

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2022

PREPARED BY:

FINANCE DEPARTMENT

JESSICA RYAN
FINANCE DIRECTOR

MEMBER GFOA OF U.S. AND CANADA
PUBLISHED June 30, 2023

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INTRODUCTORY SECTION

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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June 30, 2023

Honorable Mayor
Members of the City Council
City of North Mankato
North Mankato, Minnesota 56003

State law requires that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of North Mankato (the City) for the fiscal year ended December 31, 2022.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City's financial statements have been audited by Abdo, a licensed certified public accounting firm. 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, 2022 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure 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, 2022 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.

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 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 of North Mankato is a city of the third class and is located in Nicollet County. Nestled along the bluffs at the bend of the Minnesota River in south-central Minnesota, it is approximately 80 miles southwest of the Minneapolis / Saint Paul metropolitan area. Access is provided via U.S. Highways 14 and 169, State Highways 22, 60, 66 and 68, and Interstate I-35 and I-90 are located within 40 and 50 miles of the City, respectively. There are 28 truck lines servicing the City with six truck terminals in the City. The Dakota Minnesota and Eastern Railroad Co. and Union Pacific Railroad provide daily freight rail service to the area through a connection in Mankato. The City is also serviced by the Mankato Regional Airport which can accommodate charter, commercial freight, and jet planes with a 6,600-foot paved, lighted runway. The City currently occupies a land area of four-square miles and has a population of 14,448. The City is empowered to levy a property tax on real property located within its corporate limits.

The City was incorporated in 1898 and has been a Statutory City since 1974. The City operates under the Optional Plan A form of government. Policy making and legislative authority is vested in a governing council consisting of the Mayor and four Council Members. The Mayor and City Council are responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the City 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 two-year term.

The 2010 U.S. Census designated the Mankato/North Mankato region as an urbanized area (metropolitan statistical area-MSA). Designation as an MSA is beneficial, positively having an impact on quality of life and the economy, including increased funding for transportation and economic development.

The City provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure, and recreational services, along with water, sewer, recycling, storm water and solid waste utility services. North Mankato features several City parks for recreational activities among which is Caswell Park, one of the premier softball complexes in the nation. This facility has a substantial pedigree of hosting community, state, regional and national, and international tournaments and features the Miracle Field for special needs athletes.

The annual budget serves as the foundation for the City's financial planning and control. The City Administrator presents the proposed budget to the Council for review prior to September 30. The Council will hold a public hearing on the proposed budget and adopt a final budget by no later than December 31, the close of the City's fiscal year. The appropriated budget is prepared by fund, function, and departmental program. Budget to actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City currently enjoys a favorable economic environment and local indicators point to continued growth. The unemployment rate is 1.6 percent which represents an decrease from the previous year rate of 2.1 percent which stems from the recovery from the COVID-19 Pandemic. The Mankato/North Mankato area is a regional center for retail trade, agriculture, medical care, manufacturing, and education. The area is home to Minnesota State University-Mankato, South Central College, Bethany College and Rasmussen College.

The Mankato-North Mankato Metropolitan Statistical Area (MSA) has a total labor force of 58,600 which is projected to grow in several important areas. The 15–24-year-old group (the “talent pipeline”) is expected to grow by 30% from 2015 to 2030. While the nation has growing concerns around the supply of “experienced peak performers” (45–64-year-olds) - only 5.4% growth over the next 25 years - our MSA is projected to have 15.5% growth over the same time period.

The City continues to experience residential growth with permits issued in 2022 for 23 single family homes, 38 townhomes, 1 mobile home, 1 apartment buildings, and 1,557 other miscellaneous permits for a total of 70 units. The market value of all new and remodeled residential, commercial, and industrial permits in fiscal year 2022 was \$37,466,546. The residential development continues to take advantage of existing inventory and new or expanded subdivisions and much of the industrial growth comes from firms locating to the North Port Industrial Park owned by the North Mankato Port Authority, the economic development agency of the City.

Long-Term Financial Planning

The preparation of the annual budget includes a Five-Year Operating Forecasts, a Five-Year Capital Improvement Plan, a yearly equipment replacement schedule and long-term projections of debt service requirements.

In 2013, the City Council elected to conduct a debt study to analyze existing debt obligations with estimated revenues. This was prompted by declining revenue from projects funded with special assessments resulting in interfund loans to the Debt Service funds from the General fund, Water Utility fund and Sewer Utility fund in the amount of \$2,772,624 at the end of fiscal year 2013. Based on a repayment schedule adopted by the City Council these loans continue to be repaid each year and at the end of fiscal year 2022 the outstanding balance was \$143,600. Complete payment of this interfund loan will be made in 2023.

New and Major Developments

- Remodel at D&K Powder Coating
- Hoop building added at LJP
- 84,000 sq ft addition at Volk
- \$2.6 million remodel at Coloplast
- Remodel of former Perkins restaurant to Plaza Jalisco

2022 Five-Year Capital Improvement Plan Projects

2022 Caswell Park Improvements - This project consists of various improvements to Caswell Park, Caswell North, and designs for the Caswell Indoor Rec Facility. The improvements consist of fencing, lighting, concessions, dugouts, and other improvements at a cost of \$3,456,000 at Caswell Park; artificial turf and lighting at a cost of \$1,734,000 at Caswell North; and Caswell Indoor Rec design at a cost of \$741,000; for a total of \$5,931,000. The Caswell Park and Caswell Indoor Rec design were completed in 2022. The project was financed using State bonding dollars and the balance using general obligation sales tax bonds.

2022 Lor Ray Dr. Project - This project is for the complete construction of water, sewer, and storm water utilities, curb, gutter, and street surfaces along Lor Ray Dr. Ave. from approximately 350 feet north of White Oak Dr. to Somerset Lane at a cost of \$4,000,000 in the summer of 2022. The project was financed using American Rescue Plan Act Funds, Local Road Improvement Funds, Municipal State Aid, and general obligation bonds. The general obligation bonds will be paid from special assessments and the property tax levy.

2022 McKinley Ave. Project - This project is for the complete reconstruction of water, sewer, and storm water utilities, curb, gutter, and street surfaces along McKinley Ave. from Range St. to Sherman St. at a cost of \$1,600,000 in the summer of 2022. The project was financed using general obligation bonds and paid from special assessments and the property tax levy.

2023 Howard Dr/Lor Ray Roundabout Project – This project is a for a roundabout near Arnolds of Mankato and RDO Equipment. It also consists of 16 new street light poles and storm and water upgrades. The total project cost is estimated at \$2,930,000 and will be financed with federal funds, municipal state aid funds and utility funds.

2024 Caswell Park Phase 2 Improvements - This project consists of the construction of the Caswell Indoor Rec Facility. The project consists of a 85,000-115,000 square foot building with 4-6 tennis courts and 6-8 basketball courts (depending on the base project and added alternates), viewing areas, concessions, restrooms, office space, and storage at a cost of \$25,000,000 to \$27,000,000, depending on added alternates. The project is dependent on a State Bonding Appropriation for \$12,750,000 in 2024. The project is estimated to be completed in 2025. The project will be financed using the State Bonding Appropriation, existing sales tax bond proceeds and the balance using general obligation tax abatement bonds.

Equipment

The Five-Year Capital Improvement Plan calls for the replacement of \$2.2 million dollars of equipment to be funded with cash contributions from the City's General fund, Capital Facilities and Equipment Replacement fund, and utility funds.

Internal Accounting Controls

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting control. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition, and;
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.
3. The concept of reasonable assurance recognizes that:
4. Cost of the control should not exceed the benefits likely to be derived, and;
5. Evaluation of costs and benefits requires estimates and judgment by management.

The City has placed an emphasis on and continually evaluates its system of internal accounting controls to assure its citizens that we adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Relevant Financial Policies

The Mayor and City Council Members continue to evaluate the level of reserves of the City with their desire to minimize property tax increases while still maintaining service levels and infrastructure renewal and replacement. The City has established financial policies for use as a guideline during the budget process. The City employs a conservative approach in making ongoing revenue assumptions by utilizing growth patterns and knowledge of planned growth in the tax base.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of North Mankato for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2021. This was the thirty-fifth (35th) year that the City has received the prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP 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.

Respectfully submitted,



Kevin McCann
City Administrator



Jessica Ryan
Finance Director

City of North Mankato, Minnesota
Principal City Officials
For the Year Ended December 31, 2022

MAYOR: *Mark Dehen*

COUNCIL MEMBERS: *Diane Norland
Jim Whitlock
Billy Steiner
Sandra Oachs*

CITY ADMINISTRATOR: *Kevin McCann*

FINANCE DIRECTOR: *Jessica Ryan*

CITY CLERK: *April Van Genderen*

POLICE CHIEF: *Ross Gullickson*

FIRE CHIEF: *James Zwaschka*

PUBLIC WORKS DIRECTOR: *Nate Host*

WATER SUPERINTENDENT: *Duane Rader*

BUILDING OFFICIAL: *Larry Wasmund*

LIBRARY DIRECTOR: *Katie Heintz*

CITY PLANNER: *Mike Fischer*

CITY ATTORNEY: *Kennedy and Kennedy*

CONSULTING ENGINEER: *Bolton & Menk*

AUDITOR: *Abdo, LLP*

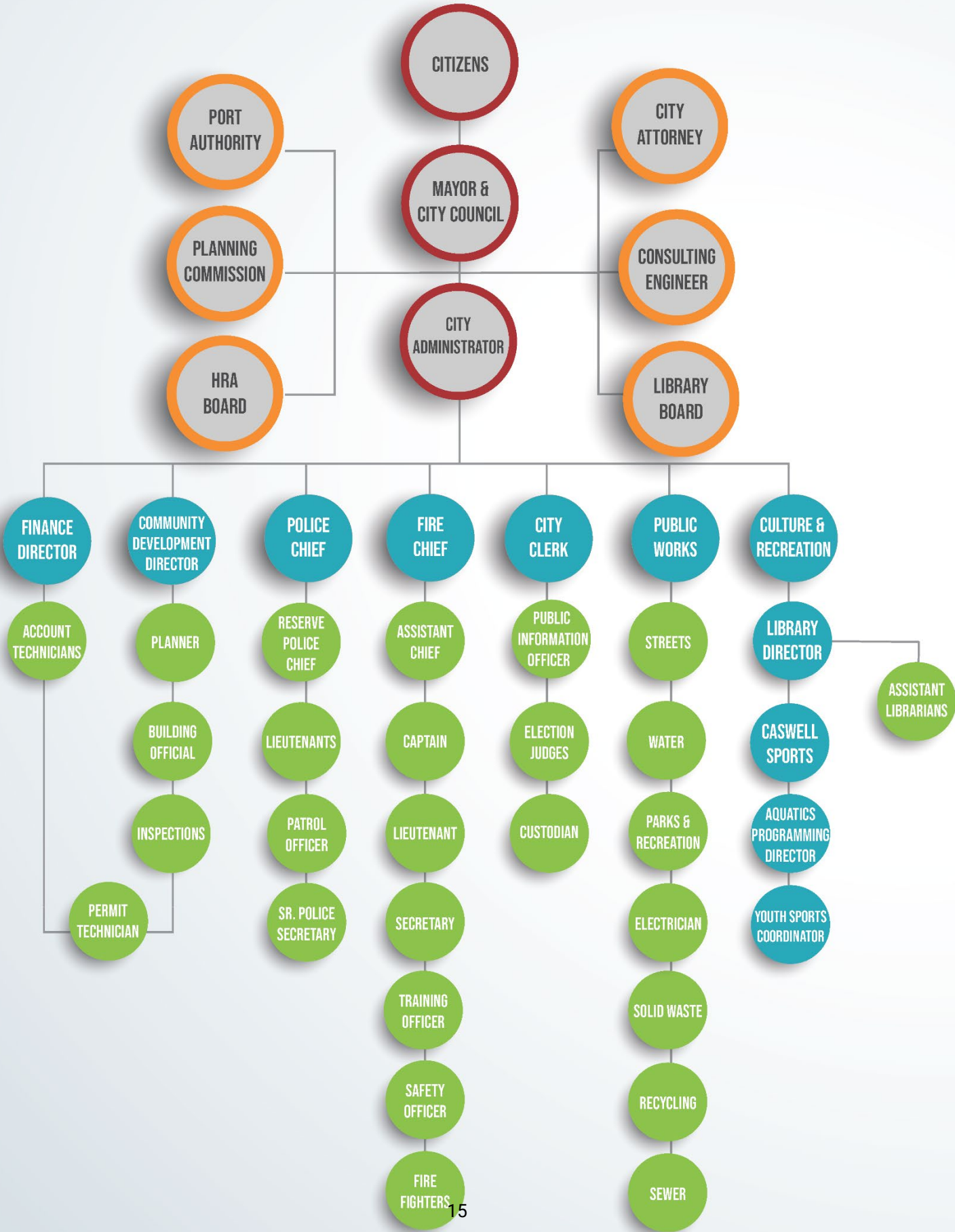
BOND COUNSEL: *Taft Stettinius & Hollister, LLP and Kennedy & Graven, Chtd.*

FINANCIAL ADVISOR: *Northland Securities, Inc.*

PORT AUTHORITY BOND COUNSEL: *Taft Stettinius & Hollister, LLP and Kennedy & Graven, Chtd.*

CITY OF NORTH MANKATO

ORGANIZATION CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of North Mankato
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of North Mankato

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Mankato, Minnesota (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2022, 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 accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

As described in Note 7 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Leases, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 23 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 100 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
June 30, 2023



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Management's Discussion and Analysis

As management of the City of North 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, 2022. 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 \$73,251,781 (*net position*). Of this amount, a balance of \$3,198,748 represents *unrestricted net position* which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,140,338 as compared to an increase of \$3,918,357 in the previous year.
- Governmental activities revenues increased by \$2,982,534 due to the following:
 - Charges for services revenue increased by \$165,716 mainly due to more use of Caswell North, an increase in pool attendance and increased culture and recreation participation.
 - Capital grants and contributions increased by \$772,217 mainly due to a \$728,375 grant reimbursement from the State of Minnesota for Caswell Park.
 - Operating grants and contributions increased by \$500,307 mainly due to a \$690,530 increase in MSA funding.
 - Grants and contributions not restricted to specific programs increased by \$1,379,198 due to the recognition of ARPA revenue.

- Governmental activity expenses increased by \$2,433,964 due to the following:
 - General government expenses increased by \$82,820 related mainly to an increase in staffing and legal costs.
 - Public safety expenses increased by \$820,379 mostly due to increased labor costs, maintenance and pension related activity.
 - Public works expenses increased by \$702,189 mostly due to increased labor costs, street and equipment maintenance and utility costs.
 - Culture and recreation expenses increased by \$706,394 mostly due to the creation of the culture and rec fund, increased staffing and increased tournament expenses at Caswell Park.
 - Interest on long-term debt increased by \$213,508 due to recent bond issuances.
- Business-type activities revenues decreased by \$533,515 mainly due to a decrease in collections and FEMA reimbursements during the year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,647,359, a decrease of \$2,185,577 in comparison with the prior year. The major factor contributing to this decrease relates to the spend down of bond proceeds related to ongoing capital projects.

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 shows 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

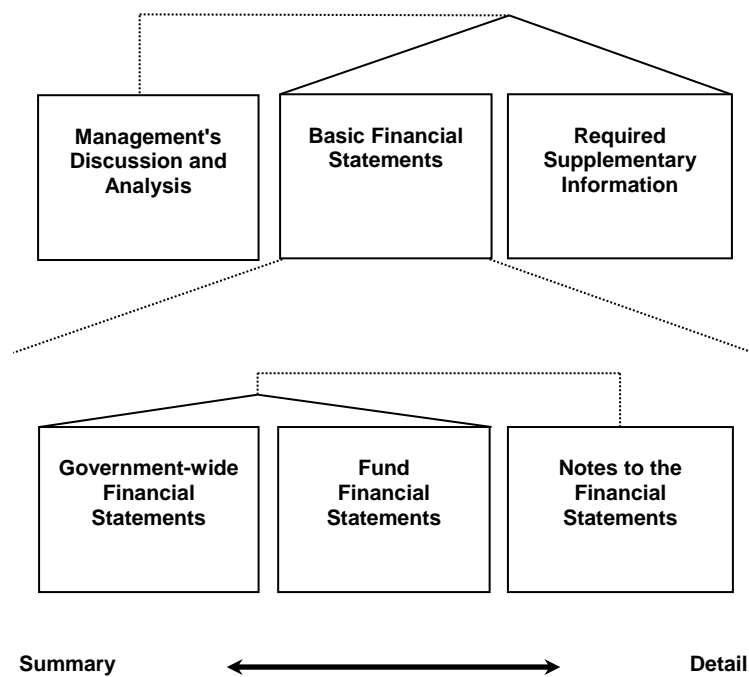


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial 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	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow 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 and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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, housing and economic development, mass transit and other. The business-type activities of the City include water, sewer, recycling, storm water, hotel operations and solid waste.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate port authority for which the City is financially accountable. The port authority, although legally separate, 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 39 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, which includes various individual Debt Service bond funds that are considered one fund for financial reporting. 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 Revolving MSA fund, the 2020 Construction fund, the 2022 Construction fund, the Caswell Indoor Recreation Project and the Caswell Softball Complex fund, all of which 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 44 of this report.

Proprietary Funds. The City maintains one type 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, sewer, recycling, storm water, hotel operations and solid waste operations.

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, sewer, recycling, storm water, solid waste operations and hotel fund, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found starting on page 52 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 55 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 57 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 North Mankato's share of net pension liabilities (assets) 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 100 of this report.

Supplementary Information. The combining and individual fund financial statements and schedules referred to earlier in connection with the nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund financial statement and schedules can be found starting page 110 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 \$73,251,781 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (83.7 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 North Mankato's Summary of Net Position

	Governmental Activities			Business-type Activities			Total	
	2022	Restated 2021	Increase (Decrease)	2022	Restated 2021	Increase (Decrease)	2022	2021
Current and Other Assets	\$ 25,460,708	\$ 27,859,015	\$ (2,398,307)	\$ 7,647,103	\$ 6,600,723	\$ 1,046,380	\$ 33,107,811	\$ 34,459,738
Net Capital Assets	58,460,607	53,720,256	4,740,351	35,276,549	33,346,467	1,930,082	93,737,156	87,066,723
Total Assets	83,921,315	81,579,271	2,342,044	42,923,652	39,947,190	2,976,462	126,844,967	121,526,461
Deferred Outflows of Resources	4,418,220	2,687,955	1,730,265	374,019	465,242	(91,223)	4,792,239	3,153,197
Long-term Liabilities								
Outstanding	41,016,720	33,938,486	7,078,234	10,843,072	11,027,468	(184,396)	51,859,792	44,965,954
Other Liabilities	1,770,238	2,344,204	(573,966)	1,175,517	704,199	471,318	2,945,755	3,048,403
Total Liabilities	42,786,958	36,282,690	6,504,268	12,018,589	11,731,667	286,922	54,805,547	48,014,357
Deferred Inflows of Resources	3,364,206	5,995,403	(2,631,197)	215,672	558,455	(342,783)	3,579,878	6,553,858
Net Position								
Net investment in capital assets	34,389,576	33,407,633	981,943	26,922,761	24,520,675	2,402,086	61,312,337	57,928,308
Restricted	8,054,091	8,114,054	(59,963)	686,605	454,917	231,688	8,740,696	8,568,971
Unrestricted	(255,296)	467,446	(722,742)	3,454,044	3,146,718	307,326	3,198,748	3,614,164
Total Net Position	\$ 42,188,371	\$ 41,989,133	\$ 199,238	\$ 31,063,410	\$ 28,122,310	\$ 2,941,100	\$ 73,251,781	\$ 70,111,443

An additional portion of the City's net position (11.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (4.4 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

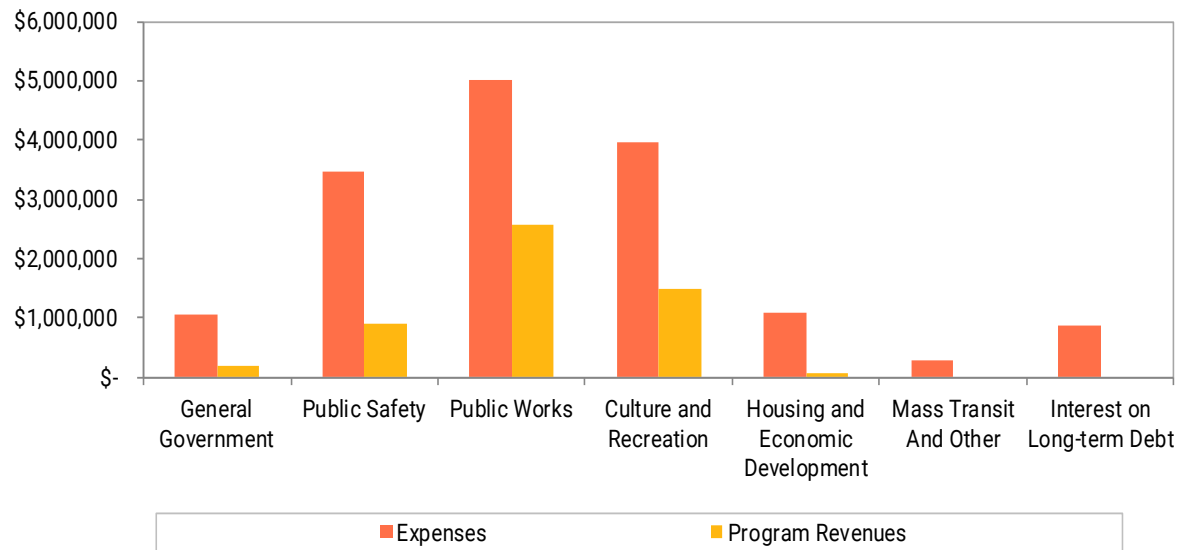
Governmental Activities. Governmental activities increased the City's net position by \$199,238, accounting for 6.3 percent of the total increase. Key elements of this change are as follows:

City of North Mankato's Changes in Net Position

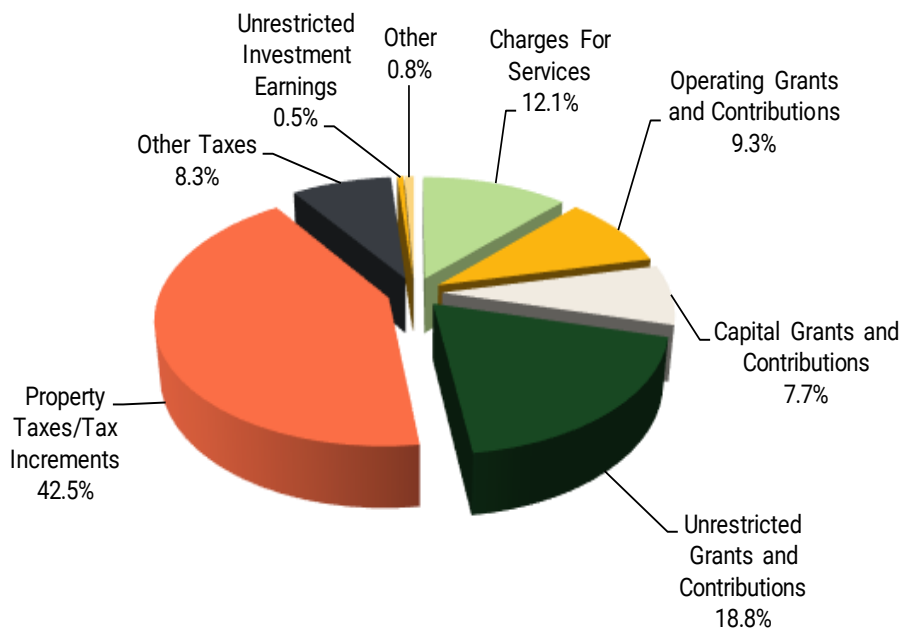
	Governmental Activities			Business-type Activities			Total	
	2022	Restated 2021	Increase (Decrease)	2022	Restated 2021	Increase (Decrease)	2022	2021
Revenues								
Program Revenues								
Charges for services	\$ 2,174,608	\$ 2,008,892	\$ 165,716	\$ 7,245,653	\$ 7,468,621	\$ (222,968)	\$ 9,420,261	\$ 9,477,513
Operating grants and contributions	1,682,129	1,181,822	500,307	4,542	286,302	(281,760)	1,686,671	1,468,124
Capital grants and contributions	1,393,867	621,650	772,217	14,590	14,733	(143)	1,408,457	636,383
General Revenues								
Property taxes/tax increments	7,643,520	7,610,168	33,352	-	-	-	7,643,520	7,610,168
Other taxes	1,500,298	1,477,949	22,349	-	-	-	1,500,298	1,477,949
Grants and contributions not restricted to specific programs	3,397,320	2,018,122	1,379,198	-	-	-	3,397,320	2,018,122
Unrestricted investment earnings (loss)	98,237	(2,996)	101,233	(33,284)	(4,640)	(28,644)	64,953	(7,636)
Other	114,342	135,402	(21,060)	-	-	-	114,342	135,402
Gain on sale of capital assets	29,222	-	29,222	-	-	-	29,222	-
Total Revenues	18,033,543	15,051,009	2,982,534	7,231,501	7,765,016	(533,515)	25,265,044	22,816,025
Expenses								
General government	1,059,015	974,195	84,820	-	-	-	1,059,015	974,195
Public safety	3,461,014	2,640,635	820,379	-	-	-	3,461,014	2,640,635
Public works	5,015,965	4,313,776	702,189	-	-	-	5,015,965	4,313,776
Culture and recreation	3,970,757	3,264,363	706,394	-	-	-	3,970,757	3,264,363
Housing and economic development	1,083,372	1,202,013	(118,641)	-	-	-	1,083,372	1,202,013
Mass transit and other	277,482	252,167	25,315	-	-	-	277,482	252,167
Interest on long-term debt	876,881	663,373	213,508	-	-	-	876,881	663,373
Water	-	-	-	1,945,292	1,721,160	224,132	1,945,292	1,721,160
Sewer	-	-	-	2,326,402	2,125,600	200,802	2,326,402	2,125,600
Recycling	-	-	-	465,612	419,098	46,514	465,612	419,098
Storm water	-	-	-	426,982	321,705	105,277	426,982	321,705
Solid waste	-	-	-	787,970	756,689	31,281	787,970	756,689
Hotel	-	-	-	427,962	242,894	185,068	427,962	242,894
Total Expenses	15,744,486	13,310,522	2,433,964	6,380,220	5,587,146	793,074	22,124,706	18,897,668
Increase (Decrease) in Net Position								
Before Transfers and Contributions	2,289,057	1,740,487	548,570	851,281	2,177,870	(1,326,589)	3,140,338	3,918,357
Transfers	519,313	318,250	201,063	(519,313)	(318,250)	(201,063)	-	-
Capital Contributions	(2,609,132)	(566,445)	(2,042,687)	2,609,132	566,445	2,042,687	-	-
Change in Net Position	199,238	1,492,292	(1,293,054)	2,941,100	2,426,065	515,035	3,140,338	3,918,357
Net Position, January 1	41,989,133	40,466,856	1,522,277	28,122,310	25,862,557	2,259,753	70,111,443	66,329,413
Prior Period Adjustment (Note 11)	-	29,985	(29,985)	-	(166,312)	166,312	-	(136,327)
Net Position, January 1 as Restated	41,989,133	40,496,841	1,492,292	28,122,310	25,696,245	2,426,065	70,111,443	66,193,086
Net Position - December 31	\$ 42,188,371	\$ 41,989,133	\$ 199,238	\$ 31,063,410	\$ 28,122,310	\$ 2,941,100	\$ 73,251,781	\$ 70,111,443

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

Expenses and Program Revenues - Governmental Activities



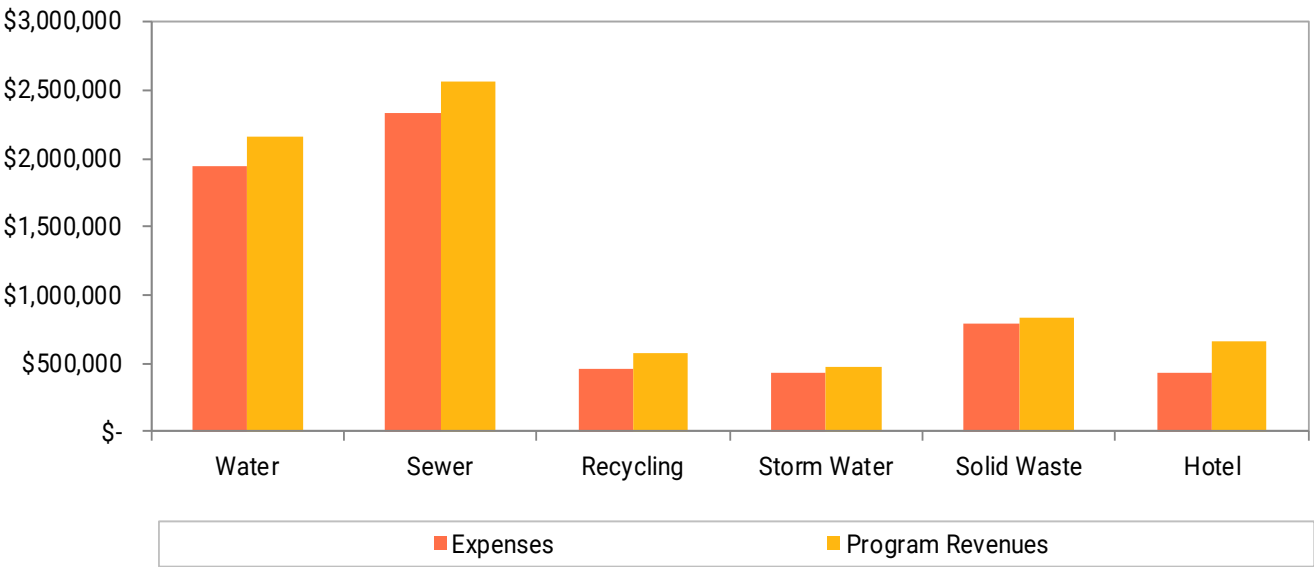
Revenues by Source - Governmental Activities



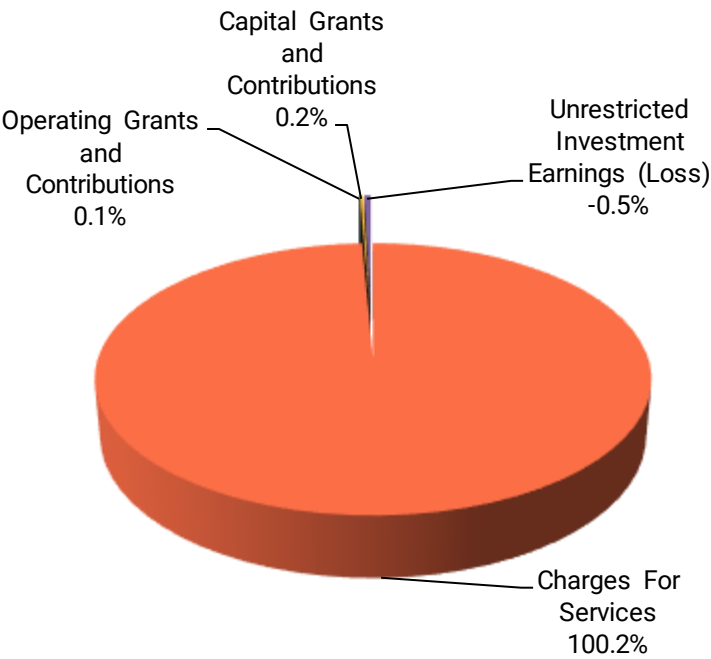
Business-type Activities. Business-type activities increased the City’s net position by \$2,941,100. Key elements of this change are as follows:

- Total operating income was \$1,029,678.
- Total nonoperating expenses exceeded nonoperating revenues by \$192,987 mostly due to interest expenses.
- Transfers out totaled \$660,964 and transfers in totaled \$141,651 for 2022.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

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

The *General fund* is the chief operating fund of the City. At the end of the current year total fund balance of the General fund was \$4,936,219, most of which was unassigned. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 44.5 percent of total General fund expenditures, while total fund balance represents 51.1 percent of that same amount.

The *General fund* balance decreased by \$216,334 during the current year. Key factors of this decrease are revenues decreased by \$26,258 when compared to 2021, while total current expenditures increased by \$409,771 and capital outlay increased by \$537,311 when compared to the same period. Culture and recreation operating expenditures increased by \$101,099 mainly due to additional recreation programs offered by the City. Police public safety personnel costs also increased by \$199,803 from 2021 to 2022 due to staffing challenges.

The *Debt Service fund* has a total fund balance of \$2,080,366. There was an increase of \$373,190 in the current year, mainly due to transfers of dollars in and the closing of capital project funds.

The *Revolving MSA fund* has a total fund balance of deficit of \$1,753,392. There was an increase of \$571,730 resulting from currently available project funding and advanced MSA dollars exceeding transfers.

The *2020 Construction fund* was closed during the year and transferred out \$10,749 upon completion of the project.

The *2022 Construction fund* has a total fund balance of \$81,863. There was an increase of \$189,548 resulting from bond proceeds exceeding project costs in the current year.

The *Caswell Indoor Rec Project fund* has a total fund balance of \$6,363,666 which relates to unspent bond proceeds less capital costs incurred during the year.

The *Caswell Softball Complex fund* has a total deficit fund balance of \$34,369 which represents project costs to date exceeding current intergovernmental grant funding and City matching dollars.

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 Water, Sewer, Recycling, Storm Water, Solid Waste and Hotel funds at the end of the year totaled \$3,454,044. The total increase in net position in the current year for these funds totaled \$2,941,100. The increase is mainly due to capital contributions of \$2,609,132 from governmental activities related to capital projects.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues were over budget by \$226,111 due mostly to additional permit and miscellaneous revenues related to splash pad donations; expenditures were over budget by \$704,630 mainly attributable to culture and recreation capital outlay and the aforementioned increase in public safety expenditures. Other financing sources (uses) had a positive variance of \$254,516. The net result was a decrease to the General fund balance of \$216,334.

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, 2022 amounts to \$93,737,156 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 7.7 percent.

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

- Buildings and improvements increasing by \$3,885,079, including, but not limited to: the splash pad project, Bluff Park restroom remodel and the hillside water reservoirs.
- Equipment and vehicle purchases increasing by \$341,842, including, but not limited to: a new police vehicle, mower, line painting robot, street vehicles and mobile stage.
- Construction in progress increased by \$2,443,512 for various projects including, but not limited to: Caswell Park improvements, Caswell North improvements, McKinley Avenue, Lor Ray Drive North and Belgrade Avenue improvements.

Additional information on the City's capital assets can be found in Note 3C starting on page 70 of this report.

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

	Governmental Activities			Business-type Activities		
	2022	Restated 2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 4,858,405	\$ 4,858,405	\$ -	\$ 1,697,531	\$ 1,697,531	\$ -
Buildings and Improvements	42,654,617	40,420,804	2,233,813	29,640,282	27,989,016	1,651,266
Machinery and Equipment	3,224,335	2,814,169	410,166	874,500	942,824	(68,324)
Construction in Progress	7,723,250	5,626,878	2,096,372	3,064,236	2,717,096	347,140
Total	<u>\$ 58,460,607</u>	<u>\$ 53,720,256</u>	<u>\$ 4,740,351</u>	<u>\$ 35,276,549</u>	<u>\$ 33,346,467</u>	<u>\$ 1,930,082</u>

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$40,366,200. Of this amount, \$11,300,000 comprises debt backed by the full faith and credit of the City and \$975,000 is tax increment bonds and \$13,865,000 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 represents bonds secured solely by specified revenue sources (i.e., revenue bonds) in the amount of \$14,226,200.

City of North Mankato's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Bonds	\$ 6,800,000	\$ 7,365,000	\$ (565,000)	\$ 4,500,000	\$ 4,500,000	\$ -
G.O. Tax Increment Bonds	975,000	1,150,000	(175,000)	-	-	-
G.O. Improvement Bonds	13,565,000	10,755,000	2,810,000	300,000	395,000	(95,000)
General Obligation Revenue Bonds	9,770,000	10,030,000	(260,000)	4,456,200	5,040,340	(584,140)
Total	<u>\$ 31,110,000</u>	<u>\$ 29,300,000</u>	<u>\$ 1,810,000</u>	<u>\$ 9,256,200</u>	<u>\$ 9,935,340</u>	<u>\$ (679,140)</u>

The City's total debt increased by \$1,130,860 (2.9 percent) during the current fiscal year, consisting of new debt issuances of \$3,925,000 and retirement of long-term debt of \$2,794,140. The City maintained an "AA" rating from Standard and Poor's for their 2022 issues.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 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 \$31,874,021, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 74 of this report.

Economic Factors and Next Year's Budgets and Rates

- Due to the recovery from the COVID-19 Pandemic, the 2022 unemployment rate for the City was 1.6 percent, which is a decrease from a rate of 2.1 percent a year ago. This compares favorably to the State's average unemployment rate of 2.9 percent and the national average rate of 3.5 percent.
- Inflationary trends in the region compare favorably to national indices.
- Tax capacity valuation increased in 2022 for taxes payable in 2022 by \$517,158, or 3.4 percent. Market value of property has increased an average of 5.7 percent per year for the past 5 years.

All of these factors were considered in preparing the City's budget for the 2023 fiscal year.

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 Finance Director, City of North Mankato, P.O. Box 2055, North Mankato, 56003-2055.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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City of North Mankato, Minnesota
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 17,877,635	\$ 6,633,208	\$ 24,510,843
Receivables			
Taxes	75,135	-	75,135
Accounts	41,245	496,237	537,482
Notes	735,987	-	735,987
Special assessments	3,197,700	203,629	3,401,329
Intergovernmental	1,192,324	242	1,192,566
Leases	314,604	152,007	466,611
Internal balances	(23,600)	23,600	-
Inventories	-	131,588	131,588
Prepaid items	12,830	6,592	19,422
Land held for resale	1,096,305	-	1,096,305
Net pension asset	940,543	-	940,543
Capital assets			
Nondepreciable assets	12,581,655	4,761,767	17,343,422
Depreciable assets net of accumulated depreciation	45,878,952	30,514,782	76,393,734
Total Assets	<u>83,921,315</u>	<u>42,923,652</u>	<u>126,844,967</u>
Deferred Outflows of Resources			
Deferred pension resources	4,261,667	324,503	4,586,170
Deferred other postemployment benefit resources	156,553	49,516	206,069
Total Deferred Outflows of Resources	<u>4,418,220</u>	<u>374,019</u>	<u>4,792,239</u>
Liabilities			
Accounts payable	747,946	341,084	1,089,030
Contracts payable	356,985	19,532	376,517
Due to other governments	204,347	9,302	213,649
Accrued interest payable	313,592	67,086	380,678
Accrued wages payable	99,684	18,513	118,197
Unearned revenue	47,684	720,000	767,684
Noncurrent liabilities			
Due within one year			
Long-term liabilities	2,470,756	738,048	3,208,804
Due in more than one year			
Long-term liabilities	30,936,233	8,881,920	39,818,153
Net pension liability	7,022,866	1,037,482	8,060,348
Other postemployment benefits liability	586,865	185,622	772,487
Total Liabilities	<u>42,786,958</u>	<u>12,018,589</u>	<u>54,805,547</u>
Deferred Inflows of Resources			
Deferred pension resources	568,812	14,191	583,003
Deferred other postemployment benefit resources	157,069	49,679	206,748
Deferred lease resources	309,933	151,802	461,735
Advance from other governments	2,328,392	-	2,328,392
Total Deferred Inflows of Resources	<u>3,364,206</u>	<u>215,672</u>	<u>3,579,878</u>
Net Position			
Net investment in capital assets	34,389,576	26,922,761	61,312,337
Restricted			
Fire relief pensions	629,499	-	629,499
Debt service	4,481,433	-	4,481,433
Charitable gambling	109,382	-	109,382
Library programs	38,582	-	38,582
Park development	5,866	-	5,866
Park improvements	478,893	-	478,893
Economic development	2,182,119	-	2,182,119
Tax increment financing	128,317	-	128,317
Hotel improvements	-	686,605	686,605
Unrestricted	(255,296)	3,454,044	3,198,748
Total Net Position	<u>\$ 42,188,371</u>	<u>\$ 31,063,410</u>	<u>\$ 73,251,781</u>

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

City of North Mankato, Minnesota

Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,059,015	\$ 191,903	\$ 870	\$ -
Public safety	3,461,014	571,324	333,051	-
Public works	5,015,965	14,342	1,184,846	1,367,200
Culture and recreation	3,970,757	1,313,379	163,362	26,667
Housing and economic development	1,083,372	83,660	-	-
Mass transit and other	277,482	-	-	-
Interest on long-term debt	876,881	-	-	-
Total Governmental Activities	<u>15,744,486</u>	<u>2,174,608</u>	<u>1,682,129</u>	<u>1,393,867</u>
Business-type Activities				
Water	1,945,292	2,157,542	2,255	3,100
Sewer	2,326,402	2,547,792	1,597	11,490
Recycling	465,612	569,591	217	-
Storm water	426,982	474,004	273	-
Solid waste	787,970	837,074	200	-
Hotel	427,962	659,650	-	-
Total Business-type Activities	<u>6,380,220</u>	<u>7,245,653</u>	<u>4,542</u>	<u>14,590</u>
Totals	<u>\$ 22,124,706</u>	<u>\$ 9,420,261</u>	<u>\$ 1,686,671</u>	<u>\$ 1,408,457</u>

General Revenues

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Sales taxes

Hotel/motel taxes

Gambling taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings (loss)

Other revenues

Gain on sale of capital assets

Transfers

Capital Contributions From (To) Other Funds

Total General Revenues, Transfers and Contributions

Change in Net Position

Net Position, January 1

Prior Period Adjustment (Note 11)

Fund Balances, January 1 as Restated

Net Position, December 31

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (866,242)		\$ (866,242)
(2,556,639)		(2,556,639)
(2,449,577)		(2,449,577)
(2,467,349)		(2,467,349)
(999,712)		(999,712)
(277,482)		(277,482)
(876,881)		(876,881)
<u>(10,493,882)</u>		<u>(10,493,882)</u>
	\$ 217,605	217,605
	234,477	234,477
	104,196	104,196
	47,295	47,295
	49,304	49,304
	<u>231,688</u>	<u>231,688</u>
	<u>884,565</u>	<u>884,565</u>
<u>(10,493,882)</u>	<u>884,565</u>	<u>(9,609,317)</u>
5,413,674	-	5,413,674
1,747,420	-	1,747,420
482,426	-	482,426
834,612	-	834,612
38,958	-	38,958
99,616	-	99,616
527,112	-	527,112
3,397,320	-	3,397,320
98,237	(33,284)	64,953
114,342	-	114,342
29,222	-	29,222
519,313	(519,313)	-
<u>(2,609,132)</u>	<u>2,609,132</u>	<u>-</u>
<u>10,693,120</u>	<u>2,056,535</u>	<u>12,749,655</u>
<u>199,238</u>	<u>2,941,100</u>	<u>3,140,338</u>
41,959,148	28,288,622	70,247,770
<u>29,985</u>	<u>(166,312)</u>	<u>(136,327)</u>
<u>41,989,133</u>	<u>28,122,310</u>	<u>70,111,443</u>
<u>\$ 42,188,371</u>	<u>\$ 31,063,410</u>	<u>\$ 73,251,781</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of North Mankato, Minnesota

Balance Sheet
Governmental Funds
December 31, 2022

			Capital Projects		
	General	Debt Service	Revolving MSA	2020 Construction	2022 Construction
Assets					
Cash and temporary investments	\$ 4,457,332	\$ 2,223,310	\$ -	\$ 289	\$ 307,577
Receivables					
Taxes	75,135	-	-	-	-
Accounts	11,953	-	-	-	-
Notes	-	-	-	-	-
Special assessments	13,041	3,184,659	-	-	-
Intergovernmental	110,378	505,656	575,000	-	-
Leases	314,604	-	-	-	-
Advance from other funds	630,138	-	-	-	-
Due from other funds	245,515	-	-	-	-
Prepaid items	5,990	-	-	-	-
Land held for resale	-	-	-	-	-
Total Assets	\$ 5,864,086	\$ 5,913,625	\$ 575,000	\$ 289	\$ 307,577
Liabilities					
Accounts payable	\$ 270,933	\$ -	\$ -	\$ 289	\$ 133,789
Contracts payable	25,701	-	-	-	91,925
Advance to other funds	-	143,600	-	-	-
Due to other governments	98,467	-	-	-	-
Due to other funds	-	-	-	-	-
Accrued wages payable	95,605	-	-	-	-
Unearned revenue	39,052	-	-	-	-
Total Liabilities	529,758	143,600	-	289	225,714
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	75,135	-	-	-	-
Special assessments	13,041	3,184,659	-	-	-
Intergovernmental	-	505,000	-	-	-
Deferred lease resources	309,933	-	-	-	-
Advance from other governments	-	-	2,328,392	-	-
Total Deferred Inflows of Resources	398,109	3,689,659	2,328,392	-	-
Fund Balances					
Nonspendable	636,128	-	-	-	-
Restricted	-	2,080,366	-	-	81,863
Committed	-	-	-	-	-
Unassigned	4,300,091	-	(1,753,392)	-	-
Total Fund Balances	4,936,219	2,080,366	(1,753,392)	-	81,863
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,864,086	\$ 5,913,625	\$ 575,000	\$ 289	\$ 307,577

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

Capital Projects			
Caswell Indoor Recreation Project	Caswell Softball Complex	Other Governmental Funds	Total
\$ 6,363,666	\$ 394,001	\$ 4,131,460	\$ 17,877,635
-	-	-	75,135
-	-	29,292	41,245
-	-	735,987	735,987
-	-	-	3,197,700
-	-	1,290	1,192,324
-	-	-	314,604
-	-	-	630,138
-	-	-	245,515
-	-	6,840	12,830
-	-	1,096,305	1,096,305
<u>\$ 6,363,666</u>	<u>\$ 394,001</u>	<u>\$ 6,001,174</u>	<u>\$ 25,419,418</u>
\$ -	\$ 317,584	\$ 25,351	\$ 747,946
-	110,786	128,573	356,985
-	-	510,138	653,738
-	-	105,880	204,347
-	-	245,515	245,515
-	-	4,079	99,684
-	-	8,632	47,684
-	428,370	1,028,168	2,355,899
-	-	-	75,135
-	-	-	3,197,700
-	-	-	505,000
-	-	-	309,933
-	-	-	2,328,392
-	-	-	6,416,160
-	-	-	636,128
6,363,666	-	4,042,219	12,568,114
-	-	1,540,170	1,540,170
-	(34,369)	(609,383)	1,902,947
<u>6,363,666</u>	<u>(34,369)</u>	<u>4,973,006</u>	<u>16,647,359</u>
<u>\$ 6,363,666</u>	<u>\$ 394,001</u>	<u>\$ 6,001,174</u>	<u>\$ 25,419,418</u>

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

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City of North Mankato, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2022

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

Total Fund Balances - Governmental Funds	\$ 16,647,359
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	58,460,607
Long term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	940,543
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	(816,369)
Other postemployment benefits liability	(586,865)
Net pension liability	(7,022,866)
Bonds payable	(31,110,000)
Unamortized bond discounts, net of amortization	709
Unamortized bond premiums, net of amortization	(1,481,329)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	75,135
Special assessments receivable	3,197,700
Intergovernmental receivable	505,000
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Deferred outflows of pension resources	4,261,667
Deferred inflows of pension resources	(568,812)
Deferred outflows of other postemployment benefit resources	156,553
Deferred inflows of other postemployment benefit resources	(157,069)
Governmental funds do not report a liability for accrued interest until due and payable.	(313,592)
Total Net Position - Governmental Activities	<u>\$ 42,188,371</u>

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

City of North Mankato, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

			Capital Projects		
	General	Debt Service	Revolving MSA	2020 Construction	2022 Construction
Revenues					
Taxes	\$ 5,943,466	\$ 1,747,420	\$ -	\$ -	\$ -
Special assessments	3,027	349,781	-	-	-
Licenses and permits	654,760	-	-	-	-
Intergovernmental	2,342,639	-	1,420,374	-	1,415,174
Charges for services	170,190	-	-	-	-
Fines and forfeits	18,460	-	-	-	-
Investment earnings (loss)	50,977	(4,120)	-	(29,979)	-
Miscellaneous	169,923	-	-	-	-
Total Revenues	<u>9,353,442</u>	<u>2,093,081</u>	<u>1,420,374</u>	<u>(29,979)</u>	<u>1,415,174</u>
Expenditures					
Current					
General government	913,750	-	-	-	-
Public safety	2,979,987	-	-	-	-
Public works	2,038,147	-	-	-	-
Culture and recreation	1,415,100	-	-	-	-
Housing and economic development	601,930	-	-	-	-
Mass transit and other	277,482	-	-	-	-
Capital outlay					-
General government	3,170	-	-	-	-
Public safety	14,545	-	-	-	-
Public works	562,268	-	-	6,632	5,594,672
Culture and recreation	827,257	-	-	-	-
Housing and economic development	27,906	-	-	-	-
Debt service					
Principal	-	2,115,000	-	-	-
Interest and other costs	-	750,106	-	-	-
Bond issuance costs	-	-	-	-	109,310
Total Expenditures	<u>9,661,542</u>	<u>2,865,106</u>	<u>-</u>	<u>6,632</u>	<u>5,703,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(308,100)</u>	<u>(772,025)</u>	<u>1,420,374</u>	<u>(36,611)</u>	<u>(4,288,808)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	-	-
Transfers in	589,157	1,185,215	-	-	361,165
Bonds issued	-	-	-	-	3,925,000
Premium on bonds issued	-	-	-	-	192,191
Transfers out	(497,391)	(40,000)	(848,644)	(10,749)	-
Total Other Financing Sources (Uses)	<u>91,766</u>	<u>1,145,215</u>	<u>(848,644)</u>	<u>(10,749)</u>	<u>4,478,356</u>
Net Change in Fund Balances	<u>(216,334)</u>	<u>373,190</u>	<u>571,730</u>	<u>(47,360)</u>	<u>189,548</u>
Fund Balances, January 1	5,407,589	1,707,176	(2,325,122)	47,360	(107,685)
Prior Period Adjustment (Note 11)	<u>(255,036)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, January 1 as Restated	<u>5,152,553</u>	<u>1,707,176</u>	<u>(2,325,122)</u>	<u>47,360</u>	<u>(107,685)</u>
Fund Balances, December 31	<u>\$ 4,936,219</u>	<u>\$ 2,080,366</u>	<u>\$ (1,753,392)</u>	<u>\$ -</u>	<u>\$ 81,863</u>

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

Capital Projects		Other Governmental Funds	Total
Caswell Indoor Recreation Project	Caswell Softball Complex		
\$ -	\$ -	\$ 1,462,090	\$ 9,152,976
-	-	-	352,808
-	-	-	654,760
-	728,375	-	5,906,562
-	-	1,204,729	1,374,919
-	-	-	18,460
48,196	673	32,490	98,237
-	-	176,057	345,980
<u>48,196</u>	<u>729,048</u>	<u>2,875,366</u>	<u>17,904,702</u>
-	-	26,530	940,280
-	-	-	2,979,987
-	-	-	2,038,147
-	-	1,554,136	2,969,236
-	-	399,768	1,001,698
-	-	-	277,482
-	-	-	3,170
-	-	191,384	205,929
-	-	394,720	6,558,292
491,608	3,081,673	355,764	4,756,302
-	-	25,550	53,456
-	-	-	2,115,000
-	-	-	750,106
-	-	-	109,310
<u>491,608</u>	<u>3,081,673</u>	<u>2,947,852</u>	<u>24,758,395</u>
<u>(443,412)</u>	<u>(2,352,625)</u>	<u>(72,486)</u>	<u>(6,853,693)</u>
-	-	31,612	31,612
-	728,375	697,726	3,561,638
-	-	-	3,925,000
-	-	-	192,191
-	-	(1,645,541)	(3,042,325)
-	728,375	(916,203)	4,668,116
<u>(443,412)</u>	<u>(1,624,250)</u>	<u>(988,689)</u>	<u>(2,185,577)</u>
6,807,078	1,589,881	5,961,695	19,087,972
-	-	-	(255,036)
<u>6,807,078</u>	<u>1,589,881</u>	<u>5,961,695</u>	<u>18,832,936</u>
<u>\$ 6,363,666</u>	<u>\$ (34,369)</u>	<u>\$ 4,973,006</u>	<u>\$ 16,647,359</u>

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

City of North Mankato, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2022

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

Net Change in Fund Balances - Governmental Funds	\$ (2,185,577)
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	10,352,520
Depreciation expense	(2,991,007)
Net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) is to increase (decrease) net position.	
Capital contributions to business-type activities	(2,609,132)
The statement of activities reports losses arising from trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(12,030)
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	2,115,000
Debt issued or incurred	(3,925,000)
Discount on bonds issued, net of amortization expense	(234)
Premium on bonds issued, net of amortization expense	(72,267)
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 interest accrues, regardless of when it is due.	(137,155)
Long-term pension activity is not reported in governmental funds.	
Pension expense	(329,479)
Direct aid contributions	61,247
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	(11,296)
Special assessments	287,278
Intergovernmental revenues	(240,000)
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.	
Compensated absences	(43,838)
Other postemployment benefits costs	(59,792)
Change in Net Position - Governmental Activities	<u>\$ 199,238</u>

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

City of North Mankato, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 5,907,610	\$ 5,907,610	\$ 5,943,466	\$ 35,856
Special assessments	5,150	5,150	3,027	(2,123)
Licenses and permits	519,200	519,200	654,760	135,560
Intergovernmental	2,445,219	2,445,219	2,342,639	(102,580)
Charges for services	158,420	158,420	170,190	11,770
Fines and forfeits	18,400	18,400	18,460	60
Investment earnings	20,500	20,500	50,977	30,477
Miscellaneous	52,832	52,832	169,923	117,091
Total Revenues	9,127,331	9,127,331	9,353,442	226,111
Expenditures				
Current				
General government	936,971	936,971	913,750	23,221
Public safety	2,714,472	2,714,472	2,979,987	(265,515)
Public works	2,127,177	2,127,177	2,038,147	89,030
Culture and recreation	1,360,134	1,360,134	1,415,100	(54,966)
Housing and economic development	637,148	637,148	601,930	35,218
Mass transit and other	247,810	247,810	277,482	(29,672)
Capital outlay				
General government	7,700	7,700	3,170	4,530
Public safety	1,000	1,000	14,545	(13,545)
Public works	540,000	540,000	562,268	(22,268)
Culture and recreation	359,500	359,500	827,257	(467,757)
Housing and economic development	25,000	25,000	27,906	(2,906)
Total Expenditures	8,956,912	8,956,912	9,661,542	(704,630)
Excess (Deficiency) of Revenues Over (Under) Expenditures	170,419	170,419	(308,100)	(478,519)
Other Financing Sources (Uses)				
Transfers in	293,750	293,750	589,157	295,407
Sale of capital assets	500	500	-	(500)
Transfers out	(457,000)	(457,000)	(497,391)	(40,391)
Total Other Financing Sources (Uses)	(162,750)	(162,750)	91,766	254,516
Net Change in Fund Balances	7,669	7,669	(216,334)	(224,003)
Fund Balances, January 1	5,407,589	5,407,589	5,407,589	-
Prior Period Adjustment (Note 11)	(255,036)	(255,036)	(255,036)	-
Fund Balances, January 1 as Restated	5,152,553	5,152,553	5,152,553	-
Fund Balances, December 31	\$ 5,160,222	\$ 5,160,222	\$ 4,936,219	\$ (224,003)

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

City of North Mankato, Minnesota

Statement of Net Position

Proprietary Funds

December 31, 2022

Business-type Activities - Enterprise Funds

	601	602	604	652	Other	
	Water Utility	Sewer Utility	Storm Water	Hotel	Enterprise Funds	Total
Assets						
Current Assets						
Cash and temporary investments	\$ 1,496,726	\$ 2,020,936	\$ 207,289	\$ 2,544,791	\$ 363,466	\$ 6,633,208
Receivables						
Accounts	486,232	-	4,281	-	5,724	496,237
Special assessments	694	-	-	-	-	694
Intergovernmental	242	-	-	-	-	242
Leases	-	-	-	37,500	59,625	97,125
Advance to other funds	108,300	35,300	-	-	-	143,600
Inventories	131,588	-	-	-	-	131,588
Prepaid items	1,721	1,721	922	-	2,228	6,592
Total Current Assets	2,225,503	2,057,957	212,492	2,582,291	431,043	7,509,286
Noncurrent Assets						
Special assessments receivable	18,300	184,635	-	-	-	202,935
Leases receivable	-	-	-	-	54,882	54,882
Capital assets						
Land	392,411	687,339	88,031	369,100	160,650	1,697,531
Buildings	21,345,218	16,188,647	5,082,823	3,156,044	1,504,329	47,277,061
Machinery and equipment	951,613	1,010,509	23,644	-	802,654	2,788,420
Construction in progress	894,302	1,231,755	938,179	-	-	3,064,236
Less accumulated depreciation	(9,748,177)	(7,666,494)	(756,716)	(88,316)	(1,290,996)	(19,550,699)
Total Capital Assets	13,835,367	11,451,756	5,375,961	3,436,828	1,176,637	35,276,549
Total Noncurrent Assets	13,853,667	11,636,391	5,375,961	3,436,828	1,231,519	35,534,366
Total Assets	16,079,170	13,694,348	5,588,453	6,019,119	1,662,562	43,043,652
Deferred Outflows of Resources						
Deferred pension resources	161,086	114,004	19,527	-	29,886	324,503
Deferred other postemployment benefit resources	23,882	17,007	5,341	-	3,286	49,516
Total Deferred Outflows of Resources	184,968	131,011	24,868	-	33,172	374,019
Liabilities						
Current Liabilities						
Accounts payable	205,614	41,230	4,539	-	89,701	341,084
Contracts payable	16,263	3,269	-	-	-	19,532
Due to other governments	1,951	-	595	-	6,756	9,302
Accrued interest payable	8,565	6,228	5,762	43,009	3,522	67,086
Accrued wages payable	9,032	6,431	1,151	-	1,899	18,513
Unearned revenue	-	-	-	720,000	-	720,000
Advances from other funds - current	-	-	15,000	-	-	15,000
Compensated absences payable - current portion	48,643	17,512	9,552	-	17,041	92,748
Bonds payable - current portion	312,800	132,500	90,000	-	110,000	645,300
Total Current Liabilities	602,868	207,170	126,599	763,009	228,919	1,928,565
Noncurrent Liabilities						
Advances from other funds - noncurrent	-	-	105,000	-	-	105,000
Compensated absences payable, net of current portion	63,375	28,579	1,377	-	4,456	97,787
Bonds payable, net of current portion	2,246,224	1,057,129	655,938	4,532,005	292,837	8,784,133
Net pension liability	515,116	364,679	62,399	-	95,288	1,037,482
Other postemployment benefits liability	89,525	63,754	20,023	-	12,320	185,622
Total Noncurrent Liabilities	2,914,240	1,514,141	844,737	4,532,005	404,901	10,210,024
Total Liabilities	3,517,108	1,721,311	971,336	5,295,014	633,820	12,138,589
Deferred Inflows of Resources						
Deferred pension resources	6,978	4,859	875	-	1,479	14,191
Deferred other postemployment benefit resources	23,960	17,063	5,359	-	3,297	49,679
Deferred lease resources	-	-	-	37,500	114,302	151,802
Total Deferred Inflows of Resources	30,938	21,922	6,234	37,500	119,078	215,672
Net Position						
Net investment in capital assets	11,260,080	10,258,858	4,630,023	-	773,800	26,922,761
Restricted	-	-	-	686,605	-	686,605
Unrestricted	1,456,012	1,823,268	5,728	-	169,036	3,454,044
Total Net Position	\$ 12,716,092	\$ 12,082,126	\$ 4,635,751	\$ 686,605	\$ 942,836	\$ 31,063,410

City of North Mankato, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					
	601	602	604	652	Other	
	Water Utility	Sewer Utility	Storm Water	Hotel	Enterprise Funds	Total
Operating Revenues						
Charges for services	\$ 2,142,741	\$ 2,540,822	\$ 473,035	\$ -	\$ 1,303,925	\$ 6,460,523
Facility rental	-	-	-	450,000	65,519	515,519
Other	17,056	8,567	1,242	160,000	37,638	224,503
Total Operating Revenues	<u>2,159,797</u>	<u>2,549,389</u>	<u>474,277</u>	<u>610,000</u>	<u>1,407,082</u>	<u>7,200,545</u>
Operating Expenses						
Personal services	793,031	562,019	97,965	-	141,294	1,594,309
Supplies	179,351	90,813	3,251	-	14,691	288,106
Other services and charges	186,816	62,669	155,958	238,080	236,774	880,297
Contractual services	-	1,095,365	-	-	741,217	1,836,582
Insurance	16,192	27,780	-	-	2,549	46,521
Utilities	201,253	-	28,986	-	24,843	255,082
Depreciation	518,585	462,903	119,128	88,316	81,038	1,269,970
Total Operating Expenses	<u>1,895,228</u>	<u>2,301,549</u>	<u>405,288</u>	<u>326,396</u>	<u>1,242,406</u>	<u>6,170,867</u>
Operating Income	<u>264,569</u>	<u>247,840</u>	<u>68,989</u>	<u>283,604</u>	<u>164,676</u>	<u>1,029,678</u>
Nonoperating Revenues (Expenses)						
Investment income (loss)	(15,839)	(17,445)	-	-	-	(33,284)
Other income	-	-	-	49,650	-	49,650
Gain (loss) on disposal of capital assets	(5,090)	-	(4,816)	-	-	(9,906)
Interest expense	(51,832)	(38,819)	(17,888)	(103,250)	(12,082)	(223,871)
Amortization of bond premiums (discounts)	6,858	13,966	1,010	1,684	906	24,424
Total Nonoperating Revenues (Expenses)	<u>(65,903)</u>	<u>(42,298)</u>	<u>(21,694)</u>	<u>(51,916)</u>	<u>(11,176)</u>	<u>(192,987)</u>
Income Before Contributions and Transfers	198,666	205,542	47,295	231,688	153,500	836,691
Capital Contributions from Other Funds	560,276	1,243,844	805,012	-	-	2,609,132
Capital Grants and Contributions	3,100	11,490	-	-	-	14,590
Transfers In	10,968	25,683	65,000	-	40,000	141,651
Transfers Out	<u>(237,000)</u>	<u>(205,000)</u>	<u>(173,964)</u>	<u>-</u>	<u>(45,000)</u>	<u>(660,964)</u>
Change in Net Position	<u>536,010</u>	<u>1,281,559</u>	<u>743,343</u>	<u>231,688</u>	<u>148,500</u>	<u>2,941,100</u>
Net Position, January 1	12,145,583	11,032,691	3,861,095	454,917	794,336	28,288,622
Prior Period Adjustment (Note 11)	<u>34,499</u>	<u>(232,124)</u>	<u>31,313</u>	<u>-</u>	<u>-</u>	<u>(166,312)</u>
Fund Balances, January 1 as Restated	<u>12,180,082</u>	<u>10,800,567</u>	<u>3,892,408</u>	<u>454,917</u>	<u>794,336</u>	<u>28,122,310</u>
Net Position, December 31	<u>\$ 12,716,092</u>	<u>\$ 12,082,126</u>	<u>\$ 4,635,751</u>	<u>\$ 686,605</u>	<u>\$ 942,836</u>	<u>\$ 31,063,410</u>

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

City of North Mankato, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds					
	601	602	604	652	Other	
	Water Utility	Sewer Utility	Storm Water	Hotel	Enterprise Funds	Total
Cash Flows from Operating Activities						
Receipts from customers	\$ 2,139,157	\$ 2,642,895	\$ 472,762	\$ 420,000	\$ 1,310,752	\$ 6,985,566
Payments to suppliers and vendors	(461,926)	(1,252,921)	(225,220)	(257,730)	(998,222)	(3,196,019)
Payments to and on behalf of employees	(719,344)	(516,863)	(96,730)	-	(142,800)	(1,475,737)
Other receipts	17,056	8,567	1,242	499,650	102,072	628,587
Net Cash Provided by Operating Activities	974,943	881,678	152,054	661,920	271,802	2,942,397
Cash Flows from Noncapital Financing Activities						
Increase (decrease) in due to other funds	-	-	(10,000)	-	-	(10,000)
Transfers from other funds	10,968	25,683	65,000	-	40,000	141,651
Transfers to other funds	(237,000)	(205,000)	(173,964)	-	(45,000)	(660,964)
Net Cash Used by Noncapital Financing Activities	(226,032)	(179,317)	(118,964)	-	(5,000)	(529,313)
Cash Flows from Capital Related Financing Activities						
Decrease in due from other funds	108,300	35,300	-	-	-	143,600
Acquisition of capital assets	(454,365)	-	(130,197)	-	-	(584,562)
Principal paid on revenue bonds payable	(289,557)	(185,000)	(94,583)	-	(110,000)	(679,140)
Interest paid on revenue bonds payable	(52,788)	(39,466)	(18,437)	(66,522)	(13,027)	(190,240)
Payments received on assessments receivable	19,826	17,734	-	-	-	37,560
Net Cash Used by Capital and Related Financing Activities	(668,584)	(171,432)	(243,217)	(66,522)	(123,027)	(1,272,782)
Cash Flows from Investing Activities						
Interest received (paid) on cash and investments	(25,427)	(66,119)	-	-	-	(91,546)
Net Increase (Decrease) in Cash and Cash Equivalents	54,900	464,810	(210,127)	595,398	143,775	1,048,756
Cash and Cash Equivalents, January 1	1,441,826	1,556,126	417,416	1,949,393	219,691	5,584,452
Cash and Cash Equivalents, December 31	<u>\$ 1,496,726</u>	<u>\$ 2,020,936</u>	<u>\$ 207,289</u>	<u>\$ 2,544,791</u>	<u>\$ 363,466</u>	<u>\$ 6,633,208</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating income	\$ 264,569	\$ 247,840	\$ 68,989	\$ 283,604	\$ 164,676	\$ 1,029,678
Adjustments to reconcile operating income to net cash provided by operating activities						
Other income related to operations	-	-	-	49,650	-	49,650
Depreciation	518,585	462,903	119,128	88,316	81,038	1,269,970
(Increase) decrease in assets						
Accounts receivable	(1,339)	-	-	-	6,364	5,025
Intergovernmental	10	103,670	-	-	-	103,680
Inventories	(57,743)	-	-	-	-	(57,743)
Prepaid items	1,078	1,020	1,033	-	1,981	5,112
Leases receivable	-	-	-	(37,500)	(114,507)	(152,007)
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	27,664	20,933	7,480	-	12,986	69,063
Deferred other postemployment benefit resources	9,125	6,536	2,397	-	4,102	22,160
Increase (decrease) in liabilities						
Accounts payable	192,489	23,444	(38,653)	(19,650)	19,403	177,033
Due to other governments	(14,138)	(758)	595	-	468	(13,833)
Accrued wages payable	(1,027)	(582)	(143)	-	(24)	(1,776)
Compensated absences payable	14,420	5,298	1,660	-	7,760	29,138
Other postemployment benefits liability	(1,980)	(1,513)	(1,428)	-	(8,162)	(13,083)
Net pension liability	258,838	181,467	25,729	-	37,079	503,113
Unearned revenue	-	-	-	260,000	-	260,000
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	(228,597)	(163,553)	(32,832)	-	(52,029)	(477,011)
Deferred other postemployment benefit resources	(7,011)	(5,027)	(1,901)	-	(3,635)	(17,574)
Deferred lease resources	-	-	-	37,500	114,302	151,802
Net Cash Provided by Operating Activities	<u>\$ 974,943</u>	<u>\$ 881,678</u>	<u>\$ 152,054</u>	<u>\$ 661,920</u>	<u>\$ 271,802</u>	<u>\$ 2,942,397</u>
Schedule of Noncash Capital and Related Financing Activities						
Book value of disposed/traded of capital assets	\$ 5,090	\$ -	\$ 4,816	\$ -	\$ 4,816	\$ 14,722
Capital assets acquired on account	\$ 16,263	\$ -	\$ -	\$ -	\$ -	\$ 16,263
Capital assets contributed by other funds	\$ 560,276	\$ 1,243,844	\$ 805,012	\$ -	\$ -	\$ 2,609,132
Special assessments levied	\$ 12,688	\$ 60,163	\$ -	\$ -	\$ -	\$ 72,851
Amortization of leases	\$ -	\$ -	\$ -	\$ 674	\$ 205	\$ 879
Amortization of bond (premium) discount	\$ (6,858)	\$ (13,966)	\$ (1,010)	\$ (1,684)	\$ (906)	\$ (24,424)

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

City of North Mankato, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	Custodial Funds
Assets	
Cash and cash equivalents	<u>\$ 46,194</u>
Net Position	
Restricted	
Individuals, organizations and other governments	<u><u>\$ 46,194</u></u>

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

City of North Mankato, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	<u>Custodial Funds</u>
Additions	
Refunds and reimbursements	\$ 25,800
Deductions	
Miscellaneous	<u>6,179</u>
Net Increase (Decrease) in Fiduciary Net Position	19,621
Net Position, January 1	<u>26,573</u>
Net Position, December 31	<u><u>\$ 46,194</u></u>

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

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of North Mankato (the City) operates under "Optional Plan A" as defined in the Minnesota statutes. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints 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 data of the primary government. The blended component unit has a December 31 year end.

Blended Presented Component Unit. The City of North Mankato Port Authority (the Port Authority) was established by the City Council to commence an active role as a facilitator for land acquisitions and improvements and as a promoter of community economic development. The Port Authority is governed by eight commission members, including five City Council members, who are directly appointed by the Mayor and confirmed by the City Council. Subject to the approval of the City Council, the Port Authority may issue bonds for public improvements and land development. The Port Authority's debt is expected to be paid entirely or almost entirely with the City's resources. The Port Authority's principal activities are economic and industrial development within the City and financing building activity for the City. Separate financial statements are not issued for this component unit.

Excluded

The Housing and Redevelopment Authority (HRA) was created pursuant to Chapter 487 of the Minnesota Session Laws of 1947. The HRA was created by the City to carry out housing and redevelopment projects and its governing board appointed by the City Council. The HRA is a related organization; however, the City is not financially accountable for the HRA.

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.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

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 and sales 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The *General 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 accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Revolving MSA fund* accounts for municipal state construction aid for various capital projects.

The *2020 Construction fund* accounts for street construction projects associated with the 2020 improvements program.

The *2022 Construction fund* accounts for street construction projects associated with the 2022 improvements program.

The *Caswell Indoor Recreation Project fund* accounts for the improvements to the Caswell indoor recreation sporting complex.

The *Caswell Softball Complex fund* accounts for the improvements to the Caswell softball sporting complex.

The City reports the following major proprietary funds:

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

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

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

The *Hotel fund* accounts for the costs associated with the improvements of the hotel by the City's port authority.

Additionally, the City reports the following fund types:

Fiduciary Funds

Custodial funds 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. This fund is used to account for assets that the government holds for others in an agency capacity. Agency activities include the following: Minnesota River Valley Task Force, Tactical Response Team and Miss Fun Day activities.

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

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule charges between the City's water, sewer and sanitation collection functions 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds 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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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. 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 statements 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 from such investments are allocated on the basis of applicable participation by each of the funds.

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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

- *Custodial Credit Risk* - For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the government would not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2022 all investments were insured or registered, or securities were held by the City or its agent in the City's name.
- *Credit Risk* - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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 58 of the notes.
- *Concentration Risk* - The City's investment policy does not address concentration with a particular broker. Investment instruments are varied to prevent concentration in any one investment type.
- *Interest Rate Risk* - 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.

The broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool 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, 2022:

- Mutual funds of \$8,700, municipal bonds of \$778,768 and U.S. government securities of \$5,400,368 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$937,706 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The City 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. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

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

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 2022. All trade receivables are shown net of an allowance for uncollectible accounts. The City has no allowance for uncollectible accounts, as the City is generally able to certify amounts not collected to the County for collection as special assessments.

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 annually certified to the County or received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Inventories and Prepaid Items

Inventories of materials and supplies are recorded at cost, which approximates market, using the first-in, first out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and are recorded as prepaid items. The City uses the consumption method to account for all prepaid items.

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 and component unit, 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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 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 items dating back to June 30, 1980. 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.

Land Improvements	\$ 25,000
Other Improvements	25,000
Buildings and Building Improvements	50,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	250,000
Other Assets	5,000

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

Assets	Years
Buildings and Improvements	50
System Improvements/Infrastructure	20 - 30
Machinery, Equipment and Vehicles	15

Land Held for Resale

Land held for resale is valued at cost which approximates fair value.

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

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation 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. The total amount accrued for compensated absences at December 31, 2022 is \$1,006,904. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 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 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, 2021. 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.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by North Mankato Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP, PEPFP, DCP and the North Mankato Firefighters Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total
	GERP	PEPFP	DCP		
Pension Expense	\$ 487,511	\$ 442,290	\$ 1,712	\$ 60,806	\$ 992,319

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statements of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental. 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. The City also has advances from other governments which are MSA dollars that are advanced on projects and earned in future years and deferred lease resources which are derived from lease amortization calculations.

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 Finance Director.

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 on the last day of each fiscal year equal to the following:

- 50 percent of property tax levy - budgeted in following year
- 50 percent of state aid revenues - local government aid and municipal state aid for roads; budgeted in following year

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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 balances 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 balances 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 and the Caswell Sports, Youth Football, Swim Facility, Caswell North, Culture and Recreation, Library Endowment, Local Option Sales Tax, Port Authority and the Joint Economic Development special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the Council for review and the proposed levy is adopted. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator. Transfers of appropriations between funds require the approval of the Council. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted, or as amended by the Council. All budget amendments were approved based on unanticipated expenditures and revenues encountered during the year.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2022 expenditures exceeded appropriations for the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 8,956,912	\$ 9,661,542	\$ 704,630
Special Revenue			
Caswell Sports	533,593	579,942	46,349
Youth Football	123,074	215,685	92,611
Swim Facility	486,637	558,927	72,290
Caswell North	52,647	59,824	7,177
Culture and Recreation	44,709	61,758	17,049
Library Endowment	53,250	78,000	24,750

These over expenditures were funded by an excess of actual revenues over budget, available fund balance and transfers from other funds.

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2022:

Fund	Amount
Major	
Capital Projects	
Revolving MSA	\$ 1,753,392
Caswell Softball Complex	34,369
Nonmajor	
Special Revenue	
Marigold TIF #8	373,874
Capital Projects	
Caswell North	221,405
2024 Construction	2,915
2025 Construction	11,189
Proprietary	
Solid Waste	53,646

The above deficits will be eliminated through future state aids, future tax increments, bond issuances, grants, donations, charges for services and transfers from other funds.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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 or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- 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 \$10,678,505, including \$46,144 reported in fiduciary funds, while the bank balance was \$11,800,088. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$1,990.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Investments

At the year-end, the City had in investments that are insured or registered, or securities held by the City or its agent in the City's name.

- **Credit Risk.** Ratings provided by various credit rating agencies where applicable indicate associated credit risk. The City's investments have ratings of AAA.
- **Interest Rate Risk.** Using the segmented time distribution method, the interest rate risk of these investments ranges from less than 6 months to more than 3 years.
- **Concentration of Credit Risk.** The City places no limit on the amount that may be invested in any one issuer. The City has not invested more than five percent in any one issuer.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
U.S. Government Money Market Accounts	N/A	less than 1 year	\$ 8,399			
4M Fund	N/A	1 to 5 years	6,742,601			
Non-pooled Investments at Fair Value						
Mutual Funds	N/A	less than 1 year	8,700	\$ 8,700	\$ -	\$ -
Municipal Bonds	AA-AA3	1 to 5 years	778,768	778,768	-	-
U.S. Government Securities	N/A	1 to 5 years	5,400,368	5,400,368	-	-
Negotiable Certificates of Deposit	N/A	less than 1 year	311,269	-	311,269	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	626,437	-	626,437	-
Total Investments			\$ 13,876,542	\$ 6,187,836	\$ 937,706	\$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

Cash and Investments Summary

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

	Primary Government	Fiduciary Funds	Total
Deposits	\$ 10,632,361	\$ 46,144	\$ 10,678,505
Investments	13,876,542	-	13,876,542
Cash on Hand	1,940	50	1,990
Total Cash and Temporary Investments	\$ 24,510,843	\$ 46,194	\$ 24,557,037

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

B. Notes and Mortgages Receivable

The Port Authority (Component Unit) has various low interest notes with local business through its Port Authority General fund, Federal Revolving Loan fund, Local Revolving Loan fund, and State Revolving Loan fund as well as a mortgage receivable through its Joint Economic Development fund. The revolving notes are to be repaid to the Port Authority in various monthly installments with interest at 2.50 percent to 4.50 percent. The balance on these notes at December 31, 2022 is \$571,381.

The Joint Economic Development fund has a note receivable from a resident for housing rehab due in monthly installments of \$359 at 5.25 percent interest. The balance on this note at December 31, 2022 is \$46,006.

The Sales Tax fund has a note receivable from WW Land Company LLC for financing a portion of construction costs on the Riverfront redevelopment project. The note is forgiven over 5 years. The balance on this note at December 31, 2022 is \$118,600.

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 4,858,405	\$ 25,000	\$ (25,000)	\$ 4,858,405
Construction in progress	5,626,878	7,195,368	(5,098,996)	7,723,250
Total Capital Assets not Being Depreciated	10,485,283	7,220,368	(5,123,996)	12,581,655
Capital Assets Being Depreciated				
Buildings and improvements	85,459,797	4,811,510	(5,931)	90,265,376
Machinery, equipment and vehicles	8,347,043	810,506	(194,009)	8,963,540
Total Capital Assets Being Depreciated	93,806,840	5,622,016	(199,940)	99,228,916
Less Accumulated Depreciation for				
Buildings and improvements	(45,038,993)	(2,571,766)	-	(47,610,759)
Machinery, equipment and vehicles	(5,532,874)	(419,241)	212,910	(5,739,205)
Total Accumulated Depreciation	(50,571,867)	(2,991,007)	212,910	(53,349,964)
Total Capital Assets Being Depreciated, Net	43,234,973	2,631,009	12,970	45,878,952
Governmental Activities Capital Assets, Net	<u>\$ 53,720,256</u>	<u>\$ 9,851,377</u>	<u>\$ (5,111,026)</u>	<u>\$ 58,460,607</u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 1,697,531	\$ -	\$ -	\$ 1,697,531
Construction in progress	2,717,096	3,091,516	(2,744,376)	3,064,236
Total Capital Assets not Being Depreciated	<u>4,414,627</u>	<u>3,091,516</u>	<u>(2,744,376)</u>	<u>4,761,767</u>
Capital Assets Being Depreciated				
Buildings and improvements	44,549,476	2,737,491	(9,906)	47,277,061
Machinery, equipment and vehicles	2,672,999	115,421	-	2,788,420
Total Capital Assets Being Depreciated	<u>47,222,475</u>	<u>2,852,912</u>	<u>(9,906)</u>	<u>50,065,481</u>
Less Accumulated Depreciation for				
Buildings and improvements	(16,560,460)	(1,086,225)	9,906	(17,636,779)
Machinery, equipment and vehicles	(1,730,175)	(183,745)	-	(1,913,920)
Total Accumulated Depreciation	<u>(18,290,635)</u>	<u>(1,269,970)</u>	<u>9,906</u>	<u>(19,550,699)</u>
Total Capital Assets Being Depreciated, Net	<u>28,931,840</u>	<u>1,582,942</u>	<u>-</u>	<u>30,514,782</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 33,346,467</u></u>	<u><u>\$ 4,674,458</u></u>	<u><u>\$ (2,744,376)</u></u>	<u><u>\$ 35,276,549</u></u>

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

Governmental Activities	
General government	\$ 64,030
Public safety	186,889
Public works, including depreciation of general infrastructure assets	2,079,034
Culture and recreation	<u>661,054</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,991,007</u></u>
Business-type Activities	
Water utility	\$ 518,585
Sewer utility	462,903
Recycling	38,759
Storm water	119,128
Solid waste	42,279
Hotel	<u>88,316</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 1,269,970</u></u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has active construction projects as of December 31, 2022. The projects include street construction, new developments, utility rehabs and culture and recreation facility upgrades. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Swim Facility	\$ 2,571,467	\$ 2,922
Belgrade Alley Improvements	69,858	14,969
Lor Ray Drive Street and Utility Improvements	3,260,137	301,601
McKinley Avenue Improvements	1,336,102	43,875
Caswell Park Improvements	2,215,711	214,976
Filter Rehab Water Plant 2	325,263	292,737
Caswell Shelter	153,521	117,879
2022 Street and Pavement Improvements	360,505	42,568
Total	<u>\$ 10,292,564</u>	<u>\$ 1,031,527</u>

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

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2022 is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	<u>\$ 245,515</u>

The above balances are related to temporary deficit cash balances.

Advances to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 510,138
	Storm Water enterprise	120,000
Water Utility enterprise	Debt Service	108,300
Sewer Utility enterprise	Debt Service	35,300
Total		<u>\$ 773,738</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include temporary loans made to other funds caused by the timing of bond sales, capital loans and special assessment collections in the subsequent year.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following transfers were made for the year ended December 31, 2022:

Fund	Transfer in									Total
	General	Debt Service	2022 Construction	Caswell Softball Complex	Nonmajor Governmental	Water Utility Enterprise	Sewer Utility Enterprise	Storm Water Enterprise	Nonmajor Proprietary	
Transfer out										
General	\$ -	\$ -	\$ -	\$ -	\$ 432,391	\$ -	\$ -	\$ 65,000	\$ -	\$ 497,391
Debt Service	-	-	-	-	-	-	-	-	40,000	40,000
Revolving MSA	211,344	257,300	361,165	-	18,835	-	-	-	-	848,644
2020 Construction	-	10,749	-	-	-	-	-	-	-	10,749
Nonmajor governmental	-	917,166	-	728,375	-	-	-	-	-	1,645,541
Water Utility enterprise	107,000	-	-	-	130,000	-	-	-	-	237,000
Sewer Utility enterprise	130,000	-	-	-	75,000	-	-	-	-	205,000
Storm Water enterprise	95,813	-	-	-	41,500	10,968	25,683	-	-	173,964
Nonmajor proprietary	45,000	-	-	-	-	-	-	-	-	45,000
Total	\$ 589,157	\$ 1,185,215	\$ 361,165	\$ 728,375	\$ 697,726	\$ 10,968	\$ 25,683	\$ 65,000	\$ 40,000	\$ 3,703,289

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 general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. The following significant one time transfers were made during 2022:

- \$293,750 to the General fund from the Water Utility fund (\$107,000), the Sewer Utility fund (\$130,000), the Storm Water fund (\$11,750) and the Solid Waste fund (nonmajor enterprise fund) (\$45,000) for franchise fees.
- \$84,063 to the General fund, \$10,968 to the Water Utility fund and \$25,683 to the Sewer Utility fund from the Storm Water fund (\$120,714) for previously incurred FEMA costs.
- \$211,344 to the General fund from the Revolving MSA fund for street maintenance.
- \$361,165 to the 2022 Construction fund and \$18,865 to the 2023 Construction fund from the Revolving MSA fund for project costs.
- \$77,000 to the Caswell Sports fund, \$13,191 to the Swim Facility fund, \$7,543 to the Caswell North fund and \$19,657 to the Culture and Recreation fund (nonmajor governmental funds) from the General fund to cover a shortfall in operating revenues..
- \$728,375 to the Caswell Softball Complex fund from the Local Option Sales Tax fund for the City's matching portion of the capital project.
- \$244,466 from the 2019 Construction fund and \$10,749 from the 2020 Construction fund to the Debt Service fund to close the funds upon completion of the associated capital projects.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

E. Leases Receivable

The City leases various tower sites to companies. These agreements contain various renewal and extension options. The latest maturity date is projected to be in 2043, however, the Utilities anticipates new or revised leasing arrangements to occur in the future.

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

Description	Issue Date	Discount Rate	Current Year Inflow of Resources	Balance at Year End
West Central Sanitation	12/01/15	0.426 %	\$ 30,000	\$ 114,507
Verizon Water Tower	06/01/16	1.338	20,658	314,604
Hotel Lease	12/15/20	0.238	37,500	37,500
Total				<u>\$ 466,611</u>

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 governmental and business-type 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 special assessments related 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:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental					
G.O. Tax Abatement Bonds of 2015A	\$ 580,000	0.85 - 3.10 %	09/01/15	12/01/30	\$ 335,000
G.O. Bonds of 2016A	465,000	1.00 - 1.80	08/15/16	02/01/26	220,000
G.O. Tax Abatement Bonds of 2018A	4,200,000	3.00 - 3.375	12/20/18	02/01/34	3,520,000
G.O. Equipment Bonds of 2019A	265,000	2.00	10/30/19	02/01/29	210,000
G.O. Refunding Bonds 2020A	2,410,000	2.00	03/24/20	02/01/34	2,095,000
G.O. Refunding Bonds of 2021C	470,000	4.00	12/01/21	12/01/29	420,000
Total G.O. Bonds - Governmental					<u>6,800,000</u>
Business-type					
Taxable G.O. Bonds of 2021B	4,500,000	2.00 - 2.75	12/01/21	12/01/43	<u>4,500,000</u>
Total General Obligation Bonds					<u>\$ 11,300,000</u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31	General Obligation Bonds Governmental Activities			General Obligation Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 585,000	\$ 177,384	\$ 762,384	\$ -	\$ 103,223	\$ 103,223
2024	600,000	162,059	762,059	185,000	101,373	286,373
2025	610,000	146,249	756,249	185,000	97,673	282,673
2026	620,000	130,014	750,014	190,000	93,922	283,922
2027	585,000	113,864	698,864	195,000	90,072	285,072
2028 - 2032	2,745,000	330,923	3,075,923	1,030,000	389,912	1,419,912
2033 - 2037	1,055,000	30,255	1,085,255	1,150,000	274,872	1,424,872
2038 - 2042	-	-	-	1,285,000	125,084	1,410,084
2043	-	-	-	280,000	3,850	283,850
Total	<u>\$ 6,800,000</u>	<u>\$ 1,090,748</u>	<u>\$ 7,890,748</u>	<u>\$ 4,500,000</u>	<u>\$ 1,279,981</u>	<u>\$ 5,779,981</u>

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 related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Taxable G.O. Tax Increment Bonds of 2010D	\$ 810,000	2.85 - 6.25 %	12/30/10	02/01/37	\$ 210,000
Taxable G.O. Tax Increment Revenue Bonds of 2011B	455,000	3.00 - 5.00	12/01/11	02/01/35	340,000
Taxable G.O. Tax Increment Revenue Bonds of 2021A	425,000	2.00 - 4.00	08/17/21	02/01/37	<u>425,000</u>
Total G.O. Tax Increment Bonds					<u>\$ 975,000</u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

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
2023	\$ 135,000	\$ 36,130	\$ 171,130
2024	150,000	29,415	179,415
2025	45,000	24,910	69,910
2026	45,000	23,010	68,010
2027	45,000	21,090	66,090
2028 - 2032	280,000	72,045	352,045
2033 - 2037	275,000	17,050	292,050
Total	<u>\$ 975,000</u>	<u>\$ 223,650</u>	<u>\$ 1,198,650</u>

G.O. Special Assessment (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. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental					
G.O. Improvement Bonds of 2015A	\$ 1,480,000	0.85 - 3.10 %	09/01/15	12/01/30	\$ 1,045,000
G.O. Crossover Refunding Bonds of 2015B	2,390,000	2.75 - 3.00	09/21/15	12/01/28	505,000
G.O. Improvement Bonds of 2016A	1,335,000	1.00 - 2.45	08/15/16	02/01/32	640,000
G.O. Improvement Bonds of 2018A	470,000	3.00 - 3.375	12/20/18	02/01/34	400,000
G.O. Improvement Bonds of 2019A	1,530,000	2.00	10/30/19	02/01/34	1,240,000
G.O. Improvement Bonds of 2020B	3,400,000	1.00 - 2.00	09/08/20	02/01/36	3,200,000
G.O. Improvement Bonds of 2021A	1,780,000	2.00 - 4.00	08/17/21	02/01/37	1,780,000
G.O. Refunding Bonds of 2021C	990,000	4.00	12/01/21	12/01/27	830,000
G.O. Improvement Bonds of 2022A	3,925,000	3.00 - 5.00	08/16/22	02/01/38	3,925,000
Total G.O. Special Assessments Bonds - Governmental					<u>13,565,000</u>
Business-type					
G.O. Crossover Refunding Bonds of 2012A	935,000	1.00 - 2.70	04/01/12	02/01/25	<u>300,000</u>
Total G.O. Special Assessments Bonds					<u><u>\$ 13,865,000</u></u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for general obligation special assessment bonds are as follows:

Year Ending December 31	G.O. Special Assessment Bonds Governmental Activities			G.O. Special Assessment Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 960,000	\$ 360,328	\$ 1,320,328	\$ 95,000	\$ 6,522	\$ 101,522
2024	1,140,000	338,969	1,478,969	100,000	4,085	104,085
2025	1,000,000	304,711	1,304,711	105,000	1,418	106,418
2026	1,040,000	272,374	1,312,374	-	-	-
2027	1,060,000	238,274	1,298,274	-	-	-
2028 - 2032	4,520,000	748,462	5,268,462	-	-	-
2033 - 2037	3,505,000	251,918	3,756,918	-	-	-
2038	340,000	5,780	345,780	-	-	-
Total	<u>\$ 13,565,000</u>	<u>\$ 2,520,816</u>	<u>\$ 16,085,816</u>	<u>\$ 300,000</u>	<u>\$ 12,025</u>	<u>\$ 312,025</u>

G.O. Revenue Bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Business-type					
G.O. Utility Revenue Bonds of 2009B	\$ 690,000	3.00 - 4.00 %	05/12/09	12/01/24	\$ 120,000
G.O. Crossover Refunding Bonds of 2015B	3,180,000	2.00 - 3.00	09/21/15	12/01/28	1,150,000
Public Facilities Authority Loan of 2015C	1,631,793	1.00	01/09/15	08/20/34	1,066,000
Public Facilities Authority Loan of 2016B	26,273	1.00	03/21/16	08/20/34	20,200
G.O. Bonds of 2016A	420,000	1.00 - 1.80	08/15/16	02/01/26	295,000
G.O. Bonds of 2019A	1,270,000	2.00	10/30/19	02/01/34	1,030,000
G.O. Refunding Bonds of 2021C	900,000	4.00	12/01/21	12/01/29	775,000
Total G.O. Revenue Bonds - Business-type					<u>4,456,200</u>
Governmental					
G.O. Sales Tax Revenue Bonds of 2009C	2,560,000	2.00 - 4.00	05/12/09	12/01/24	440,000
G.O. Sales Tax Revenue Bonds of 2010B	750,000	1.00 - 4.00	12/30/10	12/01/25	180,000
G.O. Sales Tax Revenue Bonds of 2021A	9,150,000	1.00 - 4.00	08/17/21	02/01/39	9,150,000
Total G.O. Revenue Bonds - Governmental					<u>9,770,000</u>
Total G.O. Revenue Bonds					<u>\$ 14,226,200</u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

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

Year Ending December 31	G.O. Revenue Bonds Governmental Activities			G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 430,000	\$ 260,300	\$ 690,300	\$ 550,300	\$ 98,850	\$ 649,150
2024	485,000	242,500	727,500	561,300	85,084	646,384
2025	270,000	222,900	492,900	477,500	70,959	548,459
2026	270,000	210,900	480,900	488,500	59,909	548,409
2027	300,000	199,500	499,500	508,700	48,349	557,049
2028 - 2032	2,565,000	743,750	3,308,750	1,489,100	93,279	1,582,379
2033 - 2037	3,605,000	372,650	3,977,650	380,800	6,665	387,465
2038	1,845,000	37,550	1,882,550	-	-	-
Total	<u>\$ 9,770,000</u>	<u>\$ 2,290,050</u>	<u>\$ 12,060,050</u>	<u>\$ 4,456,200</u>	<u>\$ 463,095</u>	<u>\$ 4,919,295</u>

The G.O. revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water Utility, Sewer Utility, Recycling, Storm Water and Solid Waste 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 Utility	Sewer Utility	Recycling	Storm Water	Hotel	Solid Waste
Revenue	\$ 2,159,797	\$ 2,549,389	\$ 569,808	\$ 474,277	\$ 610,000	\$ 837,274
Principal and Interest	342,345	224,466	103,803	113,020	66,522	19,224
Percent of Revenue	15.9 %	8.8 %	18.2 %	23.8 %	10.9 %	2.3 %

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 7,365,000	\$ -	\$ (565,000)	\$ 6,800,000	\$ 585,000
General obligation tax increment bonds	1,150,000	-	(175,000)	975,000	135,000
General obligation special assessment bonds	10,755,000	3,925,000	(1,115,000)	13,565,000	960,000
General obligation revenue bonds	10,030,000	-	(260,000)	9,770,000	430,000
Bond discounts	(943)	-	234	(709)	-
Bond premiums	1,409,062	192,191	(119,924)	1,481,329	-
Total Bonds Payable	30,708,119	4,117,191	(2,234,690)	32,590,620	2,110,000
Compensated Absences Payable	772,531	545,534	(501,696)	816,369	360,756
Governmental Activity Long-term Liabilities	<u>\$ 31,480,650</u>	<u>\$ 4,662,725</u>	<u>\$ (2,736,386)</u>	<u>\$ 33,406,989</u>	<u>\$ 2,470,756</u>
Business-type Activities					
Bonds Payable					
General obligation bonds	\$ 4,500,000	\$ -	\$ -	\$ 4,500,000	\$ -
General obligation revenue bonds	5,040,340	-	(584,140)	4,456,200	550,300
General obligation special assessment bonds	395,000	-	(95,000)	300,000	95,000
Bond discounts	(4,148)	-	1,594	(2,554)	-
Bond premiums	201,805	-	(26,018)	175,787	-
Total Bonds Payable	10,132,997	-	(703,564)	9,429,433	645,300
Compensated Absences Payable	161,397	184,561	(155,423)	190,535	92,748
Business-type Activity Long-term Liabilities	<u>\$ 10,294,394</u>	<u>\$ 184,561</u>	<u>\$ (858,987)</u>	<u>\$ 9,619,968</u>	<u>\$ 738,048</u>

Conduit Debt Obligations

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. At December 31, 2022, the bonds have an aggregate outstanding principal amount payable of \$25,141,118.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 3: Detailed Notes on All Funds (Continued)

G. Components of Fund Balance

At December 31, 2022, 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	Revolving MSA	2020 Construction	2022 Construction	Caswell Indoor Rec Project	Caswell Softball Complex	Other Governmental Funds	Total
Nonspendable									
Advances to other funds	\$ 630,138	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 630,138
Prepaid items	5,990	-	-	-	-	-	-	-	5,990
Total Nonspendable	\$ 636,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 636,128
Restricted									
Debt service	\$ -	\$ 2,080,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,080,366
Charitable gambling	-	-	-	-	-	-	-	109,382	109,382
Library programs	-	-	-	-	-	-	-	38,582	38,582
Park development	-	-	-	-	-	-	-	5,866	5,866
Economic development	-	-	-	-	-	-	-	2,182,119	2,182,119
Tax increment financing	-	-	-	-	-	-	-	128,317	128,317
Park improvements	-	-	-	-	-	-	-	478,893	478,893
Capital improvements	-	-	-	-	81,863	6,363,666	-	1,099,060	7,544,589
Total Restricted	\$ -	\$ 2,080,366	\$ -	\$ -	\$ 81,863	\$ 6,363,666	\$ -	\$ 4,042,219	\$ 12,568,114
Committed									
Caswell sports	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,306	\$ 41,306
Port authority	-	-	-	-	-	-	-	170,282	170,282
Economic development	-	-	-	-	-	-	-	1,146,981	1,146,981
Youth football	-	-	-	-	-	-	-	48,427	48,427
Capital improvements	-	-	-	-	-	-	-	133,174	133,174
Total Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,540,170	\$ 1,540,170
Unassigned	\$ 4,300,091	\$ -	\$ (1,753,392)	\$ -	\$ -	\$ -	\$ (34,369)	\$ (609,383)	\$ 1,902,947

Note 4: Defined Benefit Pension Plan - 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 4: Defined Benefit Pension Plan – Statewide (Continued)

Public Employees Police and Fire Plan

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

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employee Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent 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. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. 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.

Police and Fire Plan Benefits

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

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

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2022, 2021 and 2020 were \$ 220,697, \$213,385 and \$213,955, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Police and Fire Contributions

Police and Fire members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2022, 2021 and 2020 were \$252,033, \$230,105 and \$233,114, 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, 2022, the City reported a liability of \$3,112,573 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 \$91,134. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0393 percent which was a 0.0011 percent increase from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 3,112,573
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>91,134</u>
Total	<u><u>\$ 3,203,707</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$473,894 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$13,617 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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

At December 31, 2022, 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	\$ 25,999	\$ 32,274
Changes in Actuarial Assumptions	685,311	12,112
Net Difference Between Projected and Actual Earnings on Plan Investments	82,032	-
Changes in Proportion	61,950	-
Contributions Paid to PERA Subsequent to the Measurement Date	119,103	-
	<u>\$ 974,395</u>	<u>\$ 44,386</u>
Total		

The \$119,103 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 322,101
2024	295,413
2025	(88,095)
2026	281,487

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$4,947,775 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1137 percent which was a 0.0073 percent increase from its proportion measured as of June 30, 2021.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2022, the City recognized pension expense of \$400,352 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$41,938 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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

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 state aid. The City recognized \$10,233 for the year ended December 31, 2022 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, 2022, the City reported its proportionate share of the 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	\$ 295,589	\$ 5,653
Changes in Actuarial Assumptions	2,861,721	46,613
Net Difference Between Projected and Actual Earnings on Plan Investments	147,801	-
Changes in Proportion	75,675	84,511
Contributions Paid to PERA Subsequent to the Measurement Date	140,193	-
	<u>\$ 3,520,979</u>	<u>\$ 136,777</u>
Total		

The \$140,193 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 632,090
2024	632,766
2025	556,388
2026	1,011,100
2027	411,665

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	33.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	25.0	0.75
International Stocks	16.5	5.30
	<u>100.0 %</u>	
Total		

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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

F. Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

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

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

Actuarial assumptions used in the June 30, 2022 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 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2022 was 6.50 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 was 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.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

H. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 4,916,472	\$ 3,112,573	\$ 1,633,097
	1 Percent Decrease (4.40%)	Current (5.40%)	1 Percent Increase (6.40%)
Police and Fire Fund	7,487,823	4,947,775	2,894,298

I. Pension Plan Fiduciary Net Position

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

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

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

Four council members, and one mayor, of the City of North Mankato are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,712	\$ 1,712	5.00%	5.00%	5.00%

The City and council member's contributions to the DCP plan for the years ending December 31, 2022, 2021 and 2020 were \$1,712, \$1,705 and \$1,300, respectively.

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the North Mankato Fire Department (the Department) are covered by a defined benefit plan administered by the North Mankato Fire Department Relief Association (the Association). As of December 31, 2022, the plan covered 34 active firefighters and 17 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 5 years of service, shall be equal to 40 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 5 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$88,690 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2022, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2022 were \$88,690. The City made no voluntary contributions to the plan. The firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2022, the City reported a negative net pension asset of \$940,543 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2022. The total pension asset used to calculate the net pension (asset) liability in accordance with GASB 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2022. The following table presents the changes in net pension asset during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2022	\$ 2,355,714	\$ 3,147,048	\$ (791,334)
Changes for the Year			
Service cost	70,491	-	70,491
Interest on pension liability (asset)	127,376	-	127,376
Plan changes	170,446	-	170,446
Projected investment return	-	14,031	(14,031)
Contributions (employer)	-	82,987	(82,987)
Nonemployer contributions	-	167,553	(167,553)
(Gain)/loss	-	261,104	(261,104)
Administrative expenses	-	(8,153)	8,153
Total Net Changes	<u>368,313</u>	<u>517,522</u>	<u>(149,209)</u>
Ending Balance December 31, 2022	<u>\$ 2,724,027</u>	<u>\$ 3,664,570</u>	<u>\$ (940,543)</u>

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

For the year ended December 31, 2022 the City recognized pension expense of \$60,806.

At December 31, 2022 the City reported balances related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 10,527
Changes in Actuarial Assumptions	2,106	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	391,313
Contributions to Plan Subsequent to the Measurement Date	88,690	-
	<u>\$ 90,796</u>	<u>\$ 401,840</u>
Total		

Deferred outflows of resources totaling \$88,690 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2023	\$ (103,837)
2024	(153,769)
2025	(89,908)
2026	(52,220)

E. Actuarial Assumptions

The total pension liability at December 31, 2022 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 50 percent of age 50, 20 percent at ages 51-55, and 100 percent at age 56	
Discount Rate	5.25%
Inflation Rate	N/A
Investment Rate of Return	5.25%
20 Year Municipal Bond Yield	N/A

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities	62.0 %	7.1 %
Fixed Income	35.0	2.6
Cash and Equivalents	<u>3.0</u>	1.8
Total	<u><u>100.0 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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 net pension (asset) liability for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (4.25%)</u>	<u>Current (5.25%)</u>	<u>1 Percent Increase (6.25%)</u>
Defined Benefit Plan	\$ (900,567)	\$ (940,543)	\$ (979,292)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the North Mankato Firefighters Relief Association, 1001 Belgrade Avenue, North Mankato, MN 56003.

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health 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 three-year bargaining period. The Retiree Health Plan does not issue a publicly available financial report and is not administered through a trust or equivalent arrangement and thus there are no assets accumulated in a GASB-compliant trust.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Postemployment Benefits Other Than Pensions (Continued)

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3
Active Plan Members	57
	<hr/>
Total Plan Members	60
	<hr/> <hr/>

B. Funding Policy

Contribution requirements also are negotiated between the City and union representatives. The City contributes none of the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended December 31, 2022, the City's average contribution rate was 20.33 percent of covered-employee payroll. For fiscal year 2022, the City directly contributed \$0 to the Plan, while implicit contributions totaled \$35,289.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$772,487 was measured as of December 31, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2021.

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

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	N/A
Medical Trend Rate	6.25% in 2022 grading to 5.00% over 6 years

The discount rate used to measure the total OPEB liability was 2.00 percent. Since the plan is not funded, the discount rate was developed by estimating the long-term investment yield on the employer funds that will be used to pay benefits as they come due. The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds.

Mortality rates were based on the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (general, safety) with MP-2020 Generational Improvement Scale.

Salary increases were based on the long-term inflation assumption plus any additional wage increase assumption in excess of inflation. The additional wage assumption is based on a review of increases in the taxable wage base compared to inflation. Any additional information on expected salary increases provided by the client is also reflected in the assumption.

The actuarial assumptions used in the December 31, 2022 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.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Postemployment Benefits Other Than Pensions (Continued)

D. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at December 31, 2021	<u>\$ 738,304</u>
Changes for the Year	
Service cost	53,978
Interest	15,494
Benefit payments	<u>(35,289)</u>
Net Changes	<u>34,183</u>
Balances at December 31, 2022	<u><u>\$ 772,487</u></u>

Since the prior measurement date, the following assumption changes were made:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Mortality Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The retirement and withdrawal rates for non-safety personnel were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.80% to 2.00%.

Since the prior measurement date, there were no benefit changes.

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 one percentage point lower (1.00 percent) or one percentage-point higher (3.00 percent) than the current discount rate:

<u>1 Percent Decrease (1.0%)</u>	<u>Current (2.0%)</u>	<u>1 Percent Increase (3.0%)</u>
\$ 823,135	\$ 772,487	\$ 724,396

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 7: Postemployment Benefits Other Than Pensions (Continued)

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 one percentage point lower (5.50 percent decreasing to 4.00 percent) or one percentage-point higher (7.50 percent increasing to 6.00 percent) than the current cost trend rate:

1 Percent Decrease (5.25% Decreasing to 5.0% then 4.0%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.0% then 4.0%)	1 Percent Increase (7.25% Decreasing to 6.0% then 5.0%)
\$ 695,314	\$ 772,487	\$ 861,239

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$56,715. At December 31, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 143,734	\$ 193,379
Changes in Actuarial Assumptions	32,817	13,369
Contributions to OPEB Subsequent to the Measurement Date	29,518	-
Total	<u>\$ 206,069</u>	<u>\$ 206,748</u>

Amounts reported as deferred outflows of resources totaling \$29,518 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2023	\$ 11,342
2024	11,342
2025	11,342
2026	(32,113)
2027	(32,110)

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 8: 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. There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the prior three 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.

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

C Joint Ventures

Joint Economic Development Fund

During 1990, the Port Authority (Component Unit) and Frost-Benco-Wells Electric initiated a joint venture whereby each entity contributed \$125,000. The purpose of the joint venture is to purchase and develop an industrial park area in the Frost-Benco-Wells service area and to facilitate economic development. The land purchase of \$349,990 as well as the activities of this joint venture are accounted for in the Port Authority Joint Economic Development fund. Each entity will make future contributions to the joint venture as needed. Since 1990, the participating entities have not had to contribute additional funds. No separate financial statements are issued for this joint venture.

Flood Protection Facilities

Flood protection facilities have been constructed to provide flood protection to the cities of Mankato and North Mankato. All costs associated with all labor, materials, equipment and other items necessary to perform the work will be distributed on the basis of contributing stormwater flow from drainage area acres per City within the total drainage district. The City of Mankato maintains all records and submits to the City of North Mankato an invoice each year for their pro-rated share of costs incurred. This agreement will continue as long as the flood protection facilities are deemed necessary by the parties involved.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 8: Other Information (Continued)

All Seasons Arena

Since 1979 the All Seasons Arena owned by the cities of Mankato, North Mankato, Skyline and Blue Earth County, has been operated by the Mankato Area Public Schools Community Education and Recreation Department. The governmental units designated as owners provide \$40,000 in operating funds per operating year. The agreement is for a three year period and renewed by mutual agreement. The City of North Mankato has a 21.8 percent share of the facility. An asset has not been recorded by the City as this amount is considered immaterial to the financial statements as a whole.

D. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2022 was \$1,973,070. This accounted for 21.1 percent of General fund revenues.

Note 9: Tax Increments

As of December 31, 2022, the City has five agreements entered into by the City listed below that abates City property taxes. Below is information specific to the agreement:

The City entered into a tax increment financing agreement (D&K Powder Coating) on September 15, 2014 with a developer in which the developer incurred costs to promote an expansion project. 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 housing development. The pay-as-you-go agreement has a maximum return to the developer of \$490,265 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.048-469.068, 469.174-469.179) and has a maximum duration to December 31, 2025. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (Birchwood Cottages) on September 18, 2017 with a developer in which the developer incurred costs to promote the construction of an assisted living facility project. 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 housing development. The pay-as-you-go agreement has a maximum return to the developer of \$486,480 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.048-469.068, 469.174-469.179) and has a maximum duration to December 31, 2026. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (Blue Star Power Systems) on September 18, 2017 with a developer in which the developer incurred costs to promote the construction of a manufacturing facility. 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 housing development. The pay-as-you-go agreement has a maximum return to the developer of \$1,941,500 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.048-469.068, 469.174-469.179) and has a maximum duration to December 31, 2028. The calculation of taxes abated during the fiscal year is noted in the chart below.

City of North Mankato, Minnesota
Notes to the Financial Statements
December 31, 2022

Note 9: Tax Increments (Continued)

Lost revenue as it relates to tax abatements for the year ended December 31, 2022 was as follows:

	City Tax Rate (Year of Establishment)	Captured Tax Capacity	Amount of Taxes Abated in the Fiscal Year
Tax Increment Districts (PAYGO)			
TIF District 23 (D&K Powder Coating)	54.566 %	\$ 54,008	\$ 2,947,001
TIF District 24 (Birchwood Cottages)	52.485 %	35,388	1,857,339
TIF District 25 (Blue Star Power Systems)	52.485 %	165,274	<u>8,674,406</u>
Total			<u>\$ 13,478,746</u>

Note 10: Change in Accounting Principle

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had no effect on the beginning net position of the City.

Note 11: Prior Period Adjustment

For the year end December 31, 2022, a prior period adjustment was needed to correctly state accumulated depreciation amounts and to write off a FEMA receivable. As a result of the adjustment of beginning balances, the following schedule reconciles the previously reported December 31, 2021 balances to the January 1, 2022 financial statement balances:

Opinion Unit	Net Position/ Fund Balance December 31, 2021 as Previously Reported	Prior Period Adjustment	Net Position/ Fund Balance January 1, 2022 as Restated
Governmental Activities	\$ 41,959,148	\$ 29,985 (1)	\$ 41,989,133
Business-type Activities	28,288,622	(166,312) (1)	28,122,310
Water Utility	12,145,583	34,499 (1)	12,180,082
Sewer Utility	11,032,691	(232,124) (1)	10,800,567
Storm Water Utility	3,861,095	31,313 (1)	3,892,408
General	5,407,589	(255,036) (2)	5,152,553

(1) To correctly state accumulated depreciation amounts.

(2) To write off a FEMA receivable.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of North Mankato, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2022

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
06/30/22	0.0393 %	\$ 3,112,573	\$ 91,134	\$ 3,203,707	\$ 2,943,087	105.8 %	76.7 %
06/30/21	0.0382	1,631,311	49,733	1,681,044	2,748,448	59.4	87.0
06/30/20	0.0376	2,254,292	69,587	2,323,879	2,680,937	84.1	79.0
06/30/19	0.0357	1,973,773	61,331	2,035,104	2,525,330	78.2	80.2
06/30/18	0.0358	1,986,037	65,191	2,051,228	2,405,037	82.6	79.5
06/30/17	0.0365	2,330,136	29,282	2,359,418	2,350,028	99.2	75.9
06/30/16	0.0372	3,020,455	39,358	3,059,813	2,305,660	131.0	68.9
06/30/15	0.0408	2,114,468	-	2,114,468	2,356,493	89.7	78.2

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

Schedule of Employer's PERA contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 220,697	\$ 220,697	\$ -	\$ 2,942,631	7.5 %
12/31/21	213,385	213,385	-	2,845,129	7.5
12/31/20	213,955	213,955	-	2,852,738	7.5
12/31/19	196,917	196,917	-	2,625,556	7.5
12/31/18	181,765	181,765	-	2,423,530	7.5
12/31/17	179,048	179,048	-	2,387,312	7.5
12/31/16	172,739	172,739	-	2,303,184	7.5
12/31/15	177,855	177,855	-	2,371,413	7.5

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

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.1137 %	\$ 4,947,775	\$ 216,206	\$ 5,163,981	\$ 1,381,201	358.2 %	70.5 %
06/30/21	0.1064	821,295	36,929	858,224	1,257,519	65.3	93.7
06/30/20	0.1079	1,422,237	33,493	1,455,730	1,272,729	111.7	87.2
06/30/19	0.1167	1,242,389	-	1,242,389	1,231,803	100.9	89.3
06/30/18	0.1111	1,184,212	-	1,184,212	1,171,246	101.1	88.8
06/30/17	0.1090	1,471,630	-	1,471,630	1,121,348	131.2	85.4
06/30/16	0.1120	4,494,755	-	4,494,755	1,075,390	418.0	63.9
06/30/15	0.1110	1,261,220	-	1,261,220	985,519	128.0	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/22	\$ 252,033	\$ 252,033	\$ -	\$ 1,423,914	17.70 %
12/31/21	230,105	230,105	-	1,300,030	17.70
12/31/20	233,114	233,114	-	1,317,028	17.70
12/31/19	204,392	204,392	-	1,205,854	16.95
12/31/18	196,177	196,177	-	1,210,969	16.20
12/31/17	184,636	184,636	-	1,139,731	16.20
12/31/16	177,454	177,454	-	1,095,395	16.20
12/31/15	168,972	168,972	-	1,043,037	16.20

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

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

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

Changes in Actuarial Assumptions

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

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

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

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

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

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.

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

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

Changes in Plan Provisions

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

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

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

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

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

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

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

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

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2022 (Fire Relief Report Date 2021)	2021 (Fire Relief Report Date 2021)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability								
Service cost	\$ 70,491	\$ 66,164	\$ 64,550	\$ 56,868	\$ 47,555	\$ 48,198	\$ 50,078	\$ 48,857
Interest	127,376	112,060	104,699	100,672	85,369	94,381	91,749	94,339
Changes of benefit terms	170,446	153,133	-	-	140,807	-	-	-
Changes of assumptions	-	-	-	6,326	-	21,736	-	-
(Gain)/loss	-	(13,286)	-	(7,673)	-	3,895	-	-
Benefit payments, including refunds of employee contributions	-	(61,325)	-	-	(9,610)	(125,259)	(173,764)	-
Net Change in Total Pension Liability	368,313	256,746	169,249	156,193	264,121	42,951	(31,937)	143,196
Total Pension Liability - January 1	2,355,714	2,098,968	1,929,719	1,773,526	1,509,405	1,466,454	1,498,391	1,355,195
Total Pension Liability - December 31	\$ 2,724,027	\$ 2,355,714	\$ 2,098,968	\$ 1,929,719	\$ 1,773,526	\$ 1,509,405	\$ 1,466,454	\$ 1,498,391
Plan Fiduciary Net Position								
Contributions - employer	\$ 14,031	\$ 14,002	\$ 13,852	\$ 13,964	\$ 6,907	\$ 13,610	\$ 85,133	\$ 79,141
Contributions - nonemployer	82,987	81,410	75,242	72,616	71,343	71,719	-	-
Net investment income (loss)	167,553	147,582	121,660	(120,029)	262,567	122,823	(5,880)	112,364
Gain or loss	261,104	175,173	318,148	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	(61,325)	-	-	(9,610)	(125,259)	(173,764)	-
Administrative expense	(8,153)	(7,672)	(7,622)	(7,598)	(7,507)	(7,432)	(7,122)	(6,972)
Net Change in Plan Fiduciary Net Position	517,522	349,170	521,280	(41,047)	323,700	75,461	(101,633)	184,533
Plan Fiduciary Net Position - January 1	3,147,048	2,797,878	2,276,598	2,317,645	1,993,945	1,918,484	2,020,117	1,835,584
Plan Fiduciary Net Position - December 31 (b)	\$ 3,664,570	\$ 3,147,048	\$ 2,797,878	\$ 2,276,598	\$ 2,317,645	\$ 1,993,945	\$ 1,918,484	\$ 2,020,117
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (940,543)	\$ (791,334)	\$ (698,910)	\$ (346,879)	\$ (544,119)	\$ (484,540)	\$ (452,030)	\$ (521,726)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	134.53%	133.59%	133.30%	117.98%	130.68%	132.10%	130.82%	134.82%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/22	\$ 88,690	\$ 88,690	\$ -
12/31/21	82,987	82,987	-
12/31/20	79,410	79,410	-
12/31/19	75,242	75,242	-
12/31/18	72,616	72,616	-
12/31/17	72,469	86,283	(13,814)
12/31/16	72,425	86,035	(13,610)
12/31/15	68,907	82,427	(13,520)

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2022 - None.

2021 - None.

2020 - None.

2019 - The discount rate changed from 5.5 percent to 5.25 percent.

2018 - None.

2017 - The long-term rate of return changed from 6.5 percent to 5.5 percent. The discount rate changed from 6.5 percent to 5.5 percent. The increase rate on eligible deferred benefits changed from 4.0 percent to 5.0 percent.

2016 - None.

2015 - Amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. Amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. Amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

Notes to the Required Supplementary Information - Fire Relief Association (Continued)

Benefit Changes

2022 - None.

2021 - The benefit level increased from \$3,500 to \$4,000

2020 - None.

2019 - None.

2018 - The benefit level increased from \$3,000 to \$3,500.

2017 - None.

2016 - None.

2015 - The benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

City of North Mankato, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2022

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 53,978	\$ 52,406	\$ 44,422	\$ 43,128	\$ 35,551
Interest	15,494	36,159	34,693	19,156	18,266
Differences between expected and actual experience	-	(270,733)	-	335,382	-
Changes in assumptions	-	45,945	-	(31,201)	-
Benefit payments	(35,289)	(48,769)	(48,296)	(22,505)	(46,129)
Net Change in Total OPEB Liability	34,183	(184,992)	30,819	343,960	7,688
 Total OPEB Liability - Beginning	 738,304	 923,296	 892,477	 548,517	 540,829
 Total OPEB Liability - Ending	 <u>\$ 772,487</u>	 <u>\$ 738,304</u>	 <u>\$ 923,296</u>	 <u>\$ 892,477</u>	 <u>\$ 548,517</u>
 Covered Employee Payroll	 \$ 3,740,375	 \$ 3,631,432	 \$ 3,497,601	 \$ 3,395,729	 \$ 3,439,120
 City's Total OPEB Liability as a Percentage of Covered Employee Payroll	 20.7 %	 20.3 %	 26.4 %	 26.3 %	 15.9 %

Notes to the Required Supplementary Information - OPEB

Changes in Actuarial Assumptions

2022 - None.

2021 - The health care trend rates were changed to better anticipate short term and long term medical increases. The mortality tables were updated from the RP-2014 Mortality Tables (Blue Collar for Public Safety, White Collar for Others) with MP-2018 Generational Mortality Improvement Scale to the Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale. The retirement and withdrawal rates for non-safety personnel were updated. The inflation rate was changed from 2.50% to 2.00%. The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group. The discount rate was changed from 3.80% to 2.00%.

2020 - None.

2019 - The discount rate was changed from 3.30% to 3.80%.

2018 - The discount rate was changed from 3.50% to 3.30%.

Benefit Changes

2022 - None.

2021 - None.

2020 - None.

2019 - None.

2018 - None.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

City of North Mankato, Minnesota
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Assets			
Cash and temporary investments	\$ 2,770,244	\$ 1,361,216	\$ 4,131,460
Receivables			
Accounts	29,292	-	29,292
Notes	735,987	-	735,987
Intergovernmental	1,290	-	1,290
Prepaid items	6,840	-	6,840
Land held for resale	1,096,305	-	1,096,305
Total Assets	\$ 4,639,958	\$ 1,361,216	\$ 6,001,174
Liabilities			
Accounts payable	\$ 24,942	\$ 409	\$ 25,351
Contracts payable	-	128,573	128,573
Due to other funds	10,006	235,509	245,515
Due to other governments	105,880	-	105,880
Accrued wages payable	4,079	-	4,079
Unearned revenue	8,632	-	8,632
Advance from other funds	510,138	-	510,138
Total Liabilities	663,677	364,491	1,028,168
Fund Balances			
Restricted	2,943,159	1,099,060	4,042,219
Committed	1,406,996	133,174	1,540,170
Unassigned	(373,874)	(235,509)	(609,383)
Total Fund Balances	3,976,281	996,725	4,973,006
Total Liabilities and Fund Balances	\$ 4,639,958	\$ 1,361,216	\$ 6,001,174

City of North Mankato, Minnesota
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total
Revenues			
Taxes			
Property taxes	\$ 75,000	\$ -	\$ 75,000
Sales taxes	832,743	-	832,743
Tax increments	482,426	-	482,426
Hotel taxes	38,958	-	38,958
Other taxes	32,963	-	32,963
Charges for services			
Other	1,204,729	-	1,204,729
Investment earnings	24,121	8,369	32,490
Miscellaneous			
Contributions and donations	49,325	26,667	75,992
Refunds and reimbursements	-	1,250	1,250
Other	78,835	19,980	98,815
Total Revenues	<u>2,819,100</u>	<u>56,266</u>	<u>2,875,366</u>
Expenditures			
Current			
General government	26,530	-	26,530
Culture and recreation			
Parks	639,766	-	639,766
Pool	558,927	-	558,927
Library	78,000	-	78,000
Other	277,443	-	277,443
Housing and economic development	399,768	-	399,768
Capital outlay			
Public safety	-	191,384	191,384
Public works	-	394,720	394,720
Culture and recreation	-	355,764	355,764
Housing and economic development	-	25,550	25,550
Total Expenditures	<u>1,980,434</u>	<u>967,418</u>	<u>2,947,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>838,666</u>	<u>(911,152)</u>	<u>(72,486)</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	31,612	31,612
Transfers in	132,391	565,335	697,726
Transfers out	(1,401,075)	(244,466)	(1,645,541)
Total Other Financing Sources (Uses)	<u>(1,268,684)</u>	<u>352,481</u>	<u>(916,203)</u>
Net Change in Fund Balances	(430,018)	(558,671)	(988,689)
Fund Balances, January 1	<u>4,406,299</u>	<u>1,555,396</u>	<u>5,961,695</u>
Fund Balances, December 31	<u>\$ 3,976,281</u>	<u>\$ 996,725</u>	<u>\$ 4,973,006</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Caswell Sports fund: This fund accounts for the operations of the Caswell Park Softball Complex and the Caswell North Soccer Complex.

Youth Football fund: This fund accounts for contributions which will be used for youth football leagues.

Swim Facility fund: This fund accounts activities related to the swim facility.

Caswell North fund: This fund accounts activities related to Caswell North.

Culture and Recreation: This fund accounts activities related to culture and recreation initiatives.

Library Endowment fund: This fund accounts for contributions which will be used for library programs.

Community Development Block Grant (CDBG) fund: This fund accounts for the City grant program to assist the community.

Local Options Sales Tax fund: This fund accounts for the collection and dispersal of the local option sales tax imposed by the City. The tax is used to fund (1) the local share of the TH17/County State-Aid Highway 41 interchange project, (2) development of regional parks and hiking and biking trails, (3) expansion of the north Mankato Taylor Library, (4) riverfront redevelopment, and (5) lake improvement projects.

Park Development fund: This fund accounts for revenues from donations that are used to develop and improve the park system.

Port Authority fund: The purpose of this fund is to account for the development and redevelopment activity of the City of North Mankato which are not required legally or by sound financial management to be accounted for in another fund.

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

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

Joint Economic Development fund: The purpose of this fund is to account for the joint economic development activity of the City of North Mankato and Benco Electric.

Marigold TIF #8 fund: The purpose of this fund is to account for costs associated with the Marigold Tax Increment Project.

Webster Redevelopment TIF #14 fund: The purpose of this fund is to account for costs associated with the Webster Redevelopment Tax Increment Project.

Webster Avenue TIF #2 fund: The purpose of this fund is to account for costs associated with the Webster Avenue Tax Increment Project.

Ziegler Caterpillar TIF #20 fund: The purpose of this fund is to account for costs associated with the Ziegler Caterpillar.

422 Belgrade TIF #19 fund: The purpose of this fund is to account for costs associated with the 422 Belgrade Tax Increment Project.

Lindsay TIF #22 fund: The purpose of this fund is to account for costs associated with the Lindsay Tax Increment Project.

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NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

D & K Powder Coating TIF #23 fund: The purpose of this fund is to account for costs associated with the D & K Powder Coating Tax Increment Project.

Birchwood Cottages TIF #24 fund: The purpose of this fund is to account for costs associated with the Birchwood Cottages Tax Increment Project.

Blue Star Power Systems TIF #25 fund: The purpose of this fund is to account for costs associated with the Blue Star Power Systems Tax Increment Project.

Belgrade Development TIF #26 fund: The purpose of this fund is to account for costs associated with the Belgrade Development Tax Increment Project.

10 % Gambling fund: This fund accounts for receipts of 10% of gambling revenues generated within the City.

City of North Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2022

	201	202	203	204	205	213	215	221
	Caswell Sports	Youth Football	Swim Facility	Caswell North	Culture and Recreation	Library Endowment	Community Development Block Grant	Local Option Sales Tax
Assets								
Cash and temporary investments	\$ 53,117	\$ 56,502	\$ -	\$ 197	\$ 909	\$ 43,679	\$ 15,296	\$ 360,293
Receivables								
Accounts	1,794	4,500	-	500	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	118,600
Prepaid items	-	1,900	3,800	-	760	380	-	-
Land held for resale	-	-	-	-	-	-	-	-
Total Assets	\$ 54,911	\$ 62,902	\$ 3,800	\$ 697	\$ 1,669	\$ 44,059	\$ 15,296	\$ 478,893
Liabilities								
Accounts payable	\$ 3,523	\$ 13,247	\$ 482	\$ 266	\$ 1,387	\$ 5,477	\$ -	\$ -
Advance from other funds	-	-	-	-	-	-	-	-
Due to other funds	-	-	2,096	-	-	-	-	-
Due to other governments	-	-	529	-	5	-	-	-
Accrued wages payable	1,450	1,228	693	431	277	-	-	-
Unearned revenue	8,632	-	-	-	-	-	-	-
Total Liabilities	13,605	14,475	3,800	697	1,669	5,477	-	-
Fund Balances								
Restricted	-	-	-	-	-	38,582	15,296	478,893
Committed	41,306	48,427	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	41,306	48,427	-	-	-	38,582	15,296	478,893
Total Liabilities and Fund Balances	\$ 54,911	\$ 62,902	\$ 3,800	\$ 697	\$ 1,669	\$ 44,059	\$ 15,296	\$ 478,893

224	228	229	234	240	250	251	255
Park Development	Port Authority	Federal Revolving Loan	Local Revolving Loan	Joint Economic Development	Marigold TIF #8	Webster Redevelopment TIF #14	Webster Avenue TIF #2
\$ 5,866	\$ 170,282	\$ 1,452,519	\$ 132,275	\$ -	\$ 136,264	\$ 101,647	\$ 2,485
-	-	3,160	7,488	11,850	-	-	-
-	-	-	-	-	-	-	-
-	-	472,730	98,651	46,006	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,096,305	-	-	-
<u>\$ 5,866</u>	<u>\$ 170,282</u>	<u>\$ 1,928,409</u>	<u>\$ 238,414</u>	<u>\$ 1,154,161</u>	<u>\$ 136,264</u>	<u>\$ 101,647</u>	<u>\$ 2,485</u>
\$ -	\$ -	\$ -	\$ -	\$ 560	\$ -	\$ -	\$ -
-	-	-	-	-	510,138	-	-
-	-	-	-	6,620	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	7,180	510,138	-	-
5,866	-	1,928,409	238,414	-	-	101,647	2,485
-	170,282	-	-	1,146,981	-	-	-
-	-	-	-	-	(373,874)	-	-
<u>5,866</u>	<u>170,282</u>	<u>1,928,409</u>	<u>238,414</u>	<u>1,146,981</u>	<u>(373,874)</u>	<u>101,647</u>	<u>2,485</u>
<u>\$ 5,866</u>	<u>\$ 170,282</u>	<u>\$ 1,928,409</u>	<u>\$ 238,414</u>	<u>\$ 1,154,161</u>	<u>\$ 136,264</u>	<u>\$ 101,647</u>	<u>\$ 2,485</u>

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City of North Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
December 31, 2022

	257 Ziegler Caterpillar TIF #20	258 422 Belgrade TIF #19	259 Lindsay TIF #22	261 D & K Powder Coating TIF #23	262 Birchwood Cottages TIF #24	263 Blue Star Power Systems TIF #25	264 Belgrade Development TIF #26	864 10% Gambling	Total
Assets									
Cash and temporary investments	\$ 83,848	\$ 24,185	\$ 21,498	\$ -	\$ -	\$ -	\$ -	\$ 109,382	\$ 2,770,244
Receivables									
Accounts	-	-	-	-	-	-	-	-	29,292
Intergovernmental	-	-	-	-	-	-	1,290	-	1,290
Notes	-	-	-	-	-	-	-	-	735,987
Prepaid items	-	-	-	-	-	-	-	-	6,840
Land held for resale	-	-	-	-	-	-	-	-	1,096,305
Total Assets	\$ 83,848	\$ 24,185	\$ 21,498	\$ -	\$ -	\$ -	\$ 1,290	\$ 109,382	\$ 4,639,958
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,942
Advance from other funds	-	-	-	-	-	-	-	-	510,138
Due to other funds	-	-	-	-	-	-	1,290	-	10,006
Due to other governments	83,848	-	21,498	-	-	-	-	-	105,880
Accrued wages payable	-	-	-	-	-	-	-	-	4,079
Unearned revenue	-	-	-	-	-	-	-	-	8,632
Total Liabilities	83,848	-	21,498	-	-	-	1,290	-	663,677
Fund Balances									
Restricted	-	24,185	-	-	-	-	-	109,382	2,943,159
Committed	-	-	-	-	-	-	-	-	1,406,996
Unassigned	-	-	-	-	-	-	-	-	(373,874)
Total Fund Balances	-	24,185	-	-	-	-	-	109,382	3,976,281
Total Liabilities and Fund Balances	\$ 83,848	\$ 24,185	\$ 21,498	\$ -	\$ -	\$ -	\$ 1,290	\$ 109,382	\$ 4,639,958

City of North Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2022

	201	202	203	204	205	213	215
	Caswell Sports	Youth Football	Swim Facility	Caswell North	Culture and Recreation	Library Endowment	Community Development Block Grant
Revenues							
Taxes							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-
Tax increments	-	-	-	-	-	-	-
Hotel taxes	38,958	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Charges for services	397,491	187,863	542,725	50,508	4,034	-	-
Investment earnings	-	-	-	-	-	-	-
Miscellaneous							
Contributions and donations	-	4,000	647	-	2,510	42,168	-
Other	5,012	286	2,364	1,773	35,557	337	-
Total Revenues	<u>441,461</u>	<u>192,149</u>	<u>545,736</u>	<u>52,281</u>	<u>42,101</u>	<u>42,505</u>	<u>-</u>
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Culture and recreation							
Parks	579,942	-	-	59,824	-	-	-
Pool	-	-	558,927	-	-	-	-
Library	-	-	-	-	-	78,000	-
Other	-	215,685	-	-	61,758	-	-
Housing and economic development	-	-	-	-	-	-	-
Total Expenditures	<u>579,942</u>	<u>215,685</u>	<u>558,927</u>	<u>59,824</u>	<u>61,758</u>	<u>78,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(138,481)</u>	<u>(23,536)</u>	<u>(13,191)</u>	<u>(7,543)</u>	<u>(19,657)</u>	<u>(35,495)</u>	<u>-</u>
Other Financing Sources (Uses)							
Transfers in	77,000	-	13,191	7,543	19,657	15,000	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>77,000</u>	<u>-</u>	<u>13,191</u>	<u>7,543</u>	<u>19,657</u>	<u>15,000</u>	<u>-</u>
Net Change in Fund Balances	(61,481)	(23,536)	-	-	-	(20,495)	-
Fund Balances, January 1	<u>102,787</u>	<u>71,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,077</u>	<u>15,296</u>
Fund Balances, December 31	<u>\$ 41,306</u>	<u>\$ 48,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,582</u>	<u>\$ 15,296</u>

221	224	228	229	234	240	250	251	255
Local Option Sales Tax	Park Development	Port Authority	Federal Revolving Loan	Local Revolving Loan	Joint Economic Development	Marigold TIF #8	Webster Redevelopment TIF #14	Webster Avenue TIF #2
\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
832,743	-	-	-	-	-	-	-	-
-	-	-	-	-	-	81,783	26,525	6,917
-	-	-	-	-	-	-	-	-
-	-	-	-	-	22,108	-	-	-
-	-	-	24,121	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	9,756	17,748	3,534	2,468	-	-	-
832,743	-	84,756	41,869	3,534	24,576	81,783	26,525	6,917
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	45,223	420	1,329	33,272	-	-	-
-	-	45,223	420	1,329	33,272	-	-	-
832,743	-	39,533	41,449	2,205	(8,696)	81,783	26,525	6,917
-	-	-	-	-	-	-	-	-
(1,252,483)	-	(12,394)	-	-	-	(75,000)	(11,285)	(6,917)
(1,252,483)	-	(12,394)	-	-	-	(75,000)	(11,285)	(6,917)
(419,740)	-	27,139	41,449	2,205	(8,696)	6,783	15,240	-
898,633	5,866	143,143	1,886,960	236,209	1,155,677	(380,657)	86,407	2,485
\$ 478,893	\$ 5,866	\$ 170,282	\$ 1,928,409	\$ 238,414	\$ 1,146,981	\$ (373,874)	\$ 101,647	\$ 2,485

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City of North Mankato, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2022

	257 Ziegler Caterpillar TIF #20	258 422 Belgrade TIF #19	259 Lindsay TIF #22	261 D & K Powder Coating TIF #23	262 Birchwood Cottages TIF #24	263 Blue Star Power Systems TIF #25	264 Belgrade Development TIF #26	864 10% Gambling	Total
Revenues									
Taxes									
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Sales taxes	-	-	-	-	-	-	-	-	832,743
Tax increments	-	36,171	-	67,306	44,481	207,737	11,506	-	482,426
Hotel taxes	-	-	-	-	-	-	-	-	38,958
Other taxes	-	-	-	-	-	-	-	32,963	32,963
Charges for services	-	-	-	-	-	-	-	-	1,204,729
Investment earnings	-	-	-	-	-	-	-	-	24,121
Miscellaneous									
Contributions and donations	-	-	-	-	-	-	-	-	49,325
Other	-	-	-	-	-	-	-	-	78,835
Total Revenues	-	36,171	-	67,306	44,481	207,737	11,506	32,963	2,819,100
Expenditures									
Current									
General government	-	-	-	-	-	-	-	26,530	26,530
Culture and recreation									
Parks	-	-	-	-	-	-	-	-	639,766
Pool	-	-	-	-	-	-	-	-	558,927
Library	-	-	-	-	-	-	-	-	78,000
Other	-	-	-	-	-	-	-	-	277,443
Housing and economic development	-	-	-	67,306	44,481	207,737	-	-	399,768
Total Expenditures	-	-	-	67,306	44,481	207,737	-	26,530	1,980,434
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	36,171	-	-	-	-	11,506	6,433	838,666
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	132,391
Transfers out	-	(31,490)	-	-	-	-	(11,506)	-	(1,401,075)
Total Other Financing Sources (Uses)	-	(31,490)	-	-	-	-	(11,506)	-	(1,268,684)
Net Change in Fund Balances	-	4,681	-	-	-	-	-	6,433	(430,018)
Fund Balances, January 1	-	19,504	-	-	-	-	-	102,949	4,406,299
Fund Balances, December 31	\$ -	\$ 24,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,382	\$ 3,976,281

City of North Mankato, Minnesota
Caswell Sports Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

		2022		2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Hotel taxes	\$ 35,000	\$ 38,958	\$ 3,958	\$ 24,818
Intergovernmental				
Federal - ARPA	-	-	-	1,050
Charges for services	455,921	397,491	(58,430)	468,721
Miscellaneous				
Contributions and donations	1,500	-	(1,500)	3,950
Other	500	5,012	4,512	8,058
Total Revenues	<u>492,921</u>	<u>441,461</u>	<u>(51,460)</u>	<u>506,597</u>
Expenditures				
Current				
Culture and recreation				
Personal services	200,594	238,566	(37,972)	205,014
Supplies	114,250	78,927	35,323	46,780
Other services and charges	218,749	262,449	(43,700)	306,954
Total Expenditures	<u>533,593</u>	<u>579,942</u>	<u>(46,349)</u>	<u>558,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,672)	(138,481)	(97,809)	(52,151)
Other Financing Sources				
Transfers in	<u>77,000</u>	<u>77,000</u>	<u>-</u>	<u>77,000</u>
Net Change in Fund Balances	36,328	(61,481)	(97,809)	24,849
Fund Balances, January 1	<u>102,787</u>	<u>102,787</u>	<u>-</u>	<u>77,938</u>
Fund Balances, December 31	<u>\$ 139,115</u>	<u>\$ 41,306</u>	<u>\$ (97,809)</u>	<u>\$ 102,787</u>

City of North Mankato, Minnesota
Youth Football Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	2022		2021	
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
Federal - ARPA	\$ -	\$ -	\$ -	\$ 777
Charges for services	142,350	187,863	45,513	148,900
Miscellaneous				
Contributions and donations	-	4,000	4,000	7,224
Other	-	286	286	114
Total Revenues	142,350	192,149	49,799	157,015
Expenditures				
Current				
Culture and recreation				
Personal services	65,071	79,911	(14,840)	63,688
Supplies	29,495	87,741	(58,246)	80,372
Other services and charges	28,508	48,033	(19,525)	39,252
Total Expenditures	123,074	215,685	(92,611)	183,312
Net Change in Fund Balances	19,276	(23,536)	(42,812)	(26,297)
Fund Balances, January 1	71,963	71,963	-	98,260
Fund Balances, December 31	\$ 91,239	\$ 48,427	\$ (42,812)	\$ 71,963

City of North Mankato, Minnesota
Swim Facility Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

		2022		2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Intergovernmental				
Federal - ARPA	\$ -	\$ -	\$ -	\$ 217
Charges for services	457,411	542,725	85,314	467,603
Miscellaneous				
Contributions and donations	9,743	647	(9,096)	9,743
Other	-	2,364	2,364	3,071
Total Revenues	<u>467,154</u>	<u>545,736</u>	<u>78,582</u>	<u>480,634</u>
Expenditures				
Current				
Culture and recreation				
Personal services	252,421	312,570	(60,149)	252,880
Supplies	109,457	118,763	(9,306)	114,456
Other services and charges	124,759	127,594	(2,835)	138,508
Total Expenditures	<u>486,637</u>	<u>558,927</u>	<u>(72,290)</u>	<u>505,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,483)	(13,191)	6,292	(25,210)
Other Financing Sources				
Transfers in	<u>-</u>	<u>13,191</u>	<u>13,191</u>	<u>25,210</u>
Net Change in Fund Balances	(19,483)	-	19,483	-
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (19,483)</u>	<u>\$ -</u>	<u>\$ 19,483</u>	<u>\$ -</u>

City of North Mankato, Minnesota
Caswell North Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022

	2022		
	Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Charges for services	\$ 48,500	\$ 50,508	\$ 2,008
Miscellaneous			
Other	-	1,773	1,773
Total Revenues	<u>48,500</u>	<u>52,281</u>	<u>3,781</u>
Expenditures			
Current			
Culture and recreation			
Personal services	29,820	29,649	171
Supplies	5,000	2,218	2,782
Other services and charges	17,827	27,957	(10,130)
Total Expenditures	<u>52,647</u>	<u>59,824</u>	<u>(7,177)</u>
Net Change in Fund Balances	(4,147)	-	4,147
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ (4,147)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,147</u></u>

City of North Mankato, Minnesota
 Culture and Recreation Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2022

	2022		
	Final Budget	Actual Amounts	Variance with Final Budget
Revenues			
Charges for services	\$ 500	\$ 4,034	\$ 3,534
Miscellaneous			
Contributions and donations	1,500	2,510	1,010
Other	19,500	35,557	16,057
Total Revenues	<u>21,500</u>	<u>42,101</u>	<u>20,601</u>
Expenditures			
Current			
Culture and recreation			
Personal services	37,779	24,395	13,384
Supplies	1,400	19,250	(17,850)
Other services and charges	5,530	18,113	(12,583)
Total Expenditures	<u>44,709</u>	<u>61,758</u>	<u>(17,049)</u>
Net Change in Fund Balances	(23,209)	-	23,209
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (23,209)</u>	<u>\$ -</u>	<u>\$ 23,209</u>

City of North Mankato, Minnesota
Library Endowment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	Final Budget	2022 Actual Amounts	Variance with Final Budget	2021 Actual Amounts
Revenues				
Charges for services	\$ -	\$ 337	\$ 337	\$ 199
Miscellaneous				
Contributions and donations	31,500	42,168	10,668	30,472
Total Revenues	31,500	42,505	11,005	30,671
Expenditures				
Current				
Culture and recreation				
Other services and charges	53,250	78,000	(24,750)	48,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,750)	(35,495)	(13,745)	(18,213)
Other Financing Sources				
Transfers in	15,000	15,000	-	21,750
Net Change in Fund Balances	(6,750)	(20,495)	(13,745)	3,537
Fund Balances, January 1	59,077	59,077	-	55,540
Fund Balances, December 31	\$ 52,327	\$ 38,582	\$ (13,745)	\$ 59,077

City of North Mankato, Minnesota
Local Option Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

		2022		2021	
		Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues					
Taxes					
Sales tax		\$ 700,000	\$ 832,743	\$ 132,743	\$ 808,264
Expenditures					
Current					
Culture and recreation					
Other services and charges		118,600	-	118,600	18,411
Excess (Deficiency) of Revenues					
Over (Under) Expenditures		581,400	832,743	251,343	789,853
Other Financing Sources (Uses)					
Transfers out		(524,108)	(1,252,483)	(728,375)	(299,850)
Net Change in Fund Balances		57,292	(419,740)	(477,032)	490,003
Fund Balances, January 1		898,633	898,633	-	408,630
Fund Balances, December 31		\$ 955,925	\$ 478,893	\$ (477,032)	\$ 898,633

City of North Mankato, Minnesota
Port Authority Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	2022			2021
	Final Budget	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues				
Taxes				
Hotel taxes	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Miscellaneous				
Other	19,788	9,756	(10,032)	9,727
Total Revenues	<u>94,788</u>	<u>84,756</u>	<u>(10,032)</u>	<u>84,727</u>
Expenditures				
Current				
Housing and economic development				
Personal services	1,444	934	510	1,979
Other services and charges	80,150	44,289	35,861	56,888
Total Expenditures	<u>81,594</u>	<u>45,223</u>	<u>36,371</u>	<u>58,867</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,194	39,533	26,339	25,860
Other Financing Sources (Uses)				
Transfers out	<u>(12,394)</u>	<u>(12,394)</u>	<u>-</u>	<u>(12,294)</u>
Net Change in Fund Balances	800	27,139	26,339	13,566
Fund Balances, January 1	<u>143,143</u>	<u>143,143</u>	<u>-</u>	<u>129,577</u>
Fund Balances, December 31	<u>\$ 143,943</u>	<u>\$ 170,282</u>	<u>\$ 26,339</u>	<u>\$ 143,143</u>

City of North Mankato, Minnesota
Joint Economic Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	Final Budget	2022 Actual Amounts	Variance with Final Budget	2021 Actual Amounts
Revenues				
Charges for services	\$ 11,275	\$ 22,108	\$ 10,833	\$ 36,275
Miscellaneous				
Other	2,480	2,468	(12)	2,568
Total Revenues	<u>13,755</u>	<u>24,576</u>	<u>10,821</u>	<u>38,843</u>
Expenditures				
Current				
Housing and economic development				
Other services and charges	<u>57,000</u>	<u>33,272</u>	<u>23,728</u>	<u>33,276</u>
Net Change in Fund Balances	(43,245)	(8,696)	34,549	5,567
Fund Balances, January 1	<u>1,155,677</u>	<u>1,155,677</u>	<u>-</u>	<u>1,150,110</u>
Fund Balances, December 31	<u><u>\$ 1,112,432</u></u>	<u><u>\$ 1,146,981</u></u>	<u><u>\$ 34,549</u></u>	<u><u>\$ 1,155,677</u></u>

NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

City of North Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet
December 31, 2022

	230	412	437	439
	Capital Facilities and Equipment Replacement - General	Caswell North	2017 Construction	2019 Construction
Assets				
Cash and temporary investments	\$ 133,174	\$ -	\$ 128,573	\$ -
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	128,573	-
Due to other funds	-	221,405	-	-
Total Liabilities	-	221,405	128,573	-
Fund Balances				
Restricted	-	-	-	-
Committed	133,174	-	-	-
Unassigned	-	(221,405)	-	-
Total Fund Balances	133,174	(221,405)	-	-
 Total Liabilities and Fund Balances	 \$ 133,174	 \$ -	 \$ 128,573	 \$ -

421

423

424

425

2021 Construction	2023 Construction	2024 Construction	2025 Construction	Total
<u>\$ 1,099,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,361,216</u>
\$ 409	\$ -	\$ -	\$ -	\$ 409
-	-	-	-	128,573
-	-	2,915	11,189	235,509
<u>409</u>	<u>-</u>	<u>2,915</u>	<u>11,189</u>	<u>364,491</u>
1,099,060	-	-	-	1,099,060
-	-	-	-	133,174
-	-	(2,915)	(11,189)	(235,509)
<u>1,099,060</u>	<u>-</u>	<u>(2,915)</u>	<u>(11,189)</u>	<u>996,725</u>
<u>\$ 1,099,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,361,216</u>

City of North Mankato, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	230 Capital Facilities and Equipment Replacement - General	412 Caswell North	437 2017 Construction	439 2019 Construction
Revenues				
Investment earnings (loss)	\$ -	\$ 8,854	\$ -	\$ -
Miscellaneous				
Contributions and donations	-	26,667	-	-
Refunds and reimbursements	1,250	-	-	-
Other	-	19,980	-	-
Total Revenues	<u>1,250</u>	<u>55,501</u>	<u>-</u>	<u>-</u>
Expenditures				
Capital outlay				
Public safety	191,384	-	-	-
Public works	357,014	-	-	3,209
Culture and recreation	350,948	4,816	-	-
Economic development	25,550	-	-	-
Total Expenditures	<u>924,896</u>	<u>4,816</u>	<u>-</u>	<u>3,209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(923,646)</u>	<u>50,685</u>	<u>-</u>	<u>(3,209)</u>
Other Financing Sources (Uses)				
Sale of capital assets	31,612	-	-	-
Transfers in	546,500	-	-	-
Transfers out	-	-	-	(244,466)
Total Other Financing Sources (Uses)	<u>578,112</u>	<u>-</u>	<u>-</u>	<u>(244,466)</u>
Net Change in Fund Balances	(345,534)	50,685	-	(247,675)
Fund Balances, January 1	<u>478,708</u>	<u>(272,090)</u>	<u>-</u>	<u>247,675</u>
Fund Balances, December 31	<u><u>\$ 133,174</u></u>	<u><u>\$ (221,405)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

421	423	424	425	
2021 Construction	2023 Construction	2024 Construction	2025 Construction	Total
\$ (485)	\$ -	\$ -	\$ -	\$ 8,369
-	-	-	-	26,667
-	-	-	-	1,250
-	-	-	-	19,980
(485)	-	-	-	56,266
-	-	-	-	191,384
31,462	-	2,915	120	394,720
-	-	-	-	355,764
-	-	-	-	25,550
31,462	-	2,915	120	967,418
(31,947)	-	(2,915)	(120)	(911,152)
-	-	-	-	31,612
-	18,835	-	-	565,335
-	-	-	-	(244,466)
-	18,835	-	-	352,481
(31,947)	18,835	(2,915)	(120)	(558,671)
1,131,007	(18,835)	-	(11,069)	1,555,396
\$ 1,099,060	\$ -	\$ (2,915)	\$ (11,189)	\$ 996,725

City of North Mankato, Minnesota
Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise Funds		
	603	651	
	Recycling	Solid Waste	Total
Assets			
Current Assets			
Cash and temporary investments	\$ 343,562	\$ 19,904	\$ 363,466
Receivables			
Accounts	5,724	-	5,724
Leases	59,625	-	59,625
Prepaid items	1,306	922	2,228
Total Current Assets	410,217	20,826	431,043
Noncurrent Assets			
Leases receivable	54,882	-	54,882
Capital assets			
Land	160,650	-	160,650
Buildings	1,502,553	1,776	1,504,329
Machinery and equipment	377,965	424,689	802,654
Less accumulated depreciation	(1,008,013)	(282,983)	(1,290,996)
Total Capital Assets	1,033,155	143,482	1,176,637
Total Noncurrent Assets	1,088,037	143,482	1,231,519
Total Assets	1,498,254	164,308	1,662,562
Deferred Outflows of Resources			
Deferred pension resources	15,585	14,301	29,886
Deferred other postemployment benefit resources	-	3,286	3,286
Total Deferred Outflows of Resources	15,585	17,587	33,172
Liabilities			
Current Liabilities			
Accounts payable	44,226	45,475	89,701
Due to other governments	-	6,756	6,756
Accrued interest payable	3,212	310	3,522
Accrued wages payable	889	1,010	1,899
Compensated absences payable - current portion	2,390	14,651	17,041
Bonds payable - current portion	95,000	15,000	110,000
Total Current Liabilities	145,717	83,202	228,919
Noncurrent Liabilities			
Compensated absences payable, net of current portion	4,456	-	4,456
Other postemployment benefits liability	-	12,320	12,320
Net pension liability	49,612	45,676	95,288
Bonds payable, net of current portion	202,446	90,391	292,837
Total Noncurrent Liabilities	256,514	148,387	404,901
Total Liabilities	402,231	231,589	633,820
Deferred Inflows of Resources			
Deferred pension resources	824	655	1,479
Deferred other postemployment benefit resources	-	3,297	3,297
Deferred lease resources	114,302	-	114,302
Total Deferred Inflows of Resources	115,126	3,952	119,078
Net Position			
Net investment in capital assets	735,709	38,091	773,800
Unrestricted	260,773	(91,737)	169,036
Total Net Position	\$ 996,482	\$ (53,646)	\$ 942,836

City of North Mankato, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	603	651	
	Recycling	Solid Waste	Total
Operating Revenues			
Charges for services	\$ 467,531	\$ 836,394	\$ 1,303,925
Facility rental	65,519	-	65,519
Other	36,758	880	37,638
Total Operating Revenues	<u>569,808</u>	<u>837,274</u>	<u>1,407,082</u>
Operating Expenses			
Personal services	62,915	78,379	141,294
Supplies	3,176	11,515	14,691
Other services and charges	96,097	140,677	236,774
Contractual services	228,527	512,690	741,217
Insurance	2,549	-	2,549
Utilities	24,843	-	24,843
Depreciation	38,759	42,279	81,038
Total Operating Expenses	<u>456,866</u>	<u>785,540</u>	<u>1,242,406</u>
Operating Income	<u>112,942</u>	<u>51,734</u>	<u>164,676</u>
Nonoperating Revenues (Expenses)			
Interest expense	(7,892)	(4,190)	(12,082)
Amortization of bond premiums (discounts)	(854)	1,760	906
Total Nonoperating Revenues (Expenses)	<u>(8,746)</u>	<u>(2,430)</u>	<u>(11,176)</u>
Income Before Transfers	104,196	49,304	153,500
Transfers In	40,000	-	40,000
Transfers Out	<u>-</u>	<u>(45,000)</u>	<u>(45,000)</u>
Change in Net Position	144,196	4,304	148,500
Net Position, January 1	<u>852,286</u>	<u>(57,950)</u>	<u>794,336</u>
Net Position, December 31	<u>\$ 996,482</u>	<u>\$ (53,646)</u>	<u>\$ 942,836</u>

City of North Mankato, Minnesota
Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds		
	603	651	
	Recycling	Solid Waste	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 473,678	\$ 837,074	\$ 1,310,752
Payments to suppliers and vendors	(332,090)	(666,132)	(998,222)
Payments to and on behalf of employees	(55,048)	(87,752)	(142,800)
Other receipts	102,072	-	102,072
Net Cash Provided by Operating Activities	188,612	83,190	271,802
Cash Flows From Noncapital Financing Activities			
Transfers from other funds	40,000	-	40,000
Transfers to other funds	-	(45,000)	(45,000)
Net Cash Provided (Used) by Noncapital Financing Activities	40,000	(45,000)	(5,000)
Cash Flows From Capital and Related Financing Activities			
Principal paid on revenue bonds payable	(95,000)	(15,000)	(110,000)
Interest paid on revenue bonds payable	(8,803)	(4,224)	(13,027)
Net Cash Used by Capital and Related Financing Activities	(103,803)	(19,224)	(123,027)
Net Increase (Decrease) in Cash and Cash Equivalents	124,809	18,966	143,775
Cash and Cash Equivalents, January 1	218,753	938	219,691
Cash and Cash Equivalents, December 31	\$ 343,562	\$ 19,904	\$ 363,466
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	\$ 112,942	\$ 51,734	\$ 164,676
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	38,759	42,279	81,038
(Increase) decrease in assets			
Accounts receivable	6,364	-	6,364
Prepaid items	949	1,032	1,981
Leases receivable	(114,507)	-	(114,507)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	2,556	10,430	12,986
Deferred other postemployment benefit resources	-	4,102	4,102
Increase (decrease) in liabilities			
Accounts payable	22,153	(2,750)	19,403
Due to other governments	-	468	468
Accrued wages payable	206	(230)	(24)
Compensated absences payable	1,725	6,035	7,760
Other postemployment benefits liability	-	(8,162)	(8,162)
Net pension liability	24,981	12,098	37,079
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(21,818)	(30,211)	(52,029)
Deferred other postemployment benefit resources	-	(3,635)	(3,635)
Deferred lease resources	114,302	-	114,302
Net Cash Provided by Operating Activities	\$ 188,612	\$ 83,190	\$ 271,802
Schedule of Noncash Capital and Related Financing Activities			
Book value of disposed/traded of capital assets		\$ -	\$ 4,816
Amortization of leases	\$ 205	\$ -	\$ 205
Amortization of bond (premium) discount	\$ 854	\$ (1,760)	\$ (906)

THE GENERAL FUND

The General fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund.

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City of North Mankato, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and temporary investments	\$ 4,457,332	\$ 5,099,187
Receivables		
Taxes	75,135	86,431
Accounts	11,953	95,496
Special assessments		
Delinquent	412	495
Noncurrent	12,629	18,638
Intergovernmental	110,378	304,066
Leases	314,604	-
Advance to other funds	630,138	656,638
Due from other funds	245,515	303,040
Prepaid items	5,990	18,731
	<u>5,864,086</u>	<u>6,582,722</u>
Total Assets	<u>\$ 5,864,086</u>	<u>\$ 6,582,722</u>
Liabilities		
Accounts payable	\$ 270,933	\$ 151,495
Contracts payable	25,701	-
Accrued wages payable	95,605	116,144
Due to other governments	98,467	44,953
Unearned revenue	39,052	756,977
Total Liabilities	<u>529,758</u>	<u>1,069,569</u>
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	75,135	86,431
Special assessments	13,041	19,133
Deferred lease resources	309,933	-
Total Deferred Inflows of Resources	<u>398,109</u>	<u>105,564</u>
Fund Balances		
Nonspendable		
Prepaid items	5,990	18,731
Advances to other funds	630,138	656,638
Restricted	-	150,000
Unassigned	4,300,091	4,582,220
Total Fund Balances	<u>4,936,219</u>	<u>5,407,589</u>
	<u>\$ 5,864,086</u>	<u>\$ 6,582,722</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,864,086</u>	<u>\$ 6,582,722</u>

City of North 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, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 5,340,575	\$ 5,340,575	\$ 5,345,512	\$ 4,937	\$ 5,299,301
Sales tax	5	5	8	3	13
Franchise taxes	513,000	513,000	527,112	14,112	516,670
Other taxes	54,030	54,030	70,834	16,804	81,311
Total taxes	5,907,610	5,907,610	5,943,466	35,856	5,897,295
Special assessments	5,150	5,150	3,027	(2,123)	7,769
Licenses and permits					
Business	121,850	121,850	118,413	(3,437)	131,923
Nonbusiness	397,350	397,350	536,347	138,997	497,382
Total licenses and permits	519,200	519,200	654,760	135,560	629,305
Intergovernmental					
Federal					
ARPA	-	-	-	-	33,592
Other	4,000	4,000	10,853	6,853	7,229
State					
Local government aid	1,973,070	1,973,070	1,973,070	-	1,955,972
Municipal state aid	185,105	185,105	-	(185,105)	-
Fire aid	75,000	75,000	88,690	13,690	82,987
Police aid	125,000	125,000	140,230	15,230	134,824
Other	23,000	23,000	69,752	46,752	38,848
County					
Other County aid	60,044	60,044	60,044	-	60,044
Total intergovernmental	2,445,219	2,445,219	2,342,639	(102,580)	2,313,496
Charges for services					
General government	23,002	23,002	21,665	(1,337)	24,552
Public safety	3,411	3,411	6,287	2,876	15,708
Culture and recreation	18,020	18,020	22,890	4,870	23,034
Rents	113,987	113,987	119,348	5,361	109,353
Total charges for services	158,420	158,420	170,190	11,770	172,647
Fines and forfeits					
Court fines	18,000	18,000	17,170	(830)	18,088
Parking fines	400	400	1,290	890	165
Total fines and forfeits	18,400	18,400	18,460	60	18,253
Investment earnings	20,500	20,500	50,977	30,477	10,725
Miscellaneous					
Contributions and donations	3,000	3,000	32,574	29,574	184,877
Other	49,832	49,832	137,349	87,517	145,333
Total miscellaneous	52,832	52,832	169,923	117,091	330,210
Total Revenues	9,127,331	9,127,331	9,353,442	226,111	9,379,700

City of North Mankato, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and council					
Personal services	\$ 47,766	\$ 47,766	\$ 44,520	\$ 3,246	\$ 44,492
Supplies	5,200	5,200	25,647	(20,447)	-
Other services and charges	8,085	8,085	12,115	(4,030)	3,926
Total mayor and council	61,051	61,051	82,282	(21,231)	48,418
Administration					
Personal services	536,569	536,569	485,728	50,841	483,863
Supplies	50,200	50,200	38,622	11,578	30,462
Other services and charges	173,335	173,335	200,658	(27,323)	188,544
Total administration	760,104	760,104	725,008	35,096	702,869
City attorney					
Supplies	300	300	204	96	-
Other services and charges	115,516	115,516	106,256	9,260	133,762
Total city attorney	115,816	115,816	106,460	9,356	133,762
Total general government	936,971	936,971	913,750	23,221	885,049
Public safety					
Police protection					
Personal services	2,058,158	2,058,158	2,298,958	(240,800)	2,099,155
Supplies	109,500	109,500	122,923	(13,423)	105,012
Other services and charges	182,838	182,838	203,642	(20,804)	161,541
Total police protection	2,350,496	2,350,496	2,625,523	(275,027)	2,365,708
Fire protection					
Personal services	250,639	250,639	239,193	11,446	215,826
Supplies	52,250	52,250	43,892	8,358	68,672
Other services and charges	61,087	61,087	71,379	(10,292)	54,432
Total fire protection	363,976	363,976	354,464	9,512	338,930
Total public safety	2,714,472	2,714,472	2,979,987	(265,515)	2,704,638
Public works					
Street maintenance					
Personal services	777,440	777,440	709,839	67,601	694,459
Supplies	434,110	434,110	388,103	46,007	427,854
Other services and charges	226,363	226,363	269,785	(43,422)	189,817
Total street maintenance	1,437,913	1,437,913	1,367,727	70,186	1,312,130
Equipment maintenance					
Personal services	199,141	199,141	187,451	11,690	191,689
Supplies	81,050	81,050	86,850	(5,800)	65,822
Other services and charges	26,600	26,600	30,945	(4,345)	26,596
Total equipment maintenance	306,791	306,791	305,246	1,545	284,107
Street lighting					
Personal services	14,368	14,368	9,967	4,401	9,038
Supplies	45,500	45,500	16,273	29,227	39,511
Other services and charges	322,605	322,605	338,934	(16,329)	318,685
Total street lighting	382,473	382,473	365,174	17,299	367,234
Total public works	2,127,177	2,127,177	2,038,147	89,030	1,963,471

City of North Mankato, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	2022			2021
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Culture and recreation				
Parks				
Personal services	\$ 418,603	\$ 418,603	\$ 402,036	\$ 379,491
Supplies	153,050	153,050	199,594	164,585
Other services and charges	95,682	95,682	134,625	130,017
Total parks	<u>667,335</u>	<u>667,335</u>	<u>736,255</u>	<u>674,093</u>
Library				
Personal services	399,540	399,540	388,292	354,009
Supplies	144,150	144,150	128,932	123,418
Other services and charges	48,195	48,195	65,436	71,529
Total library	<u>591,885</u>	<u>591,885</u>	<u>582,660</u>	<u>548,956</u>
Bookmobile				
Personal services	79,961	79,961	79,244	80,791
Supplies	18,000	18,000	12,404	8,395
Other services and charges	2,953	2,953	4,537	2,766
Total bookmobile	<u>100,914</u>	<u>100,914</u>	<u>96,185</u>	<u>91,952</u>
Total culture and recreation	<u>1,360,134</u>	<u>1,360,134</u>	<u>1,415,100</u>	<u>1,315,001</u>
Housing and economic development				
Community development				
Personal services	435,338	435,338	364,352	437,805
Supplies	20,550	20,550	17,733	23,019
Other services and charges	181,260	181,260	219,845	235,475
Total housing and economic development	<u>637,148</u>	<u>637,148</u>	<u>601,930</u>	<u>696,299</u>
Mass transit and other				
Mass transit				
Other services and charges	178,910	178,910	201,974	184,199
Other				
Other services and charges	<u>68,900</u>	<u>68,900</u>	<u>75,508</u>	<u>67,968</u>
Total mass transit and other	<u>247,810</u>	<u>247,810</u>	<u>277,482</u>	<u>252,167</u>
Total current	<u>8,023,712</u>	<u>8,023,712</u>	<u>8,226,396</u>	<u>7,816,625</u>

City of North Mankato, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2022
With Comparative Actual Amounts for the Year Ended December 31, 2021

	2022			2021
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Capital outlay				
General government	\$ 7,700	\$ 7,700	\$ 3,170	\$ 29,327
Public safety	1,000	1,000	14,545	-
Public works	540,000	540,000	562,268	618,034
Culture and recreation	359,500	359,500	827,257	234,031
Housing and economic development	25,000	25,000	27,906	16,443
Total capital outlay	<u>933,200</u>	<u>933,200</u>	<u>1,435,146</u>	<u>897,835</u>
Total Expenditures	<u>8,956,912</u>	<u>8,956,912</u>	<u>9,661,542</u>	<u>8,714,460</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>170,419</u>	<u>170,419</u>	<u>(308,100)</u>	<u>665,240</u>
Other Financing Sources (Uses)				
Sale of capital assets	500	500	-	-
Transfers in	293,750	293,750	589,157	444,211
Transfers out	(457,000)	(457,000)	(497,391)	(438,960)
Total Other Financing Sources (Uses)	<u>(162,750)</u>	<u>(162,750)</u>	<u>91,766</u>	<u>5,251</u>
Net Change in Fund Balances	<u>7,669</u>	<u>7,669</u>	<u>(216,334)</u>	<u>670,491</u>
Fund Balances, January 1	5,407,589	5,407,589	5,407,589	4,737,098
Prior Period Adjustment (Note 11)	-	-	(255,036)	-
Fund Balances, January 1 as Restated	<u>5,407,589</u>	<u>5,407,589</u>	<u>5,152,553</u>	<u>4,737,098</u>
Fund Balances, December 31	<u>\$ 5,415,258</u>	<u>\$ 5,415,258</u>	<u>\$ 4,936,219</u>	<u>\$ 5,407,589</u>

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DEBT SERVICE FUNDS

Debt Service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

City of North Mankato, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2022

	312	316	318	319	320	321
	2021C G.O. Bonds	Bond Reserve	2018A G.O. Bonds	2019A G.O. Bonds	2020A G.O. Bonds	2021A G.O. Bonds
Assets						
Cash and temporary investments	\$ 38,883	\$ 1,456,560	\$ -	\$ -	\$ -	\$ 247,379
Receivables						
Special assessments						
Delinquent	-	-	-	1,798	-	3,352
Noncurrent	3,606	1,372,163	54,400	223,751	229,448	163,457
Intergovernmental	-	-	323	333	-	-
Total Assets	\$ 42,489	\$ 2,828,723	\$ 54,723	\$ 225,882	\$ 229,448	\$ 414,188
Liabilities						
Due to other funds	\$ -	\$ 143,600	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources						
Unavailable revenue						
Special assessments	3,606	1,372,163	54,400	225,549	229,448	166,809
Intergovernmental	-	-	-	-	-	-
Total Deferred Inflows of Resources	3,606	1,372,163	54,400	225,549	229,448	166,809
Fund Balances						
Restricted	38,883	1,312,960	323	333	-	247,379
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 42,489	\$ 2,828,723	\$ 54,723	\$ 225,882	\$ 229,448	\$ 414,188

322	311	349	350	356	358
2022A G.O. Bonds	2009 G.O. Sales Tax Revenue Bonds	2015B (2009) G.O. Refunding Bonds	2010 G.O. Improvement Bonds	2010C G.O. Refunding Bonds	2015A G.O. Improvement Bonds
\$ 152,949	\$ -	\$ 296,582	\$ -	\$ -	\$ -
-	-	-	-	-	-
724,565	-	-	-	-	348,286
-	-	505,000	-	-	-
<u>\$ 877,514</u>	<u>\$ -</u>	<u>\$ 801,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,286</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
724,565	-	-	-	-	348,286
-	-	505,000	-	-	-
<u>724,565</u>	<u>-</u>	<u>505,000</u>	<u>-</u>	<u>-</u>	<u>348,286</u>
152,949	-	296,582	-	-	-
<u>\$ 877,514</u>	<u>\$ -</u>	<u>\$ 801,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,286</u>

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City of North Mankato, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2022

	370	371	379	336	
	2011A Port Authority G.O. Bonds	2011B Port Authority G.O. Bonds	2010D G.O. Tax Increment Bonds	2016A G.O. Improvement Bonds	Total
Assets					
Cash and temporary investments	\$ -	\$ 29,784	\$ -	\$ 1,173	\$ 2,223,310
Receivables					
Special assessments					
Delinquent	-	-	-	-	5,150
Noncurrent	-	-	-	59,833	3,179,509
Intergovernmental	-	-	-	-	505,656
Total Assets	<u>\$ -</u>	<u>\$ 29,784</u>	<u>\$ -</u>	<u>\$ 61,006</u>	<u>\$ 5,913,625</u>
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 143,600
Deferred Inflows of Resources					
Unavailable revenue					
Special assessments	-	-	-	59,833	3,184,659
Intergovernmental	-	-	-	-	505,000
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,833</u>	<u>3,689,659</u>
Fund Balances					
Restricted	-	29,784	-	1,173	2,080,366
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 29,784</u>	<u>\$ -</u>	<u>\$ 61,006</u>	<u>\$ 5,913,625</u>

City of North Mankato, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
(Continued on the Following Pages)
For the Year Ended December 31, 2022

	312	316	318	319	320	321
	2021C G.O. Bonds	Bond Reserve	2018A G.O. Bonds	2019A G.O. Bonds	2020A G.O. Bonds	2021A G.O. Bonds
Revenues						
Taxes						
Property taxes	\$ -	\$ 1,747,420	\$ -	\$ -	\$ -	\$ -
Special assessments	4,591	72,330	13,206	39,827	31,902	16,212
Investment earnings (loss)	-	(4,120)	-	-	-	-
Total Revenues	<u>4,591</u>	<u>1,815,630</u>	<u>13,206</u>	<u>39,827</u>	<u>31,902</u>	<u>16,212</u>
Expenditures						
Debt service						
Principal	50,000	-	265,000	120,000	200,000	-
Interest and other costs	17,587	-	124,887	31,275	50,101	63,806
Total Expenditures	<u>67,587</u>	<u>-</u>	<u>389,887</u>	<u>151,275</u>	<u>250,101</u>	<u>63,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(62,996)</u>	<u>1,815,630</u>	<u>(376,681)</u>	<u>(111,448)</u>	<u>(218,199)</u>	<u>(47,594)</u>
Other Financing Sources (Uses)						
Transfers in	101,879	255,215	377,004	99,773	119,326	240,188
Transfers out	-	(1,967,906)	-	-	-	-
Total Other Financing Sources (Uses)	<u>101,879</u>	<u>(1,712,691)</u>	<u>377,004</u>	<u>99,773</u>	<u>119,326</u>	<u>240,188</u>
Net Change in Fund Balances	38,883	102,939	323	(11,675)	(98,873)	192,594
Fund Balances, January 1	<u>-</u>	<u>1,210,021</u>	<u>-</u>	<u>12,008</u>	<u>98,873</u>	<u>54,785</u>
Fund Balances, December 31	<u>\$ 38,883</u>	<u>\$ 1,312,960</u>	<u>\$ 323</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ 247,379</u>

322	311	349	350	356	358
2022A G.O. Bonds	2009 G.O. Sales Tax Revenue Bonds	2015B (2009) G.O. Refunding Bonds	2010 G.O. Improvement Bonds	2010C G.O. Refunding Bonds	2015A G.O. Improvement Bonds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
152,949	-	-	-	3,910	-
-	-	-	-	-	-
<u>152,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,910</u>	<u>-</u>
-	260,000	240,000	160,000	270,000	110,000
-	263,705	17,300	40,419	4,652	36,643
-	<u>523,705</u>	<u>257,300</u>	<u>200,419</u>	<u>274,652</u>	<u>146,643</u>
<u>152,949</u>	<u>(523,705)</u>	<u>(257,300)</u>	<u>(200,419)</u>	<u>(270,742)</u>	<u>(146,643)</u>
-	523,705	257,300	200,419	266,547	146,643
-	-	-	-	-	-
-	<u>523,705</u>	<u>257,300</u>	<u>200,419</u>	<u>266,547</u>	<u>146,643</u>
152,949	-	-	-	(4,195)	-
-	-	296,582	-	4,195	-
<u>\$ 152,949</u>	<u>\$ -</u>	<u>\$ 296,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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City of North Mankato, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Continued)
For the Year Ended December 31, 2022

	370	371	379	336	
	2011A Port Authority G.O. Bonds	2011B Port Authority G.O. Bonds	2010D G.O. Tax Increment Bonds	2016A G.O. Improvement Bonds	Total
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$1,747,420
Special assessments	-	-	-	14,854	349,781
Investment earnings (loss)	-	-	-	-	(4,120)
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,854</u>	<u>2,093,081</u>
Expenditures					
Debt service					
Principal	155,000	15,000	160,000	110,000	2,115,000
Interest and other costs	43,950	17,015	19,416	19,350	750,106
Total Expenditures	<u>198,950</u>	<u>32,015</u>	<u>179,416</u>	<u>129,350</u>	<u>2,865,106</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(198,950)</u>	<u>(32,015)</u>	<u>(179,416)</u>	<u>(114,496)</u>	<u>(772,025)</u>
Other Financing Sources (Uses)					
Transfers in	198,950	31,490	179,416	115,266	3,113,121
Transfers out	-	-	-	-	(1,967,906)
Total Other Financing Sources (Uses)	<u>198,950</u>	<u>31,490</u>	<u>179,416</u>	<u>115,266</u>	<u>1,145,215</u>
Net Change in Fund Balances	-	(525)	-	770	373,190
Fund Balances, January 1	<u>-</u>	<u>30,309</u>	<u>-</u>	<u>403</u>	<u>1,707,176</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 29,784</u>	<u>\$ -</u>	<u>\$ 1,173</u>	<u>\$2,080,366</u>

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CUSTODIAL FUNDS

Custodial funds 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.

Minnesota River Valley Task Force fund: This fund accounts for the activities of the multijurisdictional task force for which the City is the fiscal agent.

Tactical Response Team fund: This fund accounts for the activities of the multi-jurisdictional tactical response team for which the City is the fiscal agent.

City of North Mankato, Minnesota
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2022

	863 Minnesota River Valley Task Force	865 Tactical Response Team	Total
Assets			
Cash and cash equivalents	<u>\$ 229</u>	<u>\$ 45,964</u>	<u>\$ 46,194</u>
Net Position			
Restricted			
Organizations and other governments	<u>\$ 229</u>	<u>\$ 45,964</u>	<u>\$ 46,194</u>

City of North Mankato, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2022

	863 Minnesota River Valley Task Force	865 Tactical Response Team	Total
Additions			
Refunds and reimbursements	\$ -	\$ 25,800	\$ 25,800
Deductions			
Miscellaneous	-	6,179	6,179
Net Increase (Decrease) in Fiduciary Net Position	-	19,621	19,621
Net Position, January 1	229	26,343	26,573
Net Position, December 31	<u>\$ 229</u>	<u>\$ 45,964</u>	<u>\$ 46,194</u>

City of North Mankato, Minnesota
Summary Financial Report
Revenues and Expenditures For General Operations
Governmental Funds
For the Years Ended December 31, 2022 and 2021

	Totals		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 9,152,976	\$ 9,119,247	0.37 %
Special assessments	352,808	315,004	12.00
Licenses and permits	654,760	629,305	4.04
Intergovernmental	5,906,562	3,336,391	77.03
Charges for services	1,374,919	1,184,296	16.10
Fines and forfeits	18,460	18,253	1.13
Investment earnings (loss)	98,237	(2,996)	3,378.94
Miscellaneous	345,980	665,264	(47.99)
Total Revenues	<u>\$ 17,904,702</u>	<u>\$ 15,264,764</u>	17.29 %
Per Capita	<u>\$ 1,238</u>	<u>\$ 1,069</u>	15.79 %
Expenditures			
Current			
General government	\$ 940,280	\$ 911,449	3.16 %
Public safety	2,979,987	2,704,638	10.18
Public works	2,038,147	1,963,471	3.80
Culture and recreation	2,969,236	2,630,200	12.89
Housing and economic development	1,001,698	1,219,024	(17.83)
Miscellaneous	277,482	252,167	10.04
Capital outlay			
General government	3,170	29,327	(89.19)
Public safety	205,929	150,393	36.93
Public works	6,558,292	2,314,761	183.32
Culture and recreation	4,756,302	2,530,823	87.93
Economic development	53,456	16,443	225.10
Debt service			
Principal	2,115,000	3,850,000	(45.06)
Interest and other charges	750,106	525,912	42.63
Bond issuance costs	109,310	198,823	(45.02)
Total Expenditures	<u>\$ 24,758,395</u>	<u>\$ 19,297,431</u>	28.30 %
Per Capita	<u>\$ 1,712</u>	<u>\$ 1,352</u>	26.65 %
Total Long-Term Indebtedness	\$ 31,110,000	\$ 29,300,000	6.18 %
Per Capita	2,151	2,053	4.81
General Fund Balance - December 31	\$ 4,936,219	\$ 5,407,589	(8.72) %
Per Capita	341	379	(9.89)

The purpose of this report is to provide a summary of financial information concerning the City of North Mankato to interested citizens. The complete financial statements may be examined at City Hall, 1001 Belgrade Ave., North Mankato, Minnesota 56003. Questions about this report should be directed to the Finance Director at (507) 625-4141.

STATISTICAL SECTION (UNAUDITED)

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Governmental Activities					
Net investment in capital assets	\$ 34,389,576	\$ 33,122,612	\$ 32,611,813	\$ 31,159,895	\$ 27,823,936
Restricted	8,054,091	7,512,439	7,489,928	8,358,055	8,142,886
Unrestricted	(255,296)	1,324,100	365,115	74,882	85,586
Total Governmental Activities Net Position	<u>42,188,371</u>	<u>41,959,151</u>	<u>40,466,856</u>	<u>39,592,832</u>	<u>36,052,408</u>
Business-type Activities					
Net investment in capital assets	26,922,761	24,686,987	23,882,997	22,608,155	20,942,250
Restricted	686,605	454,917	-	-	-
Unrestricted	3,454,044	3,146,718	1,979,560	1,496,570	1,689,082
Total Business-type Activities Net Position	<u>31,063,410</u>	<u>28,288,622</u>	<u>25,862,557</u>	<u>24,104,725</u>	<u>22,631,332</u>
Primary Government					
Net investment in capital assets	61,312,337	57,809,599	56,494,810	53,768,050	48,766,186
Restricted	8,740,696	7,967,356	7,489,928	8,358,055	8,142,886
Unrestricted	3,198,748	4,470,818	2,344,675	1,571,452	1,774,668
Total Primary Government Net Position	<u>\$ 73,251,781</u>	<u>\$ 70,247,773</u>	<u>\$ 66,329,413</u>	<u>\$ 63,697,557</u>	<u>\$ 58,683,740</u>

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities. Also in 2014, the Sanitation fund was split into two separate funds: Recycling and Solid Waste.

Table 1

Fiscal Year				
2017	2016	2015	2014*	2013
\$ 26,221,794	\$ 24,879,816	\$ 25,459,305	\$ 18,290,571	\$ 19,673,984
8,981,442	8,410,399	8,277,733	8,188,704	8,745,277
(183,601)	(1,059,506)	(737,444)	27,057	2,792,772
<u>35,019,635</u>	<u>32,230,709</u>	<u>32,999,594</u>	<u>26,506,332</u>	<u>31,212,033</u>
19,401,310	18,591,065	18,717,246	17,491,003	17,093,203
-	-	-	-	-
<u>1,750,317</u>	<u>1,944,589</u>	<u>1,818,513</u>	<u>2,716,102</u>	<u>3,281,817</u>
<u>21,151,627</u>	<u>20,535,654</u>	<u>20,535,759</u>	<u>20,207,105</u>	<u>20,375,020</u>
45,623,104	43,470,881	44,176,551	35,781,574	36,767,187
8,981,442	8,410,399	8,277,733	8,188,704	8,745,277
1,566,716	885,083	1,081,069	2,743,159	6,074,589
<u>\$ 56,171,262</u>	<u>\$ 52,766,363</u>	<u>\$ 53,535,353</u>	<u>\$ 46,713,437</u>	<u>\$ 51,587,053</u>

City of North Mankato, Minnesota
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Expenses					
Governmental Activities					
General government	\$ 1,059,015	\$ 974,192	\$ 957,453	\$ 947,318	\$ 835,295
Public safety	3,461,014	2,640,635	2,758,465	2,832,027	2,621,043
Public works	5,015,965	4,313,776	4,578,559	4,567,564	4,240,545
Culture and recreation	3,970,757	3,264,363	2,526,817	2,537,701	2,011,001
Housing and economic development	1,083,372	1,202,013	1,087,471	1,107,339	956,740
Mass transit and other	277,482	252,167	281,872	313,307	196,792
Interest on long-term debt	876,881	663,373	585,845	562,224	708,029
Total Governmental Activities Expenses	<u>15,744,486</u>	<u>13,310,519</u>	<u>12,776,482</u>	<u>12,867,480</u>	<u>11,569,445</u>
Business-type Activities					
Water	1,945,292	1,721,160	1,701,022	1,770,227	1,600,645
Sewer	2,326,402	2,125,600	2,280,816	2,144,941	1,778,232
Sanitation/recycling	465,612	419,098	511,987	508,239	401,010
Solid waste	787,970	756,689	755,523	713,017	694,575
Storm water	426,982	321,705	384,147	311,100	330,787
Hotel	427,962	242,894	-	-	-
Total Business-type Activities Expenses	<u>6,380,220</u>	<u>5,587,146</u>	<u>5,633,495</u>	<u>5,447,524</u>	<u>4,805,249</u>
Total Primary Government Expenses	<u>\$ 22,124,706</u>	<u>\$ 18,897,665</u>	<u>\$ 18,409,977</u>	<u>\$ 18,315,004</u>	<u>\$ 16,374,694</u>
Program Revenues					
Governmental Activities					
Charges for services					
General government	\$ 191,903	\$ 200,543	\$ 182,377	\$ 170,602	\$ 147,955
Public safety	571,324	541,838	446,058	321,227	485,984
Public works	14,342	29,879	9,381	8,765	11,446
Culture and recreation	1,313,379	1,129,036	776,557	534,100	321,268
Housing and economic development	83,660	107,596	115,665	149,103	75,405
Miscellaneous	-	-	-	-	-
Operating grants and contributions	1,682,129	1,563,378	1,253,144	541,467	508,713
Capital grants and contributions	1,393,867	240,094	932,769	3,819,942	1,535,738
Total Governmental Activities Program Revenues	<u>5,250,604</u>	<u>3,812,364</u>	<u>3,715,951</u>	<u>5,545,206</u>	<u>3,086,509</u>
Business-type Activities					
Charges for services					
Water	2,157,542	2,240,331	2,077,790	2,000,861	1,943,703
Sewer	2,547,792	2,703,550	2,600,449	2,397,950	2,419,264
Sanitation/recycling	569,591	586,614	470,044	523,719	478,332
Solid waste	837,074	770,689	763,053	751,556	746,434
Storm water	474,004	469,626	401,844	405,414	391,238
Hotel	659,650	697,811	-	-	-
Operating grants and contributions	4,542	286,302	182,358	1,413	4,590
Capital grants and contributions	14,590	14,733	192,572	995,009	247,963
Total Business-type Activities Program Revenues	<u>7,264,785</u>	<u>7,769,656</u>	<u>6,688,110</u>	<u>7,075,922</u>	<u>6,231,524</u>
Total Primary Government Program Revenues	<u>\$ 12,515,389</u>	<u>\$ 11,582,020</u>	<u>\$ 10,404,061</u>	<u>\$ 12,621,128</u>	<u>\$ 9,318,033</u>

Table 2

Fiscal Year				
2017	2016	2015	2014*	2013
\$ 861,884	\$ 1,282,018	\$ 824,191	\$ 782,620	\$ 1,034,873
2,582,049	2,840,353	2,054,079	2,245,466	2,397,246
3,693,176	3,387,740	2,874,244	5,729,610	7,230,368
1,961,563	2,039,352	1,737,105	1,632,255	1,597,289
1,015,852	2,387,348	889,363	1,596,016	706,987
302,532	288,787	386,098	302,116	119,821
552,578	686,477	1,017,615	803,195	570,917
<u>10,969,634</u>	<u>12,912,075</u>	<u>9,782,695</u>	<u>13,091,278</u>	<u>13,657,501</u>
1,674,978	1,677,867	1,637,985	1,595,455	1,458,952
2,177,514	1,946,051	1,864,280	1,549,721	1,354,223
388,733	373,509	558,817	416,917	1,267,083
647,736	693,275	590,757	1,006,229	-
294,943	303,974	209,573	258,842	269,966
-	-	-	-	-
<u>5,183,904</u>	<u>4,994,676</u>	<u>4,861,412</u>	<u>4,827,164</u>	<u>4,350,224</u>
<u>\$ 16,153,538</u>	<u>\$ 17,906,751</u>	<u>\$ 14,644,107</u>	<u>\$ 17,918,442</u>	<u>\$ 18,007,725</u>
\$ 162,710	\$ 140,856	\$ 125,230	\$ 143,601	\$ 133,401
380,925	334,361	380,576	269,795	311,979
7,843	6,735	2,218	4,924	6,318
241,729	204,071	171,514	119,515	192,688
77,828	128,982	71,702	74,962	25,361
-	-	-	-	19
473,992	504,154	522,566	486,412	534,427
1,076,301	1,077,024	5,822,778	321,726	4,025,677
<u>2,421,328</u>	<u>2,396,183</u>	<u>7,096,584</u>	<u>1,420,935</u>	<u>5,229,870</u>
2,005,102	1,772,186	1,775,111	1,818,389	1,524,399
2,453,362	2,097,858	2,056,200	2,092,942	1,535,142
485,091	466,183	496,243	392,086	1,292,386
741,372	736,586	720,103	905,274	-
279,939	276,474	278,071	275,168	275,025
-	-	-	-	-
287	4,044	-	22,359	-
44,684	23,482	19,588	7,605	4,354
<u>6,009,837</u>	<u>5,376,813</u>	<u>5,345,316</u>	<u>5,513,823</u>	<u>4,631,306</u>
<u>\$ 8,431,165</u>	<u>\$ 7,772,996</u>	<u>\$ 12,441,900</u>	<u>\$ 6,934,758</u>	<u>\$ 9,861,176</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Program Revenues (Continued)					
Net (Expense)/Revenue					
Governmental Activities	\$ (10,493,882)	\$ (9,498,155)	\$ (9,060,531)	\$ (7,322,274)	\$ (8,482,936)
Business-type Activities	<u>884,565</u>	<u>2,182,510</u>	<u>1,054,615</u>	<u>1,628,398</u>	<u>1,426,275</u>
Total Primary Government Net Expense	<u>\$ 9,609,317</u>	<u>\$ 7,315,645</u>	<u>\$ 8,005,916</u>	<u>\$ 5,693,876</u>	<u>\$ 7,056,661</u>
General Revenues and Other					
Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 5,413,674	\$ 5,347,332	\$ 5,242,254	\$ 5,162,362	\$ 4,777,767
Property taxes, levied for debt service	1,747,420	1,690,166	1,600,166	1,568,790	1,591,863
Tax increments	482,426	572,670	433,157	378,820	375,733
Local option sales tax	834,612	809,926	697,204	679,665	583,893
Hotel-motel tax	38,958	24,818	14,580	19,596	37,456
Gambling tax	99,616	126,535	71,613	98,782	48,663
Franchise taxes	527,112	516,670	513,513	482,563	485,645
Grants and contributions not restricted to specific programs	3,397,320	2,018,122	1,888,766	1,742,876	1,744,328
Unrestricted investment earnings (loss)	98,237	(2,996)	40,483	100,900	18,486
Other revenues	114,342	135,402	111,242	77,454	84,660
Gain on sale of capital assets	29,222	-	12,536	315,204	10,098
Transfers and capital contributions between business-type	<u>(2,089,819)</u>	<u>(248,195)</u>	<u>275,760</u>	<u>195,640</u>	<u>(140,527)</u>
Total Governmental Activities	<u>10,693,120</u>	<u>10,990,450</u>	<u>10,901,274</u>	<u>10,822,652</u>	<u>9,618,065</u>
Business-Type Activities					
Taxes					
Local option sales tax	-	-	-	-	1,333
Unrestricted investment earnings (loss)	(33,284)	(4,640)	12,258	40,635	9,592
Transfers and capital contributions between governmental	<u>2,089,819</u>	<u>248,195</u>	<u>(275,760)</u>	<u>(195,640)</u>	<u>140,527</u>
Total Business-type Activities	<u>2,056,535</u>	<u>243,555</u>	<u>(263,502)</u>	<u>(155,005)</u>	<u>151,452</u>
Total Primary Government	<u>\$ 12,749,655</u>	<u>\$ 11,234,005</u>	<u>\$ 10,637,772</u>	<u>\$ 10,667,647</u>	<u>\$ 9,769,517</u>
Changes in Net Position					
Governmental Activities	\$ 199,238	\$ 1,492,295	\$ 1,840,743	\$ 3,500,378	\$ 1,135,129
Business-Type Activities	<u>2,941,100</u>	<u>2,426,065</u>	<u>791,113</u>	<u>1,473,393</u>	<u>1,577,727</u>
Total Primary Government	<u>\$ 3,140,338</u>	<u>\$ 3,918,360</u>	<u>\$ 2,631,856</u>	<u>\$ 4,973,771</u>	<u>\$ 2,712,856</u>

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities. Also in 2014, the Sanitation fund was split into two separate funds: Recycling and Solid Waste.

Table 2 (continued)

Fiscal Year				
2017	2016	2015	2014*	2013
\$ (8,548,306)	\$ (10,515,892)	\$ (2,686,111)	\$ (11,670,343)	\$ (8,427,631)
825,933	382,137	483,904	686,659	281,082
<u>\$ 7,722,373</u>	<u>\$ 10,133,755</u>	<u>\$ 2,202,207</u>	<u>\$ 10,983,684</u>	<u>\$ 8,146,549</u>
\$ 4,357,623	\$ 4,281,047	\$ 4,124,649	\$ 3,881,293	\$ 3,802,650
1,553,036	1,541,476	1,472,150	1,530,005	1,523,672
388,080	289,401	312,705	340,664	-
569,952	582,290	588,643	531,148	536,417
47,430	54,156	55,209	48,590	46,550
35,779	26,306	21,422	18,792	16,443
549,872	402,406	413,458	355,218	344,761
1,733,531	1,626,188	1,633,639	1,615,275	1,375,680
9,773	20,668	5,060	34,076	8,337
111,643	160,660	230,285	266,429	84,632
1,002,021	359,159	163,426	740,948	52,813
258,962	403,250	158,727	97,101	(723,480)
<u>10,617,702</u>	<u>9,747,007</u>	<u>9,179,373</u>	<u>9,459,539</u>	<u>7,068,475</u>
1,412	1,380	1,367	1,391	1,067
47,590	19,628	2,110	4,283	10,113
(258,962)	(403,250)	(158,727)	(97,101)	723,480
<u>(209,960)</u>	<u>(382,242)</u>	<u>(155,250)</u>	<u>(91,427)</u>	<u>734,660</u>
<u>\$ 10,407,742</u>	<u>\$ 9,364,765</u>	<u>\$ 9,024,123</u>	<u>\$ 9,368,112</u>	<u>\$ 7,803,135</u>
\$ 2,069,396	\$ (768,885)	\$ 6,493,262	\$ (2,210,804)	\$ (1,359,156)
615,973	(105)	328,654	595,232	1,015,742
<u>\$ 2,685,369</u>	<u>\$ (768,990)</u>	<u>\$ 6,821,916</u>	<u>\$ (1,615,572)</u>	<u>\$ (343,414)</u>

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

Table 3

Fiscal Year	Property Taxes		Tax Increments	Local Option Sales Tax	Hotel- Motel Tax	Gambling Tax	Franchise Tax	Total
	Levied for General Purposes	Levied for Debt Service						
2022	\$ 5,413,674	\$ 1,747,420	\$ 482,426	\$ 834,612	\$ 38,958	\$ 99,616	\$ 527,112	\$ 9,143,818
2021	5,347,332	1,690,166	572,670	809,926	24,818	126,535	516,670	9,088,117
2020	5,242,254	1,600,166	433,157	697,204	14,580	71,613	513,513	8,572,487
2019	5,162,362	1,568,790	378,820	679,665	19,596	98,782	482,563	8,390,578
2018	4,777,767	1,591,863	375,733	583,893	37,456	48,663	485,645	7,901,020
2017	4,357,623	1,553,036	388,080	569,952	47,430	35,779	549,872	7,501,772
2016	4,281,047	1,541,476	289,401	582,290	54,156	26,306	402,406	7,177,082
2015	4,124,649	1,472,150	312,705	588,643	55,209	21,422	413,458	6,988,236
2014 *	3,881,293	1,530,005	340,664	531,148	48,590	18,792	355,218	6,705,710
2013	3,802,650	1,523,672	-	536,417	46,550	16,443	344,761	6,270,493

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities. Also in 2014, the Sanitation fund was split into two separate funds: Recycling and Solid Waste.

City of North Mankato, Minnesota
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 636,128	\$ 675,369	\$ 868,814	\$ 1,039,310	\$ 1,103,205
Restricted	-	150,000	-	-	-
Unassigned	<u>4,300,091</u>	<u>4,582,220</u>	<u>3,868,284</u>	<u>2,741,905</u>	<u>3,054,346</u>
Total General Fund	<u>\$ 4,936,219</u>	<u>\$ 5,407,589</u>	<u>\$ 4,737,098</u>	<u>\$ 3,781,215</u>	<u>\$ 4,157,551</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ 47,182	\$ 13,522	\$ 868	\$ 857
Restricted	12,568,114	14,298,080	5,005,983	5,158,087	7,205,823
Committed	1,540,170	2,450,830	1,845,860	-	-
Assigned	-	-	399,432	137,834	317,216
Unassigned	<u>(2,397,144)</u>	<u>(3,115,709)</u>	<u>(3,099,963)</u>	<u>(1,247,427)</u>	<u>(772,031)</u>
Total All Other Governmental Funds	<u>\$ 11,711,140</u>	<u>\$ 13,680,383</u>	<u>\$ 4,164,834</u>	<u>\$ 4,049,362</u>	<u>\$ 6,751,865</u>

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities. Also in 2014, the Sanitation fund was split into two separate funds: Recycling and Solid Waste. Prior period adjustments/restatements were required in 2019, 2014 and 2013.

Table 4

Fiscal Year				
2017	2016	2015	2014*	2013
\$ 1,488,287	\$ 1,475,134	\$ 1,607,122	\$ 109	\$ 86,910
-	-	-	-	-
<u>2,699,387</u>	<u>2,589,217</u>	<u>2,169,084</u>	<u>3,315,595</u>	<u>2,702,101</u>
<u><u>\$ 4,187,674</u></u>	<u><u>\$ 4,064,351</u></u>	<u><u>\$ 3,776,206</u></u>	<u><u>\$ 3,315,704</u></u>	<u><u>\$ 2,789,011</u></u>
\$ -	\$ -	\$ -	\$ -	\$ 7,987
4,456,249	5,175,272	3,964,229	3,056,286	283,663
-	-	-	-	196,439
369,214	276,841	352,166	434,537	471,701
<u>(1,074,426)</u>	<u>(1,890,277)</u>	<u>(1,904,750)</u>	<u>(1,458,544)</u>	<u>(826,926)</u>
<u><u>\$ 3,751,037</u></u>	<u><u>\$ 3,561,836</u></u>	<u><u>\$ 2,411,645</u></u>	<u><u>\$ 2,032,279</u></u>	<u><u>\$ 132,864</u></u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 9,152,976	\$ 9,119,247	\$ 8,548,108	\$ 8,394,837	\$ 7,879,672
Special assessments	352,808	315,004	651,737	432,854	671,972
Licenses and permits	654,760	629,305	515,126	410,133	569,826
Intergovernmental revenue	5,906,562	3,336,391	3,690,154	5,020,365	3,079,147
Charges for services	1,374,919	1,184,296	792,629	544,734	320,150
Fines and forfeits	18,460	18,253	18,564	26,399	29,495
Investment earnings (loss)	98,237	(2,996)	40,483	100,900	18,486
Payment from Component Units	-	-	-	-	-
Other revenues	345,980	665,264	352,655	350,423	820,304
Total Revenues	17,904,702	15,264,764	14,609,456	15,280,645	13,389,052
Expenditures					
General government	940,280	911,449	875,453	815,356	740,530
Public safety	2,979,987	2,704,638	2,589,252	2,599,104	2,545,012
Public works	2,038,147	1,963,471	1,943,095	2,202,765	2,113,343
Culture and recreation	2,969,236	2,630,200	2,163,307	2,184,279	1,844,905
Housing and economic development	1,001,698	1,219,024	1,085,928	1,050,301	959,618
Miscellaneous	277,482	252,167	281,872	313,307	196,792
Capital outlay	11,577,149	5,041,747	5,628,524	8,933,625	4,322,925
Debt service		-			
Principal	2,115,000	3,850,000	4,595,000	2,512,000	2,077,000
Interest	750,106	525,912	658,126	577,111	623,902
Bond issuance costs	109,310	198,823	-	6,007	98,102
Total Expenditures	24,758,395	19,297,431	19,820,557	21,193,855	15,522,129
Deficiency of Revenues					
Under Expenditures	(6,853,693)	(4,032,667)	(5,211,101)	(5,913,210)	(2,133,077)
Other Financing Sources (Uses)					
Sale of capital assets	31,612	-	12,386	392,204	29,198
Transfers in	3,561,638	2,248,870	4,286,383	2,769,654	1,761,545
Debt issued	3,925,000	12,815,000	5,810,000	1,795,000	4,670,000
Premium (discount) on bonds issued	192,191	1,085,457	184,310	18,871	56,134
Payments to refunded bond escrow agent	-	-	-	-	-
Transfers out	(3,042,325)	(1,930,620)	(4,010,623)	(2,181,404)	(1,413,095)
Total Other Financing Sources (Uses)	4,668,116	14,218,707	6,282,456	2,794,325	5,103,782
Net Change in Fund Balances	\$ (2,185,577)	\$ 10,186,040	\$ 1,071,355	\$ (3,118,885)	\$ 2,970,705
Debt service as a percentage of noncapital expenditures	19.9%	29.7%	35.0%	24.3%	23.4%

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities.

Table 5

Fiscal Year				
2017	2016	2015	2014*	2013
\$ 7,547,706	\$ 7,151,989	\$ 7,054,778	\$ 6,696,431	\$ 6,264,476
626,722	1,081,990	1,856,215	1,133,696	1,252,603
470,642	360,412	448,871	357,809	388,769
3,341,194	3,274,720	6,540,969	2,331,472	2,949,485
278,806	242,214	199,242	134,075	166,102
28,220	31,247	27,578	20,068	21,599
10,183	20,668	5,060	34,217	8,337
-	-	-	-	(350,000)
349,960	387,790	713,594	782,761	616,150
<u>12,653,433</u>	<u>12,551,030</u>	<u>16,846,307</u>	<u>11,490,529</u>	<u>11,317,521</u>
782,884	752,144	839,835	785,958	992,041
2,304,769	2,183,726	2,120,907	2,071,637	2,209,974
1,661,692	1,684,396	1,784,547	1,880,130	1,707,461
1,685,943	1,682,465	1,485,325	1,397,997	1,327,214
938,991	858,799	863,831	1,005,448	705,627
302,532	288,787	358,907	250,780	116,638
1,373,968	3,184,584	9,065,255	3,463,555	2,430,920
4,232,000	2,322,000	3,380,567	3,147,726	2,136,130
623,082	707,537	959,390	746,813	620,370
-	37,015	83,173	68,148	-
<u>13,905,861</u>	<u>13,701,453</u>	<u>20,941,737</u>	<u>14,818,192</u>	<u>12,246,375</u>
<u>(1,252,428)</u>	<u>(1,150,423)</u>	<u>(4,095,430)</u>	<u>(3,327,663)</u>	<u>(928,854)</u>
1,014,892	352,874	166,105	740,948	52,813
1,694,028	1,310,607	1,167,614	1,768,333	1,835,086
-	1,800,000	4,590,000	2,845,000	-
-	32,635	127,443	131,790	-
-	-	-	-	(615,000)
<u>(1,143,968)</u>	<u>(907,357)</u>	<u>(1,115,864)</u>	<u>(1,707,977)</u>	<u>(1,514,507)</u>
<u>1,564,952</u>	<u>2,588,759</u>	<u>4,935,298</u>	<u>3,778,094</u>	<u>(241,608)</u>
<u>\$ 312,524</u>	<u>\$ 1,438,336</u>	<u>\$ 839,868</u>	<u>\$ 450,431</u>	<u>\$ (1,170,462)</u>
37.7%	28.9%	38.6%	31.7%	20.2%

City of North Mankato, Minnesota
Governmental Fund Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 6

Fiscal Year	Property Tax	Tax Increments	Sales Tax	Franchise Tax	Hotel/Motel Tax	Charitable Gambling Tax	Total
2022	\$ 7,170,252	\$ 482,426	\$ 834,612	\$ 527,112	\$ 38,958	\$ 99,616	\$ 9,152,976
2021	7,068,628	572,670	809,926	516,670	24,818	126,535	9,119,247
2020	6,818,041	433,157	697,204	513,513	14,580	71,613	8,548,108
2019	6,735,411	378,820	679,665	482,563	19,596	98,782	8,394,837
2018	6,348,282	375,733	583,893	485,645	37,456	48,663	7,879,672
2017	5,956,593	388,080	569,952	549,872	47,430	35,779	7,547,706
2016	5,797,430	289,401	582,290	402,406	54,156	26,306	7,151,989
2015	5,675,591	300,455	588,643	413,458	55,209	21,422	7,054,778
2014	* 5,402,019	340,664	531,148	355,218	48,590	18,792	6,696,431
2013	5,320,305	-	536,417	344,761	46,550	16,443	6,264,476

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities.

City of North Mankato, Minnesota
Tax Capacity and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 7

Fiscal Year Ended December 31	Real Property		Personal Property	Less: Tax Increment Real Property	Total Tax Capacity	Total Direct Tax Rate	Estimated Actual Taxable Value	Tax Capacity Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Other					
2022	\$ 11,033,932	\$ 4,065,424	\$ 178,564	\$ 392,673	\$ 14,885,247	47.833	\$ 1,293,022,900	1.18 %
2021	10,522,487	3,975,419	262,856	464,654	14,296,108	48.827	1,284,577,400	1.15
2020	10,015,366	3,788,470	238,188	362,059	13,679,965	49.668	1,262,162,300	1.11
2019	9,568,403	3,650,690	213,252	319,666	13,112,679	50.950	1,134,510,200	1.18
2018	8,678,761	3,436,750	210,311	313,969	12,011,853	52.124	1,111,278,600	1.11
2017	8,176,648	3,190,937	203,232	314,983	11,255,834	52.485	974,012,800	1.19
2016	7,766,976	3,097,452	202,626	257,824	10,809,230	53.606	920,184,000	1.20
2015	7,539,514	2,922,120	196,518	255,229	10,402,923	52.901	898,283,600	1.19
2014	7,147,698	2,873,806	181,968	240,045	9,963,427	54.009	856,913,700	1.19
2013	7,058,140	2,870,300	175,764	242,538	9,861,666	54.566	934,541,100	1.08

Source: Nicollet County Assessor and Auditor

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

Table 8

Fiscal Year	City of North Mankato			Nicollet County	Independent School District No. 77	Region 9 Development Commission	Total Direct and Overlapping Rates
	Operating Tax Capacity Rate	Debt Service Tax Capacity Rate	Total City Tax Capacity Rate				
2022	36.100 %	11.733	47.833 %	55.611 %	22.272 %	0.431 %	126.147 %
2021	37.009	11.818	48.827	58.535	21.699	0.490	129.551
2020	41.306	8.362	49.668	55.073	21.741	0.466	126.948
2019	38.992	11.958	50.950	54.049	22.441	0.465	127.905
2018	41.639	10.485	52.124	55.169	22.247	0.491	130.031
2017	39.689	12.796	52.485	52.610	22.417	0.474	127.986
2016	39.345	14.261	53.606	52.661	24.115	0.480	130.862
2015	38.242	14.659	52.901	49.380	22.600	0.450	125.331
2014	38.660	15.349	54.009	51.244	24.078	0.323	129.654
2013	39.123	15.443	54.566	52.383	18.924	0.188	126.061

Source: Nicollet County Auditor

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

Table 9

Taxpayer	Type of Business	2022			2013		
		Taxable Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taylor Corporation	Printing	\$ 287,396	1	1.9 %	\$ 345,174	1	3.5 %
West Lake Holdings	Electric rotating equipment	168,176	2	1.1			
Kato Engineering	Electric rotating equipment	131,772	3	0.9	116,580	2	1.2
Craig Theunick	Residential	126,361	4	0.8			
Minnegasco, Inc.	Utility	125,752	5	0.8	79,659	8	0.8
Costumes Galore	Costumes	124,836	6	0.8			
Monarch Meadows	Residential	108,772	7	0.7			
Carlson Wedding Service	Specialty printing	96,130	8	0.6	97,108	4	1.0
Corporate Graphics	Printing	95,298	9	0.6	85,134	6	0.9
Wis-Pak of Mankato	Bottling	94,596	10	0.6	100,960	3	1.0
Ziegler Mankato LLC	Equipment sales				86,090	5	0.9
Carlson Craft Commercial	Specialty printing				80,476	7	0.8
LJP Enterprises	Sanitation				73,038	9	0.7
Coloplast Corporation	Skin care and hygiene products				62,320	10	0.6
Total		<u>\$ 1,359,089</u>		<u>8.8 %</u>	<u>\$ 1,126,539</u>		<u>11.4 %</u>

Source: Nicollet County Property & Public Services

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City of North 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
2022	\$ 7,122,995	\$ 7,077,630	99.4 %	\$ -	\$ 7,077,630	99.4 %
2021	6,983,328	6,945,630	99.5	28,187	6,973,817	99.9
2020	6,794,559	6,728,049	99.0	61,982	6,790,031	99.9
2019	6,683,838	6,640,464	99.4	38,275	6,678,739	99.9
2018	6,288,751	6,262,058	99.6	22,388	6,284,446	99.9
2017	5,910,292	5,873,818	99.4	33,746	5,907,564	100.0
2016	5,794,404	5,779,402	99.7	11,403	5,790,805	99.9
2015	5,596,414	5,560,815	99.4	35,599	5,596,414	100.0
2014	5,383,784	5,339,940	99.2	43,844	5,383,784	100.0
2013	5,383,784	5,335,125	99.1	48,659	5,383,784	100.0

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

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Tax Increment	G.O. Special Assessment Bonds	G.O. Revenue Bonds	Contracts/ Leases Payable	Notes Payable
2022	\$ 6,916,666	\$ 976,102	\$ 14,280,208	\$ 10,417,644	\$ -	\$ -
2021	7,438,785	1,151,187	11,396,867	10,721,280	-	-
2020	8,323,299	836,271	10,426,479	1,149,136	-	-
2019	8,768,508	941,355	8,293,209	1,397,731	-	-
2018	9,040,683	1,046,439	7,934,715	1,816,326	292,000	-
2017	5,387,792	1,116,583	8,380,704	2,219,921	404,000	-
2016	5,951,991	1,181,723	11,936,692	2,608,516	516,000	-
2015	5,991,378	1,246,863	11,880,678	2,967,111	628,000	-
2014 *	8,169,700	1,257,003	9,974,662	3,320,706	-	628,000
2013	5,526,338	-	12,327,748	3,664,301	792,293	-

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

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities.

Table 11

Business-type Activities			Percentage of Personal Income	Per Capita
General Obligation Bonds	Utility G.O. Revenue Bonds	G.O. Special Assessment Bonds		
\$ 4,532,005	\$ 4,527,104	\$ 370,324	7.05 %	\$ 2,908
4,500,000	5,157,416	475,581	7.09	2,861
-	5,732,598	588,472	4.86	1,917
-	6,494,736	707,410	4.94	1,892
-	5,972,881	812,559	5.20	1,934
-	9,075,484	928,980	5.48	1,981
-	9,488,786	1,045,401	6.75	2,369
-	10,601,119	1,148,513	7.44	2,532
-	5,441,648	1,855,614	6.86	2,267
-	6,016,600	1,919,760	6.97	2,237

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

Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation Bonds	Tax Increment	G.O. Special Assessment Bonds	G.O. Revenue Bonds	Utility G.O. Revenue Bonds	G.O. Special Assessment Bonds
2022	\$ 6,916,666	\$ 976,102	\$ 14,280,208	\$ 10,417,644	\$ 4,527,104	\$ 370,324
2021	7,438,785	1,151,187	11,396,867	10,721,280	5,157,416	475,581
2020	8,323,299	836,271	10,426,479	1,149,136	5,732,598	588,472
2019	8,768,508	941,355	8,293,209	1,397,731	6,494,736	707,410
2018	9,040,683	1,046,439	7,934,715	1,816,326	5,972,881	812,559
2017	5,387,792	1,116,583	8,380,704	2,219,921	9,075,484	928,980
2016	5,951,991	1,181,723	11,936,692	2,608,516	9,488,786	1,045,401
2015	5,991,378	1,246,863	11,880,678	2,967,111	10,601,119	1,148,513
2014 *	8,169,700	1,257,003	9,974,662	3,320,706	5,441,648	1,855,614
2013	5,526,338	-	12,327,748	3,664,301	6,016,600	1,919,760

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

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with the governmental activities.

Table 12

<u>Total Primary Government</u>	<u>Less: Amounts Restricted for Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 37,488,048	\$ 2,080,366	\$ 35,407,682	2.74 %	\$ 2,451
36,341,116	1,707,176	34,633,940	2.70	2,426
27,056,255	1,819,078	25,237,177	2.00	1,788
26,602,949	1,386,767	25,216,182	2.22	1,794
26,623,603	858,650	25,764,953	2.32	1,852
27,109,464	859,809	26,249,655	2.70	1,890
32,213,109	542,661	31,670,448	3.44	2,293
33,835,662	494,778	33,340,884	3.71	2,450
30,019,333	410,177	29,609,156	3.46	2,190
29,454,747	77,039	29,377,708	3.14	2,173

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City of North Mankato, Minnesota
Computation of Direct and Overlapping Debt
December 31, 2022

Table 13

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt			
City of North Mankato	<u>\$ 32,590,620</u>	100.00 %	<u>\$ 32,590,620</u>
Overlapping Debt			
Nicollet County	11,330,000	28.54	3,233,582
Blue Earth County	15,972,390	0.01	1,054
Independent School Dist. 77	<u>105,455,000</u>	22.22	<u>23,432,101</u>
Total overlapping debt	<u>132,757,390</u>		<u>26,666,737</u>
Total Direct and Overlapping Debt	<u><u>\$ 165,348,010</u></u>		<u><u>\$ 59,257,357</u></u>

Sources : Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the County.

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 North 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 North Mankato, Minnesota
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt Limit	\$ 38,790,687	\$ 38,537,322	\$ 37,864,869	\$ 34,035,306	\$ 33,338,358
Total Net Debt Applicable to Limit	<u>6,916,666</u>	<u>7,438,785</u>	<u>8,323,299</u>	<u>8,768,508</u>	<u>9,040,683</u>
Legal Debt Margin	<u>\$ 31,874,021</u>	<u>\$ 31,098,537</u>	<u>\$ 29,541,570</u>	<u>\$ 25,266,798</u>	<u>\$ 24,297,675</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	17.83%	19.30%	21.98%	25.76%	27.12%

Total Estimated Market Value	<u>\$ 1,293,022,900</u>
Debt limit (3% of total assessed value)	38,790,687
Debt applicable to limit:	
General obligation bonds	<u>6,916,666</u>
Total net debt applicable to limit	<u>6,916,666</u>
Legal Debt Margin	<u>\$ 31,874,021</u>

Note: Under state finance law, the City of North 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.

* Starting in 2014, the Port Authority component unit will be treated as a blended component unit and be combined with governmental activities.

Table 14

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014*</u>	<u>2013</u>
\$ 29,220,384	\$ 27,605,520	\$ 26,948,508	\$ 25,707,411	\$ 28,036,233
<u>5,387,792</u>	<u>5,951,991</u>	<u>5,991,378</u>	<u>8,169,700</u>	<u>5,526,338</u>
<u>\$ 23,832,592</u>	<u>\$ 21,653,529</u>	<u>\$ 20,957,130</u>	<u>\$ 17,537,711</u>	<u>\$ 22,509,895</u>
18.44%	21.56%	22.23%	31.78%	19.71%

City of North Mankato, Minnesota
Pledged-Revenue Coverage - Water, Sewer, Recycling, Storm Water and Solid Waste Bonds
Last Ten Fiscal Years

Table 15

Year	Gross Revenue	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements ⁽¹⁾			Coverage
				Principal	Interest	Total	
2022	\$ 7,207,005	\$ 4,900,897	\$ 2,306,108	\$ 679,140	\$ 190,240	\$ 869,380	2.65
2021	7,585,971	7,293,782	292,189	1,682,960	140,684	1,823,644	0.16
2020	6,507,946	4,466,641	2,041,305	858,000	154,590	1,012,590	2.02
2019	6,092,954	4,354,802	1,738,152	839,022	158,267	997,289	1.74
2018	5,994,486	3,723,588	2,270,898	1,023,480	250,667	1,274,147	1.78
2017	6,014,155	4,055,954	1,958,201	924,179	247,899	1,172,078	1.67
2016	5,363,104	3,827,379	1,535,725	1,454,009	263,089	1,717,098	0.89
2015	5,274,560	3,731,462	1,543,098	828,674	317,525	1,146,199	1.35
2014	5,489,533	3,766,201	1,723,332	640,829	278,265	919,094	1.88
2013	4,638,132	3,276,870	1,361,262	627,842	303,009	930,851	1.46

Source: City of North 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 North Mankato, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years

Table 16

Fiscal Year	Population	Personal Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2022	14,448	\$ 595,777,728	\$ 41,236	36.1	8,363	1.6 %
2021	14,275	575,967,700	40,348	36.1	8,259	2.1
2020	14,114	557,206,606	39,479	37.7	8,420	4.1
2019	14,059	538,867,411	38,329	38.0	8,685	2.6
2018	13,914	517,781,682	37,213	38.0	8,508	2.5
2017	13,889	501,795,681	36,129	38.4	8,396	2.6
2016	13,813	484,518,601	35,077	38.9	8,381	2.4
2015	13,610	463,488,550	34,055	36.8	8,076	3.2
2014	13,520	447,011,760	33,063	37.7	7,718	2.6
2013	13,520	433,992,000	32,100	35.5	7,598	4.1

Source: Minnesota Department of Employment and Economic Development.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year.

Unemployment rate information is an adjusted yearly average.

School enrollment is based on the census at the start of the school year.

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

Table 17

	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Taylor Companies (various subsidiaries)	2,200	1	3.8 %	1,100	4	2.0 %
Mayo Clinic Health System (Formerly ISJ Hospital)	1,871	2	3.2	2,250	1	4.1
Minnesota State University Mankato	1,600	3	2.7	1,700	3	3.1
Independent School District 77 (Mankato)	1,150	4	2.0	2,224	2	4.0
Mankato Clinic	751	5	1.3	748	5	1.4
Gustavus Adolphus College	580	6	1.0			
Wal-Mart Distribution Center	545	7	0.9			
Blue Earth County	475	8	0.8			
Kato Engineering	434	9	0.7	300	9	0.5
Johnson Outdoors	360	10	0.6			
Navitor				500	6	0.9
Bethany Lutheran College				429	7	0.8
Verizon Wireless				422	8	0.8
Precision Press				300	9	0.5
Total	<u>9,966</u>		<u>17.0 %</u>	<u>9,973</u>		<u>18.1 %</u>
Total City Employment	<u>58,600</u>			<u>55,159</u>		

The economy of North Mankato is closely linked to that of the adjacent City of Mankato. These are major employers in the area.
Source: Greater Mankato Growth

City of North Mankato, Minnesota
Full-Time Equivalent City Government Employees By Function
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31				
	2022	2021	2020	2019	2018
General Government	4.5	5.0	5.0	4.8	3.8
Community Development	1.8	2.5	2.5	1.6	2.5
Public Safety					
Police					
Officers	15.0	15.0	14.0	15.0	15.0
Secretary	1.5	1.5	1.5	1.5	1.5
Inspections	2.0	3.0	3.3	3.3	3.3
Public Works					
Maintenance	9.8	9.8	9.8	10.8	10.6
Culture and Recreation					
Parks	6.5	5.8	4.8	5.8	5.3
Library	6.5	6.5	6.5	8.0	8.5
Swim Facility	0.8	0.8	0.8	1.0	-
Water	6.9	7.3	6.8	6.9	6.6
Sewer	4.5	5.1	4.6	4.6	3.6
Storm Water	1.0	1.8	1.2	1.2	1.0
Recycling	1.5	1.5	1.5	1.5	1.5
Solid Waste	1.0	1.0	1.0	1.0	1.0
Total	<u>63.3</u>	<u>66.6</u>	<u>63.3</u>	<u>67.0</u>	<u>64.2</u>

Source: City Personnel Records

Table 18

Full-time Equivalent Employees as of December 31				
2017	2016	2015	2014	2013
3.5	4.0	9.5	9.5	10.5
2.0	2.0	-	-	-
14.0	13.0	14.0	13.0	13.0
1.5	1.5	1.5	1.5	1.5
4.0	4.0	4.0	4.0	4.0
9.3	8.3	10.0	10.0	10.0
5.0	4.8	4.0	5.0	5.0
7.0	6.5	5.5	5.5	6.5
-	-	-	-	-
6.3	6.6	5.0	5.0	6.0
2.5	4.6	2.0	2.0	2.0
1.0	1.0	-	-	-
1.5	1.5	-	-	-
1.0	1.0	1.5	1.5	1.5
58.6	58.8	57.00	57.0	60.0

City of North Mankato, Minnesota

Operating Indicators By Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
Police					
Physical arrests	-	-	-	-	-
Reports of service	9063	7,841	8,377	8,570	8,479
Accidents	233	187	174	237	233
Police reserve volunteer hours	1100	1,183	1,044	1,376	1,322
Educational programs	51	7	8	30	37
Fire					
Number of calls answered	134	140	139	128	137
Public Works					
Street seal coating (miles)	9	9.0	11.0	12.0	8.0
Solid Waste					
Refuse collected (tons)	3,461	3,645	3,830	3,589	3,422
Culture and Recreation					
Swim facility attendance	43,477	46,054	42,072	21,345	11,082
Library circulation (items checked out)	97,674	105,297	107,908	153,556	158,473
Bookmobile circulation	15,288	13,841	5,638	18,217	18,238
Electronic circulation	17,894	21,648	-	-	-
Water					
Total connections	7,480	7,427	7,238	7,107	7,021
Average daily consumption (thousands of gallons)	1,302	1,334	1,346	1,222	1,208

Sources: Various City departments.

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

Table 19

Fiscal Year				
2017	2016	2015	2014	2013
-	-	836	796	731
8,013	6,797	-	-	-
195	216	220	220	196
1,632	1,002	1,200	1,118	1,480
39	26	24	16	18
109	95	104	141	100
5.0	9.0	7.0	7.2	7.8
3,412	3,379	3,466	3,433	3,510
13,331	15,663	15,095	14,764	17,456
163,075	158,001	173,761	243,675	251,467
18,518	28,117	21,796	29,667	39,309
-	-	-	-	-
6,970	6,903	6,921	6,682	6,572
1,236	1,185	1,250	1,442	1,326

City of North Mankato, Minnesota
Capital Asset Statistics By Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2022	2021	2020	2019	2018
General Government					
Planning and zoning					
Building permits issued	1,620	1,625	1,470	1,296	1,142
Public Safety					
Police					
Stations	1	1	1	1	1
Fulltime paid police	15	15	14	15	15
Volunteer police reserves	11	20	17	16	16
Fire					
Stations	2	2	2	2	2
Volunteer fire fighters	29	33	34	36	36
I.S.O. Rating	4	4	4	4	4
Public Works					
Street division					
Miles of street	112.00	110.00	95.00	83.00	77.73
Signalized intersections	5	5	5	5	5
Parks division					
Parks	21	21	21	21	21
Area in acres	278	278	278	278	278
Baseball diamonds	14	14	14	14	14
Basketball courts	9	8	8	8	8
Horseshoe courts	12	12	12	12	12
Trails	9	6	6	6	6
Skating rinks/outdoor	2	2	2	2	2
Soccer fields	6	5	5	5	5
Softball diamonds	13	13	13	13	13
Swimming facility	1	1	1	1	1
Tennis courts	8	8	8	8	8
Volleyball courts	8	11	8	8	8
Utilities					
Municipal water					
Connections	7,480	7,427	7,238	7,107	7,021
Average daily consumption (thousands of gallons)	1,302	1,334	1,346	1,222	1,208
Maximum daily consumption (thousands of gallons)	2,384	2,638	2,307	2,749	2,120

Source: City of North Mankato Financial Records.

Table 20

Fiscal Year				
2017	2016	2015	2014	2013
1,168	1,104	946	916	980
1	1	1	1	1
14	13	14	13	13
15	19	15	15	18
2	2	2	2	2
30	32	35	36	34
4	4	4	4	4
77.73	77.00	77.00	77.00	77.00
5	5	5	5	5
21	21	21	21	21
278	278	278	278	251
14	14	14	14	14
8	8	8	8	8
12	12	12	12	13
6	6	6	6	6
5	5	5	5	5
13	13	13	13	10
11	11	11	11	11
1	1	1	1	1
8	8	8	8	8
9	9	9	9	9
6,970	6,903	6,854	6,682	6,572
1,236	1,185	1,250	1,442	1,326
2,386	3,259	2,680	2,480	2,412

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OTHER REQUIRED REPORTS

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of North 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 North Mankato (the City) as of and for the year ended December 31, 2022, 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 30, 2023.

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

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



Abdo
Mankato, Minnesota
June 30, 2023

**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 North 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 North Mankato, Minnesota (the City), as of and for the year ended December 31, 2022, 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 30, 2023.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, Responses and Questioned Costs, we identified a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings, Responses and Questioned Costs as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported in accordance with Government Auditing Standards.

Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings, Responses and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
Mankato, Minnesota
June 30, 2023



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FEDERAL FINANCIAL AWARD PROGRAMS

CITY OF NORTH MANKATO
NORTH MANKATO, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

Honorable Mayor and City Council
City of North Mankato, Minnesota

Opinion on Each Major Federal Program

We have audited the City of North Mankato, 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, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Abdo
Mankato, Minnesota
June 30, 2023



City of North Mankato, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

<u>Federal Funding Source</u>	<u>Administering Department</u>	<u>Program Name</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of Treasury	Minnesota Department of Revenue	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	G90ARPADIST	\$ 1,415,174
U.S. Department of Transportation	Direct	National Priority Safety Programs	20.616	N/A	10,853
U.S. Department of Health and Human Services	Minnesota Department of Health and Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	H55216191	<u>350</u>
Total Federal Expenditures					<u><u>\$ 1,426,377</u></u>

City of North Mankato, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of North Mankato, Minnesota (the City) under programs of the federal government for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

4. Subrecipients

There were no federal expenditures passed through to subrecipients during the year.

5. Indirect Cost Rate

During the year ended December 31, 2022, the City did not elect to use the 10 percent de minimis indirect cost rate.

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City of North Mankato, Minnesota
Schedule of Findings, Responses and Questioned Costs
For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
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/Clusters

	<u>ALN No.</u>
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

One significant deficiency (finding 2022-001) and one material weakness (finding 2022-002) relating to the audit of the financial statements are reported in the Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies or material weaknesses that required to be reported in accordance with the Uniform Guidance. There are no instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

Section IV - Corrective Action Plans

Corrective Action Plans are attached as required to be reported under the Federal Single Audit Act.

Section V - Schedule of Prior Year Audit Findings

There were prior year audit findings that are attached.

City of North Mankato, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-001	Preparation of Financial Statements
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the Organization's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your accounting software to the amounts reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

City of North Mankato, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2022-002	Material Audit Adjustments
<i>Condition:</i>	During our audit, material audit adjustments were needed to record a prior period adjustment related to capital asset activity.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
<i>Effect:</i>	This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.
<i>Management Response:</i>	
Management will continue to review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.	

2022-001 Preparation of Financial Statements

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

The Finance Director will attend financial statement training offered by the MNGFOA or other sources as available.

2. Actions Planned in Response to Finding:

The City Council will continue to monitor as a compensating control.

3. Official Responsible for Ensuring CAP:

Kevin McCann, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

The planned completion date is December 31, 2023.

5. Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

Sincerely,

Kevin McCann
Finance Director

2022-002 Material Audit Adjustments

CORRECTIVE ACTION PLAN (CAP):

1. Explanation of Disagreement with Audit Findings:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

Management will continue to thoroughly review journal entries to prepare for the audit and ask questions throughout the year in an attempt to eliminate as many as adjusting entries as possible.

3. Official Responsible for Ensuring CAP:

Kevin McCann, City Administrator, is the official responsible for ensuring corrective action of the material weakness.

4. Planned Completion Date for CAP:

The planned completion date is December 31, 2023.

5. Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

Sincerely,

Kevin McCann
Finance Director

City of North Mankato, Minnesota
Schedule of Prior Year Findings
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2021-001	Preparation of Financial Statements
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to ensure adequate internal control over the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the Organization's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your accounting software to the amounts reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.
<i>Updated Progress Since Prior Year:</i>	
	No progress has been made to address this finding since the prior year.

City of North Mankato, Minnesota
Schedule of Prior Year Findings (Continued)
For the Year Ended December 31, 2022

<u>Finding</u>	<u>Description</u>
2021-002	Material Audit Adjustments
<i>Condition:</i>	During our audit, adjustments were needed to record a number of accounting and audit adjustments, including the following material entries: <ul style="list-style-type: none">• To adjust various capital asset activity.• To adjust various bond issuances.• To record additional payable balances.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
<i>Effect:</i>	This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.
<i>Management Response:</i>	
	Management will continue to review and gain an understanding of the audit adjustments in order to reduce the number of entries necessary for future audits.