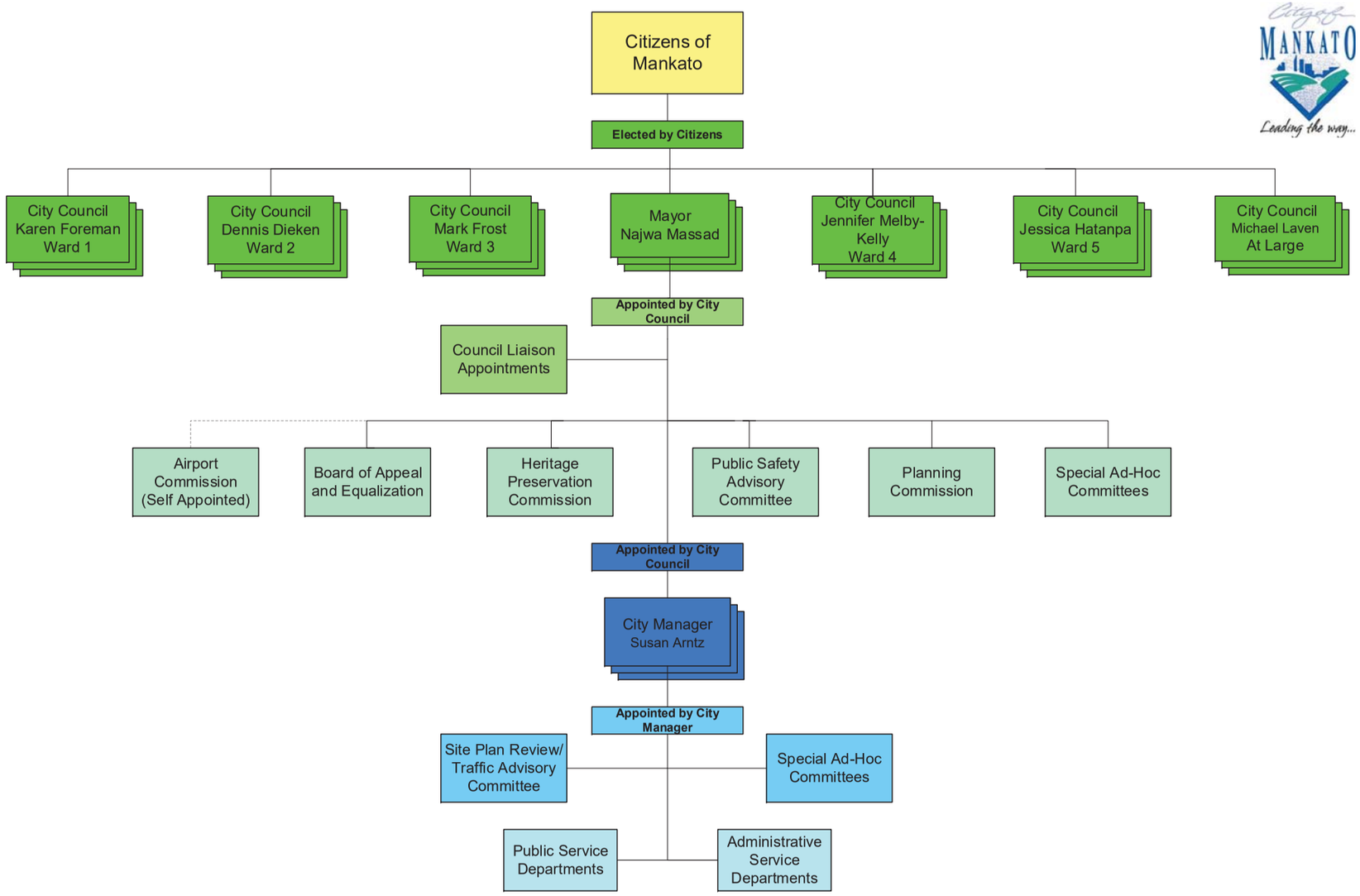
X 

Dean Roles
City Accountant

# City of Mankato, Minnesota
Listing of Officials
For the Year Ended December 31, 2020

| 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 |
| | | |
| Susan Arntz | City Manager | |
| Parker Skophammer | Director of Administrative Services | |
| Paul Vogel | Director of Community Development | |
| Jeff Johnson | Director of Public Works | |
| Amy Vokal | Director of Public Safety | |
| Sheila Huber | Director of Human Resources | |
| Edell Fiedler | Director of Public Information and Community Engagement | |
| Doug Storm | Director of Information Technology | |
| Eric Jones | Co-Director of Civic Center | |
| Brian Sather | Co-Director of Civic Center | |


City Manager's Office
City Manager
Susan Arntz
Intergovernmental Contracts
Contract Management
Executive Assistant
Clerk/records/legal
Renae Kopischke
Department of
Administrative Services
Director
Parker Skophammer
Department of
Human Resources
Director
Sheila Huber
Department of
Public Information &
Community Engagement
Director
Edell Fiedler
Department of
Civic Center
Co-Directors
Utilities Billing/Meter Services
Finance
311 Customer Service
Information Technology Director
Doug Storm
Facilities
Organizational Development
Compensation/Labor Relations
MN Valley Council of Government
Eric Jones
Arena / Events
Brian Sather
Convention/Banquets
Operations
Service Departments
Department of
Community Development
Director
Paul Vogel
Department of
Public Safety
Director
Amy Vokal
Deputy Director
Matt DuRose
Department of
Public Works
Director
Jeff Johnson
Planning and Zoning
Inspections
Associate Director
Mark Konz
Economic Development
Housing
Associate Director
Kristin Prososki
Transportation
Associate Director
Vacant
Transit
MPO
Airport
Operations
Assistant Director
Jeremy Clifton
Strategic Response
Emergency Response
Patrol
Fire Suppression
Haz Mat
Prevention
Investigations
Hazard/Threat Planning
Emergency Management
Rental/Lic. Code Enforcement
Administrative Support
Asst. City Engineer
Michael McCarty
Fleet Mgmt.
Engineering
Storm/Water/Sewer Infrastructure
Environmental Sustainability
Operations
Streets/Open Spaces
Public Utility Plants


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
Airport Commission (Self Appointed)
Board of Appeal and Equalization
Heritage Preservation Commission
Public Safety Advisory Committee
Planning Commission
Special Ad-Hoc Committees
Appointed by City Council
City Manager Susan Arntz
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, 2019

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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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, 2020, 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, 2020, 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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**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 27 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 115 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, statistical section and schedules of sources and uses of public funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, 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 21, 2021, 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 21, 2021



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, 2020. 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 $348,030,070 (*net position* on page 45). Of this amount, $14,778,730 (*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 $10,113,151 in 2020 (on page 47) compared to an increase of $8,731,774 in 2019. Major factors for the current year increase were the business-type activity profits of $7,697,274 before transfers. Total operating grants and contributions for the year were $12,147,644, which increased $3,628,418 from 2019.

- At the end of the current fiscal year, unassigned fund balance for the General fund was $9,455,535, or 34.7 percent of total General fund expenditures (page 51).

### Overview of the Financial Statements

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

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

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

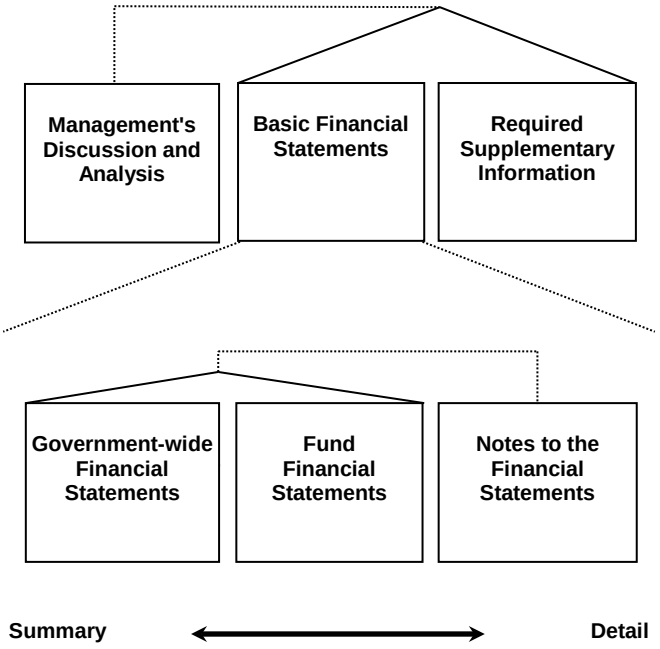


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

| | | Fund Financial Statements | |
|---|---|---|---|
| | **Government-wide Statements** | **Governmental Funds** | **Proprietary Funds** |
| Scope | Entire City government (except fiduciary funds) and the City's component units | The activities of the City that are not proprietary or fiduciary, such as police, fire and parks | Activities the City operates similar to private businesses, such as the water and sewer system |
| Required financial statements | • Statement of Net Position<br>• Statement of Activities | • Balance Sheet<br>• Statement of Revenues, Expenditures, and Changes in Fund Balances | • Statement of Net Position<br>• Statement of Revenues, Expenses and Changes in Net Position<br>• 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 2021 Improvements funds. All of these funds are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found starting on page 51 of this report.

***Proprietary Funds***. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water operations, wastewater plant operations, sewer collection, 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, 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 115 of this report.

**Other Information.** The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found starting on page 125 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 $348,030,070 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (86.6 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 | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Increase (Decrease) | 2020 | Restated 2019 | Increase (Decrease) |
| Assets | | | | | | |
| Current and other assets | $ 61,902,741 | $ 63,369,563 | $ (1,466,822) | $ 32,148,946 | $ 27,660,843 | $ 4,488,103 |
| Capital assets | 171,368,976 | 172,453,172 | (1,084,196) | 215,505,342 | 215,970,293 | (464,951) |
| Total Assets | 233,271,717 | 235,822,735 | (2,551,018) | 247,654,288 | 243,631,136 | 4,023,152 |
| Deferred Outflows of Resources | 5,113,809 | 7,307,731 | (2,193,922) | 745,101 | 582,406 | 162,695 |
| Liabilities | | | | | | |
| Long-term liabilities outstanding | 76,750,756 | 78,102,167 | (1,351,411) | 38,341,802 | 43,222,991 | (4,881,189) |
| Other liabilities | 11,615,409 | 11,827,771 | (212,362) | 3,622,729 | 3,240,691 | 382,038 |
| Total Liabilities | 88,366,165 | 89,929,938 | (1,563,773) | 41,964,531 | 46,463,682 | (4,499,151) |
| Deferred Inflows of Resources | 7,333,313 | 11,491,474 | (4,158,161) | 1,090,836 | 1,541,995 | (451,159) |
| Net position | | | | | | |
| Net investment in capital assets | 116,688,896 | 115,421,929 | 1,266,967 | 184,583,463 | 179,739,858 | 4,843,605 |
| Restricted | 30,344,277 | 26,507,297 | 3,836,980 | 1,634,704 | 1,561,951 | 72,753 |
| Unrestricted | (4,347,125) | (220,172) | (4,126,953) | 19,125,855 | 14,906,056 | 4,219,799 |
| Total Net Position | $ 142,686,048 | $ 141,709,054 | $ 976,994 | $ 205,344,022 | $ 196,207,865 | $ 9,136,157 |

An additional portion of the City's net position (9.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (4.2 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 $976,994. The major factor in this increase is due to an increase in operating grants of $2,589,101. Other key elements of this increase are as follows:

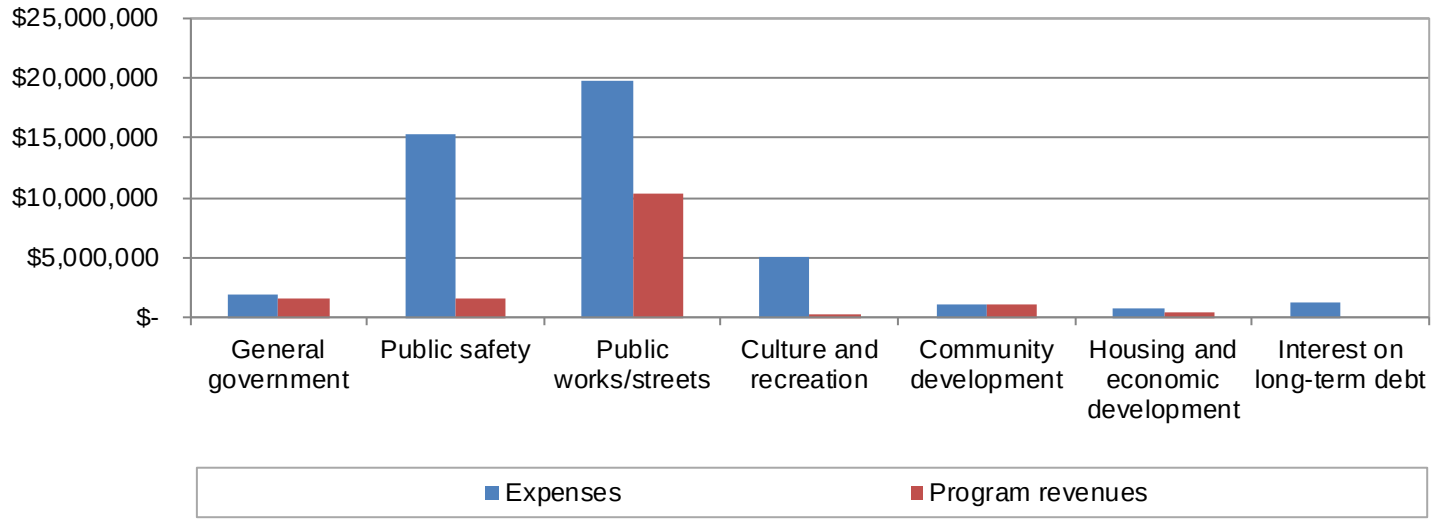
## City of Mankato's Changes in Net Position

| | Governmental Activities | | | Business-type Activities | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Increase (Decrease) | 2020 | Restated 2019 | Increase (Decrease) |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | $ 3,785,211 | $ 4,782,327 | $ (997,116) | $ 33,380,519 | $ 37,077,006 | $ (3,696,487) |
| Operating grants and contributions | 4,157,835 | 1,568,734 | 2,589,101 | 7,989,809 | 6,950,492 | 1,039,317 |
| Capital grants and contributions | 7,685,108 | 6,415,487 | 1,269,621 | 18,455 | 2,128,755 | (2,110,300) |
| General revenues | | | | | | |
| Property taxes/tax increments | 20,373,094 | 19,803,307 | 569,787 | 940,930 | 682,897 | 258,033 |
| Other taxes | 2,258,347 | 2,471,607 | (213,260) | 6,090,456 | 6,403,830 | (313,374) |
| Grants and contributions not restricted to specific programs | 8,068,840 | 7,242,974 | 825,866 | - | - | - |
| Unrestricted investments earnings | 1,147,336 | 1,269,890 | (122,554) | 338,833 | 410,259 | (71,426) |
| Other | 383,147 | 250,522 | 132,625 | - | 14,790 | (14,790) |
| Total Revenues | 47,858,918 | 43,804,848 | 4,054,070 | 48,759,002 | 53,668,029 | (4,909,027) |
| Expenses | | | | | | |
| General government | 1,951,859 | 2,692,964 | (741,105) | - | - | - |
| Public safety | 15,277,532 | 16,436,303 | (1,158,771) | - | - | - |
| Public works/streets | 19,844,934 | 17,026,253 | 2,818,681 | - | - | - |
| Culture and recreation | 5,140,809 | 5,336,021 | (195,212) | - | - | - |
| Community development | 1,058,716 | 1,050,797 | 7,919 | - | - | - |
| Housing and economic development | 807,596 | 690,575 | 117,021 | - | - | - |
| Interest on long-term debt | 1,361,595 | 1,432,170 | (70,575) | - | - | - |
| Housing and economic development | - | - | - | 7,430,041 | 6,870,838 | 559,203 |
| Water | - | - | - | 6,902,405 | 6,663,144 | 239,261 |
| Wastewater plant | - | - | - | 4,378,058 | 4,227,204 | 150,854 |
| Sewer collection | - | - | - | 1,808,246 | 1,849,602 | (41,356) |
| Refuse | - | - | - | 1,956,508 | 1,842,917 | 113,591 |
| Utility operations and administration | - | - | - | 1,508,672 | 1,430,095 | 78,577 |
| Storm water | - | - | - | 2,655,679 | 1,856,121 | 799,558 |
| Street lighting | - | - | - | 591,625 | 532,966 | 58,659 |
| Mass transit | - | - | - | 4,413,758 | 4,098,109 | 315,649 |
| Parking | - | - | - | 1,401,097 | 1,712,397 | (311,300) |
| Airport | - | - | - | 1,786,008 | 1,722,733 | 63,275 |
| Civic center/arena | - | - | - | 6,229,631 | 11,269,894 | (5,040,263) |
| Total Expenses | 45,443,041 | 44,665,083 | 777,958 | 41,061,728 | 44,076,020 | (3,014,292) |
| Change in Net Position Before Transfers | 2,415,877 | (860,235) | 3,276,112 | 7,697,274 | 9,592,009 | (1,894,735) |
| Transfers | (1,438,883) | 2,660,075 | (4,098,958) | 1,438,883 | (2,660,075) | 4,098,958 |
| Change in Net Position | 976,994 | 1,799,840 | (822,846) | 9,136,157 | 6,931,934 | 2,204,223 |
| Net Position - January 1 | 141,709,054 | 139,909,214 | 1,799,840 | 196,207,865 | 189,275,931 | 6,931,934 |
| Net Position - December 31 | $ 142,686,048 | $ 141,709,054 | $ 976,994 | $ 205,344,022 | $ 196,207,865 | $ 9,136,157 |

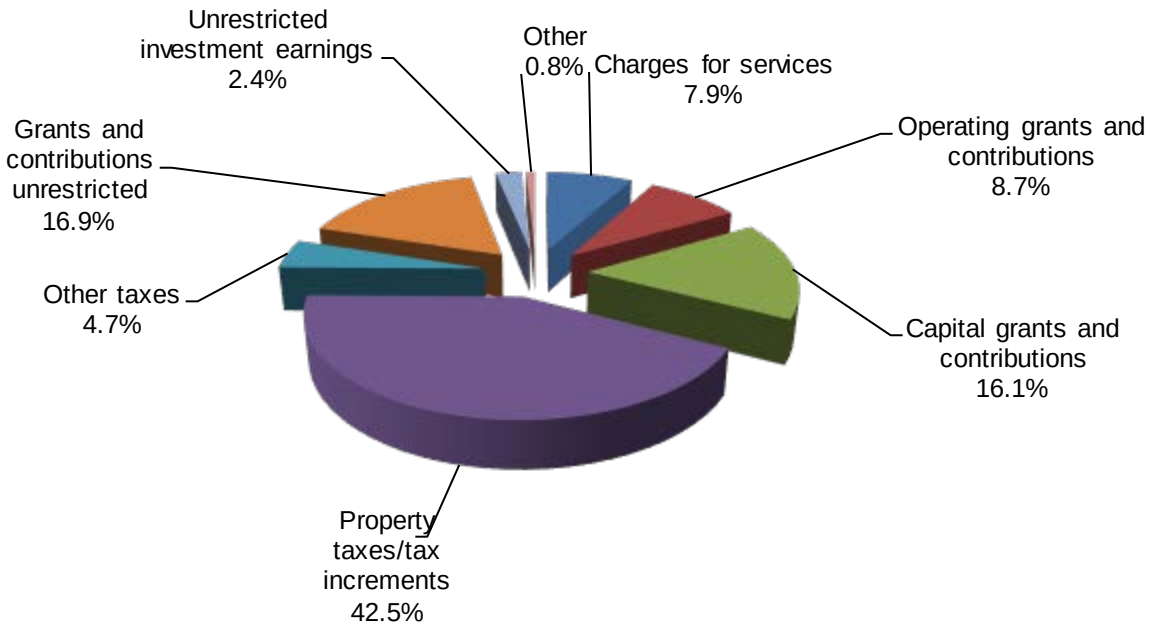
- Operating grants and contributions, increased in the amount of $2,589,101. The CARES Act grant relating to the COVID-19 pandemic accounted for $2,522,678 of this increase.
- Governmental property taxes and tax increments increased by $569,787 during the year. This is attributable to an increase in the property tax levy and subsequent collections.
- Governmental other taxes decreased $213,260 in fiscal year 2020. This was due primarily to the decrease in lodging tax collections of $295,802 because of the COVID-19 pandemic. Conversely, franchise fees for electric, natural gas, and cable television increased by $92,173.
- Total governmental expenses increased a total of $777,958 or 1.74 percent. This can be attributed to the increase of public works/streets of $2,818,681. However, there were decreases in general government ($741,105), public safety ($1,158,771) and culture and recreation ($195,212) due to cost saving measures and restructuring.

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

**Expenses and Program Revenues - Governmental Activities**



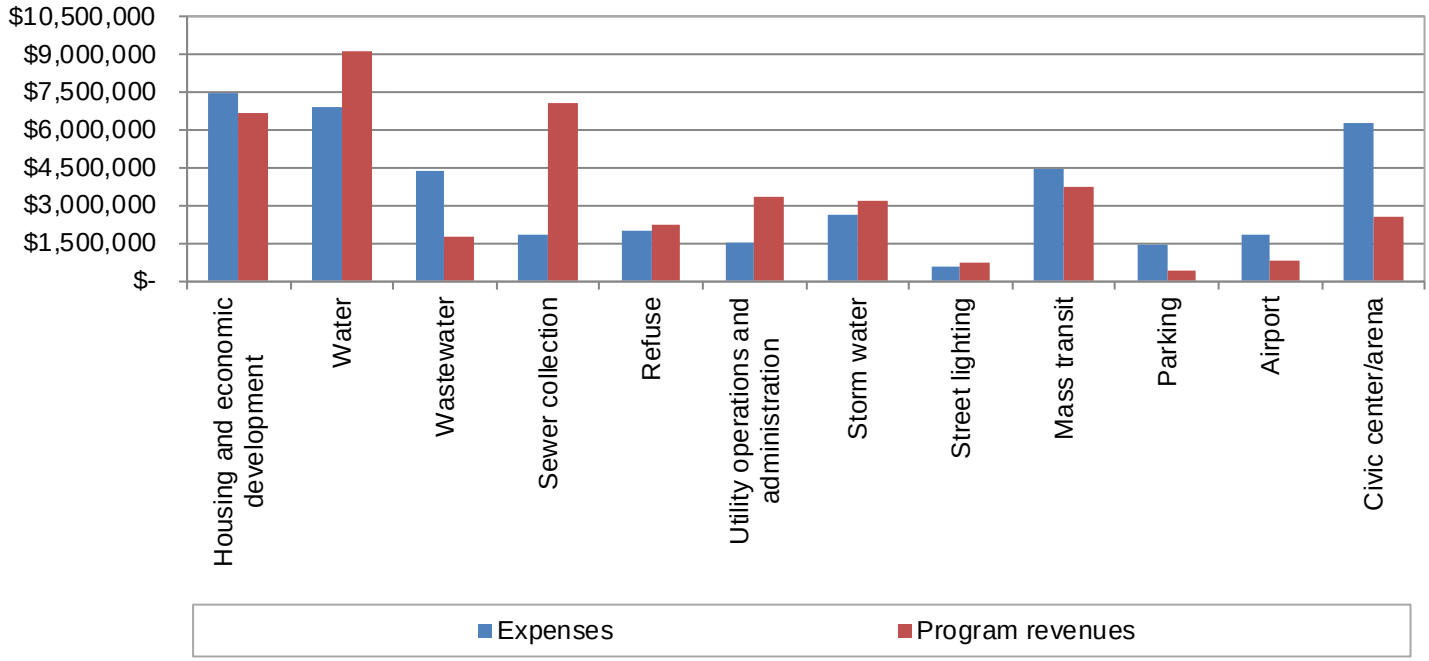

**Revenues by Source - Governmental Activities**



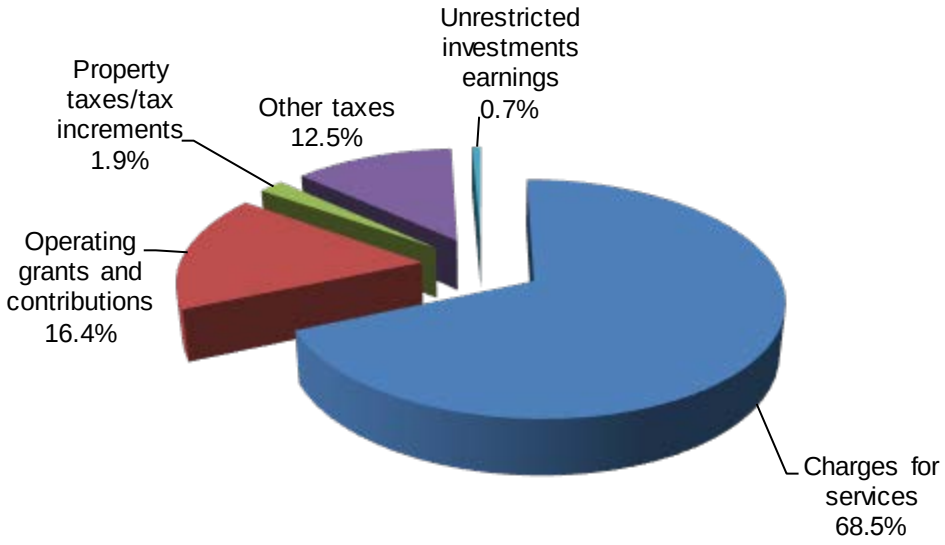
**Business-type Activities.** Business-type activities increased the City's net position by $9,136,157 for 2020. Key elements of this increase are as follows:

- Charges for services decreased by $3,696,487. This was due primarily to a decrease in Civic Center sales/charges for services due to the closure relating to the COVID-19 pandemic.
- Operating grants and contributions, increased in the amount of $1,039,317, increases in Mass Transit ($201,477), CARES Act ($236,456), Mankato EDA ($244,366) and Economic Development ($222,356) were significant factors for the increase.
- Other taxes decreased by $313,374. This was due primarily to COVID-19 related decreases in the city sales tax and vehicle excise tax collections.
- Total expenses decreased a total of $3,014,292 or 6.8 percent. This can be attributed to the COVID-19 related closure of the Civic Center for the majority of 2020.

**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 $10,334,670, a decrease of $1,984,608 in comparison with the prior year. A deficit of $19,788,097 constitutes *unassigned fund balance.* The remainder of fund balance is comprised of *nonspendable* balance of $208,214, *restricted* balance of $19,338,342, *committed* balance of $5,103,146 and *assigned* balance of $5,473,065.

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 $12,663,685. During the current fiscal year, fund balance in the General fund increased by $237,254. The increase was a result of increased property tax collections and the increase in interest earnings. The City had planned for a General fund increase of $48,792 for fiscal year 2020. 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 34.7 percent of total General fund expenditures, while total fund balance represented 46.5 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, 2020, the respective fund balances in the General fund were:

- $2,400,000 for an emergency restriction or 8.8 percent of General fund expenditures.
- $600,000 for a property tax adjustment restriction or 4.5 percent of the property tax levy.
- $208,150 for prepaid items and inventory.
- $9,455,535 of the remaining fund balance is categorized as unassigned or 34.7 percent of the General fund expenditures.

The fund balance of the City's General fund increased by $237,254 during the current fiscal year. Key factors in this increase and key strategies contributing to the increase were as follows:

- Property taxes collections were under budget in the amount of $108,198.
- Franchise fees collections were over budget by $171,463.
- Building permits were under budget in the amount of $229,361.
- Liquor licenses were under budget by $176,385.
- Rental licenses were under budget by $171,562.
- Federal grant awards were up by $991,485 due to the CARES Act grant.
- Building Inspection plan review fees were over budget by $288,648.
- Off duty detail revenue was less than budget by $76,875.
- Engineering fees exceeded budget by $233,268.
- Interest income was over budget in the amount of $196,556.
- General government expenditures were under budget by $180,142.
- Public safety expenditures were under budget by $1.366,597.
- Public works expenditures were under budget by $481,081.
- Culture and recreation expenditures were under budget by $520,059.
- Community development expenditures were under budget by $59,569.
- Capital outlay items were over budget by $418,918.
- Operating transfer out were over budget by $2,872,548 due to one-time transfers.

The *Debt Service fund* has a total fund balance of $6,546,264. The net increase during the current year in the Debt Service fund was $347,787. This increase can be attributed to an increase in tax and assessment collections and higher than expected interest earnings. Of this amount, $1,794,142 is allocated for vacation and sick leave balances per accounting standards. The remaining amount of $4,752,122 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 $13,466,276 in non-current special assessments receivable.

The *Improvement Bond Redemption fund* had a decrease in fund balance of $39,854 to a fund balance of $214,016 at year end. This is primarily related to transfer of collected assessment amounts to the Debt Service fund.

The *Improvements 2021 fund* had a decrease in fund balance of $8,444,908 ending in a fund balance deficit of $11,381,802 at year end. This was due to the fund incurring capital costs for projects associated with the 2021 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 $9,691,976. The total increase in net position for business-type activities was $8,865,447. The Water fund, Wastewater Plant fund, Sewer Collection 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, Parking System and Airport fund, fund experienced increases or (decreases) in net position of $3,237,046, $1,371,656, $1,959,032, $2,723,394, $888,839, ($471,316), $1,117, $30,489, $96,077, $575,083, $57,082, ($431,916), ($637,038), and ($534,098), respectively. The City sales tax generated $5,226,217 in fiscal year 2020. The food and beverage tax generated $629,718 in fiscal year 2020. The total local sales tax generated was $6,090,456 in fiscal year 2020. This represented a combined decrease of $605,789 or 4.8 percent above 2019.

**General Fund Budgetary Highlights**

The City did amend its General fund budget for 2020. Significant budget variances are summarized below:

- Property tax collections were under budget by $108,198.
- State aid insurance revenue exceeded budget by $48,610.
- Payments in lieu of taxes exceeded budget by $75,486.
- Court fine collections were under budget by $46,234 due to the COVID-19 pandemic.
- Reimbursement for school resource officers were under budget by $121,095 due to the COVID-19 pandemic.
- Building permit revenues under budget by $229,361 due to the COVID-19 pandemic.
- Federal grant awards were up by $991,485 due to the CARES Act grant.
- Franchise fee collections were over budget by $171,463.
- Liquor licenses were under budget by $176,385 due to the COVID-19 pandemic.
- Rental housing license revenue were under budget by $171,562.
- Site plan review fees exceeded budget by $288,648.
- Park related revenues were under budget by $97,941 due to the COVID-19 pandemic.
- Off duty detail revenue was under budget by $76,875 due to the COVID-19 pandemic.
- Interest earnings exceeded budget by $196,556.
- Engineering service charge revenues were under budget by $233,268.
- General government expenditures were under budget by $180,142.
- Public safety expenditures were under budget by $1.366,597 due to cost saving measures and restructuring.
- Public works expenditures were under budget by $481,081 due to cost saving measures and restructuring.
- Culture and recreation expenditures were under budget by $520,059 due to cost saving measures and restructuring.
- Community development expenditures were under budget by $59,569.
- Capital outlay items were over budget by $418,918.
- Operating transfer out were over budget by $2,872,548 due to one-time transfers.

**Capital Asset and Debt Administration**

**Capital Assets**. The City's investment in capital assets for its governmental and business type activities as of December 31, 2020 amounts to $386,874,318 (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 $1,549,147 which represents a 0.4 percent overall decrease (a 0.6 percent increase for governmental activities and a 0.2 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 $1,298,304.
- Construction on various municipal projects such as infrastructure in new residential developments, street reconstruction, street overlays, alley improvements, and critical link sidewalks continued in 2020. Projects associated with the 2020 Capital Investment Plan were valued at $10,274,207.
- The construction in progress for the governmental type activities as of the end of the current fiscal year had reached $22,851,994 and $6,973,111 for the business type activities.
- Airport airside, taxiway and runway improvements were valued at $632,571 and are funded through Minnesota Department of Transportation aid.
- Improvements associated with Disinfection and Digester final design phase were on-going and valued at $2,682,000.

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

| | Governmental Activities | | | Business-type Activities | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Increase (Decrease) | 2020 | 2019 | Increase (Decrease) |
| Land | $ 4,298,021 | $ 4,298,021 | $ - | $ 5,166,651 | $ 5,166,651 | $ - |
| Land Improvements | 3,275,141 | 3,465,668 | (190,527) | 3,006,936 | 3,204,849 | (197,913) |
| Buildings and Structures | 23,261,230 | 23,293,420 | (32,190) | 151,523,641 | 156,522,842 | (4,999,201) |
| Machinery and Vehicles | 13,838,084 | 13,398,375 | 439,709 | 12,930,990 | 10,029,449 | 2,901,541 |
| Office Equipment | 15,259 | 50,161 | (34,902) | - | - | - |
| Infrastructure and Other Improvements | 103,829,247 | 104,262,513 | (433,266) | 35,904,013 | 35,682,986 | 221,027 |
| Construction in Progress | 22,851,994 | 23,685,014 | (833,020) | 6,973,111 | 5,363,516 | 1,609,595 |
| Total | $ 171,368,976 | $172,453,172 | $ (1,084,196) | $215,505,342 | $215,970,293 | $ (464,951) |

Additional information on the City of Mankato's capital assets can be found in Note 3D starting on page 85 of this report.

**Long-term Debt**. At the end of the current fiscal year, the City had total bonded debt outstanding of $82,195,248. Of this amount, $2,375,000 comprises debt backed by the full faith and credit of the City, $2,940,000 represents general obligation tax increment bonds, and $47,052,000 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 ($29,828,248) 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 | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Increase (Decrease) | 2020 | 2019 | Increase (Decrease) |
| General Obligation Bonds | $ 2,375,000 | $ 3,015,000 | $ (640,000) | $ - | $ - | $ - |
| G.O. Tax Increment Bonds | 2,940,000 | 3,075,000 | (135,000) | - | - | - |
| G.O. Improvement Bonds | 47,052,000 | 48,165,000 | (1,113,000) | - | - | - |
| G.O. Revenue Bonds | - | - | - | 29,828,248 | 34,725,248 | (4,897,000) |
| Loans | 54,160 | 62,637 | (8,477) | 196,116 | 234,516 | (38,400) |
| Capital Lease | 2,171,130 | 2,357,315 | (186,185) | - | 98,377 | (98,377) |
| Total | $ 54,592,290 | $ 56,674,952 | $ (2,082,662) | $ 30,024,364 | $ 35,058,141 | $ (5,033,777) |

The City's total debt decreased by $7,116,439 (7.8 percent) during the current fiscal year. The City issued $5,862,000 in new debt and retired $12,978,439 of existing debt principal. Of the new issuances, $5,862,000 represents G.O. Improvement Bonds designed to finance various street construction 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 $114,247,485. The net debt applicable to the debt limitation is $2,507,359. The legal debt margin is $111,740,126, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City of Mankato's long-term debt can be found in Note 3F starting on page 91 of this report as well as Table 14 in the Statistical Section of this report.

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

- The unemployment rate for the City is currently 3.4 percent, which is an increase from 2.3 percent a year ago. This compares favorably to the State's average annual unemployment rate of 4.0 percent and the national annual average rate of 6.7 percent.

- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2021 fiscal year.

- The 2021 General fund budget is expected to be balanced.

- The 2021 General fund portion of the property tax levy will increase by $422,000.

- The 2021 budgeted funding from Local Government Aid (LGA) is expected to remain level, but the City has budgeted a cautionary $744,445 decrease.

- General fund expenditures are expected to decrease by 2.91 percent in 2021.

Utility rates for water consumption and wastewater consumption were increased by 5% and 3%, respectively in 2020. Refuse rates increased by 3% in 2020. Storm water, street lighting and the fixed cost of service rates for water and wastewater remained unchanged in 2020. Finance staff reviews the utility rates annually to ensure that adequate coverage exists to satisfy the bond covenants with the State of Minnesota Public Facilities Authority. The City completed a utility rate study with the firm of Baker Tilly to review the various utility rate structures and to ensure compliance with water conservation standards in 2018. This study provides structural modifications to the fixed cost of service for water and wastewater rates.

**Requests for Information**

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

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GOVERNMENT - WIDE FINANCIAL STATEMENTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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# City of Mankato, Minnesota
## Statement of Net Position
## December 31, 2020

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| Assets | | | |
| Cash and cash equivalents | $ 43,579,505 | $ 9,848,324 | $ 53,427,829 |
| Restricted assets | - | 62,886 | 62,886 |
| Receivables | | | |
| Interest | 260,118 | 8,017 | 268,135 |
| Delinquent taxes | 260,352 | - | 260,352 |
| Accounts, net of allowance | 824,559 | 5,345,687 | 6,170,246 |
| Notes | 1,137,532 | 3,037,938 | 4,175,470 |
| Special assessments | 23,727,921 | 327,082 | 24,055,003 |
| Intergovernmental | 2,165,465 | 1,674,052 | 3,839,517 |
| Internal balances | (10,680,645) | 10,680,645 | - |
| Inventories | 450,404 | 481,643 | 932,047 |
| Prepaid items | 177,530 | 106,867 | 284,397 |
| Land held for resale | - | 575,805 | 575,805 |
| Capital assets | | | |
| Nondepreciable | 27,150,015 | 12,139,762 | 39,289,777 |
| Depreciable, net of accumulated depreciation | 144,218,961 | 203,365,580 | 347,584,541 |
| Total Assets | 233,271,717 | 247,654,288 | 480,926,005 |
| Deferred Outflows of Resources | | | |
| Deferred pension resources | 4,689,023 | 542,533 | 5,231,556 |
| Deferred other postemployment benefit resources | 424,786 | 202,568 | 627,354 |
| Total Deferred Inflows of Resources | 5,113,809 | 745,101 | 5,858,910 |
| Liabilities | | | |
| Accounts and contracts payable | 2,603,700 | 2,507,643 | 5,111,343 |
| Due to other governments | 90,109 | 102,262 | 192,371 |
| Accrued interest payable | 654,658 | 363,648 | 1,018,306 |
| Accrued salaries payable | 223,358 | 97,151 | 320,509 |
| Deposits payable | 7,985,277 | 70,305 | 8,055,582 |
| Unearned revenue | 58,307 | 481,720 | 540,027 |
| Noncurrent liabilities | | | |
| Due within one year | | | |
| Long-term liabilities | 9,138,488 | 5,498,809 | 14,637,297 |
| Due in more than one year | | | |
| Long-term liabilities | 50,795,451 | 26,218,139 | 77,013,590 |
| Net pension liability | 13,535,228 | 5,059,974 | 18,595,202 |
| Other postemployment benefit obligation | 3,281,589 | 1,564,880 | 4,846,469 |
| Total Liabilities | 88,366,165 | 41,964,531 | 130,330,696 |
| Deferred Inflows of Resources | | | |
| Intergovernmental | 546,207 | - | 546,207 |
| Deferred sponsorship rights | - | 480,000 | 480,000 |
| Deferred pension resources | 6,010,275 | 240,393 | 6,250,668 |
| Deferred other postemployment benefit resources | 776,831 | 370,443 | 1,147,274 |
| Total Deferred Inflows of Resources | 7,333,313 | 1,090,836 | 8,424,149 |
| Net Position | | | |
| Net investment in capital assets | 116,688,896 | 184,583,463 | 301,272,359 |
| Restricted for | | | |
| Debt service | 17,552,199 | 1,500,000 | 19,052,199 |
| Tax increment financing activities | 48,989 | - | 48,989 |
| Loans | 1,487,921 | - | 1,487,921 |
| Municipal street projects | 10,556,230 | - | 10,556,230 |
| Economic development | 18,417 | 134,704 | 153,121 |
| Public safety programs | 354,504 | - | 354,504 |
| Disaster | 326,017 | - | 326,017 |
| Unrestricted | (4,347,125) | 19,125,855 | 14,778,730 |
| Total Net Position | $ 142,686,048 | $ 205,344,022 | $ 348,030,070 |

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, 2020

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| Governmental Activities | | | | |
| General government | $ 1,951,859 | $ 501,645 | $ 1,030,793 | $ 892 |
| Public safety | 15,277,532 | 793,305 | 904,316 | - |
| Public works | 19,844,934 | 1,207,488 | 1,781,428 | 7,420,863 |
| Culture and recreation | 5,140,809 | 82,395 | 200 | 215,848 |
| Community development | 1,058,716 | 1,179,913 | - | - |
| Housing and economic development | 807,596 | 20,465 | 441,098 | 47,505 |
| Interest on long-term debt | 1,361,595 | - | - | - |
| Total Governmental Activities | 45,443,041 | 3,785,211 | 4,157,835 | 7,685,108 |
| Business-type Activities | | | | |
| Housing and economic development | 7,430,041 | 2,374,290 | 4,293,666 | - |
| Water | 6,902,405 | 9,125,128 | 13,988 | 4,177 |
| Wastewater plant | 4,378,058 | 1,747,033 | 5,514 | - |
| Sewer collection | 1,808,246 | 7,025,198 | 13,365 | - |
| Refuse | 1,956,508 | 2,185,195 | - | - |
| Utility operations and administration | 1,508,672 | 3,368,085 | 712 | - |
| Storm water | 2,655,679 | 3,134,743 | 2,860 | - |
| Street lighting | 591,625 | 699,189 | - | - |
| Mass transit | 4,413,758 | 378,742 | 3,322,647 | - |
| Airport | 1,786,008 | 592,870 | 169,588 | 14,278 |
| Parking | 1,401,097 | 411,075 | 750 | - |
| Civic center/arena | 6,229,631 | 2,338,971 | 166,719 | - |
| Total Business-type Activities | 41,061,728 | 33,380,519 | 7,989,809 | 18,455 |
| Totals | $ 86,504,769 | $ 37,165,730 | $ 12,147,644 | $ 7,703,563 |
| General Revenues | | | | |
| Property taxes, levied for general purposes | | | | |
| Property taxes, levied for debt service | | | | |
| Tax increments | | | | |
| Sales tax | | | | |
| Hotel-motel tax | | | | |
| Gambling tax | | | | |
| Franchise taxes | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Unrestricted investment earnings | | | | |
| Other revenues | | | | |
| Gain on sale of capital assets | | | | |
| Transfers | | | | |
| Total General Revenues and Transfers | | | | |
| Change in Net Position | | | | |
| Net Position, January 1 | | | | |
| Prior period adjustment (Note 10) | | | | |
| Net Position, December 31 | | | | |

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

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Governmental Activities | Business-type Activities | Total |
| $ (418,529) | | $ (418,529) |
| (13,579,911) | | (13,579,911) |
| (9,435,155) | | (9,435,155) |
| (4,842,366) | | (4,842,366) |
| 121,197 | | 121,197 |
| (298,528) | | (298,528) |
| (1,361,595) | | (1,361,595) |
| (29,814,887) | | (29,814,887) |
| | | |
| - | $ (762,085) | (762,085) |
| - | 2,240,888 | 2,240,888 |
| - | (2,625,511) | (2,625,511) |
| - | 5,230,317 | 5,230,317 |
| - | 228,687 | 228,687 |
| - | 1,860,125 | 1,860,125 |
| - | 481,924 | 481,924 |
| - | 107,564 | 107,564 |
| - | (712,369) | (712,369) |
| - | (1,009,272) | (1,009,272) |
| - | (989,272) | (989,272) |
| - | (3,723,941) | (3,723,941) |
| - | 327,055 | 327,055 |
| | | |
| (29,814,887) | 327,055 | (29,487,832) |
| | | |
| 15,014,520 | 480,000 | 15,494,520 |
| 4,696,861 | - | 4,696,861 |
| 661,713 | 460,930 | 1,122,643 |
| - | 6,088,885 | 6,088,885 |
| 368,056 | 1,571 | 369,627 |
| 108,828 | - | 108,828 |
| 1,781,463 | - | 1,781,463 |
| 8,068,840 | - | 8,068,840 |
| 1,147,336 | 338,833 | 1,486,169 |
| 308,524 | - | 308,524 |
| 74,623 | - | 74,623 |
| (1,438,883) | 1,438,883 | - |
| 30,791,881 | 8,809,102 | 39,600,983 |
| | | |
| 976,994 | 9,136,157 | 10,113,151 |
| | | |
| 141,709,054 | 196,191,443 | 337,900,497 |
| | | |
| - | 16,422 | 16,422 |
| | | |
| $ 142,686,048 | $ 205,344,022 | $ 348,030,070 |

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, 2020

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# City of Mankato, Minnesota
## Balance Sheet
## Governmental Funds
## December 31, 2020

| | 1010 | 3010 | Capital Projects 5020 | Capital Projects 5121 | | |
|---|---|---|---|---|---|---|
| | General | Debt Service | Improvement Bond Redemption | Improvements 2021 | Other Governmental Funds | Total Governmental Funds |
| Assets | | | | | | |
| Cash and temporary investments | $ 13,852,291 | $ 743,874 | $ 214,016 | $ 29,300 | $ 14,534,013 | $ 29,373,494 |
| Receivables | | | | | | |
| Interest | 190,642 | - | - | - | - | 190,642 |
| Delinquent taxes | 160,147 | 100,205 | - | - | - | 260,352 |
| Accounts, net of allowance | 598,096 | 187 | - | - | 30,458 | 628,741 |
| Notes | - | 11,012 | - | - | 1,126,520 | 1,137,532 |
| Special assessments | - | 14,500,388 | 8,039,676 | - | 1,187,857 | 23,727,921 |
| Intergovernmental | 212,740 | 71,624 | - | - | 1,768,629 | 2,052,993 |
| Due from other funds | 1,400,000 | 6,000,000 | - | - | 7,150,000 | 14,550,000 |
| Advances to other funds | - | - | - | - | 839,625 | 839,625 |
| Inventories | 127,244 | - | - | - | - | 127,244 |
| Prepaid items | 80,906 | - | - | - | 64 | 80,970 |
| Total Assets | $ 16,622,066 | $ 21,427,290 | $ 8,253,692 | $ 29,300 | $ 26,637,166 | $ 72,969,514 |
| Liabilities | | | | | | |
| Accounts and contracts payable | $ 707,407 | $ - | $ - | $ 411,102 | $ 266,204 | $ 1,384,713 |
| Due to other funds | - | - | - | 11,000,000 | 16,170,750 | 27,170,750 |
| Advances from other funds | - | - | - | - | 1,829,707 | 1,829,707 |
| Due to other governments | 90,109 | - | - | - | - | 90,109 |
| Accrued salaries payable | 166,130 | - | - | - | 1,836 | 167,966 |
| Deposits payable | 2,834,588 | 280,433 | - | - | 4,331,798 | 7,446,819 |
| Unearned revenue | - | - | - | - | 10,300 | 10,300 |
| Total Liabilities | 3,798,234 | 280,433 | - | 11,411,102 | 22,610,595 | 38,100,364 |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue - taxes | 160,147 | 100,205 | - | - | - | 260,352 |
| Unavailable revenue - special assessments | - | 14,500,388 | 8,039,676 | - | 1,187,857 | 23,727,921 |
| Unavailable revenue - intergovernmental | - | - | - | - | 546,207 | 546,207 |
| Total Deferred Inflows of Resources | 160,147 | 14,600,593 | 8,039,676 | - | 1,734,064 | 24,534,480 |
| Fund Balances | | | | | | |
| Nonspendable | 208,150 | - | - | - | 64 | 208,214 |
| Restricted | - | 6,546,264 | - | - | 12,792,078 | 19,338,342 |
| Committed | - | - | - | - | 5,103,146 | 5,103,146 |
| Assigned | 3,000,000 | - | 214,016 | - | 2,259,049 | 5,473,065 |
| Unassigned | 9,455,535 | - | - | (11,381,802) | (17,861,830) | (19,788,097) |
| Total Fund Balances | 12,663,685 | 6,546,264 | 214,016 | (11,381,802) | 2,292,507 | 10,334,670 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 16,622,066 | $ 21,427,290 | $ 8,253,692 | $ 29,300 | $ 26,637,166 | $ 72,969,514 |

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, 2020

| | |
|---|---|
| Amounts reported for governmental activities in the statement of net position are different because | |
| Total Fund Balances - Governmental Funds | $ 10,334,670 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds. | 155,624,337 |
| 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 | (1,794,142) |
| Other postemployment benefits obligation | (2,392,163) |
| Bonds payable | (52,421,160) |
| Bond premiums, net of accumulated amortization | (3,027,790) |
| Capital leases payable | (2,171,130) |
| Net pension liability | (10,440,591) |
| Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds. | |
| Delinquent property taxes receivable | 260,352 |
| Special assessments receivable | 23,727,921 |
| Governmental funds do not report long-term amounts related to pensions. | |
| Deferred outflows of pension resources | 4,357,213 |
| Deferred inflows of pension resources | (5,863,253) |
| Governmental funds do not report long-term amounts related to other postemployment benefits. | |
| Deferred outflows of other postemployment benefit resources | 309,654 |
| Deferred inflows of other postemployment benefit resources | (566,282) |
| Governmental funds do not report a liability for accrued interest until due and payable. | (654,658) |
| 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. | 27,403,070 |
| Total Net Position - Governmental Activities | $ 142,686,048 |

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, 2020

| | 1010 | 3010 | Capital Projects 5020 | Capital Projects 5121 | | |
|---|---|---|---|---|---|---|
| | General | Debt Service | Improvement Bond Redemption | Improvements 2021 | Other Governmental Funds | Total Governmental Funds |
| Revenues | | | | | | |
| Taxes | $ 16,879,325 | $ 5,029,866 | $ - | $ - | $ 924,777 | $ 22,833,968 |
| Special assessments | - | 3,609,250 | 56,703 | - | 505,796 | 4,171,749 |
| Licenses and permits | 1,089,209 | - | - | - | - | 1,089,209 |
| Intergovernmental | 9,468,088 | - | - | - | 5,085,437 | 14,553,525 |
| Charges for services | 1,584,590 | - | - | - | - | 1,584,590 |
| Fines and forfeits | 178,765 | - | - | - | - | 178,765 |
| Investment income | 252,056 | 99,563 | 3,443 | - | 313,798 | 668,860 |
| Miscellaneous | 467,177 | - | - | - | 316,667 | 783,844 |
| Total Revenues | 29,919,210 | 8,738,679 | 60,146 | - | 7,146,475 | 45,864,510 |
| Expenditures | | | | | | |
| Current | | | | | | |
| General government | 823,358 | 888,000 | - | - | 470,335 | 2,181,693 |
| Public safety | 14,916,411 | - | - | - | 12,058 | 14,928,469 |
| Public works | 6,106,983 | - | - | - | 645,385 | 6,752,368 |
| Culture and recreation | 3,846,354 | - | - | - | - | 3,846,354 |
| Community development | 1,029,967 | - | - | - | - | 1,029,967 |
| Housing and economic development | - | 31,387 | - | - | 630,569 | 661,956 |
| Capital outlay | | | | | | |
| Public safety | 24,632 | - | - | - | 199,973 | 224,605 |
| Public works | 60,821 | - | - | 8,444,908 | 4,486,507 | 12,992,236 |
| Culture and recreation | 409,665 | - | - | - | 638,952 | 1,048,617 |
| Debt service | | | | | | |
| Principal | - | 7,936,185 | - | - | 8,477 | 7,944,662 |
| Interest and other | - | 1,750,022 | - | - | 28,069 | 1,778,091 |
| Bond issuance costs | - | 20,843 | - | - | 96,174 | 117,017 |
| Total Expenditures | 27,218,191 | 10,626,437 | - | 8,444,908 | 7,216,499 | 53,506,035 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,701,019 | (1,887,758) | 60,146 | (8,444,908) | (70,024) | (7,641,525) |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 868,609 | 2,702,192 | - | - | 2,577,659 | 6,148,460 |
| Debt issued | - | 52,963 | - | - | 5,809,037 | 5,862,000 |
| Transfers out | (3,332,374) | (519,610) | (100,000) | - | (2,401,559) | (6,353,543) |
| Total Other Financing Sources (Uses) | (2,463,765) | 2,235,545 | (100,000) | - | 5,985,137 | 5,656,917 |
| Net Change in Fund Balances | 237,254 | 347,787 | (39,854) | (8,444,908) | 5,915,113 | (1,984,608) |
| Fund Balances, January 1 | 12,426,431 | 6,198,477 | 253,870 | (2,936,894) | (3,622,606) | 12,319,278 |
| Fund Balances, December 31 | $ 12,663,685 | $ 6,546,264 | $ 214,016 | $(11,381,802) | $ 2,292,507 | $ 10,334,670 |

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, 2020

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

| | |
|---|---|
| Net change in fund balances - governmental funds | $ (1,984,608) |
| 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 | 10,467,038 |
| Depreciation expense | (10,788,588) |
| Capital contributions to business-type activities | (2,397,301) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | |
| Principal repayments | 7,944,662 |
| Debt issued or incurred | (5,862,000) |
| Premium on bonds issued, net of amortization expense | 403,501 |
| 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. | 130,012 |
| Long-term pension activity is not reported in governmental funds. | |
| Pension expense | 401,634 |
| Direct aid contribution | 111,800 |
| 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 | (202,527) |
| Special assessments | 139,811 |
| 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 | 6,867 |
| Compensated absences | (175,957) |
| Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities. | 2,782,650 |
| Change in Net Position - Governmental Activities | $ 976,994 |

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

# City of Mankato, Minnesota

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2020

| | Budgeted Amounts | | Actual | Variance with |
|---|---|---|---|---|
| | Original | Final | Amounts | Final Budget |
| Revenues | | | | |
| Taxes | $ 16,761,000 | $ 16,760,000 | $ 16,879,325 | $ 119,325 |
| Licenses and permits | 1,606,326 | 1,606,326 | 1,089,209 | (517,117) |
| Intergovernmental | 8,552,963 | 8,552,963 | 9,468,088 | 915,125 |
| Charges for services | 1,290,550 | 1,291,550 | 1,584,590 | 293,040 |
| Fines and forfeits | 232,000 | 232,000 | 178,765 | (53,235) |
| Investment income | 55,500 | 55,500 | 252,056 | 196,556 |
| Miscellaneous | 492,000 | 492,000 | 467,177 | (24,823) |
| Total Revenues | 28,990,339 | 28,990,339 | 29,919,210 | 928,871 |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,003,500 | 1,003,500 | 823,358 | 180,142 |
| Public safety | 16,283,008 | 16,283,008 | 14,916,411 | 1,366,597 |
| Public works | 6,588,064 | 6,588,064 | 6,106,983 | 481,081 |
| Culture and recreation | 4,366,413 | 4,366,413 | 3,846,354 | 520,059 |
| Community development | 1,089,536 | 1,089,536 | 1,029,967 | 59,569 |
| Capital outlay | | | | |
| Public safety | 1,000 | 1,000 | 24,632 | (23,632) |
| Public works | 65,200 | 65,200 | 60,821 | 4,379 |
| Culture and recreation | 10,000 | 10,000 | 409,665 | (399,665) |
| Total Expenditures | 29,406,721 | 29,406,721 | 27,218,191 | 2,188,530 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (416,382) | (416,382) | 2,701,019 | 3,117,401 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 925,000 | 925,000 | 868,609 | (56,391) |
| Transfers out | (459,826) | (459,826) | (3,332,374) | (2,872,548) |
| Total Other Financing Sources (Uses) | 465,174 | 465,174 | (2,463,765) | (2,928,939) |
| Net Change in Fund Balances | 48,792 | 48,792 | 237,254 | 188,462 |
| Fund Balances, January 1 | 12,426,431 | 12,426,431 | 12,426,431 | - |
| Fund Balances, December 31 | $ 12,475,223 | $ 12,475,223 | $ 12,663,685 | $ 188,462 |

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, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6010** Water | **6020** Wastewater Plant | **6026** Sewer Collection |
| Assets | | | |
| Current Assets | | | |
| Cash and temporary investments | $ 665,648 | $ 1,142,887 | $ 537,470 |
| Receivables | | | |
| Interest | - | - | 4,924 |
| Notes - current portion | - | - | 73,436 |
| Accounts, net of allowance for doubtful accounts of $99,500 | 1,400,947 | 250,000 | 961,404 |
| Due from employees | - | - | - |
| Sponsorship rights - current portion | - | - | - |
| Miscellaneous | - | - | - |
| Intergovernmental | - | 27,864 | - |
| Due from other funds | 2,600,000 | - | 2,400,000 |
| Advances to other funds - current portion | - | - | - |
| Special assessments receivable - current portion | - | - | - |
| Inventories | 181,779 | - | 13,313 |
| Prepaid items | 10,927 | 8,186 | 6,003 |
| Total Current Assets | 4,859,301 | 1,428,937 | 3,996,550 |
| Noncurrent Assets | | | |
| Restricted assets | | | |
| Cash and cash equivalents | - | - | - |
| Notes receivable - net of current portion | - | - | 554,441 |
| 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 |
| Land improvements | 1,989,638 | - | - |
| Buildings and structures | 49,243,925 | 44,256,865 | 556,640 |
| Machinery and vehicles | 6,908,155 | 5,630,735 | 892,879 |
| Office equipment | 11,060 | - | - |
| Infrastructure and other improvements | 23,204,232 | - | 31,795,037 |
| Construction in progress | 43,000 | 3,032,546 | 908,520 |
| Less accumulated depreciation | (29,197,366) | (25,856,388) | (15,324,288) |
| Total Capital Assets, Net of Accumulated Depreciation | 52,291,803 | 27,128,126 | 18,885,284 |
| Total Noncurrent Assets | 52,291,803 | 27,128,126 | 19,439,725 |
| Total Assets | 57,151,104 | 28,557,063 | 23,436,275 |
| Deferred Outflows of Resources | | | |
| Deferred other post employment benefit resources | 41,589 | 25,141 | 15,038 |
| Deferred pension resources | 102,950 | 64,011 | 43,399 |
| Total Deferred Outflows of Resources | 144,539 | 89,152 | 58,437 |

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 | |
| $ 3,976 | $ 2,417,809 | $ 1,543,352 | $ 3,537,182 | $ 9,848,324 | $ 14,206,011 |
| - | 2,625 | - | 468 | 8,017 | 69,476 |
| - | - | - | 24,366 | 97,802 | - |
| 172,984 | 826,017 | 33,139 | 1,062,169 | 4,706,660 | 170,542 |
| - | - | - | - | - | 25,276 |
| 124,167 | - | - | - | 124,167 | - |
| - | | 38,194 | - | 38,194 | - |
| 667,099 | 1,664 | 50,020 | 927,405 | 1,674,052 | 112,472 |
| 3,640,750 | - | - | 6,430,000 | 15,070,750 | 7,600,000 |
| - | 55,303 | - | - | 55,303 | 325,692 |
| - | - | - | 327,082 | 327,082 | - |
| 45,087 | - | - | 241,464 | 481,643 | 323,160 |
| 13,105 | 5,015 | 38,701 | 24,930 | 106,867 | 96,560 |
| 4,667,168 | 3,308,433 | 1,703,406 | 12,575,066 | 32,538,861 | 22,929,189 |
| - | - | 62,886 | - | 62,886 | - |
| - | 2,090,694 | - | 295,001 | 2,940,136 | - |
| 476,666 | - | - | - | 476,666 | - |
| - | 575,805 | - | - | 575,805 | - |
| - | 934,779 | - | - | 934,779 | 4,438,374 |
| 463,810 | 904,987 | 1,299,055 | 2,288,776 | 5,166,651 | 197,223 |
| 912,668 | 785,168 | - | 514,788 | 4,202,262 | 382,228 |
| 62,216,719 | 4,691,476 | 13,689,642 | 64,895,428 | 239,550,695 | 4,741,711 |
| 7,569,107 | - | - | 6,076,008 | 27,076,884 | 26,861,883 |
| 136,244 | - | 5,706 | - | 153,010 | 1,666,150 |
| - | - | 6,064,945 | 4,629,506 | 65,693,720 | - |
| 61,989 | - | 148,291 | 2,778,765 | 6,973,111 | 1,186,457 |
| (20,799,248) | (4,518,132) | (10,858,938) | (26,756,631) | (133,310,991) | (19,291,013) |
| 50,561,289 | 1,863,499 | 10,348,701 | 54,426,640 | 215,505,342 | 15,744,639 |
| 51,037,955 | 5,464,777 | 10,411,587 | 54,721,641 | 220,495,614 | 20,183,013 |
| 55,705,123 | 8,773,210 | 12,114,993 | 67,296,707 | 253,034,475 | 43,112,202 |
| 31,955 | 4,976 | 22,308 | 61,561 | 202,568 | 115,132 |
| 48,906 | 22,004 | 59,665 | 201,598 | 542,533 | 331,810 |
| 80,861 | 26,980 | 81,973 | 263,159 | 745,101 | 446,942 |

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, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6010** Water | **6020** Wastewater Plant | **6026** Sewer Collection |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts and contracts payable | $ 150,583 | $ 422,384 | $ 116,258 |
| Due to other funds | - | - | - |
| Advances from other funds - current portion | - | - | - |
| Due to other governments | 11,447 | 10,268 | - |
| Accrued interest payable | 140,509 | 16,982 | 19,723 |
| Accrued salaries payable | 27,626 | 12,157 | 7,873 |
| Deposits payable | - | - | - |
| Unearned revenue | - | - | - |
| Compensated absences payable - current portion | 80,019 | 68,950 | 46,602 |
| Loans payable - current portion | - | - | - |
| Bonds payable - current portion | 2,371,000 | 312,000 | 312,000 |
| Total Current Liabilities | 2,781,184 | 842,741 | 502,456 |
| Noncurrent Liabilities | | | |
| Advances from other funds - net of current portion | - | - | - |
| Compensated absences payable | 67,981 | 24,287 | 67,242 |
| Bonds payable - net of current portion | 13,045,248 | 4,354,000 | 2,934,000 |
| Loans payable - net of current portion | - | - | - |
| Net pension liability | 960,170 | 597,002 | 404,765 |
| Other postemployment benefit obligation | 321,283 | 194,221 | 116,170 |
| Total Noncurrent Liabilities | 14,394,682 | 5,169,510 | 3,522,177 |
| Total Liabilities | 17,175,866 | 6,012,251 | 4,024,633 |
| Deferred Inflows of Resources | | | |
| Deferred sponsorship rights | - | - | - |
| Deferred pension resources | 45,616 | 28,364 | 19,230 |
| Deferred other post employment benefit resources | 76,055 | 45,977 | 27,500 |
| Total Deferrred Inflows of Resources | 121,671 | 74,341 | 46,730 |
| Net Position | | | |
| Net investment in capital assets | 36,875,555 | 22,462,126 | 15,639,284 |
| Restricted for | | | |
| Debt service | - | - | - |
| Economic development | - | - | - |
| Unrestricted | 3,122,551 | 97,497 | 3,784,065 |
| Total Net Position | $ 39,998,106 | $ 22,559,623 | $ 19,423,349 |

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 |
| $ 29,239 | $ 46,768 | $ 2,614 | $ 1,739,797 | $ 2,507,643 | $ 1,218,987 |
| 7,230,000 | - | - | 2,820,000 | 10,050,000 | - |
| - | 325,692 | - | - | 325,692 | - |
| 838 | - | 62,186 | 17,523 | 102,262 | - |
| 116,958 | 69,476 | - | - | 363,648 | - |
| 6,746 | 3,164 | 8,176 | 31,409 | 97,151 | 55,392 |
| - | 7,419 | 62,886 | - | 70,305 | 538,458 |
| 472,256 | - | 4,190 | 5,274 | 481,720 | 48,007 |
| 46,026 | 25,702 | 32,724 | 95,386 | 395,409 | 301,587 |
| - | - | - | 38,400 | 38,400 | - |
| 2,070,000 | - | - | - | 5,065,000 | - |
| 9,972,063 | 478,221 | 172,776 | 4,747,789 | 19,497,230 | 2,162,431 |
| - | 4,438,374 | - | - | 4,438,374 | - |
| 22,683 | 37,138 | 44,048 | 58,665 | 322,044 | 218,130 |
| 5,405,131 | - | - | - | 25,738,379 | - |
| - | - | 118,500 | 39,216 | 157,716 | - |
| 456,126 | 205,220 | 556,469 | 1,880,222 | 5,059,974 | 3,094,637 |
| 246,861 | 38,439 | 172,334 | 475,572 | 1,564,880 | 889,426 |
| 6,130,801 | 4,719,171 | 891,351 | 2,453,675 | 37,281,367 | 4,202,193 |
| 16,102,864 | 5,197,392 | 1,064,127 | 7,201,464 | 56,778,597 | 6,364,624 |
| 480,000 | - | - | - | 480,000 | - |
| 21,670 | 9,750 | 26,437 | 89,326 | 240,393 | 147,022 |
| 58,438 | 9,099 | 40,795 | 112,579 | 370,443 | 210,549 |
| 560,108 | 18,849 | 67,232 | 201,905 | 1,090,836 | 357,571 |
| 43,086,158 | 1,863,499 | 10,230,201 | 54,426,640 | 184,583,463 | 15,744,639 |
| 1,500,000 | - | - | - | 1,500,000 | - |
| - | - | 134,704 | - | 134,704 | - |
| (5,463,146) | 1,720,450 | 700,702 | 5,729,857 | 9,691,976 | 21,092,310 |
| $ 39,123,012 | $ 3,583,949 | $ 11,065,607 | $ 60,156,497 | 195,910,143 | $ 36,836,949 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | | | | 9,433,879 | |
| Net position of business-type activities | | | | $ 205,344,022 | |

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, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6010** Water | **6020** Wastewater Plant | **6026** Sewer Collection |
| Operating Revenues | | | |
| Sales | $ - | $ - | $ - |
| Cost of sales | - | - | - |
| Gross Profit | - | - | - |
| Charges for services | 9,125,128 | 1,747,033 | 7,025,172 |
| Total Operating Revenues | 9,125,128 | 1,747,033 | 7,025,172 |
| Operating Expenses | | | |
| Salaries and benefits | 1,941,864 | 1,193,879 | 780,598 |
| Supplies | 865,459 | 537,380 | 80,130 |
| Other services and charges | 888,732 | 1,333,424 | 80,501 |
| Vehicle operation | 267,410 | 54,276 | 111,138 |
| Insurance | 18,240 | - | - |
| Utilities | 466,679 | - | - |
| Depreciation | 2,008,806 | 1,228,769 | 680,394 |
| Total Operating Expenses | 6,457,190 | 4,347,728 | 1,732,761 |
| Operating Income (Loss) | 2,667,938 | (2,600,695) | 5,292,411 |
| Nonoperating Revenues (Expenses) | | | |
| Taxes | - | - | - |
| Special assessments | - | - | - |
| Intergovernmental | | | |
| Federal | 13,988 | 5,514 | 13,365 |
| State | - | - | - |
| Refunds and reimbursements | - | - | - |
| Investment income | 36,337 | 16,300 | 47,304 |
| Miscellaneous income | - | - | 26 |
| Rental income | - | - | - |
| Gain (loss) on sale of assets | - | - | - |
| Interest expense | (426,767) | (48,974) | (57,847) |
| Amortization of bond premiums | - | - | - |
| Total Nonoperating Revenues (Expenses) | (376,442) | (27,160) | 2,848 |
| Income (Loss) Before Contributions and Transfers | 2,291,496 | (2,627,855) | 5,295,259 |
| Capital Contributions From Other Funds | 515,471 | - | 1,083,880 |
| Capital Grants and Contributions | 4,177 | - | - |
| Transfers In | 950,000 | 4,000,000 | - |
| Transfers Out | (524,098) | (489) | (4,420,107) |
| Change in Net Position | 3,237,046 | 1,371,656 | 1,959,032 |
| Net Position, January 1 | 36,761,060 | 21,187,967 | 17,464,317 |
| Prior Period Adjustment (Note 10) | - | - | - |
| Net Position, December 31 | $ 39,998,106 | $ 22,559,623 | $ 19,423,349 |

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 |
| $ 791,991 | $ - | $ - | $ - | $ 791,991 | $ - |
| (468,482) | - | - | - | (468,482) | - |
| 323,509 | - | - | - | 323,509 | - |
| 1,559,437 | $ 1,113,270 | 927,517 | 10,052,234 | 31,549,791 | 20,697,905 |
| 1,882,946 | 1,113,270 | 927,517 | 10,052,234 | 31,873,300 | 20,697,905 |
| | | | | | |
| 820,300 | 376,544 | 807,402 | 3,648,445 | 9,569,032 | 5,926,825 |
| 137,615 | 280 | 20,783 | 367,535 | 2,009,182 | 1,660,155 |
| 1,978,495 | 1,874,099 | 3,353,180 | 6,916,427 | 16,424,858 | 10,372,308 |
| 42,615 | - | - | 922,557 | 1,397,996 | 97,830 |
| 81,787 | 35,939 | 69,558 | 118,290 | 323,814 | 172,137 |
| 375,063 | - | 203,209 | 228,613 | 1,273,564 | 153,452 |
| 2,474,029 | 99,921 | 488,657 | 2,210,108 | 9,190,684 | 2,370,663 |
| 5,909,904 | 2,386,783 | 4,942,789 | 14,411,975 | 40,189,130 | 20,753,370 |
| | | | | | |
| (4,026,958) | (1,273,513) | (4,015,272) | (4,359,741) | (8,315,830) | (55,465) |
| | | | | | |
| 6,090,456 | 775,930 | - | 165,000 | 7,031,386 | - |
| - | - | - | 295,453 | 295,453 | - |
| 157,012 | 313,310 | 3,507,955 | 807,896 | 4,819,040 | - |
| - | 472,401 | - | 2,688,661 | 3,161,062 | 814,572 |
| - | - | 27,127 | 19,427 | 46,554 | - |
| 49,340 | 36,617 | 8,874 | 144,061 | 338,833 | 478,476 |
| - | 306,376 | - | 360,393 | 666,795 | 105,646 |
| - | - | - | 62,693 | 62,693 | 472,007 |
| - | - | - | - | - | 74,623 |
| (288,908) | (170,436) | - | (485) | (993,417) | - |
| 295,540 | - | - | - | 295,540 | - |
| 6,303,440 | 1,734,198 | 3,543,956 | 4,543,099 | 15,723,939 | 1,945,324 |
| | | | | | |
| 2,276,482 | 460,685 | (471,316) | 183,358 | 7,408,109 | 1,889,859 |
| | | | | | |
| - | - | - | 797,950 | 2,397,301 | - |
| - | - | - | 14,278 | 18,455 | - |
| 1,695,915 | 492,420 | - | 884,599 | 8,022,934 | 3,645,000 |
| (1,249,003) | (64,266) | - | (2,723,389) | (8,981,352) | (2,481,499) |
| | | | | | |
| 2,723,394 | 888,839 | (471,316) | (843,204) | 8,865,447 | 3,053,360 |
| | | | | | |
| 36,399,618 | 2,695,110 | 11,520,501 | 60,999,701 | 187,028,274 | 33,783,589 |
| | | | | | |
| - | - | 16,422 | - | 16,422 | - |
| | | | | | |
| $ 39,123,012 | $ 3,583,949 | $ 11,065,607 | $ 60,156,497 | $ 195,910,143 | $ 36,836,949 |

| | |
|---|---|
| Change in net position as shown above | $ 8,865,447 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. | 270,710 |
| Change in net position of business-type activities | $ 9,136,157 |

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, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6010** Water | **6020** Wastewater Plant | **6026** Sewer Collection |
| Cash Flows from Operating Activities | | | |
| Receipts from interfund services provided | $ - | $ - | $ - |
| Receipts from customers and users | 8,654,830 | 1,588,243 | 6,919,335 |
| Other cash receipts | - | - | 26 |
| Payments to suppliers | (2,753,533) | (1,958,132) | (273,492) |
| Payments to and on behalf of employees | (1,481,266) | (934,892) | (614,192) |
| Payments for interfund services provided | (269,196) | (54,276) | (109,401) |
| Net Cash Provided (Used) by Operating Activities | 4,150,835 | (1,359,057) | 5,922,276 |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers from other funds | 950,000 | 4,000,000 | - |
| Transfers to other funds | (524,098) | (489) | (4,420,107) |
| (Increase) decrease in due from other funds | (1,030,000) | 566,000 | (770,000) |
| Increase (decrease) in due to other funds | - | - | - |
| (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 | 13,988 | (13,096) | 13,365 |
| Tenant fraud recovery | - | - | - |
| Interest paid on advances from other funds | - | - | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | (590,110) | 4,552,415 | (5,176,742) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisitions of capital assets | (276,732) | (2,405,564) | (152,884) |
| Intergovernmental contributions for capital assets | 4,177 | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Principal paid on long-term debt | (2,311,000) | (309,000) | (307,000) |
| Interest paid on long-term debt | (448,268) | (50,098) | (59,701) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (3,031,823) | (2,764,662) | (519,585) |
| Cash Flows from Investing Activities | | | |
| Payment received on loans | - | - | 72,074 |
| Loans issued | - | - | - |
| Interest received on investments | 36,337 | 16,300 | 47,869 |
| Net Cash Provided (Used) by Investing Activities | 36,337 | 16,300 | 119,943 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 565,239 | 444,996 | 345,892 |
| Cash and Cash Equivalents, January 1 | 100,409 | 697,891 | 191,578 |
| Cash and Cash Equivalents, December 31 | $ 665,648 | $ 1,142,887 | $ 537,470 |
| Reconciliation of Cash and Cash Equivalents | | | |
| Unrestricted | $ 665,648 | $ 1,142,887 | $ 537,470 |
| Restricted | - | - | - |
| Total Cash and Cash Equivalents | $ 665,648 | $ 1,142,887 | $ 537,470 |

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 |
| $ - | $ - | $ - | $ - | $ - | $ 20,721,079 |
| 2,478,165 | 300,624 | 790,514 | 10,075,731 | 30,807,442 | - |
| - | 306,376 | 120,516 | 743,909 | 1,170,827 | 577,653 |
| (2,740,795) | (1,669,687) | (3,692,910) | (6,146,609) | (19,235,158) | (12,173,711) |
| (728,085) | (300,231) | (790,226) | (2,814,139) | (7,663,031) | (5,016,726) |
| (1,002,615) | (337,234) | - | (2,748,124) | (4,520,846) | (1,489,665) |
| (1,993,330) | (1,700,152) | (3,572,106) | (889,232) | 559,234 | 2,618,630 |
| | | | | | |
| 1,695,915 | 492,420 | - | 884,599 | 8,022,934 | 3,645,000 |
| (1,249,003) | (64,266) | - | (2,723,389) | (8,981,352) | (2,481,499) |
| (1,940,750) | 562,039 | (50,018) | (3,330,000) | (5,992,729) | (2,100,000) |
| (3,270,000) | - | 50,018 | 1,390,000 | (1,829,982) | - |
| - | 60,677 | - | - | 60,677 | - |
| - | (314,585) | - | - | (314,585) | - |
| - | - | - | - | - | 314,585 |
| 6,260,901 | 776,031 | - | 165,028 | 7,201,960 | - |
| 157,012 | 802,306 | 3,480,117 | 3,389,154 | 7,842,846 | 539,954 |
| - | - | 27,127 | - | 27,127 | - |
| - | (175,024) | - | - | (175,024) | - |
| 1,654,075 | 2,139,598 | 3,507,244 | (224,608) | 5,861,872 | (81,960) |
| | | | | | |
| (887,479) | - | (50,018) | (2,291,378) | (6,064,055) | (4,201,761) |
| - | - | 12,039 | 18,409 | 34,625 | 190,667 |
| - | - | - | - | - | 76,066 |
| (1,970,000) | - | - | (136,777) | (5,033,777) | - |
| (329,950) | - | - | (772) | (888,789) | - |
| (3,187,429) | - | (37,979) | (2,410,518) | (11,951,996) | (3,935,028) |
| | | | | | |
| - | 386,635 | - | 7,239 | 465,948 | - |
| - | (433,692) | - | (300,000) | (733,692) | - |
| 49,340 | 35,363 | 8,874 | 144,061 | 338,144 | 483,064 |
| 49,340 | (11,694) | 8,874 | (148,700) | 70,400 | 483,064 |
| | | | | | |
| (3,477,344) | 427,752 | (93,967) | (3,673,058) | (5,460,490) | (915,294) |
| 3,481,320 | 1,990,057 | 1,700,205 | 7,210,240 | 15,371,700 | 15,121,305 |
| $ 3,976 | $ 2,417,809 | $ 1,606,238 | $ 3,537,182 | $ 9,911,210 | $ 14,206,011 |
| | | | | | |
| $ 3,976 | $ 2,417,809 | $ 1,543,352 | $ 3,537,182 | $ 9,848,324 | $ 14,206,011 |
| - | - | 62,886 | - | 62,886 | - |
| $ 3,976 | $ 2,417,809 | $ 1,606,238 | $ 3,537,182 | $ 9,911,210 | $ 14,206,011 |

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, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6010** Water | **6020** Wastewater Plant | **6026** Sewer Collection |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | $ 2,667,938 | $ (2,600,695) | $ 5,292,411 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| Other income related to operations | - | - | 26 |
| Depreciation | 2,008,806 | 1,228,769 | 680,394 |
| (Increase) decrease in assets | | | |
| Accounts receivable | (484,723) | (158,790) | (105,837) |
| Sponsorship rights receivable | - | - | - |
| Due from employees | - | - | - |
| Due from other governments | 14,425 | - | - |
| Inventories | 4,508 | - | (1,704) |
| Prepaid items | (1,868) | (3,484) | (1,353) |
| (Increase) decrease in deferred outflows of resources | | | |
| Deferred other postemployment benefit resources | (9,590) | (4,113) | (3,340) |
| Deferred pension resources | (22,339) | (14,055) | (9,219) |
| Increase (decrease) in liabilities | | | |
| Accounts and contracts payable | (26,221) | 245,962 | 69,172 |
| Due to other governments | (2,443) | (33,481) | - |
| Accrued salaries payable | (21,387) | (19,855) | (15,283) |
| Compensated absences payable | 2,616 | 6,015 | 12,810 |
| Net pension liability | 128,188 | 81,400 | 51,988 |
| Other postemployment benefit obligation | (50,968) | (50,401) | (19,911) |
| Deposits payable | - | - | - |
| Other current liabilities | - | - | - |
| Unearned revenue | - | - | - |
| Increase (decrease) in deferred inflows of resources | | | |
| Deferred sponsorship rights | - | - | - |
| Deferred pension resources | (118,926) | (73,607) | (50,539) |
| Deferred other postemployment benefit resources | 62,819 | 37,278 | 22,661 |
| Net Cash Provided (Used) by Operating Activities | $ 4,150,835 | $ (1,359,057) | $ 5,922,276 |
| Schedule of Noncash Investing, Capital and Financing Activities | | | |
| Book value of disposed/traded capital assets | $ - | $ - | $ - |
| Capital assets acquired on account | - | 83,627 | - |
| Capital assets contributed by (to) other funds | 515,471 | - | 1,083,880 |
| Amortization of bond (premium) discount | - | - | - |

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

| Business-type Activities - Enterprise Funds | | | | | Governmental Activities- |
|---|---|---|---|---|---|
| **6200** Riverfront 2000/ Civic Center | **6800** Economic Development | Mankato EDA | Other Enterprise Funds | Totals | Internal Service Funds |
| $ (4,026,958) | $(1,273,513) | $(4,015,272) | $ (4,359,741) | $ (8,315,830) | $ (55,465) |
| - | 306,376 | - | 743,909 | 1,050,311 | 577,653 |
| 2,474,029 | 99,921 | 488,657 | 2,210,108 | 9,190,684 | 2,370,663 |
| 147,294 | (812,646) | (14,795) | (127,509) | (1,557,006) | (43,809) |
| (833) | - | - | - | (833) | - |
| - | - | - | - | - | 19,876 |
| - | - | - | 145,732 | 160,157 | (572) |
| 9,526 | - | - | 28,589 | 40,919 | 537 |
| (1,132) | (3,286) | (3,829) | (16,547) | (31,499) | (20,367) |
| (8,239) | (1,125) | (14,993) | (19,570) | (60,970) | (18,966) |
| 9,333 | (6,460) | (4,949) | (54,036) | (101,725) | (63,855) |
| (260,053) | (34,668) | (19,763) | 372,617 | 347,046 | 123,624 |
| (31,061) | - | (302) | (386) | (67,673) | - |
| (29,419) | (8,512) | (15,110) | (63,322) | (172,888) | (129,972) |
| (33,523) | 9,804 | 17,556 | 18,018 | 33,296 | (104,696) |
| (144,955) | 44,791 | 95,416 | 357,246 | 614,074 | 329,064 |
| (29,037) | (6,362) | (29,614) | (12,949) | (199,242) | (229,319) |
| - | - | (682) | - | (682) | 45,712 |
| - | - | (22,286) | - | (22,286) | - |
| 100,276 | - | (1,010) | 5,274 | 104,540 | 47,679 |
| (120,000) | - | - | - | (120,000) | - |
| (97,206) | (21,978) | (64,745) | (211,874) | (638,875) | (399,927) |
| 48,628 | 7,506 | 33,615 | 95,209 | 307,716 | 170,770 |
| $ (1,993,330) | $(1,700,152) | $(3,572,106) | $ (889,232) | $ 559,234 | $ 2,618,630 |
| $ - | $ - | $ - | $ - | $ - | $ 1,443 |
| - | - | - | 285,282 | 368,909 | - |
| - | - | - | 797,950 | 2,397,301 | - |
| (295,540) | - | - | - | (295,540) | - |

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, 2020

| | Custodial Funds |
|---|---|
| Assets | |
| Cash and temporary investments | $ 1,687,373 |
| Cash held by fiscal agent | 39,791 |
| Receivables | |
| Accounts | 18,217 |
| Notes | 50,000 |
| Intergovernmental | 47,622 |
| Prepaid items | 25,646 |
| Total Assets | 1,868,649 |
| Liabilities | |
| Accounts payable | 74,985 |
| Due to other governments | 28,094 |
| Accrued salaries payable | 1,799 |
| Unearned revenue | 1,030 |
| Deposits payable | 31,746 |
| Other current liabilities | 173,587 |
| Total Liabilities | 311,241 |
| Net Position | |
| Restricted | |
| Individuals, organizations and other governments | $ 1,557,408 |

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

# City of Mankato, Minnesota
## Statement of Changes in Fiduciary Net Position
## Fiduciary Funds
## For the Year Ended December 31, 2020

| | Custodial Funds |
|---|---|
| Additions | |
| Tenant rental revenue | $ 302,906 |
| Excess utilities | 6,680 |
| HUD capital grants | 38,253 |
| HUD operating grants | 634,160 |
| Intergovernmental - state | 106,046 |
| Investment income | 8,908 |
| Other revenue | 329,322 |
| Total Additions | 1,426,275 |
| Deductions | |
| Administration | 213,933 |
| Utilities | 97,134 |
| Maintenance and operations | 423,009 |
| Insurance | 38,893 |
| Other charges and services | 523,221 |
| Total Deductions | 1,296,190 |
| Net Increase (Decrease) in Fiduciary Net Position | 130,085 |
| Net Position, January 1 | 1,427,323 |
| Net Position, December 31 | $ 1,557,408 |

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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 2021* 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 *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, 2020:

- US government and agency securities and municipal securities of $27,510,303 are valued using quoted market prices (Level 1 inputs)

- Negotiable certificates of deposits of $8,162,598 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 Administrative Services will select a preferred maturity period when evaluating a potential investment. This date will consider either potential cash flow requirements or conformance to a maturity guideline. When selecting certificates of deposit, the Director of Administrative Services will inform the financial institution if pledged collateral will be required prior to obtaining an interest rate quotation. If no specific maturity or cash flow need is required, then the market trend or yield curve may be used to determine an advantageous maturity.

## Note 1: Summary of Significant Accounting Policies (Continued)

The Director of Administrative Services 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 Administrative Services 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 2020. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts as of December 31, 2020 was $111,500.

***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, 2020. The General fund is typically used to liquidate governmental other postemployment benefits payable.

***Long-term Obligations***

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

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

## Note 1: Summary of Significant Accounting Policies (Continued)

### *Pensions*

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

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

| | Public Employees Retirement Association of Minnesota (PERA) | | | Total All Plans |
|---|---|---|---|---|
| | GERP | PEPFP | PEDCP | |
| Pension Expense | $ 557,484 | $ 1,068,204 | $ 4,410 | $ 1,630,098 |

### *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 two types 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 and 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, Lodging Tax, 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) Mankato Area Planning Organization RTCC grant and expenditures and operational budget, 2) new DEED loan activity, 3) storm water, airport, public safety, civic center, wastewater and IGC capital and expenditures, 4) COVID19 related Sustaining and Recovery loan and 5) airport end-of-year fuel purchase.

### B. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2020:

| Fund | Amount |
|---|---|
| Major | |
| Capital Projects | |
| Improvements 2021 | $ 11,381,802 |
| Nonmajor | |
| Capital Projects | |
| Sibley Park Tax Increment Phase I | 990,082 |
| Mankato Design Busters Tax Increment | 35,284 |
| HECO Tax Increment | 173,379 |
| Highway 169 Flood Control | 1,158,541 |
| Low Riverbank Stabilization | 3,501,825 |
| South Riverfront Tax Increment | 630,962 |
| Curling Club | 51,927 |
| Energy Improvements | 1,587,533 |
| Franklin Rogers Park Improvements | 3,229,814 |
| Regional Parks | 2,200 |
| Improvements 2018 | 470,692 |
| Improvements 2019 | 1,946,503 |
| Improvements 2020 | 3,863,298 |
| Improvements 2022 | 219,790 |
| Proprietary | |
| Refuse | 463,146 |

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 $505,637. The bank balance was $712,665. The bank balance was covered by federal depository insurance of $455,360 and the remaining 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, 2020 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, 2020, 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, 2020, 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 | $ 18,995,989 | | |
| Non-pooled Investments at Fair Value | | | | | |
| Government Agency Securities | AA+ | 1 to 3 years | 3,999,890 | $ 3,999,890 | $ - |
| Government Agency Securities | AA+ | more than 3 years | 3,504,195 | 3,504,195 | - |
| Municipal Securities | AAA | less than 6 months | 381,167 | 381,167 | - |
| Municipal Securities | AAA | 6 months to 1 year | 906,631 | 906,631 | - |
| Municipal Securities | AA | 6 months to 1 year | 200,656 | 200,656 | - |
| Municipal Securities | AA+ | 6 months to 1 year | 564,199 | 564,199 | - |
| Municipal Securities | AAA | 1 to 3 years | 3,767,090 | 3,767,090 | - |
| Municipal Securities | AA+ | 1 to 3 years | 2,446,888 | 2,446,888 | - |
| Municipal Securities | AA | 1 to 3 years | 202,472 | 202,472 | - |
| Municipal Securities | AAA | more than 3 years | 8,388,217 | 8,388,217 | - |
| Municipal Securities | AA | more than 3 years | 1,402,587 | 1,402,587 | - |
| Municipal Securities | N/R | more than 3 years | 1,746,311 | 1,746,311 | - |
| Negotiable certificates of deposit | N/A | less than 6 months | 506,476 | - | 506,476 |
| Negotiable certificates of deposit | N/A | 6 months to 1 year | 990,846 | - | 990,846 |
| Negotiable certificates of deposit | N/A | 1 to 3 years | 3,586,580 | - | 3,586,580 |
| Negotiable certificates of deposit | N/A | more than 3 years | 3,078,696 | - | 3,078,696 |
| Total Investments | | | $ 54,668,890 | $ 27,510,303 | $ 8,162,598 |

(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 $43,352.

## 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 | $ 505,637 | $ - | $ 505,637 |
| Investments | 52,941,726 | 1,727,164 | 54,668,890 |
| Cash on Hand | 43,352 | - | 43,352 |
| Total | $ 53,490,715 | $ 1,727,164 | $ 55,217,879 |
| Cash and Cash Equivalents | $ 53,427,829 | $ 1,687,373 | $ 55,115,202 |
| Cash Held by Fiscal Agent | - | 39,791 | 39,791 |
| Restricted Assets | 62,886 | - | 62,886 |
| Total | $ 53,490,715 | $ 1,727,164 | $ 55,217,879 |

### 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, 2020 is $228,369.

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, 2020 are $461,317 and $319,230, 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, 2020 is $16,067.

### *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, 2020 is $101,537.

## 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, 2020 is $619,368.

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, 2020 are $5,864 and $1,609,680 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, 2020 is $55,936.

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, 2020 is $627,875.

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, 2020 is $11,012.

The City has loaned funds to local businesses for to recover and sustain business lost due to the COVID-19 pandemic. Recovery loans were issued at 0 percent interest and deferred for 12 months, then repaid over 60 months. The balance of these loans at December 31, 2020 is $37,527. The sustaining loans were issued with a deferral period of 1 year, and a 2 percent interest will be applied when repayment beings. The balance of these loans at year end is $81,688.

### C. Sponsorship Rights Receivable

The City has entered into agreements with two sponsors for the pouring and naming rights in conjunction with the Civic Center. Pepsi has committed annual payments of $25,000 for 2020 - 2024 for the exclusive rights to sell or distribute beverages at the facility. During 2021 this was reduced to $6,250 due to the COVID-19 pandemic. Also, Mayo Clinic Health System has committed payments of $125,000 annually through December 25, 2024 for the exclusive naming rights of the facility. The City will quit using this name as of December 25, 2024. The balance of these receivables in the enterprise funds at December 31, 2020 is $600,833, 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, 2020 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 | 23,685,014 | 10,881,987 | (11,715,007) | 22,851,994 |
| Total Capital Assets not Being Depreciated | 27,983,035 | 10,881,987 | (11,715,007) | 27,150,015 |
| Capital Assets Being Depreciated | | | | |
| Land improvements | 6,154,586 | 102,756 | - | 6,257,342 |
| Buildings and structures | 39,309,162 | 1,193,739 | - | 40,502,901 |
| Machinery and vehicles | 32,872,893 | 2,929,523 | (645,039) | 35,157,377 |
| Office equipment | 2,136,633 | - | - | 2,136,633 |
| Infrastructure | 278,372,188 | 8,683,500 | - | 287,055,688 |
| Storm sewer systems | 7,117,610 | - | - | 7,117,610 |
| Total Capital Assets Being Depreciated | 365,963,072 | 12,909,518 | (645,039) | 378,227,551 |
| Less Accumulated Depreciation for | | | | |
| Land improvements | (2,688,918) | (293,283) | - | (2,982,201) |
| Buildings and structures | (16,015,742) | (1,225,929) | - | (17,241,671) |
| Machinery and vehicles | (19,474,518) | (2,488,371) | 643,596 | (21,319,293) |
| Office equipment | (2,086,472) | (34,902) | - | (2,121,374) |
| Infrastructure | (177,325,207) | (8,980,574) | - | (186,305,781) |
| Storm sewer systems | (3,902,078) | (136,192) | - | (4,038,270) |
| Total Accumulated Depreciation | (221,492,935) | (13,159,251) | 643,596 | (234,008,590) |
| Total Capital Assets Being Depreciated, Net | 144,470,137 | (249,733) | (1,443) | 144,218,961 |
| Governmental Activities Capital Assets, Net | $ 172,453,172 | $ 10,632,254 | $ (11,716,450) | $ 171,368,976 |

During the year, capital assets of $2,397,301 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 | 5,363,516 | 5,795,998 | (4,186,403) | 6,973,111 |
| Total Capital Assets not Being Depreciated | 10,530,167 | 5,795,998 | (4,186,403) | 12,139,762 |
| Capital Assets Being Depreciated | | | | |
| Land improvements | 4,202,262 | - | - | 4,202,262 |
| Buildings and structures | 238,421,492 | 1,129,203 | - | 239,550,695 |
| Machinery and vehicles | 22,812,529 | 4,345,270 | (80,915) | 27,076,884 |
| Office equipment | 213,737 | - | (60,727) | 153,010 |
| Infrastructure and other improvements | 64,052,055 | 1,641,665 | - | 65,693,720 |
| Total Capital Assets Being Depreciated | 329,702,075 | 7,116,138 | (141,642) | 336,676,571 |
| Less Accumulated Depreciation for | | | | |
| Land improvements | (997,413) | (197,913) | - | (1,195,326) |
| Buildings and structures | (81,898,650) | (6,128,404) | - | (88,027,054) |
| Machinery and vehicles | (12,783,080) | (1,443,729) | 80,915 | (14,145,894) |
| Office equipment | (213,737) | - | 60,727 | (153,010) |
| Infrastructure and other improvements | (28,369,069) | (1,420,638) | - | (29,789,707) |
| Total Accumulated Depreciation | (124,261,949) | (9,190,684) | 141,642 | (133,310,991) |
| Total Capital Assets Being Depreciated, Net | 205,440,126 | (2,074,546) | - | 203,365,580 |
| Business-type Activities Capital Assets, Net | $ 215,970,293 | $ 3,721,452 | $ (4,186,403) | $ 215,505,342 |

## Note 3: Detailed Notes on All Funds (Continued)

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

| | |
|---|---|
| **Governmental Activities** | |
| General government | $ 171,955 |
| Public safety | 347,751 |
| Streets and highways, including depreciation of general infrastructure assets | 9,296,557 |
| Culture and recreation | 821,054 |
| Housing and economic development | 151,271 |
| Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets | 2,370,663 |
| Total Depreciation Expense - Governmental Activities | $ 13,159,251 |
| **Business-type Activities** | |
| Housing and economic development | $ 490,064 |
| Water | 2,008,806 |
| Wastewater plant | 1,228,769 |
| Sewer collection | 680,394 |
| Storm water | 100,314 |
| Street lighting | 101,503 |
| Mass transit | 228,096 |
| Airport | 966,658 |
| Parking | 812,130 |
| Civic center arena | 2,474,029 |
| Economic development | 99,921 |
| Total Depreciation Expense - Business-type Activities | $ 9,190,684 |

***Construction Commitments***

The City has active construction projects as of December 31, 2020. The projects include street construction, utility and sanitary sewer improvements and remodeling projects. At year end the City's commitments with contractors are as follows:

| Project | Spent-to-Date | Remaining Commitment |
|---|---|---|
| Franklin Rogers Parking Lot | $ 276,719 | $ 92,492 |
| Thomas Park Improvements | 35,750 | 7,950 |
| Lime Township Trunk Sewer Extension | 411,036 | 68,429 |
| Germania Park Phase 1 | 1,632,291 | 132,969 |
| Pohl Road & Stadium Intersection | 1,609,739 | 103,567 |
| Adams Street Phase 3 | 496,461 | 448,045 |
| 2020 Resurfacing & Sidewalks | 530,315 | 81,068 |
| Belle Avenue | 708,225 | 77,299 |
| Disinfection & Digester | 2,021,719 | 660,281 |
| Airport Airside Improvements | 430,607 | 22,664 |
| Taxiway / Runway Improvements | 53,790 | 125,510 |
| Total | $ 8,206,652 | $ 1,820,274 |

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, 2020 is as follows:

| Fund | Due from Other Funds | Due to Other Funds |
|---|---|---|
| General | $ 1,400,000 | $ - |
| Debt Service | 6,000,000 | - |
| Improvements 2021 | - | 11,000,000 |
| Nonmajor Governmental | 7,150,000 | 16,170,750 |
| Water | 2,600,000 | - |
| Sewer Collection | 2,400,000 | - |
| Riverfront 2000/Civic Center | 3,640,750 | 7,230,000 |
| Nonmajor Enterprise | 6,430,000 | 2,820,000 |
| Internal Service | | |
| Equipment Replacement | 3,850,000 | - |
| Central Insurance | 1,900,000 | - |
| Building Facilities Replacement | 1,850,000 | - |
| Total | $ 37,220,750 | $ 37,220,750 |

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 Advances from/to other funds are to cover the deficits in the TIF funds and for the construction of the Public Safety Center. The composition of interfund advances at December 31, 2020 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 | $ 35,284 |
| Nonmajor governmental | Nonmajor governmental | 4.00 | 12/09/13 | 08/01/38 | 173,379 |
| Nonmajor governmental | Nonmajor governmental | 4.00 | 12/09/13 | 08/01/26 | 630,962 |
| Economic Development | Nonmajor governmental | 4.00 | 12/09/13 | 02/01/38 | 990,082 |
| Internal Service | Economic Development | 3.50 | 06/30/11 | 08/01/32 | 4,764,066 |
| Totals | | | | | $ 6,593,773 |

## Note 3: Detailed Notes on All Funds (Continued)

A summary of total future interfund advance repayments follows:

| Year Ending December 31, | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 476,024 | $ 188,215 | $ 664,239 |
| 2022 | 495,320 | 176,354 | 671,674 |
| 2023 | 515,435 | 163,673 | 679,108 |
| 2024 | 532,247 | 146,862 | 679,109 |
| 2025 | 549,674 | 129,435 | 679,109 |
| 2026-2030 | 2,536,294 | 403,087 | 2,939,381 |
| 2031-2035 | 1,293,983 | 57,258 | 1,351,241 |
| 2036-2038 | 194,796 | 1,955 | 196,751 |
| Total | $ 6,593,773 | $ 1,266,840 | $ 7,860,613 |

### *Interfund Transfers*

Interfund transfers for the year ended December 31, 2020 are as follows:

| | Transfer In | | | | |
|---|---|---|---|---|---|
| Fund | General | Debt Service | Nonmajor Governmental | Water | Wastewater Plant |
| Transfer Out | | | | | |
| General | $ - | $ 22,326 | $ 632,548 | $ - | $ - |
| Debt Service | - | - | - | - | - |
| Improvement Bond Redemption | - | 100,000 | - | - | - |
| Improvements 2016 | - | - | - | - | - |
| Nonmajor governmental | 165,800 | 865,848 | 1,321,186 | - | - |
| Water | - | 524,098 | - | - | - |
| Wastewater plant | - | 489 | - | - | - |
| Sewer Collections | - | 420,107 | - | - | 4,000,000 |
| Riverfront 2000/ Civic Center enterprise | - | 72,208 | 400,000 | - | - |
| Economic Development | - | 18,720 | 8,901 | - | - |
| Nonmajor enterprise | 702,809 | 663,556 | 207,024 | 950,000 | - |
| Central Garage internal service | - | 7,398 | - | - | - |
| Administrative Services internal service | - | 7,442 | 8,000 | - | - |
| Equipment Replacement internal service | - | - | - | - | - |
| Total Transfers Out | $ 868,609 | $ 2,702,192 | $ 2,577,659 | $ 950,000 | $ 4,000,000 |

## Note 3: Detailed Notes on All Funds (Continued)

| Fund | Transfer In: Riverfront 2000/ Civic Center | Economic Development | Nonmajor Enterprise | Internal Service | Total |
|---|---|---|---|---|---|
| Transfer Out | | | | | |
| General | $ 1,650,000 | $ - | $ 12,500 | $ 1,015,000 | $ 3,332,374 |
| Debt Service | - | 489,610 | 30,000 | - | 519,610 |
| Improvement Bond Redemption | - | - | - | - | 100,000 |
| Nonmajor governmental | 45,915 | 2,810 | - | - | 2,401,559 |
| Water | - | - | - | - | 524,098 |
| Wastewater plant | - | - | - | - | 489 |
| Sewer Collections | - | - | - | - | 4,420,107 |
| Riverfront 2000/ Civic Center enterprise | - | - | 776,795 | - | 1,249,003 |
| Economic Development | - | - | 36,645 | - | 64,266 |
| Nonmajor enterprise | - | - | - | 200,000 | 2,723,389 |
| Central Garage internal service | - | - | - | 400,000 | 407,398 |
| Administrative Services internal service | - | - | 28,659 | 1,530,000 | 1,574,101 |
| Equipment Replacement internal service | - | - | - | 500,000 | 500,000 |
| Total Transfers Out | $ 1,695,915 | $ 492,420 | $ 884,599 | $ 3,645,000 | $ 17,816,394 |

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, 2020, the City made the following one-time transfers:

- From the General fund to the Garage Demolition fund to close the fund ($162,548).
- From the General fund to the Civic Center Capital fund for equipment and building replacement ($1,650,000).
- From the General fund to the Central Insurance fund to fund start-up costs for the Healthcare Savings Account ($336,000).
- From the General fund to the Central Insurance fund for an extra month of health insurance ($304,000).
- From the General fund to the Risk Management fund for an employee contingency relating to early separation/retirement ($260,000).
- From the General fund to the Risk Management fund to establish a Mental Health Program specifically relating to Post Traumatic Stress Disorder ($60,000).
- From the General fund to the Capital Replacement fund for the purchase of ARMER radios ($100,000).
- From the Highway 169 Flood Control fund to the Improvements 2018 fund to correct the collection of a TED Grant for Adams Street Extension ($813,233).
- From the MSA fund to the Improvements 2018 fund for Adams Street Extension ($430,039).
- From the MSA fund to the Improvements 2018 fund for Stadium Road ($57,914).
- From the Administrative Services fund to the Capital Replacement fund to the fund future capital in the areas of public safety, parks, facilities and the IGC ($1,280,000).

## 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 2010A | $ 880,000 | 2.00 - 3.25 % | 12/15/10 | 02/01/21 | $ 95,000 |
| G.O. Capital Improvement Bonds of 2012A | 810,000 | 2.00 - 3.00 | 02/01/12 | 02/01/22 | 175,000 |
| G.O. Capital Improvement Bonds of 2013A | 815,000 | 2.00 | 02/01/13 | 02/01/24 | 335,000 |
| G.O. Capital Improvement Bonds of 2014A | 815,000 | 2.00 - 5.00 | 02/15/14 | 02/01/24 | 410,000 |
| G.O. Capital Improvement Bonds of 2015A | 850,000 | 2.00 - 3.00 | 03/12/15 | 02/01/25 | 495,000 |
| G.O. Capital Improvement Bonds of 2016A | 915,000 | 2.00 - 4.00 | 04/14/16 | 02/01/27 | 665,000 |
| G.O. Capital Improvement Bonds of 2017A | 240,000 | 2.25 - 4.00 | 04/06/17 | 02/01/28 | 200,000 |
| Total General Obligation Bonds | | | | | $ 2,375,000 |

## 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 |
|---|---|---|---|
| 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 | 225,000 | 8,628 | 233,628 |
| 2026 - 2028 | 280,000 | 7,280 | 287,280 |
| Total | $ 2,375,000 | $ 157,378 | $ 2,532,378 |

General Obligation Tax Increment Bonds

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

| Description | Authorized and Issued | Interest Rate | Issue Date | Maturity Date | Balance at Year End |
|---|---|---|---|---|---|
| G.O. Tax Increment Bonds of 2015C | $ 3,335,000 | 1.30 - 3.80 % | 03/12/15 | 02/01/37 | $ 2,940,000 |

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 |
|---|---|---|---|
| 2021 | $ 135,000 | $ 95,260 | $ 230,260 |
| 2022 | 140,000 | 92,508 | 232,508 |
| 2023 | 140,000 | 89,393 | 229,393 |
| 2024 | 145,000 | 85,899 | 230,899 |
| 2025 | 150,000 | 81,988 | 231,988 |
| 2026 - 2030 | 820,000 | 338,711 | 1,158,711 |
| 2031 - 2035 | 970,000 | 178,600 | 1,148,600 |
| 2036 - 2037 | 440,000 | 16,910 | 456,910 |
| Total | $ 2,940,000 | $ 979,269 | $ 3,919,269 |

## 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 2010A | $ 6,160,000 | 2.00 - 3.25 % | 12/15/10 | 02/01/21 | $ 625,000 |
| G.O. Improvement Bonds of 2012A | 5,505,000 | 2.00 - 3.00 | 02/01/12 | 02/01/22 | 1,125,000 |
| G.O. Improvement Bonds of 2013A | 6,905,000 | 2.00 | 02/01/13 | 02/01/24 | 2,750,000 |
| G.O. Improvement Bonds of 2014A | 9,565,000 | 2.00 - 5.00 | 02/15/14 | 02/01/24 | 4,380,000 |
| G.O. Improvement Bonds of 2015A | 5,745,000 | 2.00 - 3.00 | 03/12/15 | 02/01/25 | 3,175,000 |
| G.O. Improvement Bonds of 2016A | 17,175,000 | 2.00 - 4.00 | 04/14/16 | 02/01/27 | 11,845,000 |
| G.O. Improvement Bonds of 2017A | 7,265,000 | 2.25 - 4.00 | 04/06/17 | 02/01/28 | 5,960,000 |
| G.O. Improvement Bonds of 2018A | 3,485,000 | 3.00 - 5.00 | 04/26/18 | 02/01/29 | 3,205,000 |
| G.O. Improvement Bonds of 2019A | 8,125,000 | 3.00 - 5.00 | 04/10/19 | 02/01/30 | 8,125,000 |
| G.O. Improvement Bonds of 2020A | 5,862,000 | 1.17 | 04/23/20 | 02/01/31 | 5,862,000 |
| Total G.O. Special Assessment Bonds | | | | | $ 47,052,000 |

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 |
|---|---|---|---|
| 2021 | $ 6,955,000 | $ 1,262,806 | $ 8,217,806 |
| 2022 | 6,881,000 | 1,032,352 | 7,913,352 |
| 2023 | 6,478,000 | 828,055 | 7,306,055 |
| 2024 | 6,569,000 | 629,833 | 7,198,833 |
| 2025 | 4,931,000 | 461,194 | 5,392,194 |
| 2026 - 2030 | 14,621,000 | 754,829 | 15,375,829 |
| 2031 | 617,000 | 3,609 | 620,609 |
| Total | $ 47,052,000 | $ 4,972,678 | $ 52,024,678 |

## 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 | $ 694,300 |
| Public Facilities Authority II - Water | 37,729,870 | 2.63 | 04/09/07 | 08/20/26 | 13,781,948 |
| Public Facilities Authority III - Madison Lake | 1,194,071 | 1.88 | 06/13/09 | 08/20/29 | 527,000 |
| Public Facilities Authority IV - 42" Line | 5,520,000 | 1.656 | 10/01/10 | 08/20/30 | 2,662,000 |
| Public Facilities Authority V - Wastewater | 6,495,931 | 1.007 | 08/26/14 | 08/20/34 | 4,666,000 |
| Public Facilties Authority VI - 42" Line 2 | 111,173 | 1.00 | 05/01/15 | 08/20/25 | 57,000 |
| Public Facilitiies Authority III - Water Reuse | 1,233,405 | 1.093 | 08/10/15 | 08/20/35 | 940,000 |
| G.O. Sales Tax Revenue Bonds of 2015B | 12,730,000 | 4.00 - 5.00 | 03/12/15 | 02/01/23 | 6,500,000 |
| Total G.O. Revenue Bonds | | | | | $29,828,248 |

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 |
|---|---|---|---|
| 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 | 3,285,300 | 202,309 | 3,487,609 |
| 2026 - 2030 | 5,908,948 | 291,284 | 6,200,232 |
| 2031 - 2035 | 1,730,000 | 46,302 | 1,776,302 |
| Total | $ 29,828,248 | $ 2,485,885 | $ 32,314,133 |

## 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 | $ 9,125,128 | $ 1,747,033 | $ 7,025,172 | $ 2,182,873 | $ 8,441,884 |
| Principal and Interest | 2,759,268 | 359,098 | 366,701 | 99,149 | 2,299,950 |
| Percentage of Revenues | 30.2% | 20.6% | 5.2% | 4.5% | 27.2% |

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 | $ 77,616 |
| 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 | 54,160 |
| Total Loans Payable | | | | | $ 250,276 |

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 |
|---|---|---|---|---|---|---|
| 2021 | $ 22,461 | $ 862 | $ 23,323 | $ 38,400 | $ - | $ 38,400 |
| 2022 | 21,087 | 441 | 21,528 | 38,400 | - | 38,400 |
| 2023 | 10,612 | 62 | 10,674 | 816 | - | 816 |
| 2024 | - | - | - | - | - | - |
| 2025 | - | - | - | - | - | - |
| 2026 - 2030 | - | - | - | - | - | - |
| 2031 - 2035 | - | - | - | - | - | - |
| 2036 - 2030 | - | - | - | - | - | - |
| 2040 | - | - | - | 118,500 | - | 118,500 |
| Total | $ 54,160 | $ 1,365 | $ 55,525 | $ 196,116 | $ - | $ 196,116 |

## 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 |
|---|---|---|---|---|---|
| Tax-exempt Lease Purchase Agreement | $ 1,255,000 | 2.62 % | 04/24/17 | 04/01/33 | $ 1,068,209 |
| Taxable Lease Purchase Agreement | 1,300,000 | 3.72 | 05/24/17 | 10/01/28 | 1,102,921 |
| Total Capital Leases Payable | | | | | $ 2,171,130 |

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 |
|---|---|---|---|
| 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 | 219,449 | 40,469 | 259,918 |
| 2026 - 2030 | 892,307 | 95,714 | 988,021 |
| 2031 - 2033 | 250,350 | 9,979 | 260,329 |
| Total | $ 2,171,130 | $ 376,812 | $ 2,547,942 |

## Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2020 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Bonds Payable | | | | | |
| G.O. bonds | $ 3,015,000 | $ - | $ (640,000) | $ 2,375,000 | $ 560,000 |
| G.O. tax increment bonds | 3,075,000 | - | (135,000) | 2,940,000 | 135,000 |
| G.O. special assessment bonds | 48,165,000 | 5,862,000 | (6,975,000) | 47,052,000 | 6,955,000 |
| Bond premiums | 3,431,291 | - | (403,501) | 3,027,790 | - |
| Total Bonds Payable | 57,686,291 | 5,862,000 | (8,153,501) | 55,394,790 | 7,650,000 |
| Loans Payable | 62,637 | - | (8,477) | 54,160 | 22,461 |
| Capital Leases Payable | 2,357,315 | - | (186,185) | 2,171,130 | 192,397 |
| Compensated Absences Payable | 2,242,598 | 2,137,834 | (2,066,573) | 2,313,859 | 1,273,630 |
| Governmental Activity Long-term Liabilities | $ 62,348,841 | $ 7,999,834 | $ (10,414,736) | $ 59,933,939 | $ 9,138,488 |
| **Business-type Activities** | | | | | |
| Bonds Payable | | | | | |
| G.O. revenue bonds | $ 34,725,248 | $ - | $ (4,897,000) | $ 29,828,248 | $ 5,065,000 |
| Bond premiums | 1,270,671 | - | (295,540) | 975,131 | - |
| Total Bonds Payable | 35,995,919 | - | (5,192,540) | 30,803,379 | 5,065,000 |
| Loans Payable | 234,516 | - | (38,400) | 196,116 | 38,400 |
| Capital Leases Payable | 98,377 | - | (98,377) | - | - |
| Compensated Absences Payable | 684,157 | 798,820 | (765,524) | 717,453 | 395,409 |
| Business-type Activity Long-term Liabilities | $ 37,012,969 | $ 798,820 | $ (6,094,841) | $ 31,716,948 | $ 5,498,809 |

***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 | $ 1,390,889 |

## Note 3: Detailed Notes on All Funds (Continued)

### G. Components of Fund Balance

At December 31, 2020, 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 2021 | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Nonspendable for | | | | | | |
| Prepaid items | $ 80,906 | $ - | $ - | $ - | $ 64 | $ 80,970 |
| Inventories | 127,244 | - | - | - | - | 127,244 |
| Total Nonspendable | $ 208,150 | $ - | $ - | $ - | $ 64 | $ 208,214 |
| Restricted for | | | | | | |
| Debt service | $ - | $ 6,546,264 | $ - | $ - | $ - | $ 6,546,264 |
| Tax increment financing activities | - | - | - | - | 48,989 | 48,989 |
| Loans | - | - | - | - | 1,487,921 | 1,487,921 |
| Economic development | - | - | - | - | 18,417 | 18,417 |
| Public safety programs | | | | | 354,504 | 354,504 |
| Disaster | - | - | - | - | 326,017 | 326,017 |
| Municipal street projects | - | - | - | - | 10,556,230 | 10,556,230 |
| Total Restricted | $ - | $ 6,546,264 | $ - | $ - | $ 12,792,078 | $ 19,338,342 |
| Committed to | | | | | | |
| Loans | $ - | $ - | $ - | $ - | $ 3,104,953 | $ 3,104,953 |
| Neighborhood improvement | - | - | - | - | 16,216 | 16,216 |
| Downtown safe and clean | - | - | - | - | 68,032 | 68,032 |
| Insurance | - | - | - | - | 1,756,472 | 1,756,472 |
| Highway #14 enhancement and promotion | - | - | - | - | 5,285 | 5,285 |
| Community investment | - | - | - | - | 152,188 | 152,188 |
| Total Committed | $ - | $ - | $ - | $ - | $ 5,103,146 | $ 5,103,146 |
| 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 | - | - | - | - | 1,437 | 1,437 |
| Metropolitan planning | - | - | - | - | 87,879 | 87,879 |
| Capital projects | - | - | 214,016 | - | 2,162,783 | 2,376,799 |
| Total Assigned | $ 3,000,000 | $ - | $ 214,016 | $ - | $ 2,259,049 | $ 5,473,065 |
| Unassigned | $ 9,455,535 | $ - | $ - | $ (11,381,802) | $(17,861,830) | $(19,788,097) |

## Note 4: Defined Benefit Pension Plans - Statewide

### A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

### B. Benefits Provided

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

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

General Employee Plan Benefits

General Employee Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated. Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent 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. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 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 2020 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, 2020, 2019 and 2018 were $1,036,930, $993,077 and $935,992, 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 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were $1,158,430, $1,063,129 and $1,000,319, 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, 2020, the City reported a liability of $11,241,482 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $346,680. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1875 percent which was an increase of 0.0050 percent from its proportion measured as of June 30, 2019.

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

| | |
|---|---|
| City's proportionate share of the net pension liability | $ 11,241,482 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | 346,680 |
| Total | $ 11,588,162 |

For the year ended December 31, 2020, the City recognized pension expense of $527,312 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional $30,172 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, 2020, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 101,397 | $ 57,421 |
| Changes in Actuarial Assumptions | 6,183 | 415,461 |
| Net Difference Between Projected and Actual Earnings on Plan Investments | 228,082 | - |
| Changes in Proportion | 341,547 | 61,184 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 528,111 | - |
| Total | $ 1,205,320 | $ 534,066 |

The $528,111 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---|---|
| 2021 | $ (555,154) |
| 2022 | 135,870 |
| 2023 | 290,832 |
| 2024 | 271,595 |

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

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of $7,353,720 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.5579 percent which was a decrease of 0.0239 percent from its proportionate share measured as of June 30, 2019.

The State of Minnesota also contributed $13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of $4.5 million in direct state aid that does meet the definition of a special funding situation and $9.0 million in fire state aid that does not meet the definition of a special funding situation. The $4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of $1,014,900 for its proportionate share of the Police and Fire Plan's pension expense.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in fire state aid. The City also recognized $53,304 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2020, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences Between Expected and Actual Experience | $ 357,958 | $ 387,273 |
| Changes in Actuarial Assumptions | 2,711,419 | 4,902,192 |
| Net Difference Between Projected and Actual Earnings on Plan Investments | 175,797 | - |
| Changes in Proportion | 162,795 | 427,137 |
| Contributions to PEPFF Subsequent to the Measurement Date | 618,267 | - |
| Total | $ 4,026,236 | $ 5,716,602 |

The $618,267 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---|---|
| 2021 | $ (571,879) |
| 2022 | (2,172,093) |
| 2023 | 270,906 |
| 2024 | 229,027 |
| 2025 | (64,594) |

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

### E. Actuarial Assumptions

The total pension liability in the June 30, 2020 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, 2020 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 assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

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 Stocks | 35.5 % | 5.10 % |
| Alternative Assets (Private Markets) | 25.0 | 5.90 |
| Bonds (Fixed Income) | 20.0 | 0.75 |
| International Stocks | 17.5 | 5.30 |
| Cash | 2.0 | - |
| Total | 100.00 % | |

### F. Discount Rate

The discount rate used to measure the total pension liability in 2020 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 | $ 18,016,196 | $ 11,241,482 | $ 5,652,887 |
| Police and Fire Fund | 14,657,020 | 7,353,720 | 1,311,517 |

### 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: Public Employees Defined Contribution Plan (Defined Contribution Plan)

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

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

Total contributions made by the City during the fiscal year 2020 were:

| Contribution Amount | | Percentage of Covered Payroll | | |
|---|---|---|---|---|
| Employee | Employer | Employee | Employer | Required Rate |
| $ 4,410 | $ 4,410 | 5.00% | 5.00% | 5.00% |

The City and council member’s contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were $4,410, $4,124 and $3,487, 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, 2020, the following employees were covered by the benefit terms:

| | |
|---|---|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments | 20 |
| Active Plan Members | 256 |
| Total Plan Members | 276 |

### 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, 2020, the City’s average contribution rate was 34.0 percent of covered-employee payroll. For the year 2020, the City contributed $252,528 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 $4,846,469 was measured as of December 31, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2020. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| Discount Rate | 2.12% |
| 20-Year Municpal Bond Yeild | 2.12% |
| Inflation Rate | 2.50% |
| Salary Increases | Based on years of service from 3.25% to 12.25% |
| Medical Trend Rate | 6.75% in 2020 grading to 4% over 12 years |

The discount rate used to measure the total OPEB liability was 2.12 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, adjusted for white collar and mortality improvements using projection scale MP-2018.

The actuarial assumptions used in the December 31, 2020 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, 2019 | $ 5,679,481 |
| Changes for the Year | |
| Service cost | 172,417 |
| Interest | 125,965 |
| Differences between expected and actual experience | (1,115,666) |
| Changes in assumptions or other inputs | 236,800 |
| Benefit payments | (252,528) |
| Net Changes | (833,012) |
| Balances at December 31, 2020 | $ 4,846,469 |

## Note 6: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

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

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

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

### 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 (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current discount rate:

| 1 Percent Decrease (1.12%) | Current (2.12%) | 1 Percent Increase (3.12%) |
|---|---|---|
| $ 5,290,127 | $ 4,846,469 | $ 4,450,884 |

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 (5.75 percent decreasing to 3.00 percent) or 1-percentage-point higher (7.75 percent decreasing to 5.00 percent) than the current Healthcare Cost Trend Rates:

| 1 Percent Decrease (5.75% decreasing to 3%) | Healthcare Cost Trend Rates (6.75% decreasing to 4%) | 1 Percent Increase (7.75% decreasing to 5%) |
|---|---|---|
| $ 4,362,210 | $ 4,846,469 | $ 5,412,776 |

## 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, 2020, the City recognized OPEB negative expense of $26,830. At December 31, 2020, 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 | $ 627,354 | $ 169,642 |
| Net Difference between Projected and Actual Earnings on Plan Investments | - | 977,632 |
| Total | $ 627,354 | $ 1,147,274 |

Deferred outflows of resources totaling $627,354 and deferred inflows of resources totaling $1,147,274 related to pensions resulting from the City's changes in actuarial assumptions and net difference between project and actual earnings on plan investments. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | |
|---|---|
| 2021 | $(72,683) |
| 2022 | (72,683) |
| 2023 | (72,683) |
| 2024 | (72,683) |
| 2025 | (72,683) |
| Thereafter | (156,505) |

## 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 $7,495,484 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 $3,976,626 at December 31, 2020. An estimated claims liability of $367,515 reported in the fund at December 31, 2020 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 |
|---|---|---|---|---|
| 2020 | $ 319,860 | $ 6,906,727 | $ (6,859,072) | $ 367,515 |
| 2019 | 319,492 | 6,975,485 | (6,975,117) | 319,860 |
| 2018 | 334,896 | 6,856,537 | (6,871,941) | 319,492 |

### B. Contingent Liabilities

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

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

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

### D. Subsequent Events

On March 24, 2021, the City issued 2021A General Obligation Improvements Bonds for $7,820,000. The bonds will mature on February 1, 2032. These bonds will be used to complete street and capital improvements. On March 24, 2021, the City issued 2021B General Obligation Sales Tax Revenue Bonds for $4,240,000. The bonds will mature on February 1, 2023. These bonds will refund the 2015 General Obligation Sales Tax Revenue bonds.

### E. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2020 was $7,300,483 for LGA. This accounted for 24.4 percent of General fund revenues.

### F. 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 2020 the payments made to Najwa Inc. totaled $344,819. The current contract expires December 31, 2020 and a new contract was entered into and will expire on December 31, 2025.

## Note 8: Tax Abatements

As of December 31, 2020, the City has eleven 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.

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

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

Lost revenue as it relates to tax abatements for the year ended December 31, 2020 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% | $ 82,269 | $ 32,543 |
| TIF District #33-2 | 37.997% | 13,893 | 5,279 |
| TIF District #34-1 | 36.561% | 34,314 | 12,546 |
| TIF District #35-1 | 36.561% | 25,156 | 9,197 |
| TIF District #36-2 | 43.956% | 9,255 | 4,068 |
| TIF District #37-1 | 37.997% | 34,093 | 12,954 |
| TIF District #38-1 | 43.994% | 166,438 | 73,223 |
| TIF District #19-6 | 43.602% | 116,182 | 50,658 |
| TIF District #40-1 | 43.663% | 30,649 | 13,382 |
| TIF District #41-1 | 43.502% | 9,812 | 4,268 |
| TIF District #42-1 | 44.062% | - | - |
| Total | | | $ 218,118 |

## Note 9: Prior Period Adjustment

A prior period adjustment of $16,422 was needed to reallocate employee wages and benefits, which were being incorrectly allocated for 2019 between the Mankato EDA and Blue Earth County EDA.

## Note 10: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City’s financial condition, liquidity, and future results of its revenue collections is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Mankato, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

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

| Fiscal Year Ending | City's Proportion of the Net Pension Liability | City's Proportionate Share of the Net Pension Liability (a) | State's Proportionate Share of the Net Pension Liability Associated with the City (b) | Total (a+b) | City's Covered Payroll (c) | City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|---|
| 06/30/20 | 0.1875 % | $ 11,241,482 | $ 346,680 | $ 11,588,162 | $ 13,356,703 | 84.2 % | 79.0 % |
| 06/30/19 | 0.1825 | 10,090,018 | 313,653 | 10,403,671 | 12,917,807 | 78.1 | 80.2 |
| 06/30/18 | 0.1790 | 9,930,186 | 325,778 | 10,255,964 | 12,031,732 | 82.5 | 79.5 |
| 06/30/17 | 0.1828 | 11,669,830 | 146,777 | 11,816,607 | 11,779,590 | 99.1 | 75.9 |
| 06/30/16 | 0.1837 | 14,915,531 | 194,803 | 15,110,334 | 11,277,176 | 132.3 | 68.9 |
| 06/30/15 | 0.1833 | 9,499,557 | - | 9,499,557 | 10,365,453 | 91.6 | 78.2 |

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

**Schedule of Employer's PERA Contributions - General Employees Fund**

| Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | City's Covered Payroll (c) | Contributions as a Percentage of Covered-Employee Payroll (b/c) |
|---|---|---|---|---|---|
| 12/31/20 | $ 1,036,930 | $ 1,036,930 | $ - | $ 13,825,727 | 7.50 % |
| 12/31/19 | 993,077 | 993,077 | - | 13,241,023 | 7.50 |
| 12/31/18 | 935,992 | 935,992 | - | 12,479,896 | 7.50 |
| 12/31/17 | 888,279 | 888,279 | - | 11,843,718 | 7.50 |
| 12/31/16 | 859,978 | 859,978 | - | 11,465,972 | 7.50 |
| 12/31/15 | 823,522 | 823,522 | - | 10,980,293 | 7.50 |

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

**Notes to the Required Supplementary Information - General Employees Fund**

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

Changes in Plan Provisions

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

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

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

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

2016 - No changes noted

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

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

| Fiscal Year Ending | City's Proportion of the Net Pension Liability | City's Proportionate Share of the Net Pension Liability (a) | State's Proportionate Share of the Net Pension Liability Associated with the City (b) | Total (a+b) | City's Covered Payroll (c) | City's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll (a/c) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|---|---|
| 06/30/20 | 0.5579 % | $ 7,353,720 | $ 173,258 | $ 7,526,978 | $ 6,585,912 | 111.7 % | 87.2 % |
| 06/30/19 | 0.5818 | 6,193,849 | - | 6,193,849 | 6,279,143 | 98.6 | 89.3 |
| 06/30/18 | 0.5895 | 6,283,463 | - | 6,283,463 | 6,212,949 | 101.1 | 88.8 |
| 06/30/17 | 0.5790 | 7,817,189 | - | 7,817,189 | 5,941,530 | 131.6 | 85.4 |
| 06/30/16 | 0.5620 | 22,915,224 | - | 22,915,224 | 5,497,049 | 416.9 | 63.9 |
| 06/30/15 | 0.5620 | 6,385,635 | - | 6,385,635 | 5,717,785 | 111.7 | 86.6 |

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

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

| Year Ending | Statutorily Required Contribution (a) | Contributions in Relation to the Statutorily Required Contribution (b) | Contribution Deficiency (Excess) (a-b) | City's Covered Payroll (c) | Contributions as a Percentage of Covered-Employee Payroll (b/c) |
|---|---|---|---|---|---|
| 12/31/20 | $ 1,158,430 | $ 1,158,430 | $ - | $ 6,834,394 | 16.95 % |
| 12/31/19 | 1,063,129 | 1,063,129 | - | 6,272,150 | 16.95 |
| 12/31/18 | 1,000,319 | 1,000,319 | - | 6,174,809 | 16.20 |
| 12/31/17 | 976,949 | 976,949 | - | 6,030,552 | 16.20 |
| 12/31/16 | 926,281 | 926,281 | - | 5,717,785 | 16.20 |
| 12/31/15 | 864,592 | 864,592 | - | 5,336,988 | 16.20 |

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

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

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

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

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

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

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

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

2020 - No changes noted

2019 - No changes noted

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.

2016 - No changes noted

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**

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| Total OPEB liability | | | |
| Service cost | $ 172,417 | $ 177,193 | $ 201,327 |
| Interest | 125,965 | 208,548 | 182,413 |
| Differences between expected and actual experience | (1,115,666) | - | - |
| Changes in assumptions | 236,800 | 556,563 | (266,556) |
| Benefit payments | (252,528) | (316,287) | (327,384) |
| Net change in total OPEB liability | (833,012) | 626,017 | (210,200) |
| Total OPEB liability - beginning | 5,679,481 | 5,053,464 | 5,263,664 |
| Total OPEB liability - ending | $ 4,846,469 | $ 5,679,481 | $ 5,053,464 |
| Covered - employee payroll | $ 18,428,491 | $ 16,685,974 | $ 17,200,364 |
| City's total OPEB liability as a percentage of covered employee payroll | 26.3 % | 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

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

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

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

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

Changes in Assumptions

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

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

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

# COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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# City of Mankato, Minnesota
## Nonmajor Governmental Funds
## Combining Balance Sheet
## December 31, 2020

| | Nonmajor Special Revenue | Nonmajor Capital Projects | Nonmajor Governmental Funds |
|---|---|---|---|
| Assets | | | |
| Cash and temporary investments | $ 7,932,935 | $ 6,601,078 | $ 14,534,013 |
| Receivables | | | |
| Accounts | 30,458 | - | 30,458 |
| Notes | 807,290 | 319,230 | 1,126,520 |
| Special assessments | 43,352 | 1,144,505 | 1,187,857 |
| Intergovernmental | 78,191 | 1,690,438 | 1,768,629 |
| Due from other funds | 1,750,000 | 5,400,000 | 7,150,000 |
| Advances to other funds | 839,625 | - | 839,625 |
| Prepaid items | 64 | - | 64 |
| Total Assets | $ 11,481,915 | $ 15,155,251 | $ 26,637,166 |
| Liabilities | | | |
| Accounts and contracts payable | $ 27,311 | $ 238,893 | $ 266,204 |
| Due to other funds | 7,000 | 16,163,750 | 16,170,750 |
| Advances from other funds | - | 1,829,707 | 1,829,707 |
| Accrued salaries payable | 1,836 | - | 1,836 |
| Deposits payable | 4,331,798 | - | 4,331,798 |
| Unearned revenue | 10,300 | - | 10,300 |
| Total Liabilities | 4,378,245 | 18,232,350 | 22,610,595 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue - special assessments | 43,352 | 1,144,505 | 1,187,857 |
| Unavailable revenue - intergovernmental | - | 546,207 | 546,207 |
| Total Deferred Inflows of Resources | 43,352 | 1,690,712 | 1,734,064 |
| Fund Balances | | | |
| Nonspendable | 64 | - | 64 |
| Restricted | 1,860,842 | 10,931,236 | 12,792,078 |
| Committed | 5,103,146 | - | 5,103,146 |
| Assigned | 96,266 | 2,162,783 | 2,259,049 |
| Unassigned | - | (17,861,830) | (17,861,830) |
| Total Fund Balances | 7,060,318 | (4,767,811) | 2,292,507 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 11,481,915 | $ 15,155,251 | $ 26,637,166 |

# City of Mankato, Minnesota
## Nonmajor Governmental Funds
## Combining Statement of Revenues, Expenditures and Changes in Fund Balances
## For the Year Ended December 31, 2020

| | Nonmajor Special Revenue | Nonmajor Capital Projects | Nonmajor Governmental Funds |
|---|---|---|---|
| Revenues | | | |
| Taxes | | | |
| Tax increments | $ 52,499 | $ 510,539 | $ 563,038 |
| Tax abatement | - | 45,915 | 45,915 |
| Lodging | 315,824 | - | 315,824 |
| Special assessments | 47,505 | 458,291 | 505,796 |
| Intergovernmental | | | |
| Federal | | | |
| Other | 299,645 | 2,207,882 | 2,507,527 |
| State | | | |
| MSA - street construction | - | 2,223,801 | 2,223,801 |
| Other aids | 110,208 | 107,151 | 217,359 |
| Local | | | |
| Other aids | 77,004 | 59,746 | 136,750 |
| Investment income | 160,070 | 153,728 | 313,798 |
| Miscellaneous | | | |
| Contributions and donations | 9,500 | 65,848 | 75,348 |
| Refunds and reimbursements | 191,254 | - | 191,254 |
| Note interest payments | 18,710 | 3,499 | 22,209 |
| Other | 1,755 | 26,101 | 27,856 |
| Total Revenues | 1,283,974 | 5,862,501 | 7,146,475 |
| Expenditures | | | |
| Current | | | |
| General government | 470,335 | - | 470,335 |
| Public safety | 12,058 | - | 12,058 |
| Public works | - | 645,385 | 645,385 |
| Housing and economic development | 509,324 | 121,245 | 630,569 |
| Capital outlay | | | |
| Public safety | - | 199,973 | 199,973 |
| Public works | - | 4,486,507 | 4,486,507 |
| Culture and recreation | - | 638,952 | 638,952 |
| Debt service | | | |
| Principal | 8,477 | - | 8,477 |
| Interest and other | 494 | 27,575 | 28,069 |
| Bond issue costs | - | 96,174 | 96,174 |
| Total Expenditures | 1,000,688 | 6,215,811 | 7,216,499 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 283,286 | (353,310) | (70,024) |
| Other Financing Sources (Uses) | | | |
| Transfers in | 348,000 | 2,229,659 | 2,577,659 |
| Debt issued | - | 5,809,037 | 5,809,037 |
| Transfers out | (15,800) | (2,385,759) | (2,401,559) |
| Total Other Financing Sources (Uses) | 332,200 | 5,652,937 | 5,985,137 |
| Net Change in Fund Balances | 615,486 | 5,299,627 | 5,915,113 |
| Fund Balance, January 1 | 6,444,832 | (10,067,438) | (3,622,606) |
| Fund Balances, December 31 | $ 7,060,318 | $ (4,767,811) | $ 2,292,507 |

# 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.

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

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

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

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

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

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City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2020

| | 6802 Revolving Loan-Federal | 6804 Revolving Loan-State | 6806 Revolving Loan-City | 2270 Highway #14 Partnership | 6809 Neighborhood Improvement |
|---|---|---|---|---|---|
| Assets | | | | | |
| Cash and temporary investments | $ 655,784 | $ 24,726 | $ 2,006,960 | $ 17,022 | $ 108 |
| Receivables | | | | | |
| Accounts | 2,762 | - | 5,970 | - | 13,991 |
| Notes | 89,930 | 138,439 | 461,317 | - | 16,067 |
| Special assessments | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - |
| Due from other funds | - | - | - | - | - |
| Advances to other funds | 208,663 | - | 630,962 | - | - |
| Prepaid items | - | - | - | - | - |
| Total Assets | $ 957,139 | $ 163,165 | $ 3,105,209 | $ 17,022 | $ 30,166 |
| Liabilities | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ - |
| Due to other funds | - | - | - | - | 7,000 |
| Accrued salaries payable | - | - | - | - | - |
| Deposits payable | - | - | - | - | - |
| Unearned revenue | - | - | - | 10,300 | - |
| Total Liabilities | - | - | - | 10,300 | 7,000 |
| Deferred Inflows of Resources | | | | | |
| Unavailable revenue - special assessments | - | - | - | - | - |
| Fund Balances | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 957,139 | 163,165 | 256 | - | - |
| Committed | - | - | 3,104,953 | 5,285 | 16,216 |
| Assigned | - | - | - | 1,437 | 6,950 |
| Total Fund Balances | 957,139 | 163,165 | 3,105,209 | 6,722 | 23,166 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 957,139 | $ 163,165 | $ 3,105,209 | $ 17,022 | $ 30,166 |

| **2300** Metropolitan Planning Organization | **2320** Community Investment | **2370** Lodging Tax | **2260** Public Safety Grants and Donations | **6114** Downtown Special Services District | **7062** Risk Management | **6808** MHFA | Total Nonmajor Special Revenue |
|---|---|---|---|---|---|---|---|
| $ 28,043 | $ 1,538,121 | $ 25,088 | $ 1,537,869 | $ 72,153 | $ 1,756,472 | $ 270,589 | $ 7,932,935 |
| - | - | - | - | - | - | 7,735 | 30,458 |
| - | - | - | - | - | - | 101,537 | 807,290 |
| - | - | - | - | 43,352 | - | - | 43,352 |
| 78,191 | - | - | - | - | - | - | 78,191 |
| - | - | - | 1,750,000 | - | - | - | 1,750,000 |
| - | - | - | - | - | - | - | 839,625 |
| 64 | - | - | - | - | - | - | 64 |
| $ 106,298 | $ 1,538,121 | $ 25,088 | $ 3,287,869 | $ 115,505 | $ 1,756,472 | $ 379,861 | $ 11,481,915 |
| $ 37 | $ - | $ 23,153 | $ - | $ 4,121 | $ - | $ - | $ 27,311 |
| - | - | - | - | - | - | - | 7,000 |
| 1,836 | - | - | - | - | - | - | 1,836 |
| - | 1,385,933 | - | 2,933,365 | - | - | 12,500 | 4,331,798 |
| - | - | - | - | - | - | - | 10,300 |
| 1,873 | 1,385,933 | 23,153 | 2,933,365 | 4,121 | - | 12,500 | 4,378,245 |
| - | - | - | - | 43,352 | - | - | 43,352 |
| 64 | - | - | - | - | - | - | 64 |
| 16,482 | - | 1,935 | 354,504 | - | - | 367,361 | 1,860,842 |
| - | 152,188 | - | - | 68,032 | 1,756,472 | - | 5,103,146 |
| 87,879 | - | - | - | - | - | - | 96,266 |
| 104,425 | 152,188 | 1,935 | 354,504 | 68,032 | 1,756,472 | 367,361 | 7,060,318 |
| $ 106,298 | $ 1,538,121 | $ 25,088 | $ 3,287,869 | $ 115,505 | $ 1,756,472 | $ 379,861 | $ 11,481,915 |

City of Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2020

| | 6802 Revolving Loan-Federal | 6804 Revolving Loan-State | 6806 Revolving Loan-City | 2270 Highway #14 Partnership | 6809 Neighborhood Improvement |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes | | | | | |
| Tax increments | $ - | $ - | $ 52,499 | $ - | $ - |
| Lodging | - | - | - | - | - |
| Special assessments | - | - | - | - | - |
| Intergovernmental | | | | | |
| Federal | | | | | |
| Other | - | - | - | - | - |
| State | | | | | |
| Other | - | - | - | - | - |
| Local | | | | | |
| Other | - | - | - | 33,700 | - |
| Investment income | 9,338 | 454 | 55,809 | - | - |
| Miscellaneous | | | | | |
| Refunds and reimbursements | - | - | - | - | - |
| Contributions | - | - | - | 9,500 | - |
| Note payments | 3,187 | 634 | 14,768 | - | 121 |
| Other | - | - | - | - | - |
| Total Revenues | 12,525 | 1,088 | 123,076 | 43,200 | 121 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | - | - | - | 49,763 | - |
| Public safety | - | - | - | - | - |
| Housing and economic development | - | - | 52,495 | - | - |
| Debt service | | | | | |
| Principal | - | 8,477 | - | - | - |
| Interest and other | - | 494 | - | - | - |
| Total Expenditures | - | 8,971 | 52,495 | 49,763 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 12,525 | (7,883) | 70,581 | (6,563) | 121 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | - | - | - | 8,000 | - |
| Transfers out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | 8,000 | - |
| Net Change in Fund Balances | 12,525 | (7,883) | 70,581 | 1,437 | 121 |
| Fund Balances, January 1 | 944,614 | 171,048 | 3,034,628 | 5,285 | 23,045 |
| Fund Balances, December 31 | $ 957,139 | $ 163,165 | $ 3,105,209 | $ 6,722 | $ 23,166 |

| **2300** Metropolitan Planning Organization | **2320** Community Investment | **2370** Lodging Tax | **2260** Public Safety Grants and Donations | **6114** Downtown Special Services District | **7062** Risk Management | **6808** MHFA | Total Nonmajor Special Revenue |
|---|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 52,499 |
| - | - | 315,824 | - | - | - | - | 315,824 |
| - | - | - | - | 47,505 | - | - | 47,505 |
| 287,586 | - | - | 12,059 | - | - | - | 299,645 |
| 110,208 | - | - | - | - | - | - | 110,208 |
| 43,304 | - | - | - | - | - | - | 77,004 |
| - | 23,771 | 80 | 45,382 | 825 | 20,491 | 3,920 | 160,070 |
| - | - | - | - | - | 191,254 | - | 191,254 |
| - | - | - | - | - | - | - | 9,500 |
| - | - | - | - | - | - | - | 18,710 |
| - | - | - | - | 1,755 | - | - | 1,755 |
| 441,098 | 23,771 | 315,904 | 57,441 | 50,085 | 211,745 | 3,920 | 1,283,974 |
| - | - | 298,169 | - | - | 122,403 | - | 470,335 |
| - | - | - | 12,058 | - | - | - | 12,058 |
| 437,270 | - | - | - | 19,559 | - | - | 509,324 |
| - | - | - | - | - | - | - | 8,477 |
| - | - | - | - | - | - | - | 494 |
| 437,270 | - | 298,169 | 12,058 | 19,559 | 122,403 | - | 1,000,688 |
| 3,828 | 23,771 | 17,735 | 45,383 | 30,526 | 89,342 | 3,920 | 283,286 |
| 20,000 | - | - | - | - | 320,000 | - | 348,000 |
| - | - | (15,800) | - | - | - | - | (15,800) |
| 20,000 | - | (15,800) | - | - | 320,000 | - | 332,200 |
| 23,828 | 23,771 | 1,935 | 45,383 | 30,526 | 409,342 | 3,920 | 615,486 |
| 80,597 | 128,417 | - | 309,121 | 37,506 | 1,347,130 | 363,441 | 6,444,832 |
| $ 104,425 | $ 152,188 | $ 1,935 | $ 354,504 | $ 68,032 | $ 1,756,472 | $ 367,361 | $ 7,060,318 |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Investment income | $ 2,000 | $ 9,338 | $ 7,338 |
| Miscellaneous | | | |
| Note repayments | 3,262 | 3,187 | (75) |
| Net Change in Fund Balances | 5,262 | 12,525 | 7,263 |
| Fund Balances, January 1 | 944,614 | 944,614 | - |
| Fund Balances, December 31 | $ 949,876 | $ 957,139 | $ 7,263 |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Tax increments | $ 52,082 | $ 52,499 | $ 417 |
| Investment income | 40,000 | 55,809 | 15,809 |
| Miscellaneous | | | |
| Note repayments | 15,563 | 14,768 | (795) |
| Total Revenues | 107,645 | 123,076 | 15,431 |
| Expenditures | | | |
| Current | | | |
| Housing and economic development | | | |
| Other services and charges | 140,000 | 52,495 | 87,505 |
| Net Change in Fund Balances | (32,355) | 70,581 | 102,936 |
| Fund Balances, January 1 | 3,034,628 | 3,034,628 | - |
| Fund Balances, December 31 | $ 3,002,273 | $ 3,105,209 | $ 102,936 |

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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental | | | |
| Local - other aids | $ 45,000 | $ 33,700 | $ (11,300) |
| Miscellaneous | | | |
| Contributions | 12,000 | 9,500 | (2,500) |
| Total Revenues | 57,000 | 43,200 | (13,800) |
| Expenditures | | | |
| Current | | | |
| General government | | | |
| Other services and charges | 65,000 | 49,763 | 15,237 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,000) | (6,563) | 1,437 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 10,000 | 8,000 | (2,000) |
| Net Change in Fund Balances | 2,000 | 1,437 | (563) |
| Fund Balances, January 1 | 5,285 | 5,285 | - |
| Fund Balances, December 31 | $ 7,285 | $ 6,722 | $ (563) |

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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Miscellaneous | | | |
| Loan repayments | $ 145 | $ 121 | $ (24) |
| Net Change in Fund Balances | 145 | 121 | (24) |
| Fund Balances, January 1 | 23,045 | 23,045 | - |
| Fund Balances, December 31 | $ 23,190 | $ 23,166 | $ (24) |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental | | | |
| Federal - other aids | $ 351,301 | $ 287,586 | $ (63,715) |
| State - other aids | 107,698 | 110,208 | 2,510 |
| Local - other aids | 43,303 | 43,304 | 1 |
| Total Revenues | 502,302 | 441,098 | (61,204) |
| Expenditures | | | |
| Current | | | |
| Housing and economic development | | | |
| Personal services | 200,494 | 129,313 | 71,181 |
| Supplies | 5,760 | 5,000 | 760 |
| Other services and charges | 316,048 | 302,957 | 13,091 |
| Total Expenditures | 522,302 | 437,270 | 85,032 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (20,000) | 3,828 | 23,828 |
| Other Financing Sources (Uses) | | | |
| Transfers in | 20,000 | 20,000 | - |
| Net Change in Fund Balances | - | 23,828 | 23,828 |
| Fund Balances, January 1 | 80,597 | 80,597 | - |
| Fund Balances, December 31 | $ 80,597 | $ 104,425 | $ 23,828 |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Investment income | $ 10,000 | $ 23,771 | $ 13,771 |
| Expenditures | | | |
| Current | | | |
| Housing and economic development | | | |
| Other services and charges | 10,000 | - | 10,000 |
| Net Change in Fund Balances | - | 23,771 | 23,771 |
| Fund Balances, January 1 | 128,417 | 128,417 | - |
| Fund Balances, December 31 | $ 128,417 | $ 152,188 | $ 23,771 |

# City of Mankato, Minnesota
## Lodging Tax Fund
## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
## For the Year Ended December 31, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Taxes | | | |
| Lodging | $ 630,000 | $ 315,824 | $ (314,176) |
| Investment income | - | 80 | 80 |
| Total Revenues | 630,000 | 315,904 | (314,096) |
| Expenditures | | | |
| Current | | | |
| General government | | | |
| Other services and charges | 600,000 | 298,169 | 301,831 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 30,000 | 17,735 | (12,265) |
| Other Financing Sources (Uses) | | | |
| Transfers out | (30,000) | (15,800) | 14,200 |
| Net Change in Fund Balances | - | 1,935 | 1,935 |
| Fund Balances, January 1 | - | - | - |
| Fund Balances, December 31 | $ - | $ 1,935 | $ 1,935 |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental | | | |
| Federal - other | $ 19,293 | $ 12,059 | $ (7,234) |
| Investment income | 4,000 | 45,382 | 41,382 |
| Total Revenues | 23,293 | 57,441 | 34,148 |
| Expenditures | | | |
| Current | | | |
| Public safety | | | |
| Other services and charges | 19,293 | 12,058 | 7,235 |
| Net Change in Fund Balances | 4,000 | 45,383 | 41,383 |
| Fund Balances, January 1 | 309,121 | 309,121 | - |
| Fund Balances, December 31 | $ 313,121 | $ 354,504 | $ 41,383 |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Special assessments | $ 42,000 | $ 47,505 | $ 5,505 |
| Investment income | - | 825 | 825 |
| Miscellaneous | | | |
| Other | 2,000 | 1,755 | (245) |
| Total Revenues | 44,000 | 50,085 | 6,085 |
| Expenditures | | | |
| Current | | | |
| Housing and economic development | | | |
| Supplies | - | 1,159 | (1,159) |
| Other services and charges | 44,000 | 18,400 | 25,600 |
| Total Expenditures | 44,000 | 19,559 | 24,441 |
| Net Change in Fund Balances | - | 30,526 | 30,526 |
| Fund Balances, January 1 | 37,506 | 37,506 | - |
| Fund Balances, December 31 | $ 37,506 | $ 68,032 | $ 30,526 |

# 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, 2020

| | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|
| Revenues | | | |
| Investment income | $ 5,000 | $ 20,491 | $ 15,491 |
| Miscellaneous | | | |
| Refunds and reimbursements | 570,000 | 191,254 | (378,746) |
| Total Revenues | 575,000 | 211,745 | (363,255) |
| Expenditures | | | |
| Current | | | |
| General government | | | |
| Other services and charges | 574,000 | 122,403 | 451,597 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,000 | 89,342 | 88,342 |
| Other Financing Sources (Uses) | | | |
| Transfers in | - | 320,000 | 320,000 |
| Net Change in Fund Balances | 1,000 | 409,342 | 408,342 |
| Fund Balances, January 1 | 1,347,130 | 1,347,130 | - |
| Fund Balances, December 31 | $ 1,348,130 | $ 1,756,472 | $ 408,342 |

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# 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.

**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.

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

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

**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.

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## NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

**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.

**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.

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

**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 2020:** The purpose of this fund is to account for costs associated with major street projects with construction starting in 2019.

**Improvements 2022:** The purpose of this fund is to account for costs associated with major street projects with construction starting in 2020.

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City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued on Following Pages)
December 31, 2020

| | 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 | 4800 City Center Renaissance |
|---|---|---|---|---|---|---|---|
| Assets | | | | | | | |
| Cash and temporary investments | $ 5,040,825 | $ - | $ 48,989 | $ - | $ - | $ 27 | $ 287,146 |
| Receivables | | | | | | | |
| Notes | - | - | - | - | - | - | - |
| Special assessments | | | | | | | |
| Delinquent | - | - | - | - | - | - | - |
| Noncurrent | - | - | - | - | - | - | - |
| Intergovernmental | 1,661,612 | - | - | - | - | 1,223 | - |
| Due from other funds | 4,400,000 | - | - | - | - | - | - |
| Total Assets | $11,102,437 | $ - | $ 48,989 | $ - | $ - | $ 1,250 | $ 287,146 |
| Liabilities | | | | | | | |
| Accounts and contracts payable | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Due to other funds | - | - | - | - | - | 1,250 | - |
| Advance from other funds | - | 990,082 | - | 35,284 | - | 173,379 | - |
| Total Liabilities | - | 990,082 | - | 35,284 | - | 174,629 | - |
| Deferred Inflows of Resources | | | | | | | |
| Unavailable revenue - special assessments | - | - | - | - | - | - | - |
| Unavailable revenue - intergovernmental | 546,207 | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | 546,207 | - | - | - | - | - | - |
| Fund Balances | | | | | | | |
| Restricted | 10,556,230 | - | 48,989 | - | - | - | - |
| Assigned | - | - | - | - | - | - | 287,146 |
| Unassigned | - | (990,082) | - | (35,284) | - | (173,379) | - |
| Total Fund Balances | 10,556,230 | (990,082) | 48,989 | (35,284) | - | (173,379) | 287,146 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $11,102,437 | $ - | $ 48,989 | $ - | $ - | $ 1,250 | $ 287,146 |

| 4805 | 4806 | 4110 | 4600 | 4610 | 4620 | 4760 | 4770 | 4780 | 4785 |
|---|---|---|---|---|---|---|---|---|---|
| Highway 169 Flood Control | LOM Riverbank Stabilization | South Riverfront Tax Increment | Community Athletic Field Complex | Riverside Park Construction | All Seasons Arena Construction | Curling Club | Garage Demolition | Energy Improvements | Franklin Rogers Park Improvements |
| $ 1,459 | $ 2,410 | $ - | $ 215 | $ 101,050 | $ - | $ 3,843 | $ - | $ 2,467 | $ 186 |
| - | - | - | - | - | - | 74,230 | - | - | 245,000 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| $ 1,459 | $ 2,410 | $ - | $ 215 | $ 101,050 | $ - | $ 78,073 | $ - | $ 2,467 | $ 245,186 |
| $ - | $ 124,235 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 1,160,000 | 3,380,000 | - | - | - | - | 130,000 | - | 1,590,000 | 3,475,000 |
| - | - | 630,962 | - | - | - | - | - | - | - |
| 1,160,000 | 3,504,235 | 630,962 | - | - | - | 130,000 | - | 1,590,000 | 3,475,000 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | 215 | 101,050 | - | - | - | - | - |
| (1,158,541) | (3,501,825) | (630,962) | - | - | - | (51,927) | - | (1,587,533) | (3,229,814) |
| (1,158,541) | (3,501,825) | (630,962) | 215 | 101,050 | - | (51,927) | - | (1,587,533) | (3,229,814) |
| $ 1,459 | $ 2,410 | $ - | $ 215 | $ 101,050 | $ - | $ 78,073 | $ - | $ 2,467 | $ 245,186 |

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2020

| | 4790 | 4791 | 4792 | 4793 | 4130 | 5030 |
|---|---|---|---|---|---|---|
| | Aquatic Center | Regional Parks | Thomas Park Improvements | Disaster | Downtown Abatement | Construction Revolving |
| Assets | | | | | | |
| Cash and temporary investments | $ 146,582 | $ 300 | $ 1,895 | $ 326,017 | $ - | $ 539,418 |
| Receivables | | | | | | |
| Notes | - | - | - | - | - | - |
| Special assessments | | | | | | |
| Delinquent | - | - | - | - | - | - |
| Noncurrent | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 1,502 |
| Due from other funds | - | - | - | - | - | - |
| Total Assets | $ 146,582 | $ 300 | $ 1,895 | $ 326,017 | $ - | $ 540,920 |
| Liabilities | | | | | | |
| Accounts and contracts payable | $ - | $ - | $ - | $ - | $ - | $ - |
| Due to other funds | - | 2,500 | - | - | - | - |
| Advance from other funds | - | - | - | - | - | - |
| Total Liabilities | - | 2,500 | - | - | - | - |
| Deferred Inflows of Resources | | | | | | |
| Unavailable revenue - special assessments | - | - | - | - | - | - |
| Unavailable revenue - intergovernmental | - | - | - | - | - | - |
| Total Deferred Inflows of Resources | - | - | - | - | - | - |
| Fund Balances | | | | | | |
| Restricted | - | - | - | 326,017 | - | - |
| Assigned | 146,582 | - | 1,895 | - | - | 540,920 |
| Unassigned | - | (2,200) | - | - | - | - |
| Total Fund Balances | 146,582 | (2,200) | 1,895 | 326,017 | - | 540,920 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 146,582 | $ 300 | $ 1,895 | $ 326,017 | $ - | $ 540,920 |

| 5040 | 5118 | 5119 | 5120 | 5122 | |
|---|---|---|---|---|---|
| Minor Street Repair | Improvements 2018 | Improvements 2019 | Improvements 2020 | Improvements 2022 | Total Nonmajor Capital Projects |
| $ 84,975 | $ 3,207 | $ 3,497 | $ 4,817 | $ 1,753 | $ 6,601,078 |
| - | - | - | - | - | 319,230 |
| 47,466 | - | - | - | - | 47,466 |
| 1,097,039 | - | - | - | - | 1,097,039 |
| - | 26,101 | - | - | - | 1,690,438 |
| 1,000,000 | - | - | - | - | 5,400,000 |
| $ 2,229,480 | $ 29,308 | $ 3,497 | $ 4,817 | $ 1,753 | $ 15,155,251 |
| $ - | $ - | $ - | $ 68,115 | $ 46,543 | $ 238,893 |
| - | 500,000 | 1,950,000 | 3,800,000 | 175,000 | 16,163,750 |
| - | - | - | - | - | 1,829,707 |
| - | 500,000 | 1,950,000 | 3,868,115 | 221,543 | 18,232,350 |
| 1,144,505 | - | - | - | - | 1,144,505 |
| - | - | - | - | - | 546,207 |
| 1,144,505 | - | - | - | - | 1,690,712 |
| - | - | - | - | - | 10,931,236 |
| 1,084,975 | - | - | - | - | 2,162,783 |
| - | (470,692) | (1,946,503) | (3,863,298) | (219,790) | (17,861,830) |
| 1,084,975 | (470,692) | (1,946,503) | (3,863,298) | (219,790) | (4,767,811) |
| $ 2,229,480 | $ 29,308 | $ 3,497 | $ 4,817 | $ 1,753 | $ 15,155,251 |

City of Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued on Following Pages)
For the Year Ended December 31, 2020

| | 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 | 4800 City Center Renaissance |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| Taxes | | | | | | | |
| Tax increments | $ 210,000 | $ 108,469 | $ 31,027 | $ 22,748 | $ - | $ 33,457 | $ - |
| Tax abatement | - | - | - | - | - | - | - |
| Special assessments | - | - | - | - | - | - | - |
| Intergovernmental | | | | | | | |
| Federal | 430,039 | - | - | - | - | - | - |
| State | | | | | | | |
| MSA - street construction | 2,217,792 | - | - | - | - | - | - |
| Other aids | - | - | - | - | - | - | - |
| Local | | | | | | | |
| Other aids | - | - | - | - | - | - | - |
| Investment income | 121,484 | - | - | - | - | - | 4,197 |
| Miscellaneous | | | | | | | |
| Contributions and donations | - | - | - | - | - | - | - |
| Note payments | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total Revenues | 2,979,315 | 108,469 | 31,027 | 22,748 | - | 33,457 | 4,197 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| Public works | - | - | - | - | - | - | - |
| Housing and economic development | - | 47,792 | 20,826 | 21,340 | - | 31,287 | - |
| Capital outlay | | | | | | | |
| Public safety | - | - | - | - | - | - | - |
| Public works | 53,307 | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Debt service | | | | | | | |
| Interest and other | - | - | - | - | - | - | - |
| Bond issue costs | - | - | - | - | - | - | - |
| Total Expenditures | 53,307 | 47,792 | 20,826 | 21,340 | - | 31,287 | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,926,008 | 60,677 | 10,201 | 1,408 | - | 2,170 | 4,197 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | 401 | - | 8,500 | - | - |
| Debt issued | - | - | - | - | - | - | - |
| Transfers out | (657,953) | - | - | (1,137) | - | (1,673) | - |
| Total Other Financing Sources (Uses) | (657,953) | - | 401 | (1,137) | 8,500 | (1,673) | - |
| Net Change in Fund Balances | 2,268,055 | 60,677 | 10,602 | 271 | 8,500 | 497 | 4,197 |
| Fund Balances, January 1 | 8,288,175 | (1,050,759) | 38,387 | (35,555) | (8,500) | (173,876) | 282,949 |
| Fund Balances, December 31 | $ 10,556,230 | $ (990,082) | $ 48,989 | $ (35,284) | $ - | $ (173,379) | $ 287,146 |

| 4805 | 4806 | 4110 | 4600 | 4610 | 4620 | 4760 | 4770 | 4780 | 4785 |
|---|---|---|---|---|---|---|---|---|---|
| Highway 169 Flood Control | LOM Riverbank Stabilization | South Riverfront Tax Increment | Community Athletic Field Complex | Riverside Park Construction | All Seasons Arena Construction | Curling Club | Garage Demolition | Energy Improvements | Franklin Rogers Park Improvements |
| $ - | $ - | $ 104,838 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | 3 | 746 | - | - | - | - | - |
| - | - | - | - | - | 65,848 | - | - | - | - |
| - | - | - | - | - | - | 2,899 | - | - | 600 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | 104,838 | 3 | 746 | 65,848 | 2,899 | - | - | 600 |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| 57,359 | 3,501,825 | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| - | - | 27,575 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - | - |
| 57,359 | 3,501,825 | 27,575 | - | - | - | - | - | - | - |
| (57,359) | (3,501,825) | 77,263 | 3 | 746 | 65,848 | 2,899 | - | - | 600 |
| 200,000 | - | - | - | 100,000 | - | - | 162,548 | 7,024 | 100,000 |
| - | - | - | - | - | - | - | - | - | - |
| (813,233) | - | - | - | - | (65,848) | - | - | - | - |
| (613,233) | - | - | - | 100,000 | (65,848) | - | 162,548 | 7,024 | 100,000 |
| (670,592) | (3,501,825) | 77,263 | 3 | 100,746 | - | 2,899 | 162,548 | 7,024 | 100,600 |
| (487,949) | - | (708,225) | 212 | 304 | - | (54,826) | (162,548) | (1,594,557) | (3,330,414) |
| $ (1,158,541) | $ (3,501,825) | $ (630,962) | $ 215 | $ 101,050 | $ - | $ (51,927) | $ - | $ (1,587,533) | $ (3,229,814) |

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, 2020

| | 4790 | 4791 | 4792 | 4793 | 4130 | 5030 |
|---|---|---|---|---|---|---|
| | Aquatic Center | Regional Parks | Thomas Park Improvements | Disaster | Downtown Abatement | Construction Revolving |
| Revenues | | | | | | |
| Taxes | | | | | | |
| Tax increments | $ - | $ - | $ - | $ - | $ - | $ - |
| Tax abatement | - | - | - | - | 45,915 | - |
| Special assessments | - | - | - | - | - | - |
| Intergovernmental | | | | | | |
| Federal | - | - | - | 1,777,843 | - | - |
| State | | | | | | |
| MSA - street construction | - | - | - | - | - | 6,009 |
| Other aids | - | - | - | 107,151 | - | - |
| Local | | | | | | |
| Other aids | - | - | - | 24,005 | - | - |
| Investment income | 2,189 | - | 28 | - | - | 8,925 |
| Miscellaneous | | | | | | |
| Contributions and donations | - | - | - | - | - | - |
| Note payments | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total Revenues | 2,189 | - | 28 | 1,908,999 | 45,915 | 14,934 |
| Expenditures | | | | | | |
| Current | | | | | | |
| Public works | - | - | - | 645,385 | - | - |
| Housing and economic development | - | - | - | - | - | - |
| Capital outlay | | | | | | |
| Public safety | - | - | - | 199,973 | - | - |
| Public works | - | - | - | 13,955 | - | - |
| Culture and recreation | - | - | - | 638,952 | - | - |
| Debt service | | | | | | |
| Interest and other | - | - | - | - | - | - |
| Bond issue costs | - | - | - | - | - | - |
| Total Expenditures | - | - | - | 1,498,265 | - | - |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 2,189 | - | 28 | 410,734 | 45,915 | 14,934 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | - | - | - | - | 150,000 |
| Debt issued | - | - | - | - | - | - |
| Transfers out | - | - | - | - | (45,915) | (300,000) |
| Total Other Financing Sources (Uses) | - | - | - | - | (45,915) | (150,000) |
| Net Change in Fund Balances | 2,189 | - | 28 | 410,734 | - | (135,066) |
| Fund Balances, January 1 | 144,393 | (2,200) | 1,867 | (84,717) | - | 675,986 |
| Fund Balances, December 31 | $ 146,582 | $ (2,200) | $ 1,895 | $ 326,017 | $ - | $ 540,920 |

| 5040 | 5118 | 5119 | 5120 | 5122 | |
|---|---|---|---|---|---|
| Minor Street Repair | Improvements 2018 | Improvements 2019 | Improvements 2020 | Improvements 2022 | Total Nonmajor Capital Projects |
| $ - | $ - | $ - | $ - | $ - | $ 510,539 |
| - | - | - | - | - | 45,915 |
| 458,291 | - | - | - | - | 458,291 |
| - | - | - | - | - | 2,207,882 |
| - | - | - | - | - | 2,223,801 |
| - | - | - | - | - | 107,151 |
| - | - | 35,741 | - | - | 59,746 |
| 16,156 | - | - | - | - | 153,728 |
| - | - | - | - | - | 65,848 |
| - | - | - | - | - | 3,499 |
| - | 26,101 | - | - | - | 26,101 |
| 474,447 | 26,101 | 35,741 | - | - | 5,862,501 |
| - | - | - | - | - | 645,385 |
| - | - | - | - | - | 121,245 |
| - | - | - | - | - | 199,973 |
| - | 5,568 | 216,375 | 418,328 | 219,790 | 4,486,507 |
| - | - | - | - | - | 638,952 |
| - | - | - | - | - | 27,575 |
| - | - | - | 96,174 | - | 96,174 |
| - | 5,568 | 216,375 | 514,502 | 219,790 | 6,215,811 |
| 474,447 | 20,533 | (180,634) | (514,502) | (219,790) | (353,310) |
| - | 1,301,186 | 200,000 | - | - | 2,229,659 |
| - | - | - | 5,809,037 | - | 5,809,037 |
| (500,000) | - | - | - | - | (2,385,759) |
| (500,000) | 1,301,186 | 200,000 | 5,809,037 | - | 5,652,937 |
| (25,553) | 1,321,719 | 19,366 | 5,294,535 | (219,790) | 5,299,627 |
| 1,110,528 | (1,792,411) | (1,965,869) | (9,157,833) | - | (10,067,438) |
| $ 1,084,975 | $ (470,692) | $ (1,946,503) | $ (3,863,298) | $ (219,790) | $ (4,767,811) |

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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.

**Airport:** The purpose of this fund is to account for the costs associated with the City-owned airport.

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City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position (Continued on Following Pages)
December 31, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6810** | **6000** | **6030** |
| | Eastwood Park | Utility Operations/ Administration | Refuse |
| Assets | | | |
| Current Assets | | | |
| Cash and temporary investments | $ 172,722 | $ 371,761 | $ 2,782 |
| Receivables | | | |
| Interest | - | - | - |
| Accounts | - | 211,177 | 282,454 |
| Notes - current portion | - | - | - |
| Intergovernmental | - | - | - |
| Due from other funds | - | 2,100,000 | - |
| Special assessments receivable - current portion | - | - | - |
| Inventories | - | - | - |
| Prepaid items | - | 2,608 | - |
| Total Current Assets | 172,722 | 2,685,546 | 285,236 |
| Noncurrent Assets | | | |
| Notes receivable - net of current portion | - | - | - |
| Capital assets | | | |
| Land | - | - | - |
| Land improvements | - | - | - |
| Buildings and structures | 21,105 | - | - |
| Machinery and vehicles | - | - | - |
| Other improvements | - | - | - |
| Construction in progress | - | - | - |
| Less accumulated depreciation | (15,477) | - | - |
| Total Capital Assets | 5,628 | - | - |
| Total Noncurrent Assets | 5,628 | - | - |
| Total Assets | 178,350 | 2,685,546 | 285,236 |
| Deferred Outflows of Resources | | | |
| Deferred other post employment benefit resources | - | 7,049 | - |
| Deferred pension resources | - | 14,100 | - |
| Total Deferred Outflows of Resources | - | 21,149 | - |

| Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|
| **6060** Storm Water Utility | **6080** Street Lighting | **6100** Mass Transit | **6110** Parking System | **6120** Airport | Totals |
| $ 19,146 | $ 983,366 | $ 1,735,543 | $ 248,237 | $ 3,625 | $ 3,537,182 |
| - | - | - | - | 468 | 468 |
| 396,780 | 131,292 | 3,960 | 12,379 | 24,127 | 1,062,169 |
| - | - | - | - | 24,366 | 24,366 |
| 1,946 | - | 707,041 | - | 218,418 | 927,405 |
| 2,600,000 | - | - | 1,730,000 | - | 6,430,000 |
| - | - | - | 327,082 | - | 327,082 |
| 33,818 | 207,646 | - | - | - | 241,464 |
| 774 | - | 13,219 | 5,342 | 2,987 | 24,930 |
| 3,052,464 | 1,322,304 | 2,459,763 | 2,323,040 | 273,991 | 12,575,066 |
| - | - | - | - | 295,001 | 295,001 |
| 64,659 | - | - | 872,429 | 1,351,688 | 2,288,776 |
| - | - | - | 514,788 | - | 514,788 |
| 179,279 | - | 6,986,139 | 25,175,808 | 32,533,097 | 64,895,428 |
| 251,029 | 1,504,369 | 711,708 | 1,237,267 | 2,371,635 | 6,076,008 |
| 4,629,506 | - | - | - | - | 4,629,506 |
| 25,000 | - | - | 168,250 | 2,585,515 | 2,778,765 |
| (824,122) | (357,562) | (1,184,104) | (9,984,313) | (14,391,053) | (26,756,631) |
| 4,325,351 | 1,146,807 | 6,513,743 | 17,984,229 | 24,450,882 | 54,426,640 |
| 4,325,351 | 1,146,807 | 6,513,743 | 17,984,229 | 24,745,883 | 54,721,641 |
| 7,377,815 | 2,469,111 | 8,973,506 | 20,307,269 | 25,019,874 | 67,296,707 |
| 7,519 | - | 42,293 | 2,350 | 2,350 | 61,561 |
| 21,654 | 667 | 149,473 | 5,785 | 9,919 | 201,598 |
| 29,173 | 667 | 191,766 | 8,135 | 12,269 | 263,159 |

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position (Continued)
December 31, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6810** | **6000** | **6030** |
| | Eastwood Park | Utility Operations/ Administration | Refuse |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | $ - | $ 157 | $ 61,050 |
| Due to other funds | - | - | 670,000 |
| Due to other governments | - | - | 17,332 |
| Accrued salaries payable | - | 2,514 | - |
| Compensated absences payable - current portion | - | 4,110 | - |
| Loans payable - current portion | - | - | - |
| Unearned revenue | - | - | - |
| Total Current Liabilities | - | 6,781 | 748,382 |
| Long-Term Liabilities | | | |
| Compensated absences payable | - | 609 | - |
| Net pension liability | - | 131,500 | - |
| Other postemployment benefit obligation | - | 54,455 | - |
| Loans payable - net of current portion | - | - | - |
| Total Long-Term Liabilities | - | 186,564 | - |
| Total Liabilities | - | 193,345 | 748,382 |
| Deferred Inflows of Resources | | | |
| Deferred pension resources | - | 6,247 | - |
| Deferred other post employment benefit resources | - | 12,891 | - |
| Total Deferrred Inflows of Resources | - | 19,138 | - |
| Net Position | | | |
| Investment in capital assets | 5,628 | - | - |
| Unrestricted | 172,722 | 2,494,212 | (463,146) |
| Total Net Postion | $ 178,350 | $ 2,494,212 | $ (463,146) |

| Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|
| **6060** Storm Water Utility | **6080** Street Lighting | **6100** Mass Transit | **6110** Parking System | **6120** Airport | Totals |
| $ 79,971 | $ 427 | $ 976,851 | $ 238,290 | $ 383,051 | $ 1,739,797 |
| - | - | - | - | 2,150,000 | 2,820,000 |
| - | - | - | 191 | - | 17,523 |
| 3,791 | 99 | 23,698 | 303 | 1,004 | 31,409 |
| 20,720 | - | 70,556 | - | - | 95,386 |
| - | - | - | - | 38,400 | 38,400 |
| - | - | 5,274 | - | - | 5,274 |
| 104,482 | 526 | 1,076,379 | 238,784 | 2,572,455 | 4,747,789 |
| 8,941 | - | 49,115 | - | - | 58,665 |
| 201,960 | 6,223 | 1,394,068 | 53,958 | 92,513 | 1,880,222 |
| 58,085 | - | 326,728 | 18,152 | 18,152 | 475,572 |
| - | - | - | - | 39,216 | 39,216 |
| 268,986 | 6,223 | 1,769,911 | 72,110 | 149,881 | 2,453,675 |
| 373,468 | 6,749 | 2,846,290 | 310,894 | 2,722,336 | 7,201,464 |
| 9,595 | 296 | 66,230 | 2,563 | 4,395 | 89,326 |
| 13,750 | - | 77,344 | 4,297 | 4,297 | 112,579 |
| 23,345 | 296 | 143,574 | 6,860 | 8,692 | 201,905 |
| 4,325,351 | 1,146,807 | 6,513,743 | 17,984,229 | 24,450,882 | 54,426,640 |
| 2,684,824 | 1,315,926 | (338,335) | 2,013,421 | (2,149,767) | 5,729,857 |
| $ 7,010,175 | $ 2,462,733 | $ 6,175,408 | $ 19,997,650 | $ 22,301,115 | $ 60,156,497 |

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position -
For the Year Ended December 31, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6810** Eastwood Park | **6000** Utility Operations/ Administration | **6030** Refuse |
| Operating Revenues | | | |
| Charges for services | $ - | $ 3,251,852 | $ 2,182,873 |
| Operating Expenses | | | |
| Salaries and benefits | - | 291,785 | - |
| Supplies | - | 8,246 | 12,753 |
| Other services and charges | - | 1,345,626 | 1,885,010 |
| Vehicle operation | - | 598 | 79,089 |
| Insurance | - | - | - |
| Utilities | - | - | - |
| Depreciation | 1,407 | - | - |
| Total Operating Expenses | 1,407 | 1,646,255 | 1,976,852 |
| Operating Income (Loss) | (1,407) | 1,605,597 | 206,021 |
| Nonoperating Revenues (Expenses) | | | |
| Taxes | - | - | - |
| Special assessments | - | - | - |
| Intergovernmental | | | |
| Federal | - | 712 | - |
| State | - | - | - |
| Investment income | 2,524 | 36,379 | - |
| Rental income | - | 372 | - |
| Refunds and reimbursements | - | - | - |
| Miscellaneous income | - | 116,735 | 2,322 |
| Interest expense | - | - | (485) |
| Total Nonoperating Revenues (Expenses) | 2,524 | 154,198 | 1,837 |
| Income (Loss) Before Contributions and Transfers | 1,117 | 1,759,795 | 207,858 |
| Capital Contributions from Other Funds | - | - | - |
| Capital Grants and Contributions | - | - | - |
| Transfers In | - | - | - |
| Transfers Out | - | (1,729,306) | (111,781) |
| Change in Net Position | 1,117 | 30,489 | 96,077 |
| Net Position, January 1 | 177,233 | 2,463,723 | (559,223) |
| Net Position, December 31 | $ 178,350 | $ 2,494,212 | $ (463,146) |

| Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|
| **6060** Storm Water Utility | **6080** Street Lighting | **6100** Mass Transit | **6110** Parking System | **6120** Airport | Totals |
| $ 3,124,903 | $ 652,296 | $ 215,164 | $ 107,638 | $ 517,508 | $ 10,052,234 |
| 420,001 | 12,035 | 2,663,652 | 79,220 | 181,752 | 3,648,445 |
| 175,446 | 65,547 | 23,738 | 4,048 | 77,757 | 367,535 |
| 1,739,071 | 437,104 | 730,866 | 429,673 | 349,077 | 6,916,427 |
| 154,197 | 2,753 | 575,031 | 22,424 | 88,465 | 922,557 |
| - | - | 79,626 | 6,166 | 32,498 | 118,290 |
| 56,629 | - | 33,055 | 47,912 | 91,017 | 228,613 |
| 100,314 | 101,503 | 228,096 | 812,130 | 966,658 | 2,210,108 |
| 2,645,658 | 618,942 | 4,334,064 | 1,401,573 | 1,787,224 | 14,411,975 |
| 479,245 | 33,354 | (4,118,900) | (1,293,935) | (1,269,716) | (4,359,741) |
| - | - | 165,000 | - | - | 165,000 |
| - | - | - | 295,453 | - | 295,453 |
| 2,860 | - | 719,552 | 750 | 84,022 | 807,896 |
| - | - | 2,603,095 | - | 85,566 | 2,688,661 |
| 39,627 | 14,781 | 23,259 | 27,491 | - | 144,061 |
| - | - | - | - | 62,321 | 62,693 |
| - | 19,427 | - | - | - | 19,427 |
| 9,840 | 46,893 | 163,578 | 7,984 | 13,041 | 360,393 |
| - | - | - | - | - | (485) |
| 52,327 | 81,101 | 3,674,484 | 331,678 | 244,950 | 4,543,099 |
| 531,572 | 114,455 | (444,416) | (962,257) | (1,024,766) | 183,358 |
| 797,950 | - | - | - | - | 797,950 |
| - | - | - | - | 14,278 | 14,278 |
| - | - | 12,500 | 372,099 | 500,000 | 884,599 |
| (754,439) | (57,373) | - | (46,880) | (23,610) | (2,723,389) |
| 575,083 | 57,082 | (431,916) | (637,038) | (534,098) | (843,204) |
| 6,435,092 | 2,405,651 | 6,607,324 | 20,634,688 | 22,835,213 | 60,999,701 |
| $ 7,010,175 | $ 2,462,733 | $ 6,175,408 | $ 19,997,650 | $ 22,301,115 | $ 60,156,497 |

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6810** Eastwood Park | **6000** Utility Operations/ Administration | **6030** Refuse |
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | $ - | $ 3,207,033 | $ 2,187,710 |
| Other cash receipts | - | 117,107 | 2,322 |
| Payments to suppliers | - | (411,569) | (1,857,360) |
| Payments to and on behalf of employees | - | (191,479) | - |
| Payments for interfund services provided | - | (1,032,598) | (168,000) |
| Net Cash Provided (Used) by Operating Activities | - | 1,688,494 | 164,672 |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers from other funds | - | - | - |
| Transfers to other funds | - | (1,729,306) | (111,781) |
| (Increase) decrease in due from other funds | - | - | - |
| Increase (decrease) in due to other funds | - | - | 40,000 |
| Tax receipts | - | - | - |
| Intergovernmental operating grants received | - | 712 | - |
| Net Cash Provided (Used) by Noncapital Financing Activities | - | (1,728,594) | (71,781) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisitions of capital assets | - | - | - |
| Intergovernmental contributions for capital assets | - | - | - |
| Principal paid on long-term debt | - | - | (98,377) |
| Interest paid on debt | - | - | (772) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | - | (99,149) |
| Cash Flows from Investing Activities | | | |
| Payment received on loans | - | - | - |
| Loans issued | - | - | - |
| Interest received on investments | 2,524 | 36,379 | - |
| Net Cash Provided (Used) by Investing Activities | 2,524 | 36,379 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,524 | (3,721) | (6,258) |
| Cash and Cash Equivalents, January 1 | 170,198 | 375,482 | 9,040 |
| Cash and Cash Equivalents, December 31 | $ 172,722 | $ 371,761 | $ 2,782 |

| Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|
| **6060** Storm Water Utility | **6080** Street Lighting | **6100** Mass Transit | **6110** Parking System | **6120** Airport | Totals |
| $ 3,089,520 | $ 625,668 | $ 345,824 | $ 105,763 | $ 514,213 | $ 10,075,731 |
| 9,840 | 66,320 | 163,578 | 309,380 | 75,362 | 743,909 |
| (1,869,866) | (412,876) | (875,934) | (258,505) | (460,499) | (6,146,609) |
| (346,215) | (8,861) | (2,040,200) | (51,078) | (176,306) | (2,814,139) |
| (320,334) | (68,753) | (832,336) | (73,386) | (252,717) | (2,748,124) |
| 562,945 | 201,498 | (3,239,068) | 32,174 | (299,947) | (889,232) |
| - | - | 12,500 | 372,099 | 500,000 | 884,599 |
| (754,439) | (57,373) | - | (46,880) | (23,610) | (2,723,389) |
| (1,600,000) | - | - | (1,730,000) | - | (3,330,000) |
| - | (100,000) | - | - | 1,450,000 | 1,390,000 |
| - | - | 165,028 | - | - | 165,028 |
| 2,860 | - | 3,348,986 | 750 | 35,846 | 3,389,154 |
| (2,351,579) | (157,373) | 3,526,514 | (1,404,031) | 1,962,236 | (224,608) |
| - | - | - | (168,250) | (2,123,128) | (2,291,378) |
| 4,131 | - | - | - | 14,278 | 18,409 |
| - | - | - | - | (38,400) | (136,777) |
| - | - | - | - | - | (772) |
| 4,131 | - | - | (168,250) | (2,147,250) | (2,410,518) |
| - | - | - | - | 7,239 | 7,239 |
| - | - | - | - | (300,000) | (300,000) |
| 39,627 | 14,781 | 23,259 | 27,491 | - | 144,061 |
| 39,627 | 14,781 | 23,259 | 27,491 | (292,761) | (148,700) |
| (1,744,876) | 58,906 | 310,705 | (1,512,616) | (777,722) | (3,673,058) |
| 1,764,022 | 924,460 | 1,424,838 | 1,760,853 | 781,347 | 7,210,240 |
| $ 19,146 | $ 983,366 | $ 1,735,543 | $ 248,237 | $ 3,625 | $ 3,537,182 |

City of Mankato, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued)
For the Year Ended December 31, 2020

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **6810** | **6000** | **6030** |
| | Eastwood Park | Utility Operations/ Administration | Refuse |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | |
| Operating income (loss) | $ (1,407) | $ 1,605,597 | $ 206,021 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| Other income related to operations | - | 117,107 | 2,322 |
| Depreciation | 1,407 | - | - |
| (Increase) decrease in assets | | | |
| Accounts receivable | - | (44,819) | (12,217) |
| Due from other governments | - | - | 17,054 |
| Inventories | - | - | - |
| Prepaid items | - | (2,467) | - |
| (Increase) decrease in deferred outflows of resources | | | |
| Deferred other postemployment benefit resources | - | (1,564) | - |
| Deferred pension resources | - | (4,998) | - |
| Increase (decrease) in liabilities | | | |
| Accounts payable | - | (4,147) | (48,718) |
| Due to other governments | - | - | 210 |
| Accrued salaries payable | - | (3,140) | - |
| Compensated absences payable | - | 432 | - |
| Net pension liability | - | 37,561 | - |
| Other postemployment benefits obligation | - | (9,359) | - |
| Unearned revenue | - | - | - |
| Increase (decrease) in deferred inflows of resources | | | |
| Deferred pension resources | - | (12,331) | - |
| Deferred other postemployment benefit resources | - | 10,622 | - |
| Net Cash Provided (Used) by Operating Activities | $ - | $ 1,688,494 | $ 164,672 |
| Noncash Investing, Capital and Financing Activities | | | |
| Capital assets acquired on account | $ - | $ - | $ - |
| Capital assets contributed by (to) other funds | - | - | - |

| Business-type Activities - Enterprise Funds | | | | | |
|---|---|---|---|---|---|
| **6060** Storm Water Utility | **6080** Street Lighting | **6100** Mass Transit | **6110** Parking System | **6120** Airport | Totals |
| $ 479,245 | $ 33,354 | $ (4,118,900) | $ (1,293,935) | $ (1,269,716) | $ (4,359,741) |
| 9,840 | 66,320 | 163,578 | 309,380 | 75,362 | 743,909 |
| 100,314 | 101,503 | 228,096 | 812,130 | 966,658 | 2,210,108 |
| (37,451) | (26,628) | (875) | (2,224) | (3,295) | (127,509) |
| 2,068 | - | 126,261 | 349 | - | 145,732 |
| (6,261) | 34,850 | - | - | - | 28,589 |
| (11) | - | (7,922) | (3,628) | (2,519) | (16,547) |
| (2,096) | - | (14,866) | (522) | (522) | (19,570) |
| (3,124) | (454) | (40,652) | (1,636) | (3,172) | (54,036) |
| 30,036 | (10,583) | 240,460 | 209,758 | (44,189) | 372,617 |
| - | (492) | - | (104) | - | (386) |
| (7,239) | (263) | (45,816) | (2,364) | (4,500) | (63,322) |
| 8,640 | - | 37,604 | (683) | (27,975) | 18,018 |
| 10,712 | 4,029 | 270,931 | 11,137 | 22,876 | 357,246 |
| (5,007) | - | 7,655 | (3,119) | (3,119) | (12,949) |
| - | - | 5,274 | - | - | 5,274 |
| (28,228) | (138) | (155,894) | (5,906) | (9,377) | (211,874) |
| 11,507 | - | 65,998 | 3,541 | 3,541 | 95,209 |
| $ 562,945 | $ 201,498 | $ (3,239,068) | $ 32,174 | $ (299,947) | $ (889,232) |
| $ 25,000 | $ - | $ - | $ - | $ 260,282 | $ 285,282 |
| 797,950 | - | - | - | - | 797,950 |

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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, 2020 and 2019

| | 2020 | 2019 |
|---|---|---|
| Assets | | |
| Cash and temporary investments | $ 13,852,291 | $ 6,913,227 |
| Receivables | | |
| Interest | 190,642 | 263,204 |
| Delinquent taxes | 160,147 | 338,344 |
| Accounts, net of allowance | 598,096 | 594,044 |
| Intergovernmental | 212,740 | 405,951 |
| Due from other funds | 1,400,000 | 8,100,000 |
| Inventories | 127,244 | 113,124 |
| Prepaid items | 80,906 | 58,210 |
| Total Assets | $ 16,622,066 | $ 16,786,104 |
| Liabilities | | |
| Accounts and contracts payable | $ 707,407 | $ 603,659 |
| Due to other governments | 90,109 | 58,139 |
| Accrued salaries payable | 166,130 | 507,573 |
| Deposits payable | 2,834,588 | 2,851,958 |
| Total Liabilities | 3,798,234 | 4,021,329 |
| Deferred Inflows of Resources | | |
| Unavailable revenue - taxes | 160,147 | 338,344 |
| Fund Balances | | |
| Nonspendable | 208,150 | 171,334 |
| Assigned for | | |
| Tax adjustment | 600,000 | 600,000 |
| Emergencies | 2,400,000 | 2,400,000 |
| Unassigned | 9,455,535 | 9,255,097 |
| Total Fund Balances | 12,663,685 | 12,426,431 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 16,622,066 | $ 16,786,104 |

# 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, 2020

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

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance with | Actual |
| | Original | Final | Amounts | Final Budget | Amounts |
| Revenues | | | | | |
| Taxes | | | | | |
| General | $ 15,046,000 | $ 15,045,000 | $ 14,936,802 | $ (108,198) | $ 13,930,142 |
| Lodging | - | - | 52,232 | 52,232 | 663,858 |
| Gambling | 105,000 | 105,000 | 108,828 | 3,828 | 118,459 |
| Franchise fees | 1,610,000 | 1,610,000 | 1,781,463 | 171,463 | 1,689,290 |
| Total taxes | 16,761,000 | 16,760,000 | 16,879,325 | 119,325 | 16,401,749 |
| Licenses and permits | 1,606,326 | 1,606,326 | 1,089,209 | (517,117) | 1,597,650 |
| Intergovernmental | | | | | |
| Federal | | | | | |
| Other | 8,000 | 8,000 | 999,485 | 991,485 | 24,562 |
| State | | | | | |
| Local governmental aid | 7,284,487 | 7,284,487 | 7,300,483 | 15,996 | 7,111,285 |
| Property tax credits and aids | - | - | 118 | 118 | 184 |
| PERA aid | 40,000 | 40,000 | - | (40,000) | 39,823 |
| Police and fire pension | 20,000 | 20,000 | 7,910 | (12,090) | 30,617 |
| Police and fire insurance premiums | 660,000 | 660,000 | 708,610 | 48,610 | 706,187 |
| Other | 424,476 | 424,476 | 341,113 | (83,363) | 328,201 |
| Total state | 8,428,963 | 8,428,963 | 8,358,234 | (70,729) | 8,216,297 |
| Local | | | | | |
| Other | 116,000 | 116,000 | 110,369 | (5,631) | 121,929 |
| Total intergovernmental | 8,552,963 | 8,552,963 | 9,468,088 | 915,125 | 8,362,788 |
| Charges for services | | | | | |
| General government | 27,700 | 28,700 | 6,331 | (22,369) | 27,272 |
| Public safety | 205,350 | 205,350 | 360,387 | 155,037 | 558,205 |
| Public works | 908,000 | 908,000 | 1,150,587 | 242,587 | 1,082,282 |
| Culture and recreation | 149,500 | 149,500 | 67,285 | (82,215) | 114,840 |
| Total charges for services | 1,290,550 | 1,291,550 | 1,584,590 | 293,040 | 1,782,599 |
| Fines and forfeits | 232,000 | 232,000 | 178,765 | (53,235) | 216,656 |
| Investment income | 55,500 | 55,500 | 252,056 | 196,556 | 280,802 |
| Miscellaneous | | | | | |
| Rents | 29,000 | 29,000 | 7,458 | (21,542) | 81,436 |
| Contributions | 25,000 | 25,000 | 20,072 | (4,928) | 18,872 |
| Refunds and reimbursements | 315,000 | 315,000 | 181,212 | (133,788) | 330,246 |
| Other | 123,000 | 123,000 | 258,435 | 135,435 | 213,498 |
| Total miscellaneous | 492,000 | 492,000 | 467,177 | (24,823) | 644,052 |
| Total Revenues | 28,990,339 | 28,990,339 | 29,919,210 | 928,871 | 29,286,296 |

# 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, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance with | Actual |
| | Original | Final | Amounts | Final Budget | Amounts |
| Expenditures | | | | | |
| Current | | | | | |
| General government | | | | | |
| General government | | | | | |
| Other services and charges | $ 5,000 | $ 5,000 | $ 3,169 | $ 1,831 | $ 4,698 |
| Lodging tax | | | | | |
| Other services and charges | 68,500 | 68,500 | - | 68,500 | - |
| Grants | | | | | |
| Other services and charges | 930,000 | 930,000 | 820,189 | 109,811 | 1,606,522 |
| Total general government | 1,003,500 | 1,003,500 | 823,358 | 180,142 | 1,611,220 |
| Public safety | | | | | |
| Police | | | | | |
| Personal services | 8,305,666 | 8,305,666 | 7,602,874 | 702,792 | 7,495,128 |
| Supplies | 105,644 | 105,644 | 57,168 | 48,476 | 67,828 |
| Other services and charges | 506,484 | 506,484 | 488,291 | 18,193 | 1,010,454 |
| Vehicle charges | 805,118 | 805,118 | 668,280 | 136,838 | 678,176 |
| Total police | 9,722,912 | 9,722,912 | 8,816,613 | 906,299 | 9,251,586 |
| Administration | | | | | |
| Personal services | 1,051,847 | 1,051,847 | 1,095,169 | (43,322) | 981,713 |
| Supplies | 40,305 | 40,305 | 23,609 | 16,696 | 36,799 |
| Other services and charges | 830,533 | 830,533 | 803,019 | 27,514 | 839,920 |
| Vehicle charges | - | - | 4,772 | (4,772) | 9,512 |
| Total administration | 1,922,685 | 1,922,685 | 1,926,569 | (3,884) | 1,867,944 |
| Building facilities | | | | | |
| Other services and charges | 252,120 | 252,120 | 202,370 | 49,750 | 227,889 |
| Emergency management | | | | | |
| Personal services | 252,176 | 252,176 | 240,857 | 11,319 | 243,584 |
| Supplies | 9,000 | 9,000 | 2,486 | 6,514 | 8,213 |
| Other services and charges | 9,443 | 9,443 | 3,918 | 5,525 | 138,932 |
| Vehicle charges | 10,214 | 10,214 | 10,557 | (343) | 12,016 |
| Total emergency management | 280,833 | 280,833 | 257,818 | 23,015 | 402,745 |
| Fire | | | | | |
| Personal services | 3,012,595 | 3,012,595 | 2,795,118 | 217,477 | 2,736,355 |
| Supplies | 256,800 | 256,800 | 120,918 | 135,882 | 188,981 |
| Other services and charges | 687,413 | 687,413 | 639,871 | 47,542 | 764,625 |
| Vehicle charges | 147,650 | 147,650 | 157,134 | (9,484) | 193,821 |
| Total fire | 4,104,458 | 4,104,458 | 3,713,041 | 391,417 | 3,883,782 |
| Total public safety | 16,283,008 | 16,283,008 | 14,916,411 | 1,366,597 | 15,633,946 |

# 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, 2020

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

| | 2020 | | | | 2019 |
|---|---|---|---|---|---|
| | Budgeted Amounts | | Actual | Variance with | Actual |
| | Original | Final | Amounts | Final Budget | Amounts |
| Expenditures (Continued) | | | | | |
| Current (continued) | | | | | |
| Public works | | | | | |
| Engineering | | | | | |
| Personal services | $ 1,292,986 | $ 1,292,986 | $ 1,200,223 | $ 92,763 | $ 1,168,894 |
| Supplies | 20,550 | 20,550 | 10,127 | 10,423 | 13,140 |
| Other services and charges | 262,405 | 262,405 | 191,400 | 71,005 | 429,635 |
| Vehicle charges | 49,105 | 49,105 | 55,846 | (6,741) | 51,253 |
| Total engineering | 1,625,046 | 1,625,046 | 1,457,596 | 167,450 | 1,662,922 |
| Streets | | | | | |
| Personal services | 1,717,949 | 1,717,949 | 1,621,139 | 96,810 | 1,632,618 |
| Supplies | 772,450 | 772,450 | 647,317 | 125,133 | 719,974 |
| Other services and charges | 1,288,050 | 1,288,050 | 1,104,858 | 183,192 | 1,661,052 |
| Vehicle charges | 1,184,569 | 1,184,569 | 1,276,073 | (91,504) | 1,344,920 |
| Total streets | 4,963,018 | 4,963,018 | 4,649,387 | 313,631 | 5,358,564 |
| Total public works | 6,588,064 | 6,588,064 | 6,106,983 | 481,081 | 7,021,486 |
| Culture and recreation | | | | | |
| Parks | | | | | |
| Personal services | 1,723,655 | 1,723,655 | 1,645,819 | 77,836 | 1,556,897 |
| Supplies | 411,900 | 411,900 | 338,781 | 73,119 | 380,820 |
| Other services and charges | 1,498,350 | 1,498,350 | 1,289,715 | 208,635 | 1,856,526 |
| Vehicle charges | 732,508 | 732,508 | 572,039 | 160,469 | 585,955 |
| Total culture and recreation | 4,366,413 | 4,366,413 | 3,846,354 | 520,059 | 4,380,198 |
| Community development | | | | | |
| Personal services | 864,751 | 864,751 | 826,469 | 38,282 | 774,867 |
| Supplies | 3,900 | 3,900 | 1,927 | 1,973 | 1,860 |
| Other services and charges | 186,555 | 186,555 | 163,595 | 22,960 | 227,492 |
| Vehicle charges | 34,330 | 34,330 | 37,976 | (3,646) | 32,076 |
| Total community development | 1,089,536 | 1,089,536 | 1,029,967 | 59,569 | 1,036,295 |
| Total current | 29,330,521 | 29,330,521 | 26,723,073 | 2,607,448 | 29,683,145 |
| Capital outlay | | | | | |
| Public safety | 1,000 | 1,000 | 24,632 | (23,632) | 35,200 |
| Public works | 65,200 | 65,200 | 60,821 | 4,379 | 5,124 |
| Culture and recreation | 10,000 | 10,000 | 409,665 | (399,665) | 261,989 |
| Total capital outlay | 76,200 | 76,200 | 495,118 | (418,918) | 302,313 |
| Total Expenditures | 29,406,721 | 29,406,721 | 27,218,191 | 2,188,530 | 29,985,458 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (416,382) | (416,382) | 2,701,019 | 3,117,401 | (699,162) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 925,000 | 925,000 | 868,609 | (56,391) | 1,116,666 |
| Transfers out | (459,826) | (459,826) | (3,332,374) | (2,872,548) | (294,175) |
| Total Other Financing Sources (Uses) | 465,174 | 465,174 | (2,463,765) | (2,928,939) | 822,491 |
| Net Change in Fund Balances | 48,792 | 48,792 | 237,254 | 188,462 | 123,329 |
| Fund Balances, January 1 | 12,426,431 | 12,426,431 | 12,426,431 | - | 12,303,102 |
| Fund Balances, December 31 | $ 12,475,223 | $ 12,475,223 | $ 12,663,685 | $ 188,462 | $ 12,426,431 |

# 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.

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City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2020

| | 7010 Central Garage | 7020 Administrative Services | 7030 Equipment Replacement |
|---|---|---|---|
| Assets | | | |
| Current Assets | | | |
| Cash and temporary investments | $ 1,370,628 | $ 4,298,810 | $ 4,021,405 |
| Receivables | | | |
| Interest | - | - | 69,476 |
| Accounts | 631 | 169,911 | - |
| Due from employees | - | 25,276 | - |
| Intergovernmental | - | - | - |
| Due from other funds | - | - | 3,850,000 |
| Advances to other funds - current portion | - | - | 325,692 |
| Inventories | 323,160 | - | - |
| Prepaid items | 11,221 | 85,339 | - |
| Total Current Assets | 1,705,640 | 4,579,336 | 8,266,573 |
| Noncurrent Assets | | | |
| Advances to other funds - net of current portion | - | - | 4,438,374 |
| Capital assets | | | |
| Land | - | - | 197,223 |
| Land improvements | - | - | - |
| Buildings and structures | 99,880 | 1,442,803 | - |
| Machinery and vehicles | 146,571 | 1,134,061 | 24,748,619 |
| Office equipment | - | 1,666,150 | - |
| Construction in progress | - | - | - |
| Less accumulated depreciation | (191,517) | (3,423,502) | (15,104,905) |
| Total Capital Assets, Net of Accumulated Depreciation | 54,934 | 819,512 | 9,840,937 |
| Total Noncurrent Assets | 54,934 | 819,512 | 14,279,311 |
| Total Assets | 1,760,574 | 5,398,848 | 22,545,884 |
| Deferred Outflows of Resources | | | |
| Deferred other post employment benefit resources | 25,141 | 89,991 | - |
| Deferred pension resources | 66,307 | 265,503 | - |
| Total Deferred Outflows of Resources | 91,448 | 355,494 | - |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts and contracts payable | 25,191 | 326,805 | - |
| Accrued salaries payable | 13,264 | 42,128 | - |
| Deposits payable | - | 538,458 | - |
| Unearned revenue | - | - | - |
| Compensated absences payable - current portion | 76,475 | 225,112 | - |
| Total Current Liabilities | 114,930 | 1,132,503 | - |
| Noncurrent Liabilities | | | |
| Compensated absences payable | 55,131 | 162,999 | - |
| Net pension liability | 618,414 | 2,476,223 | - |
| Other postemployment benefit obligation | 194,221 | 695,205 | - |
| Total Noncurrent Liabilities | 867,766 | 3,334,427 | - |
| Total Liabilities | 982,696 | 4,466,930 | - |
| Deferred Inflows of Resources | | | |
| Deferred pension resources | 29,380 | 117,642 | - |
| Deferred other post employment benefit resources | 45,977 | 164,572 | - |
| Total Deferrred Inflows of Resources | 75,357 | 282,214 | - |
| Net Position | | | |
| Investment in capital assets | 54,934 | 819,512 | 9,840,937 |
| Unrestricted | 739,035 | 185,686 | 12,704,947 |
| Total Net Position | $ 793,969 | $ 1,005,198 | $ 22,545,884 |

| 7060<br>Central<br>Insurance | 7070<br>Building<br>Facilities<br>Replacement | Totals |
|---|---|---|
| $ 2,497,417 | $ 2,017,751 | $ 14,206,011 |
| - | - | 69,476 |
| - | - | 170,542 |
| - | - | 25,276 |
| 16,438 | 96,034 | 112,472 |
| 1,900,000 | 1,850,000 | 7,600,000 |
| - | - | 325,692 |
| - | - | 323,160 |
| - | - | 96,560 |
| 4,413,855 | 3,963,785 | 22,929,189 |
| - | - | 4,438,374 |
| - | - | 197,223 |
| - | 382,228 | 382,228 |
| - | 3,199,028 | 4,741,711 |
| - | 832,632 | 26,861,883 |
| - | - | 1,666,150 |
| - | 1,186,457 | 1,186,457 |
| - | (571,089) | (19,291,013) |
| - | 5,029,256 | 15,744,639 |
| - | 5,029,256 | 20,183,013 |
| 4,413,855 | 8,993,041 | 43,112,202 |
| - | - | 115,132 |
| - | - | 331,810 |
| - | - | 446,942 |
| 389,222 | 477,769 | 1,218,987 |
| - | - | 55,392 |
| - | - | 538,458 |
| 48,007 | - | 48,007 |
| - | - | 301,587 |
| 437,229 | 477,769 | 2,162,431 |
| - | - | 218,130 |
| - | - | 3,094,637 |
| - | - | 889,426 |
| - | - | 4,202,193 |
| 437,229 | 477,769 | 6,364,624 |
| - | - | 147,022 |
| - | - | 210,549 |
| - | - | 357,571 |
| - | 5,029,256 | 15,744,639 |
| 3,976,626 | 3,486,016 | 21,092,310 |
| $ 3,976,626 | $ 8,515,272 | $ 36,836,949 |

City of Mankato, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

| | 7010 Central Garage | 7020 Administrative Services | 7030 Equipment Replacement |
|---|---|---|---|
| Operating Revenues | | | |
| Billings to departments | $ 2,852,527 | $ 7,781,236 | $ 1,591,577 |
| Operating Expenses | | | |
| Salaries and benefits | 1,104,588 | 4,822,237 | - |
| Supplies | 1,227,090 | 433,065 | - |
| Other services and charges | 500,347 | 1,356,681 | 691,349 |
| Vehicle operation | 96,130 | 1,700 | - |
| Insurance | 95,001 | 77,136 | - |
| Utilities | 64,505 | 88,947 | - |
| Depreciation | 4,994 | 310,691 | 1,798,924 |
| Total Operating Expenses | 3,092,655 | 7,090,457 | 2,490,273 |
| Operating Income (Loss) | (240,128) | 690,779 | (898,696) |
| Nonoperating Revenues (Expenses) | | | |
| Intergovernmental | 8,868 | 514,648 | 28,584 |
| Investment income | 23,086 | 73,946 | 288,564 |
| Miscellaneous income | 36,568 | 58,210 | 215 |
| Rental income | - | 472,007 | - |
| Gain (loss) on sale of assets | - | - | 74,623 |
| Total Nonoperating Revenues (Expenses) | 68,522 | 1,118,811 | 391,986 |
| Income (Loss) Before Contributions and Transfers | (171,606) | 1,809,590 | (506,710) |
| Transfers in | 350,000 | - | - |
| Transfers out | (407,398) | (1,574,101) | (500,000) |
| Total Transfers | (57,398) | (1,574,101) | (500,000) |
| Change in Net Position | (229,004) | 235,489 | (1,006,710) |
| Net Position, January 1 | 1,022,973 | 769,709 | 23,552,594 |
| Net Position, December 31 | $ 793,969 | $ 1,005,198 | $ 22,545,884 |

| 7060<br>Central Insurance | 7070<br>Building Facilities Replacement | Totals |
|---|---|---|
| $ 8,097,565 | $ 375,000 | $ 20,697,905 |
| | | |
| - | - | 5,926,825 |
| - | - | 1,660,155 |
| 7,439,171 | 384,760 | 10,372,308 |
| - | - | 97,830 |
| - | - | 172,137 |
| - | - | 153,452 |
| - | 256,054 | 2,370,663 |
| 7,439,171 | 640,814 | 20,753,370 |
| 658,394 | (265,814) | (55,465) |
| | | |
| 16,438 | 246,034 | 814,572 |
| 49,371 | 43,509 | 478,476 |
| - | 10,653 | 105,646 |
| - | - | 472,007 |
| - | - | 74,623 |
| 65,809 | 300,196 | 1,945,324 |
| 724,203 | 34,382 | 1,889,859 |
| 640,000 | 2,655,000 | 3,645,000 |
| - | - | (2,481,499) |
| 640,000 | 2,655,000 | 1,163,501 |
| 1,364,203 | 2,689,382 | 3,053,360 |
| 2,612,423 | 5,825,890 | 33,783,589 |
| $ 3,976,626 | $ 8,515,272 | $ 36,836,949 |

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2020

| | 7010 Central Garage | 7020 Administrative Services | 7030 Equipment Replacement |
|---|---|---|---|
| Cash Flows from Operating Activities | | | |
| Receipts from interfund services provided | $ 2,853,514 | $ 7,757,120 | $ 1,591,577 |
| Other cash receipts | 36,568 | 530,217 | 215 |
| Payments to suppliers | (1,880,477) | (2,977,452) | (67,349) |
| Payments to and on behalf of employees | (935,938) | (4,080,788) | - |
| Payments for interfund services provided | (442,337) | (9,328) | (624,000) |
| Net Cash Provided (Used) by Operating Activities | (368,670) | 1,219,769 | 900,443 |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers from other funds | 350,000 | - | - |
| Transfers to other funds | (407,398) | (1,574,101) | (500,000) |
| (Increase) decrease in due from other funds | - | - | 250,000 |
| Intergovernmental operating grants received | 8,868 | 514,648 | - |
| Payment received on advances to other funds | - | - | 314,585 |
| Net Cash Provided (Used) by Noncapital Financing Activities | (48,530) | (1,059,453) | 64,585 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisitions of capital assets | - | (253,300) | (1,429,047) |
| Proceeds from capital grant | - | - | 40,667 |
| Proceeds from sale of capital assets | - | - | 76,066 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | - | (253,300) | (1,312,314) |
| Cash Flows from Investing Activities | | | |
| Interest received on investments | 23,086 | 73,946 | 293,152 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (394,114) | (19,038) | (54,134) |
| Cash and Cash Equivalents, January 1 | 1,764,742 | 4,317,848 | 4,075,539 |
| Cash and Cash Equivalents, December 31 | $ 1,370,628 | $ 4,298,810 | $ 4,021,405 |

| 7060 Central Insurance | 7070 Building Facilities Replacement | Totals |
|---|---|---|
| $ 8,143,868 | $ 375,000 | $ 20,721,079 |
| - | 10,653 | 577,653 |
| (6,978,816) | (269,617) | (12,173,711) |
| - | - | (5,016,726) |
| (414,000) | - | (1,489,665) |
| 751,052 | 116,036 | 2,618,630 |
| | | |
| 640,000 | 2,655,000 | 3,645,000 |
| - | - | (2,481,499) |
| (1,900,000) | (450,000) | (2,100,000) |
| 16,438 | - | 539,954 |
| - | - | 314,585 |
| (1,243,562) | 2,205,000 | (81,960) |
| | | |
| - | (2,519,414) | (4,201,761) |
| - | 150,000 | 190,667 |
| - | - | 76,066 |
| - | (2,369,414) | (3,935,028) |
| | | |
| 49,371 | 43,509 | 483,064 |
| (443,139) | (4,869) | (915,294) |
| 2,940,556 | 2,022,620 | 15,121,305 |
| $ 2,497,417 | $ 2,017,751 | $ 14,206,011 |

City of Mankato, Minnesota
Internal Service Funds
Combining Statements of Cash Flows (Continued)
For the Year Ended December 31, 2020

| | 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) | $ (240,128) | $ 690,779 | $ (898,696) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | |
| Other income related to operations | 36,568 | 530,217 | 215 |
| Depreciation | 4,994 | 310,691 | 1,798,924 |
| (Increase) decrease in assets | | | |
| Accounts receivable | (145) | (43,992) | - |
| Due from employees | - | 19,876 | - |
| Due from other governments | 1,132 | - | - |
| Inventories | 537 | - | - |
| Prepaid items | (8,213) | (12,154) | - |
| (Increase) decrease in deferred outflows of resources | | | |
| Deferred other post employment benefit resources | (2,114) | (16,852) | - |
| Deferred pension resources | (7,582) | (56,273) | - |
| Increase (decrease) in liabilities | | | |
| Accounts and contracts payable | (35,740) | (2,134) | - |
| Accrued salaries payable | (23,388) | (106,584) | - |
| Compensated absences payable | 20,800 | (125,496) | - |
| Net pension liability | 12,312 | 316,752 | - |
| Other postemployment benefit obligation | (73,666) | (155,653) | - |
| Deposits payable | - | 45,712 | - |
| Unearned revenue | - | - | - |
| Increase (decrease) in deferred inflows of resources | | | |
| Deferred pension resources | (90,489) | (309,438) | - |
| Deferred other postemployment benefit resources | 36,452 | 134,318 | - |
| Net Cash Provided (Used) by Operating Activities | $ (368,670) | $ 1,219,769 | $ 900,443 |
| Noncash Investing, Capital and Financing Activities | | | |
| Book value of disposed of capital assets | $ - | $ - | $ 1,443 |

| 7060<br>Central<br>Insurance | 7070<br>Building<br>Facilities<br>Replacement | Totals |
|---|---|---|
| $ 658,394 | $ (265,814) | $ (55,465) |
| - | 10,653 | 577,653 |
| - | 256,054 | 2,370,663 |
| 328 | - | (43,809) |
| - | - | 19,876 |
| (1,704) | - | (572) |
| - | - | 537 |
| - | - | (20,367) |
| - | - | (18,966) |
| - | - | (63,855) |
| 46,355 | 115,143 | 123,624 |
| - | - | (129,972) |
| - | - | (104,696) |
| - | - | 329,064 |
| - | - | (229,319) |
| - | - | 45,712 |
| 47,679 | - | 47,679 |
| - | - | (399,927) |
| - | - | 170,770 |
| $ 751,052 | $ 116,036 | $ 2,618,630 |
| $ - | $ - | $ 1,443 |

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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.

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# City of Mankato, Minnesota
## Custodial Funds
## Combining Statement of Fiduciary Net Position
## December 31, 2020

| | Blue Earth County EDA | MN Valley Council of Governments | Totals |
|---|---|---|---|
| Assets | | | |
| Cash and temporary investments | $ 1,562,899 | $ 124,474 | $ 1,687,373 |
| Cash held by fiscal agent | 39,791 | - | 39,791 |
| Receivables | | | |
| Accounts | 18,217 | - | 18,217 |
| Notes | 50,000 | - | 50,000 |
| Intergovernmental | 47,622 | - | 47,622 |
| Prepaid items | 25,605 | 41 | 25,646 |
| Total Assets | 1,744,134 | 124,515 | 1,868,649 |
| Liabilities | | | |
| Accounts payable | 74,979 | 6 | 74,985 |
| Due to other governments | 28,094 | - | 28,094 |
| Accrued salaries payable | 1,799 | - | 1,799 |
| Unearned revenue | 1,030 | - | 1,030 |
| Deposits payable | 31,746 | - | 31,746 |
| Other current liabilities | 173,587 | - | 173,587 |
| Total Liabilities | 311,235 | 6 | 311,241 |
| Net Position | | | |
| Restricted | | | |
| Individuals, organizations and other governments | $ 1,432,899 | $ 124,509 | $ 1,557,408 |

# City of Mankato, Minnesota
## Custodial Funds
## Combining Statement of Changes in Fiduciary Net Position
## For the Year Ended December 31, 2020

| | Blue Earth County EDA | MN Valley Council of Governments | Totals |
|---|---|---|---|
| Additions | | | |
| Tenant rental revenue | $ 302,906 | $ - | $ 302,906 |
| Excess utilities | 6,680 | - | 6,680 |
| HUD capital grants | 38,253 | - | 38,253 |
| HUD operating grants | 634,160 | - | 634,160 |
| Intergovernmental - state | 106,046 | - | 106,046 |
| Investment income | 8,908 | - | 8,908 |
| Other revenue | 305,322 | 24,000 | 329,322 |
| Total Additions | 1,402,275 | 24,000 | 1,426,275 |
| Deductions | | | |
| Administration | 213,840 | 93 | 213,933 |
| Utilities | 97,134 | - | 97,134 |
| Maintenance and operations | 423,009 | - | 423,009 |
| Insurance | 38,893 | - | 38,893 |
| Other charges and services | 523,221 | - | 523,221 |
| Total Deductions | 1,296,097 | 93 | 1,296,190 |
| Net Increase (Decrease) in Fiduciary Net Position | 106,178 | 23,907 | 130,085 |
| Net Position, January 1 | 1,326,721 | 100,602 | 1,427,323 |
| Net Position, December 31 | $ 1,432,899 | $ 124,509 | $ 1,557,408 |

# City of Mankato, Minnesota

Summary Financial Report

Revenues and Expenditures for General Operations

Governmental Funds

For the Years Ended December 31, 2020 and 2019

| | Total | | Percent Increase (Decrease) |
|---|---|---|---|
| | 2020 | 2019 | |
| Revenues | | | |
| Taxes | $ 22,833,968 | $ 22,200,713 | 2.85 % |
| Special assessments | 4,171,749 | 4,723,816 | (11.69) |
| Licenses and permits | 1,089,209 | 1,597,650 | (31.82) |
| Intergovernmental | 14,553,525 | 12,096,185 | 20.32 |
| Charges for services | 1,584,590 | 1,782,599 | (11.11) |
| Fines and forfeits | 178,765 | 216,656 | (17.49) |
| Investment earnings | 668,860 | 717,087 | (6.73) |
| Miscellaneous | 783,844 | 947,946 | (17.31) |
| Total Revenues | $ 45,864,510 | $ 44,282,652 | 3.57 % |
| Per Capita | $ 1,033 | $ 1,016 | 1.66 % |
| Expenditures | | | |
| Current | | | |
| General government | $ 2,181,693 | $ 2,539,643 | (14.09) % |
| Public safety | 14,928,469 | 15,651,488 | (4.62) |
| Public works | 6,752,368 | 7,021,486 | (3.83) |
| Culture and recreation | 3,846,354 | 4,380,198 | (12.19) |
| Community development | 1,029,967 | 1,036,295 | (0.61) |
| Housing and economic development | 661,956 | 524,054 | 26.31 |
| Capital outlay | | | |
| Public safety | 224,605 | 35,200 | 538.08 |
| Public works | 12,992,236 | 13,459,034 | (3.47) |
| Culture and recreation | 1,048,617 | 577,398 | 81.61 |
| Housing and economic development | - | 17,325 | (100.00) |
| Debt service | | | |
| Principal | 7,944,662 | 8,535,258 | (6.92) |
| Interest and other charges | 1,778,091 | 1,640,794 | 8.37 |
| Bond issuance costs | 117,017 | 94,214 | 24.20 |
| Total Expenditures | $ 53,506,035 | $ 55,512,387 | (3.61) % |
| Per Capita | $ 1,205 | $ 1,274 | (5.39) % |
| Total Long-term Indebtedness | $ 54,592,290 | $ 56,674,952 | (3.67) % |
| Per Capita | 1,230 | 1,301 | (5.45) |
| General Fund Balance - December 31 | $ 12,663,685 | $ 12,426,431 | 1.91 % |
| Per Capita | 285 | 285 | 0.03 |

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

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# STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Governmental Activities | | | | | |
| Net investment in capital assets | $ 116,688,896 | $ 115,421,929 | $ 112,389,674 | $ 101,941,446 | $ 110,565,540 |
| Restricted | 30,344,277 | 26,507,297 | 25,616,473 | 17,570,445 | 17,333,882 |
| Unrestricted | (4,347,125) | (220,172) | 1,903,067 | 9,597,559 | 8,510,377 |
| Total Governmental Activities Net Position | 142,686,048 | 141,709,054 | 139,909,214 | 129,109,450 | 136,409,799 |
| Business-type Activities | | | | | |
| Net investment in capital assets | 184,583,463 | 179,739,858 | 177,933,511 | 172,507,213 | 159,282,527 |
| Restricted | 1,634,704 | 1,561,951 | 1,555,100 | 1,545,781 | 1,621,790 |
| Unrestricted | 19,125,855 | 14,906,056 | 9,787,320 | 7,451,414 | 4,376,319 |
| Total Business-type Activities Net Position | 205,344,022 | 196,207,865 | 189,275,931 | 181,504,408 | 165,280,636 |
| Primary Government | | | | | |
| Net investment in capital assets | 301,272,359 | 295,161,787 | 290,323,185 | 274,448,659 | 269,848,067 |
| Restricted | 31,978,981 | 28,069,248 | 27,171,573 | 19,116,226 | 18,955,672 |
| Unrestricted | 14,778,730 | 14,685,884 | 11,690,387 | 17,048,973 | 12,886,696 |
| Total Primary Government Net Position | $ 348,030,070 | $ 337,916,919 | $ 329,185,145 | $ 310,613,858 | $ 301,690,435 |

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

Table 1

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2015 | 2014 | 2013 | 2012 | 2011 |
| $ 118,192,062 | $ 110,615,767 | $ 104,495,612 | $ 99,776,628 | $ 80,876,348 |
| 13,950,167 | 14,948,225 | 14,934,488 | 14,851,935 | 16,690,340 |
| 2,700,132 | 18,699,209 | 16,803,735 | 16,854,778 | 25,984,793 |
| 134,842,361 | 144,263,201 | 136,233,835 | 131,483,341 | 123,551,481 |
| 144,769,977 | 133,631,312 | 130,374,455 | 123,992,933 | 118,480,296 |
| 1,550,383 | 1,616,447 | 1,539,668 | 1,728,331 | 1,667,771 |
| 14,682,046 | 11,844,458 | 11,441,521 | 14,905,663 | 14,688,729 |
| 161,002,406 | 147,092,217 | 143,355,644 | 140,626,927 | 134,836,796 |
| 262,962,039 | 244,247,079 | 234,870,067 | 223,769,561 | 199,356,644 |
| 15,500,550 | 16,564,672 | 16,474,156 | 16,580,266 | 18,358,111 |
| 17,382,178 | 30,543,667 | 28,245,256 | 31,760,441 | 40,673,522 |
| $ 295,844,767 | $ 291,355,418 | $ 279,589,479 | $ 272,110,268 | $ 258,388,277 |

# City of Mankato, Minnesota

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | |
| Expenses | | | | | | |
| Governmental Activities | | | | | | |
| General government | $ 1,951,859 | $ 2,692,964 | $ 2,139,186 | $ 2,246,913 | $ 2,031,948 | |
| Public safety | 15,277,532 | 16,436,303 | 14,334,888 | 15,403,251 | 16,433,824 | |
| Public works/streets | 19,844,934 | 17,026,253 | 16,397,953 | 14,966,128 | 13,784,587 | |
| Culture and recreation | 5,140,809 | 5,336,021 | 4,629,194 | 4,148,693 | 3,869,272 | |
| Community development | 1,058,716 | 1,050,797 | 1,060,731 | 983,128 | 897,656 | |
| Housing and economic development | 807,596 | 690,575 | 924,117 | 947,291 | 940,961 | |
| Interest on long-term debt | 1,361,595 | 1,432,170 | 1,547,167 | 1,687,254 | 1,663,645 | |
| Total Governmental Activities Expenses | 45,443,041 | 44,665,083 | 41,033,236 | 40,382,658 | 39,621,893 | |
| Business-type Activities | | | | | | |
| Housing and economic development | 7,430,041 | 6,887,260 | 6,308,005 | 6,203,104 | 6,778,791 | |
| Water | 6,902,405 | 6,663,144 | 6,795,137 | 6,987,612 | 6,702,415 | * |
| Wastewater plant | 4,378,058 | 4,227,204 | 4,439,143 | 4,288,383 | 4,613,522 | * |
| Sewer collection | 1,808,246 | 1,849,602 | 1,546,690 | 2,030,859 | 1,943,202 | * |
| Refuse | 1,956,508 | 1,842,917 | 1,746,596 | 1,755,936 | 1,584,680 | * |
| Utility operations and administration | 1,508,672 | 1,430,095 | 1,366,607 | 1,442,752 | 1,714,572 | * |
| Storm water | 2,655,679 | 1,856,121 | 1,635,650 | 2,294,482 | 1,130,538 | |
| Street lighting | 591,625 | 532,966 | 593,921 | 488,450 | 463,482 | |
| Mass transit | 4,413,758 | 4,098,109 | 3,545,502 | 3,356,825 | 2,969,748 | |
| Parking | 1,786,008 | 1,722,733 | 2,206,987 | 2,066,455 | 1,725,826 | |
| Airport | 1,401,097 | 1,712,397 | 1,697,388 | 1,349,815 | 1,280,481 | |
| Civic center/arena | 6,229,631 | 11,269,894 | 9,349,486 | 8,724,519 | 8,296,733 | |
| Total Business-type Activities Expenses | 41,061,728 | 44,092,442 | 41,231,112 | 40,989,192 | 39,203,990 | |
| Total Primary Government Expenses | $ 86,504,769 | $ 88,757,525 | $ 82,264,348 | $ 81,371,850 | $ 78,825,883 | |
| Program Revenues | | | | | | |
| Governmental activities | | | | | | |
| Charges for services | | | | | | |
| General government | $ 501,645 | $ 576,393 | $ 359,181 | $ 302,194 | $ 138,957 | |
| Public safety | 793,305 | 1,593,667 | 1,663,227 | 1,304,091 | 1,379,009 | |
| Public works/streets | 1,207,488 | 1,174,274 | 1,234,569 | 1,171,461 | 1,190,829 | |
| Culture and recreation | 82,395 | 205,664 | 1,046,303 | 174,024 | 163,995 | |
| Community development | 1,179,913 | 1,206,400 | 1,044,521 | 1,408,187 | 887,801 | |
| Housing and economic development | 20,465 | 25,929 | 162,333 | 44,548 | 85,274 | |
| Operating grants and contributions | 4,157,835 | 1,568,734 | 1,631,632 | 1,687,363 | 1,709,401 | |
| Capital grants and contributions | 7,685,108 | 6,415,487 | 17,367,765 | 9,221,473 | 7,836,216 | |
| Total Governmental Activities Program Revenues | 15,628,154 | 12,766,548 | 24,509,531 | 15,313,341 | 13,391,482 | |
| Business-type Activities | | | | | | |
| Charges for services | | | | | | |
| Housing and economic development | 2,374,290 | 1,791,260 | 2,465,882 | 1,756,903 | 1,660,174 | |
| Water | 9,125,128 | 8,514,790 | 7,661,621 | 7,222,928 | 6,754,785 | * |
| Wastewater | 1,747,033 | 1,618,345 | 1,587,571 | 1,416,702 | 1,518,721 | * |
| Sewer | 7,025,198 | 7,132,321 | 6,520,595 | 6,087,338 | 5,668,533 | * |
| Refuse | 2,185,195 | 2,088,145 | 1,956,612 | 1,887,512 | 1,767,800 | * |
| Utility operations and administration | 3,368,085 | 3,286,935 | 3,262,295 | 3,109,481 | 2,894,300 | * |
| Storm water | 3,134,743 | 3,143,071 | 2,724,008 | 2,217,398 | 1,848,593 | |
| Street lighting | 699,189 | 651,348 | 629,952 | 644,975 | 570,865 | |
| Mass transit | 378,742 | 772,057 | 715,533 | 721,241 | 781,053 | |
| Parking | 592,870 | 517,859 | 499,241 | 486,005 | 510,484 | |
| Airport | 411,075 | 484,766 | 481,443 | 510,558 | 405,919 | |
| Civic center/arena | 2,338,971 | 7,076,109 | 5,256,308 | 5,063,134 | 4,454,798 | |
| Operating grants and contributions | 7,989,809 | 6,950,492 | 6,156,229 | 3,616,802 | 3,518,467 | |
| Capital grants and contributions | 18,455 | 2,128,755 | 3,301,423 | 5,161,103 | 4,746,420 | |
| Total Business-type Activities Program Revenues | 41,388,783 | 46,156,253 | 43,218,713 | 39,902,080 | 37,100,912 | |
| Total Primary Government Program Revenues | $ 57,016,937 | $ 58,922,801 | $ 67,728,244 | $ 55,215,421 | $ 50,492,394 | |

Table 2

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2015 | 2014 | 2013 | 2012 | 2011 |
| | | | | |
| $ 1,840,077 | $ 1,531,723 | $ 1,516,610 | $ 2,164,119 | $ 1,758,385 |
| 13,854,689 | 12,635,722 | 12,124,676 | 11,088,280 | 10,235,082 |
| 13,285,115 | 6,661,969 | 13,699,207 | 12,830,170 | 12,552,180 |
| 4,151,137 | 3,489,926 | 3,142,526 | 3,967,360 | 2,720,460 |
| 964,341 | 824,372 | 737,065 | 692,065 | 712,338 |
| 1,560,076 | 8,345,526 | 692,735 | 835,370 | 1,186,443 |
| 1,839,992 | 1,786,208 | 1,552,416 | 1,667,988 | 1,900,056 |
| 37,495,427 | 35,275,446 | 33,465,235 | 33,245,352 | 31,064,944 |
| | | | | |
| 6,634,108 | 6,564,123 | 5,933,081 | 5,618,551 | 5,556,149 |
| 6,963,670 | 5,657,427 | 5,704,267 | 5,699,685 | 5,628,762 |
| 7,994,856 | 6,576,152 | 6,349,596 | 6,367,447 | 6,278,046 |
| - | - | - | - | - |
| 1,478,244 | 1,595,558 | 1,518,051 | 1,465,029 | 1,403,140 |
| - | - | - | - | - |
| 1,039,917 | 1,093,040 | 746,361 | 779,104 | 932,310 |
| 537,359 | 473,791 | 526,632 | - | - |
| 2,799,702 | 2,355,462 | 2,077,044 | 2,160,734 | 1,801,097 |
| 1,704,404 | 1,650,675 | 1,488,654 | 1,276,180 | 1,477,825 |
| 1,253,425 | 1,251,951 | 1,166,252 | 1,063,128 | 1,057,847 |
| 7,533,370 | 6,674,094 | 6,486,079 | 7,068,359 | 5,774,402 |
| 37,939,055 | 33,892,273 | 31,996,017 | 31,498,217 | 29,909,578 |
| $ 75,434,482 | $ 69,167,719 | $ 65,461,252 | $ 64,743,569 | $ 60,974,522 |
| | | | | |
| $ 507,071 | $ 478,265 | $ 297,140 | $ 296,949 | $ 343,809 |
| 696,165 | 654,190 | 716,344 | 628,105 | 597,126 |
| 1,300,370 | 895,996 | 1,118,932 | 1,013,960 | 628,191 |
| 210,317 | 169,124 | 170,637 | 217,565 | 253,421 |
| 1,402,855 | 1,351,616 | 1,278,058 | 1,163,500 | 967,478 |
| 128,412 | 446,837 | 72,067 | 319,541 | 563,218 |
| 1,517,232 | 1,420,585 | 1,196,506 | 1,381,403 | 1,286,807 |
| 10,263,893 | 11,831,916 | 8,601,386 | 10,308,408 | 3,985,234 |
| 16,026,315 | 17,248,529 | 13,451,070 | 15,329,431 | 8,625,284 |
| | | | | |
| 1,579,761 | 1,641,645 | 1,566,129 | 1,762,591 | 1,122,050 |
| 7,602,348 | 7,149,823 | 6,733,488 | 6,832,767 | 6,639,088 |
| 8,064,504 | 7,709,753 | 7,381,881 | 7,319,742 | 7,763,023 |
| - | - | - | - | - |
| 1,712,654 | 1,638,421 | 1,515,431 | 1,502,100 | 1,392,027 |
| - | - | - | - | - |
| 1,775,644 | 1,403,042 | 1,294,654 | 1,260,040 | 1,145,884 |
| 564,205 | 548,957 | 525,054 | - | - |
| 689,118 | 603,761 | 585,109 | 507,570 | 470,098 |
| 511,873 | 460,429 | 482,899 | 449,885 | 439,215 |
| 501,417 | 416,238 | 338,868 | 304,742 | 316,769 |
| 3,766,307 | 3,397,300 | 3,538,408 | 4,297,506 | 3,055,092 |
| 3,237,800 | 3,474,719 | 4,212,825 | 3,908,635 | 3,958,971 |
| 18,896,137 | 4,276,486 | 1,538,544 | 4,860,654 | 7,127,656 |
| 48,901,768 | 32,720,574 | 29,713,290 | 33,006,232 | 33,429,873 |
| $ 64,928,083 | $ 49,969,103 | $ 43,164,360 | $ 48,335,663 | $ 42,055,157 |

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

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Program Revenues (Continued) | | | | | |
| Net (expense)/revenue | | | | | |
| Governmental activities | $ (29,814,887) | $ (31,898,535) | $ (16,523,705) | $ (25,069,317) | $ (26,230,411) |
| Business-type activities | 327,055 | 2,063,811 | 1,987,601 | (1,087,112) | (2,103,078) |
| Total Primary Government Net Expense | $ 29,487,832 | $ 29,834,724 | $ 14,536,104 | $ 26,156,429 | $ 28,333,489 |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental Activities | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | $ 15,014,520 | $ 14,397,784 | $ 13,755,275 | $ 12,324,959 | $ 11,572,743 |
| Property taxes, levied for debt service | 4,696,861 | 4,778,385 | 4,842,266 | 4,778,752 | 4,782,809 |
| Tax increments | 661,713 | 627,138 | 641,008 | 609,308 | 576,736 |
| Hotel-motel tax | 368,056 | 663,858 | 639,651 | 616,818 | 534,709 |
| Gambling tax | 108,828 | 118,459 | 106,776 | 96,069 | 88,192 |
| Franchise taxes | 1,781,463 | 1,689,290 | 1,614,677 | 1,627,921 | 1,582,872 |
| Grants and contributions not restricted to specific programs | 8,068,840 | 7,242,974 | 7,238,657 | 7,048,678 | 6,978,457 |
| Unrestricted investment earnings | 1,147,336 | 1,269,890 | 454,497 | 417,292 | 341,858 |
| Other revenues | 308,524 | 166,200 | 110,000 | 127,506 | 679,059 |
| Gain on sale of capital assets | 74,623 | 84,322 | 55,168 | 38,446 | 42,635 |
| Transfers | (1,438,883) | 2,660,075 | 1,127,375 | (10,394,943) | 617,779 |
| Total Governmental Activities | 30,791,881 | 33,698,375 | 30,585,350 | 17,290,806 | 27,797,849 |
| Business-type Activities | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | 480,000 | 390,000 | 390,000 | 390,000 | 392,000 |
| Tax increments | 460,930 | 292,897 | 242,657 | 279,095 | 288,074 |
| Sales tax | 6,088,885 | 6,403,830 | 6,373,295 | 6,178,779 | 6,067,592 |
| Hotel-motel tax | 1,571 | - | - | - | - |
| Unrestricted investment earnings | 338,833 | 410,259 | 170,896 | 131,166 | 102,251 |
| Other revenues | - | - | 12,649 | - | - |
| Gain on sale of capital assets | - | 14,790 | 362,802 | 415,063 | 149,170 |
| Transfers | 1,438,883 | (2,660,075) | (1,127,375) | 10,394,943 | (617,779) |
| Total Business-type Activities | 8,809,102 | 4,851,701 | 6,424,924 | 17,789,046 | 6,381,308 |
| Total Primary Government | $ 39,600,983 | $ 38,550,076 | $ 37,010,274 | $ 35,079,852 | $ 34,179,157 |
| Changes in Net Position | | | | | |
| Governmental Activities | $ 976,994 | $ 1,799,840 | $ 14,061,645 | $ (7,778,511) | $ 1,567,438 |
| Business-type Activities | 9,136,157 | 6,915,512 | 8,412,525 | 16,701,934 | 4,278,230 |
| Total Primary Government | $ 10,113,151 | $ 8,715,352 | $ 22,474,170 | $ 8,923,423 | $ 5,845,668 |

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

Table 2 (Continued)

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2015 | 2014 | 2013 | 2012 | 2011 |
| $ (21,469,112) | $ (18,026,917) | $ (20,014,165) | $ (17,915,921) | $ (22,439,660) |
| 10,962,713 | (1,171,699) | (2,282,727) | 1,508,015 | 3,520,295 |
| $ 10,506,399 | $ 19,198,616 | $ 22,296,892 | $ 16,407,906 | $ 18,919,365 |
| $ 10,065,551 | $ 9,764,558 | $ 9,915,583 | $ 10,183,057 | $ 9,278,959 |
| 4,773,315 | 4,638,833 | 4,527,711 | 3,738,151 | 3,334,688 |
| 436,701 | 381,427 | 707,867 | 553,925 | 705,125 |
| 546,573 | 477,105 | 431,100 | 433,348 | 387,912 |
| 70,730 | 56,947 | 55,224 | 47,908 | 44,341 |
| 1,401,288 | 937,473 | 909,863 | 884,975 | 891,247 |
| 6,953,808 | 6,858,121 | 6,268,648 | 6,268,599 | 6,503,440 |
| 295,049 | 395,154 | 172,427 | 629,831 | 842,660 |
| 463,837 | 598,469 | 399,245 | 457,072 | 413,400 |
| 2,283 | 23,593 | 65,200 | 374,389 | 39,827 |
| 339,690 | 1,924,603 | 1,311,791 | 2,276,526 | 5,639,008 |
| 25,348,825 | 26,056,283 | 24,764,659 | 25,847,781 | 28,080,607 |
| 392,000 | 392,000 | 387,000 | 387,000 | 427,000 |
| 273,850 | 75,831 | 167,575 | 142,807 | 146,604 |
| 6,478,659 | 5,896,934 | 5,626,488 | 5,562,626 | 5,295,204 |
| - | - | - | - | - |
| 74,687 | 114,683 | 11,422 | 228,392 | 551,847 |
| 212,825 | 80,899 | 204 | - | - |
| 65,373 | 272,528 | 130,546 | 237,817 | - |
| (339,690) | (1,924,603) | (1,311,791) | (2,276,526) | (5,639,008) |
| 7,157,704 | 4,908,272 | 5,011,444 | 4,282,116 | 781,647 |
| $ 32,506,529 | $ 30,964,555 | $ 29,776,103 | $ 30,129,897 | $ 28,862,254 |
| $ 3,879,713 | $ 8,029,366 | $ 4,750,494 | $ 7,931,860 | $ 5,640,947 |
| 18,120,417 | 3,736,573 | 2,728,717 | 5,790,131 | 4,301,942 |
| $ 22,000,130 | $ 11,765,939 | $ 7,479,211 | $ 13,721,991 | $ 9,942,889 |

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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 |
|---|---|---|---|---|---|---|---|
| 2020 | $15,014,520 | $ 4,696,861 | $ 661,713 | $ 368,056 | $ 108,828 | $ 1,781,463 | $ 22,631,441 |
| 2019 | 14,397,784 | 4,778,385 | 627,138 | 663,858 | 118,459 | 1,689,290 | 22,274,914 |
| 2018 | 13,755,275 | 4,842,266 | 641,008 | 639,651 | 106,776 | 1,614,677 | 21,599,653 |
| 2017 | 12,324,959 | 4,778,752 | 609,308 | 616,818 | 96,069 | 1,627,921 | 20,053,827 |
| 2016 | 11,572,743 | 4,782,809 | 576,736 | 534,709 | 88,192 | 1,582,872 | 19,138,061 |
| 2015 | 10,065,551 | 4,773,315 | 436,701 | 546,573 | 70,730 | 1,401,288 | 17,294,158 |
| 2014 | 9,764,558 | 4,638,833 | 381,427 | 477,105 | 56,947 | 937,473 | 16,256,343 |
| 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 |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 |
| General Fund | | | | |
| Nonspendable | $ 208,150 | $ 171,334 | $ 179,034 | $ 165,473 |
| Assigned | 3,000,000 | 3,000,000 | 3,000,000 | 3,000,000 |
| Unassigned | 9,455,535 | 9,255,097 | 9,124,068 | 8,870,449 |
| Total General Fund | $ 12,663,685 | $ 12,426,431 | $ 12,303,102 | $ 12,035,922 |
| All Other Governmental Funds | | | | |
| Nonspendable | $ 64 | $ 58 | $ 49 | $ 47 |
| Restricted | 19,338,342 | 16,016,990 | 13,124,778 | 7,427,663 |
| Committed | 5,103,146 | 3,178,888 | 3,074,165 | 3,021,247 |
| Assigned | 2,473,065 | 4,244,044 | 4,596,933 | 6,221,780 |
| Unassigned, reported in | | | | |
| Debt Service fund | - | - | - | (2,378,694) |
| Special revenue funds | - | - | - | - |
| Capital projects funds | (29,243,632) | (23,547,133) | (21,877,044) | (15,088,388) |
| Total All Other Governmental Funds | $ (2,329,015) | $ (107,153) | $ (1,081,119) | $ (796,345) |

Table 4

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| $ 153,146 | $ 143,646 | $ 22,545 | $ 41,501 | $ 35,836 | $ 23,855 |
| 3,000,000 | 3,000,000 | 2,900,000 | 2,900,000 | 2,900,000 | 2,700,000 |
| 8,384,654 | 8,106,691 | 7,952,060 | 7,597,750 | 7,090,014 | 7,002,340 |
| $ 11,537,800 | $ 11,250,337 | $ 10,874,605 | $ 10,539,251 | $ 10,025,850 | $ 9,726,195 |
| $ 37 | $ 24 | $ 27 | $ - | $ 1,104 | $ - |
| 9,295,748 | 6,340,427 | 4,601,236 | 6,338,136 | 6,326,789 | 3,124,776 |
| 2,950,329 | 2,891,820 | 2,822,164 | 2,256,215 | 2,266,144 | 2,687,410 |
| 7,197,004 | 7,145,675 | 6,342,712 | 6,571,529 | 10,219,483 | 11,393,774 |
| (4,249,292) | (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) |
| (16,560,902) | (23,394,510) | (19,396,398) | (23,635,216) | (27,215,625) | (18,875,078) |
| $ (1,367,076) | $ (12,816,877) | $(10,922,311) | $(15,116,779) | $(14,880,418) | $ (4,086,637) |

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

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 |
| Revenues | | | | |
| Taxes | $ 22,833,968 | $ 22,200,713 | $ 21,542,612 | $ 20,023,327 |
| Special assessments | 4,171,749 | 4,723,816 | 9,894,759 | 4,870,934 |
| Licenses and permits | 1,089,209 | 1,597,650 | 1,480,785 | 1,894,224 |
| Intergovernmental revenue | 14,553,525 | 12,096,185 | 13,050,190 | 12,001,970 |
| Charges for services | 1,584,590 | 1,782,599 | 1,653,783 | 1,179,278 |
| Fines and forfeits | 178,765 | 216,656 | 230,206 | 280,885 |
| Investment earnings (loss) | 668,860 | 717,087 | 173,098 | 146,303 |
| Other revenues | 783,844 | 947,946 | 2,309,417 | 2,172,452 |
| Total Revenues | 45,864,510 | 44,282,652 | 50,334,850 | 42,569,373 |
| Expenditures | | | | |
| General government | 2,181,693 | 2,539,643 | 2,140,717 | 2,170,822 |
| Public safety | 14,928,469 | 15,651,488 | 14,548,972 | 14,133,308 |
| Public works | 6,752,368 | 7,021,486 | 6,761,414 | 5,777,744 |
| Culture and recreation | 3,846,354 | 4,380,198 | 4,406,282 | 3,945,199 |
| Community development | 1,029,967 | 1,036,295 | 1,057,530 | 958,326 |
| Housing and economic development | 661,956 | 524,054 | 736,455 | 599,650 |
| Capital outlay | 14,265,458 | 14,088,957 | 16,365,288 | 16,532,171 |
| Debt service | | | | |
| Principal | 7,944,662 | 8,535,258 | 8,679,790 | 8,530,000 |
| Interest | 1,778,091 | 1,640,794 | 1,912,509 | 1,928,673 |
| Bond issuance costs | 117,017 | 94,214 | 71,058 | 132,892 |
| Total Expenditures | 53,506,035 | 55,512,387 | 56,680,015 | 54,708,785 |
| Deficiency of Revenues Under Expenditures | (7,641,525) | (11,229,735) | (6,345,165) | (12,139,412) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 6,148,460 | 6,423,673 | 8,980,459 | 10,588,378 |
| Transfers out | (6,353,543) | (3,171,936) | (6,556,023) | (7,936,164) |
| Sale of capital assets | - | - | - | - |
| Bonds issued | 5,862,000 | 8,125,000 | 3,575,000 | 10,060,000 |
| Payment to refunded bond escrow agent | - | - | - | - |
| Premium on bonds issued | - | 950,293 | 328,135 | 496,051 |
| Total Other Financing Sources (Uses) | 5,656,917 | 12,327,030 | 6,327,571 | 13,208,265 |
| Net Change in Fund Balances | $ (1,984,608) | $ 1,097,295 | $ (17,594) | $ 1,068,853 |
| Debt Service as a Percentage of Noncapital Expenditures | 22.59% | 24.33% | 25.99% | 26.85% |

Table 5

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| $ 19,074,341 | $ 17,507,555 | $ 16,260,912 | $ 16,503,543 | $ 15,853,459 | $ 15,128,503 |
| 5,199,426 | 5,629,972 | 4,905,110 | 7,444,796 | 4,593,208 | 4,421,820 |
| 1,444,038 | 1,656,723 | 1,653,681 | 1,558,052 | 1,427,286 | 1,175,944 |
| 11,814,810 | 11,016,877 | 15,853,629 | 9,825,341 | 13,835,393 | 8,349,853 |
| 1,367,322 | 1,639,943 | 1,137,238 | 1,282,000 | 1,315,421 | 787,003 |
| 259,746 | 320,089 | 286,036 | 249,696 | 245,021 | 300,473 |
| 92,332 | 67,711 | 119,078 | (47,414) | 272,819 | 459,904 |
| 2,121,187 | 2,861,029 | 1,179,889 | 896,227 | 1,251,962 | 1,385,707 |
| 41,373,202 | 40,699,899 | 41,395,573 | 37,712,241 | 38,794,569 | 32,009,207 |
| 1,875,492 | 1,651,814 | 1,466,057 | 1,369,311 | 2,073,632 | 1,624,078 |
| 13,550,789 | 12,881,448 | 12,137,728 | 11,673,146 | 10,707,822 | 10,322,858 |
| 5,465,300 | 5,259,489 | 5,410,032 | 4,687,982 | 4,466,929 | 4,381,954 |
| 3,698,288 | 3,513,213 | 2,932,316 | 2,625,886 | 3,211,203 | 2,732,200 |
| 921,082 | 949,100 | 813,647 | 746,751 | 707,280 | 728,881 |
| 528,856 | 455,572 | 395,110 | 482,956 | 1,173,772 | 663,397 |
| 14,177,483 | 17,821,659 | 20,057,460 | 16,046,210 | 24,256,649 | 12,898,974 |
| 8,825,000 | 8,945,000 | 8,730,000 | 9,775,000 | 10,560,000 | 9,270,000 |
| 1,660,429 | 1,830,782 | 1,776,714 | 1,704,968 | 1,877,261 | 2,109,757 |
| 101,111 | 249,969 | 75,421 | 88,008 | 43,872 | 25,200 |
| 50,803,830 | 53,558,046 | 53,794,485 | 49,200,218 | 59,078,420 | 44,757,299 |
| (9,430,628) | (12,858,147) | (12,398,912) | (11,487,977) | (20,283,851) | (12,748,092) |
| 6,230,922 | 5,072,476 | 11,870,994 | 7,280,738 | 10,677,682 | 14,275,983 |
| (3,668,406) | (3,854,634) | (8,558,279) | (3,553,164) | (7,877,913) | (4,638,237) |
| - | - | - | - | 322,731 | - |
| 18,090,000 | 9,930,000 | 10,380,000 | 7,720,000 | 6,315,000 | - |
| - | - | - | - | - | (4,140,000) |
| 515,376 | 191,471 | 1,503,593 | 317,443 | 352,225 | - |
| 21,167,892 | 11,339,313 | 15,196,308 | 11,765,017 | 9,789,725 | 5,497,746 |
| $ 11,737,264 | $ (1,518,834) | $ 2,797,396 | $ 277,040 | $(10,494,126) | $ (7,250,346) |
| 28.32% | 30.07% | 30.44% | 33.49% | 34.26% | 35.14% |

# 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 |
|---|---|---|---|---|---|---|
| 2020 | $ 19,913,908 | $ 661,713 | $ 368,056 | $ 108,828 | $ 1,781,463 | $ 22,833,968 |
| 2019 | 19,101,968 | 627,138 | 663,858 | 118,459 | 1,689,290 | 22,200,713 |
| 2018 | 18,540,500 | 641,008 | 639,651 | 106,776 | 1,614,677 | 21,542,612 |
| 2017 | 17,073,211 | 609,308 | 616,818 | 96,069 | 1,627,921 | 20,023,327 |
| 2016 | 16,291,832 | 576,736 | 534,709 | 88,192 | 1,582,872 | 19,074,341 |
| 2015 | 15,052,263 | 436,701 | 546,573 | 70,730 | 1,401,288 | 17,507,555 |
| 2014 | 14,407,960 | 381,427 | 477,105 | 56,947 | 937,473 | 16,260,912 |
| 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 |

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 | Hotel-motel Tax | Total |
|---|---|---|---|---|---|---|---|
| 2020 | $ 480,000 | $ 460,930 | $ 232,950 | $ 5,226,217 | $ 629,718 | $ 1,571 | $ 7,031,386 |
| 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 |

# 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: Residential Property | Real Property: Commercial 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 |
|---|---|---|---|---|---|---|---|---|
| 2020 | $ 26,480,184 | $ 20,908,182 | $ 892,600 | $ - | $48,280,966 | 44.400 | $3,808,249,500 | 1.27 % |
| 2019 | 25,418,645 | 20,894,668 | 835,871 | - | 47,149,184 | 44.060 | 3,702,533,000 | 1.27 |
| 2018 | 23,924,662 | 20,791,850 | 843,674 | - | 45,560,186 | 44.000 | 3,554,406,700 | 1.28 |
| 2017 | 22,512,708 | 20,497,055 | 811,087 | - | 43,820,850 | 43.820 | 3,405,370,800 | 1.29 |
| 2016 | 20,340,351 | 19,958,545 | 754,176 | - | 41,053,072 | 43.730 | 3,183,113,900 | 1.29 |
| 2015 | 19,253,456 | 19,075,301 | 613,716 | 43,134 | 38,899,339 | 43.620 | 3,034,101,000 | 1.28 |
| 2014 | 17,785,746 | 16,644,681 | 591,542 | 42,846 | 34,979,123 | 44.060 | 2,680,987,800 | 1.31 |
| 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 |

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 |
| 2021 | 33.75 % | 10.65 % | 44.40 % | 39.35 % | 3.08 % | 42.43 % |
| 2020 | 32.95 | 11.11 | 44.06 | 38.94 | 3.09 | 42.03 |
| 2019 | 32.18 | 11.82 | 44.00 | 38.34 | 3.24 | 41.58 |
| 2018 | 31.09 | 12.73 | 43.82 | 38.50 | 1.42 | 39.92 |
| 2017 | 30.35 | 13.38 | 43.73 | 37.54 | 1.49 | 39.03 |
| 2016 | 29.17 | 14.45 | 43.62 | 36.29 | 1.78 | 38.07 |
| 2015 | 29.19 | 14.87 | 44.06 | 35.40 | 1.77 | 37.17 |
| 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 |

Source: Blue Earth County Administrative Services

Table 8

| Overlapping Rates | | | | | | | |
|---|---|---|---|---|---|---|---|
| School District | | | Region 9 | | | | |
| Operating | Debt Service | Total School | Special Districts | Total Direct Rates | Total Overlapping Rates | Total Direct and Overlapping Rates |
| 10.56 % | 10.86 % | 21.42 % | 0.18 % | 44.40 % | 64.03 % | 108.43 % |
| 11.05 | 10.67 | 21.72 | 0.17 | 44.06 | 63.92 | 107.98 |
| 10.93 | 11.49 | 22.42 | 0.17 | 44.00 | 64.17 | 108.17 |
| 9.81 | 12.42 | 22.23 | 0.17 | 43.82 | 62.32 | 106.14 |
| 9.91 | 12.49 | 22.40 | 0.17 | 43.73 | 61.60 | 105.33 |
| 10.36 | 13.74 | 24.10 | 0.16 | 43.62 | 62.33 | 105.95 |
| 10.21 | 12.36 | 22.57 | 0.16 | 44.06 | 59.90 | 103.96 |
| 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 |

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

Table 9

| Taxpayer | Type of Business | 2020 Taxable Assessed Value | 2020 Rank | 2020 Percentage of Total Taxable Assessed Value | 2011 Taxable Assessed Value | 2011 Rank | 2011 Percentage of Total Taxable Assessed Value |
|---|---|---|---|---|---|---|---|
| Xcel Energy | Utility | $1,372,078 | 1 | 2.84 % | $ 911,050 | 2 | 2.78 % |
| River Hills Mall | Shopping Center | 836,570 | 2 | 1.73 | 1,012,740 | 1 | 3.09 |
| Wal-Mart Stores, Inc. | Retail | 543,288 | 3 | 1.13 | 203,512 | 12 | 0.62 |
| Highland Hills of Mankato | Apartments | 363,796 | 4 | 0.75 | 230,701 | 8 | 0.70 |
| Mankato Clinic LTD | Medical | 349,044 | 5 | 0.72 | - | | - |
| Kearney Properties LTD | Retail | 316,800 | 6 | 0.66 | - | | - |
| Minnesota Gas Company | Utility | 316,788 | 7 | 0.66 | - | | - |
| Inland Real Estate Corp | Apartments | 309,994 | 8 | 0.64 | 315,600 | 3 | 0.96 |
| PDL Leasing LLC | Manufacturing | 306,132 | 9 | 0.63 | 189,250 | 14 | 0.58 |
| Archer-Daniels Midland | Soybean Processor | 281,914 | 10 | 0.58 | 285,518 | 4 | 0.87 |
| Monks Road Associates | Apartments | 259,417 | 11 | 0.54 | 245,850 | 6 | 0.75 |
| ISJ Mayo Health Systems | Hospital | 253,331 | 12 | 0.52 | 237,687 | 7 | 0.73 |
| J L Partnership | Commercial Real Estate | 243,480 | 13 | 0.50 | 190,000 | 13 | 0.58 |
| Quarters at Mankato LLC | Apartments | 237,689 | 14 | 0.49 | - | | - |
| Mills Properties, Inc. | Hardware Distribution | 233,338 | 15 | 0.48 | - | | - |
| Verizon Communications | Wireless Telecommunicati | - | | - | 283,578 | 5 | 0.87 |
| Harvest States | Agriculture | - | | - | 228,302 | 9 | 0.70 |
| City of Mankato | Government | - | | - | 226,519 | 10 | 0.69 |
| Menard, Inc. | Hardware Distribution | - | | - | 223,334 | 11 | 0.68 |
| University Square Apartments | Apartments | - | | - | 158,625 | 15 | 0.48 |
| Total | | $6,223,659 | | 12.89 % | $4,942,266 | | 15.10 % |

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 |
| 2020 | $ 20,325,000 | $ 20,212,950 | 99.4 % | $ - | $ 20,212,950 | 99.4 % |
| 2019 | 19,652,000 | 19,383,695 | 98.6 | 226,836 | 19,610,531 | 99.8 |
| 2018 | 18,839,000 | 18,624,837 | 98.9 | 196,190 | 18,821,027 | 99.9 |
| 2017 | 17,600,000 | 17,451,332 | 99.2 | 141,244 | 17,592,576 | 100.0 |
| 2016 | 16,620,000 | 16,448,430 | 99.0 | 163,356 | 16,611,786 | 100.0 |
| 2015 | 15,132,325 | 15,019,204 | 99.3 | 105,605 | 15,124,809 | 100.0 |
| 2014 | 14,536,325 | 14,359,049 | 98.8 | 170,203 | 14,529,252 | 100.0 |
| 2013 | 14,349,750 | 14,204,737 | 99.0 | 138,582 | 14,343,319 | 100.0 |
| 2012 | 14,100,750 | 13,924,048 | 98.7 | 172,575 | 14,096,623 | 100.0 |
| 2011 | 13,429,000 | 13,265,141 | 98.8 | 162,641 | 13,427,782 | 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 |
| 2020 | $ 2,507,359 | $ 2,940,000 | $ 49,947,431 | $ 2,171,130 | $ 30,803,379 | $ - |
| 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 |

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 |
| $ 196,116 | $ - | $ 88,565,415 | N/A % | $ 1,995 |
| 234,516 | 98,377 | 96,372,418 | 3.00 | 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 |

# 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 | Restrictions for the repayment of debt | Net Bonded Per Capita |
|---|---|---|---|---|---|---|---|---|
| 2020 | $ 2,507,359 | $ 2,940,000 | $49,947,431 | $ - | $55,394,790 | 1.45 % | $ 17,552,199 | $ 853 |
| 2019 | 3,178,171 | 3,075,000 | 51,433,120 | - | 57,686,291 | 1.56 | 16,688,784 | 941 |
| 2018 | 3,933,206 | 3,205,000 | 50,196,499 | - | 57,334,705 | 1.61 | 17,714,358 | 922 |
| 2017 | 4,734,909 | 3,335,000 | 54,425,620 | 2,828,353 | 65,323,882 | 1.92 | 10,142,782 | 1,289 |
| 2016 | 5,543,513 | 3,498,999 | 54,274,648 | 5,127,025 | 68,444,185 | 2.15 | 8,038,134 | 1,448 |
| 2015 | 5,395,081 | 3,658,028 | 44,764,042 | 5,127,025 | 58,944,176 | 1.94 | 9,160,123 | 1,208 |
| 2014 | 5,146,438 | 472,118 | 47,237,128 | 4,272,693 | 57,128,377 | 2.13 | 12,015,965 | 1,107 |
| 2013 | 4,977,163 | 611,268 | 44,254,156 | 5,302,626 | 55,145,213 | 2.12 | 10,068,769 | 1,122 |
| 2012 | 4,754,371 | 745,449 | 46,252,778 | 6,312,164 | 58,064,762 | 2.22 | 10,215,594 | 1,207 |
| 2011 | 4,430,728 | 869,690 | 50,525,672 | 7,321,702 | 63,147,792 | 2.42 | 15,168,995 | 1,221 |

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, 2020

Table 13

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Direct Debt | | | |
| City of Mankato | $ 57,565,920 | 100.00 % | $ 57,565,920 |
| Overlapping Debt | | | |
| Blue Earth County | 14,432,955 | 49.76 | 7,181,680 |
| Nicollet County | 14,985,000 | 0.12 | 18,722 |
| Independent School Dist. 77 | 82,945,000 | 78.17 | 64,839,002 |
| Total Overlapping Debt | 112,362,955 | | 72,039,404 |
| Total Direct and Overlapping Debt | $ 169,928,875 | | $ 129,605,324 |

(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

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Debt Limit | $114,247,485 | $111,075,990 | $106,632,201 | $102,161,124 | $95,493,417 |
| Total Net Debt Applicable to Limit | 2,507,359 | 3,178,171 | 3,933,206 | 4,734,909 | 5,543,513 |
| Legal Debt Margin | $111,740,126 | $107,897,819 | $102,698,995 | $ 97,426,215 | $89,949,904 |
| Total Net Debt Applicable to the Limit | 2.19% | 2.86% | 3.69% | 4.63% | 5.81% |

**Legal Debt Margin Calculation for Fiscal Year 2019**

| | |
|---|---|
| Assessed Value - Nonexempt | $ 48,280,966 |
| Assessed Value - Exempt | - |
| Total Assessed Value | 48,280,966 |
| Debt Limit (3 Percent of Total Assessed Value) | 114,247,485 |
| Debt Applicable to Limit | |
| General obligation bonds | 2,507,359 |
| Legal Debt Margin | $111,740,126 |

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

| 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| $ 91,023,030 | $ 83,178,351 | $ 80,429,634 | $ 78,121,512 | $ 78,338,937 |
| 5,395,081 | 5,146,438 | 4,977,163 | 4,754,371 | 4,430,728 |
| $ 85,627,949 | $ 78,031,913 | $ 75,452,471 | $ 73,367,141 | $ 73,908,209 |
| 5.93% | 6.19% | 6.19% | 6.09% | 5.66% |

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

Table 15A

| | Utility Revenue Bonds | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Direct | Net Revenue | Debt Service Requirements [1] | | | |
| Year | Gross Revenue | Operating Expenses[2] | Available for Debt Service | Principal | Interest | Total | Coverage |
| 2020 | $17,897,333 | $ 8,619,710 | $ 9,277,623 | $ 3,638,500 | $ 755,798 | $ 4,394,298 | 2.11 |
| 2019 | 17,261,085 | 8,117,186 | 9,143,899 | 5,318,688 | 815,435 | 6,134,123 | 1.49 |
| 2018 | 15,656,034 | 8,058,515 | 7,597,519 | 5,222,727 | 974,742 | 6,197,469 | 1.23 |
| 2017 | 14,656,386 | 8,504,034 | 6,152,352 | 5,314,484 | 1,364,582 | 6,679,066 | 0.92 |
| 2016 | 13,850,842 | 7,913,925 | 5,936,917 | 4,996,544 | 1,350,409 | 6,346,953 | 0.94 |
| 2015 | 17,166,230 | 11,325,392 | 5,840,838 | 4,859,978 | 1,270,239 | 6,130,217 | 0.95 |
| 2014 | 16,257,803 | 10,248,379 | 6,009,424 | 4,485,502 | 1,316,858 | 5,802,360 | 1.04 |
| 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 |

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 |
| 2020 | $ 7,973,402 | $ 3,435,875 | $ 4,537,527 | $ 1,970,000 | $ 288,908 | $ 2,258,908 | 2.01 |
| 2019 | 12,023,319 | 7,287,051 | 4,736,268 | 1,685,000 | 386,221 | 2,071,221 | 2.29 |
| 2018 | 10,297,601 | 5,580,697 | 4,716,904 | 2,495,000 | 472,285 | 2,967,285 | 1.59 |
| 2017 | 10,108,718 | 5,860,481 | 4,248,237 | 2,200,000 | 576,892 | 2,776,892 | 1.53 |
| 2016 | 9,499,310 | 5,690,259 | 3,809,051 | 1,035,000 | 661,063 | 1,696,063 | 2.25 |
| 2015 | 8,712,210 | 5,455,506 | 3,256,704 | 1,035,000 | 575,318 | 1,610,318 | 2.02 |
| 2014 | 7,197,628 | 4,702,516 | 2,495,112 | 1,010,000 | 131,325 | 1,141,325 | 2.19 |
| 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 [5] | 215,325 | 1,175,325 | 2.93 |

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 C
(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 |
|---|---|---|---|---|---|---|
| 2020 | 44,389 | N/A | $ 44,713 | 27.0 | 8,439 | 3.4 % |
| 2019 | 43,567 | $3,209,204,319 | 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 |

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

Table 17

| | 2020 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Independent School District 77 | 2,500 | 1 | 9.32 % | 1,000 | 4 | 5.26 % |
| 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 | 1,800 | 2 | 9.47 |
| Mankato Clinic | 689 | 4 | 2.57 | 725 | 5 | 3.82 |
| Walmart Distribution Center | 525 | 5 | 1.96 | - | | - |
| Blue Earth County | 509 | 6 | 1.90 | 416 | 9 | 2.19 |
| MRCI Industrial Operation | 319 | 7 | 1.19 | 1,554 | 3 | 8.18 |
| City of Mankato | 310 | 8 | 1.16 | - | | - |
| Minnesota Elevator, Inc. | 307 | 9 | 1.15 | - | | - |
| Verizon Wireless | 300 | 10 | 1.12 | 422 | 8 | 2.22 |
| MTU Onsite Energy | - | | - | 400 | 10 | 2.11 |
| Monarch Healthcare Management (Formerly Thro Co) | - | | - | 700 | 6 | 3.68 |
| Bethany Lutheran College | - | | - | 432 | 7 | 2.27 |
| Total | 9,030 | | 33.69 % | 9,649 | | 50.78 % |

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 | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| General government | - | - | - | - | 1 |
| Public safety | | | | | |
| Administration | 8 | 9 | 7 | 8 | 8 |
| Police | 72 | 74 | 76 | 67 | 77 |
| Fire | 18 | 19 | 20 | 18 | 18 |
| Emergency management | 1 | 1 | 1 | 1 | 1 |
| Building inspectors | 4 | 4 | 5 | 4 | 4 |
| Streets and highways | | | | | |
| Engineering | 11 | 11 | 10 | 13 | 17 |
| Maintenance | 12 | 15 | 15 | 14 | 15 |
| Culture and recreation | | | | | |
| Parks | 13 | 15 | 15 | 13 | 12 |
| Housing and economic development | 18 | 17 | 19 | 17 | 13 |
| Water | 15 | 17 | 15 | 17 | 17 |
| Sewer | 20 | 21 | 22 | 18 | 21 |
| Utility administration | 2 | 2 | 3 | 3 | 5 |
| Storm water | 4 | 4 | 3 | 3 | 3 |
| Transit | 42 | 41 | 34 | 30 | 39 |
| Airport | 2 | 3 | 3 | 2 | 2 |
| Parking | 1 | 1 | 1 | 1 | - |
| Civic center | 8 | 16 | 12 | 9 | 7 |
| Garage | 14 | 13 | 14 | 12 | 9 |
| Administrative services | 35 | 38 | 37 | 34 | 31 |
| Total | 300 | 321 | 312 | 284 | 300 |

Source: Human Resources Department

Table 18

Full-time Equivalent Employees as of December 31

| 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|
| 3 | 3 | 3 | 3 | 3 |
| 8 | 8 | 9 | 9 | 9 |
| 63 | 55 | 53 | 53 | 54 |
| 18 | 17 | 18 | 18 | 18 |
| 1 | 1 | 1 | - | - |
| 4 | 4 | 4 | 3 | 3 |
| 12 | 12 | 12 | 14 | 13 |
| 14 | 14 | 14 | 13 | 13 |
| 12 | 12 | 9 | 12 | 12 |
| 14 | 14 | 13 | 12 | 12 |
| 15 | 14 | 15 | 15 | 15 |
| 20 | 20 | 20 | 18 | 18 |
| 5 | 5 | 5 | 6 | 6 |
| 3 | 3 | 3 | 2 | 2 |
| 31 | 25 | 25 | 17 | 17 |
| 2 | 2 | 2 | 2 | 2 |
| - | - | - | - | - |
| 8 | 8 | 12 | 12 | 12 |
| 10 | 9 | 11 | 10 | 10 |
| 31 | 28 | 29 | 28 | 27 |
| 274 | 254 | 258 | 247 | 246 |

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

| Function | Fiscal Year 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Police | | | | | |
| Physical arrests | 2,670 | 3,588 | 3,495 | 3,773 | 3,333 |
| Parking violations | 995 | 2,323 | 2,797 | 2,717 | 4,167 |
| Traffic violations | 1,232 | 1,695 | 1,945 | 2,221 | 1,948 |
| Fire | | | | | |
| Number of calls answered | 2,639 | 2,965 | 2,888 | 2,878 | 2,852 |
| Inspections | 35 | 303 | 176 | 191 | 178 |
| Building Permits | | | | | |
| Residential | 111 | 90 | 138 | 180 | 123 |
| Industrial, construction and commercial | 37 | 20 | 23 | 53 | 43 |
| Highways and Streets | | | | | |
| Street resurfacing (miles) | 0.36 | 0.94 | 1.20 | 3.03 | 1.55 |
| Potholes repaired | 803 | 903 | 785 | 853 | 673 |
| Culture and Recreation | | | | | |
| Swimming pool attendance | 1,081 | 7,817 | 15,322 | 15,176 | 15,875 |
| Campground rentals | 1,804 | 2,071 | 2,108 | 2,330 | 2,368 |
| Park shelter rentals | 92 | 1,039 | 849 | 894 | 1,559 |
| Water | | | | | |
| New connections | 187 | 282 | 236 | 259 | 566 |
| Water main breaks | 29 | 33 | 34 | 28 | 11 |

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

Table 19

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 3,763 | 3,435 | 3,075 | 3,005 | 3,229 |
| 3,567 | 4,316 | 2,957 | 3,354 | 3,400 |
| 2,784 | 2,390 | 1,741 | 1,158 | 970 |
| 2,706 | 2,633 | 2,221 | 2,117 | 2,206 |
| 178 | 178 | 110 | 154 | 71 |
| 110 | 83 | 151 | 114 | 100 |
| 28 | 27 | 35 | 26 | 33 |
| 2.29 | 1.19 | 0.44 | 4.66 | 5.14 |
| 702 | 736 | 712 | 637 | 564 |
| 18,534 | 21,084 | 17,226 | 19,359 | 18,367 |
| 2,229 | 1,308 | 2,178 | 1,367 | 1,494 |
| 832 | 710 | 402 | 249 | 228 |
| 373 | 276 | 316 | 220 | 173 |
| 27 | 38 | 33 | 31 | 25 |

# City of Mankato, Minnesota

Capital Asset Statistics by Function (Continued on the Following Pages)

Last Ten Fiscal Years

| Function | Fiscal Year 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Public safety | | | | | |
| Police | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Fire | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 |
| Hydrants | 2,330 | 2,293 | 2,285 | 2,271 | 2,255 |
| I.S.O. Rating | 2 | 2 | 3 | 3 | 3 |
| Public works | | | | | |
| Street division | | | | | |
| Miles of street | 249.45 | 249.45 | 243.06 | 241.77 | 238.35 |
| Lane miles of street | 583.76 | 583.76 | 844.58 | 838.89 | 834.73 |
| Percent of paved streets | 100% | 100% | 100% | 100% | 100% |
| Miles of alleys | 23.07 | 23.07 | 23.07 | 23.12 | 23.12 |
| Signalized intersections | 59 | 59 | 59 | 59 | 59 |
| Parks division | | | | | |
| Neighborhood parks | 23 | 24 | 23 | 23 | 23 |
| Area in acres | 129.03 | 154.44 | 148 | 148 | 148 |
| Regional parks | 9 | 7 | 7 | 7 | 7 |
| Area in acres | 575.61 | 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 6,800 seating capacity |
| Baseball diamonds | 7 | 12 | 12 | 12 | 12 |
| Basketball courts | 10 | 10 | 10 | 10 | 10 |
| Bike trails in miles | 26 | 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 | 13 | 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 | 11,655 | 11,536 | 11,461 | 11,340 | 11,102 |
| Commercial | 996 | 1,065 | 1,336 | 1,507 | 1,499 |
| Industrial | 138 | 127 | 178 | 51 | 17 |
| Government | 296 | 286 | 414 | 352 | 259 |
| Average daily consumption in gallons | 4,968,000 | 5,088,000 | 4,972,000 | 4,886,000 | 4,811,928 |
| Maximum daily consumption | 7,747,000 | 6,815,000 | 7,453,000 | 7,380,000 | 7,113,000 |
| 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 | 265 | 261 | 259 | 257 | 256 |

Table 20

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 2 | 2 |
| 2,192 | 2,164 | 2,144 | 2,105 | 2,057 |
| 3 | 3 | 3 | 3 | 3 |
| 238.35 | 202.30 | 176.75 | 158.20 | 188.74 |
| 834.73 | 692.04 | 424.53 | 422.11 | 520.14 |
| 100% | 100% | 100% | 100% | 100% |
| 23.12 | 23.12 | 19.94 | 11.58 | 11.58 |
| 59 | 61 | 59 | 59 | 57 |
| 23 | 21 | 20 | 20 | 18 |
| 148 | 137 | 136 | 136 | 128 |
| 7 | 7 | 7 | 7 | 6 |
| 472 | 472 | 472 | 472 | 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 | 12 | 6 |
| 10 | 10 | 10 | 10 | 10 |
| 18 | 18 | 18 | 18 | 18 |
| 1w/39 sites | 1 with 39 sites | 1 with 39 sites | 1 with 39 sites | 1 with 22 sites |
| 3 | 3 | 3 | 3 | 3 |
| 8 | 8 | 8 | 8 | 8 |
| 2 | 2 | 2 | 2 | 2 |
| 6 | 6 | 8 | 8 | 8 |
| 4 | 4 | 4 | 4 | 4 |
| 6 | 6 | - | - | - |
| Lime softening | Lime softening | Lime softening | Lime softening | Lime softening |
| 10,417 | 10,200 | 10,060 | 9,917 | 9,769 |
| 1,444 | 1,399 | 1,372 | 1,341 | 1,322 |
| 17 | 17 | 17 | 17 | 14 |
| 230 | 229 | 224 | 230 | 218 |
| - | 5,051,381 | 4,977,205 | 5,433,419 | 5,110,564 |
| 7,665,000 | 8,026,000 | 7,983,000 | 9,325,000 | 7,779,000 |
| 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 |
| 251 | 247 | 244 | 242 | 236 |

# City of Mankato, Minnesota

Capital Asset Statistics by Function (Continued)

Last Ten Fiscal Years

| Function | Fiscal Year 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| 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 | 2,104,635,277 | 2,734,290,400 | 2,392,197,208 | 2,114,450,000 | 2,398,963,855 |
| City of North Mankato, gal/year | 525,603,223 | 629,146,900 | 549,309,292 | 509,051,000 | 547,156,211 |
| City of Eagle Lake, gal/year | 108,673,600 | 110,923,400 | 119,076,500 | 107,551,000 | 98,229,900 |
| South Bend Township, gal/year | 12,783,800 | 20,665,600 | 17,306,000 | 16,060,000 | 18,058,897 |
| LWSSD- Lake Washington, gal/year | 30,507,231 | 31,766,926 | 21,189,562 | 19,220,500 | 19,853,237 |
| LWSSD- Duck/ Balantyne, gal/year | 10,067,069 | 9,781,000 | 9,549,000 | 8,911,000 | 9,499,500 |
| Skyline, gal/year | 8,210,300 | 8,175,300 | 8,439,200 | 7,886,000 | 8,143,400 |
| Madison Lake, gal/year | 42,187,800 | 44,147,100 | 39,890,000 | 35,739,000 | 36,551,000 |
| Average daily sewage treatment in gallons | 7,169,000 | 9,812,000 | 8,646,420 | 7,719,800 | 8,570,000 |
| Maximum design capacity (millions of gallons/day | 11.25 | 11.25 | 11.25 | 11.25 | 11.25 |
| Miles of sanitary sewer | 213 | 211 | 209 | 207 | 206 |
| Storm drains | | | | | |
| Lift stations | 14 | 14 | 14 | 14 | 13 |
| Holding ponds | 82 | 82 | 82 | 82 | 80 |
| Flood control pumping stations | 5 | 5 | 5 | 5 | 5 |
| Miles of storm drains | 250 | 247 | 245 | 244 | 242 |
| 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 | 158 | 156 | 163 | 145 | 144 |
| Other employees | 164 | 156 | 148 | 144 | 144 |
| Total employees | 322 | 312 | 311 | 289 | 288 |

Source: City of Mankato Financial Records.

Note: No capital asset indicators are available for the general government function.

Table 20 (Continued)

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2015 | 2014 | 2013 | 2012 | 2011 |
| 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 |
| 2,326,311,000 | 2,348,652,000 | 2,103,854,000 | 1,893,800,000 | 2,427,777,000 |
| 408,810,000 | 422,613,000 | 363,231,000 | 363,389,000 | 551,771,000 |
| 80,312,000 | 87,963,000 | 75,802,000 | 61,439,000 | 87,378,000 |
| 13,538,000 | 14,929,000 | 14,399,000 | 14,820,000 | 24,148,000 |
| 18,023,000 | 19,056,000 | 18,528,000 | 18,525,000 | 19,611,000 |
| 8,986,000 | 2,727,000 | - | - | - |
| 8,104,000 | 8,904,000 | 11,145,000 | 11,452,000 | 10,257,000 |
| 33,901,000 | 34,436,000 | 36,741,000 | 33,035,000 | 33,035,000 |
| 7,939,685 | 8,052,822 | 7,188,219 | 6,545,000 | 8,593,863 |
| 11.25 | 11.25 | 11.25 | 11.25 | 11.25 |
| 203 | 201 | 198 | 196 | 191 |
| | | | | |
| 13 | 13 | 13 | 13 | 13 |
| 78 | 78 | 75 | 54 | 54 |
| 5 | 5 | 5 | 5 | 5 |
| 240 | 238 | - | - | - |
| 6 | 5 | 5 | 5 | 5 |
| | | | | |
| 596 | 596 | 596 | 596 | 596 |
| 197 | 170 | 170 | 170 | 170 |
| 334 | 449 | 449 | 449 | 449 |
| 179 | 197 | 197 | 197 | 197 |
| 56 | 56 | 56 | - | - |
| 315 | - | - | - | - |
| | | | | |
| 1,677 | 1,468 | 1,468 | 1,412 | 1,412 |
| | | | | |
| | | | | |
| 144 | 134 | 147 | 123 | 122 |
| 144 | 130 | 117 | 132 | 126 |
| | | | | |
| 288 | 264 | 264 | 255 | 248 |

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# SCHEDULES OF SOURCES AND USES OF PUBLIC FUNDS (UNAUDITED)

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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# City of Mankato, Minnesota
## Schedule of Sources and Uses of Public Funds
## For (South Riverfront Tax Increment), a Tax Increment Financing District
## For the Year Ended December 31, 2020

Name of District: South Riverfront - Fund 4110

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 39,819 |
| Current Net Tax Capacity | 137,247 |
| Captured Net Tax Capacity | $ 97,428 |
| Retained By Authority | $ 97,428 |

| | 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 | 1,436,037 | 104,838 | 765,062 |
| State grant | 280,000 | 282,260 | - | (2,260) |
| City utility fund | 195,000 | 135,560 | - | 59,440 |
| Total Sources of Funds | 3,145,937 | 2,290,251 | 104,838 | 750,848 |
| 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 | 209,528 | 27,575 | 93,103 |
| Administrative cost | 50,000 | 50,000 | - | - |
| Total Uses of Funds | 3,145,937 | 2,998,476 | 27,575 | 119,886 |
| District Balance (or Deficiency) | - | (708,225) | 77,263 | 630,962 |
| Funds Remaining (or Deficient) | $ - | $ (708,225) | $ 77,263 | $ (630,962) |

# 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, 2020

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 | | 200,000 |
| | | |
| Outstanding Loans at 12/31/20 | | $ - |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 599,600 | $ 594,703 | $ 52,499 | $ (47,602) |
| | | | | |
| Uses of Funds | | | | |
| Site improvements | 204,400 | 112,443 | - | 91,957 |
| Loan payments | | | - | |
| Principal | 200,000 | 200,000 | - | - |
| Interest | 155,200 | 145,493 | - | 9,707 |
| Interest | - | 70,453 | - | (70,453) |
| Administrative cost | 40,000 | 40,000 | - | - |
| Tax increment remitted to County | - | 65 | 78,748 | (78,813) |
| Total Uses of Funds | 599,600 | 568,454 | 78,748 | (47,602) |
| | | | | |
| District Balance (or Deficiency) | - | 26,249 | (26,249) | - |
| | | | | |
| Funds Remaining (or Deficient) | $ - | $ 26,249 | $ (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, 2020

Name of District: Sibley Parkway Phase I - Fund 4050

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 29,676 |
| Current Net Tax Capacity | 156,940 |
| Captured Net Tax Capacity | $ 127,264 |
| Retained By Authority | $ 127,264 |

| | 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 | 377,584 | 108,469 | 6,362,101 |
| 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 | 3,798,613 | 108,469 | 5,301,972 |
| 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 | - | 66,430 | 47,792 | (114,222) |
| 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 | 4,849,372 | 47,792 | 4,311,890 |
| District Balance (or Deficiency) | - | (1,050,759) | 60,677 | 990,082 |
| Funds Remaining (or Deficient) | $ - | $ (1,050,759) | $ 60,677 | $ (990,082) |

# 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, 2020

Name of District: Graif Building - Fund 4060

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 14,750 |
| Current Net Tax Capacity | 49,064 |
| Captured Net Tax Capacity | $ 34,314 |
| Retained By Authority | $ 34,314 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 332,339 | $ 248,563 | $ 31,027 | $ 52,749 |
| Interest on invested funds | - | 39 | - | (39) |
| Total Sources of Funds | 332,339 | 248,602 | 31,027 | 52,710 |
| Uses of Funds | | | | |
| Site improvements | 312,399 | 189,874 | 20,826 | 101,699 |
| Administrative costs | 19,940 | 20,341 | (401) | - |
| Total Uses of Funds | 332,339 | 210,215 | 20,425 | 101,699 |
| District Balance (or Deficiency) | - | 38,387 | 10,602 | (48,989) |
| Funds Remaining (or Deficient) | $ - | $ 38,387 | $ 10,602 | $ 48,989 |

# 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, 2020

Name of District: Mankato Design / Busters - Fund 4070

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 29,250 |
| Current Net Tax Capacity | 54,406 |
| Captured Net Tax Capacity | $ 25,156 |
| Retained By Authority | $ 25,156 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 409,149 | $ 186,260 | $ 22,748 | $ 200,141 |
| Uses of Funds | | | | |
| Streets and sidewalks | 216,403 | 126,425 | 15,761 | 74,217 |
| Interest | 172,289 | 86,077 | 5,579 | 80,633 |
| Administrative costs | 20,457 | 9,313 | 1,137 | 10,007 |
| Total Uses of Funds | 409,149 | 221,815 | 22,477 | 164,857 |
| District Balance (or Deficiency) | - | (35,555) | 271 | 35,284 |
| Funds Remaining (or Deficient) | $ - | $ (35,555) | $ 271 | $ (35,284) |

# 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, 2020

Name of District: Habitat for Humanity - Fund 6800

Type of District: Housing

| | |
|---|---|
| Original Net Tax Capacity | $ 4,073 |
| Current Net Tax Capacity | 17,967 |
| Captured Net Tax Capacity | $ 13,894 |
| Retained By Authority | $ 13,894 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 289,913 | $ 57,996 | $ 13,292 | $ 218,625 |
| Uses of Funds | | | | |
| Public utilities | 275,417 | 55,096 | 12,627 | 207,694 |
| Administrative costs | 14,496 | 2,900 | 665 | 10,931 |
| Total Uses of Funds | 289,913 | 57,996 | 13,292 | 218,625 |
| 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, 2020

Name of District: Heco Building - Fund 4090

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 38,952 |
| Current Net Tax Capacity | 73,045 |
| Captured Net Tax Capacity | $ 34,093 |
| Retained By Authority | $ 34,093 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 853,085 | $ 211,760 | $ 33,457 | $ 607,868 |
| Uses of Funds | | | | |
| Redevelopment costs | 250,000 | 126,741 | 25,438 | 97,821 |
| Parking facilities | 167,539 | 167,539 | - | - |
| Interest | 390,865 | 80,766 | 5,849 | 304,250 |
| Administrative costs | 44,681 | 10,590 | 1,673 | 32,418 |
| Total Uses of Funds | 853,085 | 385,636 | 32,960 | 434,489 |
| District Balance (or Deficiency) | - | (173,876) | 497 | 173,379 |
| Funds Remaining (or Deficient) | $ - | $ (173,876) | $ 497 | $ (173,379) |

# 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, 2020

Name of District: Volk Transfer - Fund 6800

Type of District: Economic Development

| | |
|---|---|
| Original Net Tax Capacity | $ 4,077 |
| Current Net Tax Capacity | 86,346 |
| Captured Net Tax Capacity | $ 82,269 |
| Retained By Authority | $ 82,269 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 576,475 | $ 503,215 | $ 83,160 | $ (9,900) |
| Uses of Funds | | | | |
| Land acquisition and site improvements | 386,355 | 308,670 | 77,685 | - |
| Interest | 161,296 | 156,652 | 3,603 | 1,041 |
| Administrative costs | 28,824 | 25,091 | 3,733 | - |
| Total Uses of Funds | 576,475 | 490,413 | 85,021 | 1,041 |
| District Balance (or Deficiency) | - | 12,802 | (1,861) | (10,941) |
| Funds Remaining (or Deficient) | $ - | $ 12,802 | $ (1,861) | $ 10,941 |

# 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, 2020

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

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 2,686 |
| Current Net Tax Capacity | 169,124 |
| Captured Net Tax Capacity | $ 166,438 |
| Retained By Authority | $ 166,438 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 1,026,276 | $ 840,279 | $ 176,084 | $ 9,913 |
| Uses of Funds | | | | |
| Site improvements | 471,684 | 225,153 | 59,160 | 187,371 |
| Public improvements and utilites | 250,250 | - | - | 250,250 |
| Interest | 253,028 | 97,965 | 12,032 | 143,031 |
| Administrative costs | 51,314 | 36,932 | 3,747 | 10,635 |
| Tax increment remitted to County | - | 378,571 | 101,658 | (480,229) |
| Total Uses of Funds | 1,026,276 | 738,621 | 176,597 | 111,058 |
| District Balance (or Deficiency) | - | 101,658 | (513) | (101,145) |
| Funds Remaining (or Deficient) | $ - | $ 101,658 | $ (513) | $ 101,145 |

# 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, 2020

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

Type of District: Redevelopment

| | | |
|---|---|---|
| Original Net Tax Capacity | $ 59,840 | |
| Current Net Tax Capacity | 351,466 | |
| Captured Net Tax Capacity | $ 291,626 | |
| Retained By Authority | $ 291,626 | |
| | | |
| Total General Obligation Tax Increment | | |
| Bonds Issued | | $ 3,335,000 |
| Amounts Redeemed | | 395,000 |
| | | |
| Outstanding bonds at 12/31/20 | | $ 2,940,000 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Bond proceeds | $ 3,335,000 | $ 3,335,000 | $ 267,092 | $ (267,092) |
| Tax increment received | 7,407,032 | 1,065,583 | - | 6,341,449 |
| Total Sources of Funds | 10,742,032 | 4,400,583 | 267,092 | 6,074,357 |
| | | | | |
| 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 | 260,000 | 135,000 | 2,940,000 |
| Interest | 3,160,143 | 449,100 | 97,690 | 2,613,353 |
| Caplitalized interest | - | 51,263 | - | (51,263) |
| Interest on advance | - | 7,190 | - | (7,190) |
| Administrative costs | 370,354 | 104,825 | 8,500 | 257,029 |
| Total Uses of Funds | 10,742,032 | 4,207,378 | 241,190 | 6,293,464 |
| | | | | |
| District Balance (or Deficiency) | - | 193,205 | 25,902 | (219,107) |
| | | | | |
| Funds Remaining (or Deficient) | $ - | $ 193,205 | $ 25,902 | $ 219,107 |

# 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, 2020

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

Type of District: Economic Development

| | |
|---|---|
| Original Net Tax Capacity | $ 189,936 |
| Current Net Tax Capacity | 306,118 |
| Captured Net Tax Capacity | $ 116,182 |
| Retained By Authority | $ 116,182 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 1,093,966 | $ - | $ 122,877 | $ 971,089 |
| Uses of Funds | | | | |
| Site improvements | 758,591 | - | 62,846 | 695,745 |
| Interest | 308,026 | - | 53,887 | 254,139 |
| Administrative costs | 27,349 | - | 6,144 | 21,205 |
| Total Uses of Funds | 1,093,966 | - | 122,877 | 971,089 |
| 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, 2020

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

Type of District: Housing

| | |
|---|---|
| Original Net Tax Capacity | $ 1,115 |
| Current Net Tax Capacity | 31,764 |
| Captured Net Tax Capacity | $ 30,649 |
| Retained By Authority | $ 30,649 |

| | Original Budget | Accounted for in Prior Years | Current Year | Amount Remaining |
|---|---|---|---|---|
| Sources of Funds | | | | |
| Tax increments received | $ 926,971 | $ 237 | $ 32,414 | $ 894,320 |
| Uses of Funds | | | | |
| Construction of affordable housing | 559,080 | - | (31,952) | 591,032 |
| Interest | 321,542 | - | 62,971 | 258,571 |
| Administrative costs | 46,349 | - | 1,632 | 44,717 |
| Total Uses of Funds | 926,971 | - | 32,651 | 894,320 |
| 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, 2020

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

Type of District: Redevelopment

| | |
|---|---|
| Original Net Tax Capacity | $ 9,255 |
| Current Net Tax Capacity | 9,255 |
| 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 | $ - | $ 10,377 | $ 3,261,025 |
| Uses of Funds | | | | |
| Site improvements | 3,107,832 | - | 9,858 | 3,097,974 |
| Administrative costs | 163,570 | - | 519 | 163,051 |
| Total Uses of Funds | 3,271,402 | - | 10,377 | 3,261,025 |
| District Balance (or Deficiency) | - | - | - | - |
| Funds Remaining (or Deficient) | $ - | $ - | $ - | $ - |

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SINGLE AUDIT AND OTHER
REQUIRED REPORTS

CITY OF MANKATO
MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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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, 2020, 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 21, 2021.

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 21, 2021

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, 2020, 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 21, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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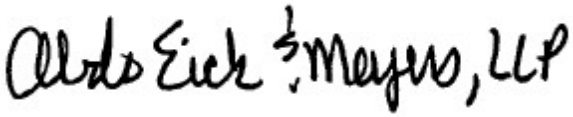
**Purpose of this Report**

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 21, 2021



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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, 2020. 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, 2020.

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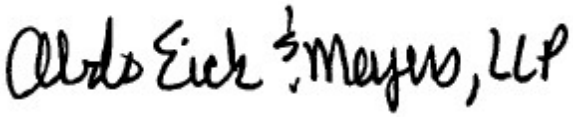
**Report on Internal Control Over Compliance**

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 21, 2021



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# City of Mankato, Minnesota
## Schedule of Expenditures of Federal Awards
## For the Year Ended December 31, 2020

| Federal Grantor | Pass-Through Grantor | Program Title | Catalog of Federal Domestic Assistance Number | State or Other Contract Number | Federal Program Clusters | Total Federal Expenditures |
|---|---|---|---|---|---|---|
| U.S. Department of Housing and Urban Development | Minnesota Department of Trade and Economic Development | Community Development Block Grants - State's Program and Non-Entitlement Grants in Hawaii | 14.228 | B-19-MC-27-0012 | $ 161,317 | |
| | | Total CDBG Cluster | | | | $ 161,317 |
| U.S. Department of Transportation | Minnesota Department of Transportation | Metropolitan Transportation Planning | 20.507 | MN-90-4334 | 641,240 | |
| | | Total Federal Transit Cluster | | | | 641,240 |
| U.S. Department of Transportation | Minnesota Department of Transportation | Highway Planning and Construction | 20.205 | 717141 | 430,039 | |
| | | Total Highway Planning and Construction Cluster | | | | 430,039 |
| U.S. Department of Housing and Urban Development | | Section 8 Housing Choice Vouchers | 14.871 | C-4037V | 2,916,322 | |
| U.S. Department of Housing and Urban Development | | Mainstream Vouchers | 14.879 | 05-439-2878 | 366,064 | |
| | | Total Housing Voucher Cluster | | | | 3,282,386 |
| U.S. Department of Housing and Urban Development | | Shelter Care Plus | 14.238 | | | 54,269 |
| U.S. Department of Housing and Urban Development | | Public and Indian Housing (Low Rent) | 14.850 | C-4119 | | 57,908 |
| U.S. Department of Housing and Urban Development | | Public Housing Capital Fund (CFP) | 14.872 | MN46PO63501-17 | | 50,018 |
| U.S. Department of Housing and Urban Development | | Public Housing Family Self-Sufficiency Under Resident Opportunity and Supportive Services | 14.877 | | | 61,374 |
| U.S. Department of the Interior | | Historic Preservation Fund Grants-In-Aid | 15.904 | | | 892 |
| U.S. Department of Justice | | Missing Children's Assistance | 16.543 | | | 1,500 |
| U.S. Department of Justice | Minnesota Department of Public Safety | Public Safety Partnership and Community Policing Grants | 16.710 | 2018-DJ-BX-0774 | | 12,059 |
| U.S. Department of Transportation | Minnesota Department of Transportation | Airport Improvement Program | 20.106 | 3-27-0055-21-14<br>3-27-0055-22-15 | | 82,648 |
| U.S. Department of Transportation | Minnesota Department of Transportation | Metropolitan Transportation Planning | 20.505 | MPO MK19(145) | | 287,586 |
| U.S. Department of Transportation | Minnesota Department of Transportation | Formula Grants for Rural Areas | 20.509 | 1032159<br>MN-2009-004-001 | | 106,896 |
| U.S. Department of Environmental Protection Agency | | Brownfields Assessment and Cleanup Cooperative Agreements | 66.818 | BF 00E02276 | | 157,073 |
| U.S. Department of Homeland Security | Minnesota Department of Public Safety | Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | DR-4390 | | 315,979 |
| U.S. Department of Treasury | | Coronavirus Relief Fund | 21.019C | | | 3,282,650 |
| | Total Expended | | | | | $ 8,985,834 |

## 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, 2020. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

## Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on both the accrual basis and modified accrual basis of accounting.

## Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

## Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

## Note 5: Indirect Cost Rate

During the year ended December 31, 2020, 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, 2020

**Section I - Summary of Auditor's Results**

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued | Unmodified |
| Internal control over financial reporting | |
| Material weaknesses identified? | No |
| Significant deficiencies identified not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

***Federal Awards***

| | |
|---|---|
| Internal control over major programs | |
| Material weaknesses identified? | No |
| Significant deficiencies identified not considered to be material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | No |

| ***Identification of Major Programs/Projects*** | **CFDA No.** |
|---|---|
| Section 8 Housing Vouchers - Housing Voucher Cluster | 14.871 |
| Mainstream Vouchers - Housing Voucher Cluster | 14.879 |
| Federal Transit Formula Grants - Federal Transit Cluster | 20.507 |
| Coronavirus Relief Fund | 21.019C |

| | |
|---|---|
| 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.