

City of Austin, Minnesota

Comprehensive Annual Financial Report



**For the Year Ended
December 31, 2018**



City of Austin, Minnesota

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

Prepared by:

Finance Department

**City of Austin, Minnesota
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Introductory Section

City of Austin
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April 23, 2019

Honorable Mayor and
Members of the City Council
City of Austin
Austin, Minnesota

Minnesota statutes require all cities publish within six months of the close of the year a complete set of audited financial statements. This report is published to fulfill that requirement for the year ended December 31, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen, LLP has issued an unmodified ("clean") opinion on the City of Austin's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Austin, incorporated on February 28, 1876, is located in the southeastern part of the state and is the County seat of Mower County. Federal interstates 90 and 35 serve the City. The City of Austin is located within 100 miles of the Twin Cities and 45 miles of Rochester and is among the larger cities in "outstate" Minnesota. The City of Austin currently occupies a land area of 11 square miles and serves a population of 24,800. The City of Austin is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Austin has operated under a Home Rule Charter since its adoption on March 10, 1903 pursuant to the general laws of Minnesota. Policy-making and legislative authority are vested in a governing council consisting of the mayor and seven council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's administrator and attorney. The City's administrator is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis to serve four-year staggered terms. The six council members are elected by three different wards. The mayor and council member-at-large are elected at large.

The City of Austin provides a full range of services including police and fire protection; the construction and maintenance of streets and infrastructure; recreational facilities; library and cultural events; sewer utilities, and airport services. Electric, water, and gas services are provided through the legally separate Austin Utilities, which functions, in essence, as a department of the City of Austin and therefore has been included as an integral part of the City of Austin's financial statements.

The Council is required to adopt an initial budget for the year no later than December 31 preceding the beginning of the year on January 1. This annual budget serves as the foundation for the City of Austin's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the city council.

LOCAL ECONOMY

The City of Austin functions as a major regional center for greater Minnesota. The City of Austin is headquarters for a major corporation, and functions as a regional shopping center for the immediate area. Major industries located within the government's boundaries or in close proximity includes hospitals, food manufacturers, retail stores, and a community college. The school district within the City of Austin also have a significant economic presence, employing in total more than 926 teachers, professionals, and support staff. Austin's strong economy is built around the corporate headquarters of a Fortune 500 company, Hormel Foods Corporation. Hormel Foods Corporation currently employs over 2,900 people in the local area. Additionally, Quality Pork Processors employs another 1,250 people within the meat packing facility owned by Hormel Foods Corporation.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. During the past ten years, the unemployment rate rose from an initial low of 6.4 percent (2009) to a decade high of 6.6 percent (2010). The City of Austin continues to experience unemployment rates consistently lower than national averages. The City of Austin's unemployment rate as of December 31, 2018 was 3.1 percent compared to 3.7 percent nationally. The continued stability in unemployment rates during the current year reflect the current demand for workers in our region. Increases may occur in the near future, however, based on economic forecasts, a continued stabilization in unemployment rates are anticipated in calendar year 2020.

Median household incomes within the City of Austin are significantly lower than for the state as a whole. According to the current economic data, the City's median family income was \$44,403, matching the county's median family income, while the states was \$54,442. The City's population remains at 24,800 as of December 31, 2018, in part because of continued employment opportunities. Despite the softening of the housing market nationwide, housing prices in the vicinity of the City of Austin continue to remain strong. At the end of the fourth quarter of 2018, the median value of a single-family home in the vicinity of the City of Austin was \$137,000.

Due to its strong and healthy local economy, the City of Austin has maintained a credit rating of Aa2 from Moody's Investor Service since 2009, and AA- from Standard and Poor's since 2010. Moody's recently completed a rating review, reaffirming the Aa2 credit rating.

The Hormel Institute, a cooperative venture between the University of Minnesota, Mayo Medical Center, and the Hormel Foundation completed a \$25+ million facility for cancer research in 2009. The facility has added numerous research and support staff in their quest to find a cure for cancer and during 2016 completed phase two of the expansion with the construction of a \$27 million additional expansion that will add over 125 jobs to the local economy. During 2018, The Hormel Institute continued the recruitment process to hire the additional scientists to fill up their new research facility.

Residential construction continues to show improvement, with single home family dwellings expecting to continue to increase over the 10 units built in 2018. A 5% increase is expected in this area as the Austin economy continues to show strength. Local government agencies approved a housing abatement program in 2016 that has spurred additional housing growth within the community and

surrounding areas in the last year. Additionally, a 38-unit townhome project started during 2018 is expected to open in 2019 to provide additional housing opportunities.

The local option sales tax collections continue to remain strong. The final results for 2018 include an increase in revenue of over \$500,000 over the 2017 amounts. The 2017 revenue was reduced due to a misreporting issue in another Minnesota community, however the 2018 revenue still is exceeding \$1.4 million on an annual basis. Minimal flood projects happened in 2018 as the City has been working on plans for the next phased construction of the flood program in the Turtle Creek area that will occur in 2019.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Assigned and unassigned fund balance in the general fund increased to 53.8 percent of total general fund expenditures and is above the informal policy guidelines (between 40 and 48 percent of total general fund expenditures) set by the Council for budgetary and planning purposes. State aid revenues did not realize any reductions in 2018 and current budget projections for the State of Minnesota show surpluses. These surpluses will take pressure off of the legislature to reduce the state aid that Austin receives.

The City of Austin also adopted an updated 5-Year Capital Improvement Plan covering the period of 2019 through 2023. Over \$123.2 million will be spent over the next five years on capital improvements within the City. Included in the planned improvements are nearly \$42.4 million for Wastewater Treatment Plant upgrades, \$18.9 million for flood mitigation projects, and over \$17 million for street projects. The City is utilizing grants, interest earnings, and funds on hand to accomplish the improvements over the next five-year period.

The City of Austin continues to monitor the economic issues faced by the State of Minnesota and the federal government as this affects both the revenues and expenditures that are anticipated for the following years. The elected officials, along with staff, are creating long-term financial plans and departmental reviews in order to provide long-term planning for the municipality.

A community wide effort to enhance the lifestyle of citizens has continued during 2018. This effort, known as Vision 2020, embarked on getting citizen involvement to focus on areas that could be improved within the community to enhance the way of life for our citizens. Ten projects have been selected through a community-wide voting process that will be the focus of the Vision 2020 efforts for the next five years. The largest of the Vision 2020 projects is a new Community Recreation Center to be constructed on the former Austin Utilities turbine site in downtown Austin. This \$35 million project will utilize private contributions for the entire project, \$30 million of which has already been raised. The local YMCA and the City Park and Recreation Department will partner on operations of the facility for the benefit of the citizens of the area. This facility has all of the needed contributions pledged, and many of the required use agreements have been signed and are just waiting for the grand opening expected at the end of 2019.

Flood awareness continues to be a major concern of the citizens and business of Austin. A \$10 million flood barrier project was completed in 2015 to protect local businesses including a hospital, a food production facility, and Hormel Corporate Office South. The local option sales tax will be in effect for several more years with the goal that these funds will be matched with state and federal grants to further eliminate the loss that Austin has realized from past flooding events. The City recently received a state Department of Natural Resources grant for the next major phase of the flood control project along Turtle Creek. Additional flood projects including the construction of berms to fortify the City's wastewater treatment facility and acquisition of single-family homes are included in the long-term flood prevention program.

The City of Austin continues to work on economic development issues in order to further grow the community. The City of Austin is aggressively working with local leaders on the Hormel Institute expansion project, as now that it is completed the recruitment of researchers will be ramping up to add another 125 jobs to rural Minnesota. As noted earlier, the Hormel Institute facility is a leading-edge cancer research center that currently employs over 100 scientists and support staff with a goal to eventually end this disease.

The City also has been aggressively working with a few developers of apartment complexes. A lack of housing availability in the community has resulted in the city taking an aggressive stance on recruiting developers for all sorts of housing options, including apartments, townhomes, and single-family dwellings.

RELEVANT FINANCIAL POLICIES

The City of Austin has adopted a comprehensive set of financial policies, both formally and informally through recommended practices. The City of Austin's policy of maintaining assigned and unassigned fund balance between 40 and 48 percent of total general fund expenditures was exceeded during 2018. An unscheduled interest payment receipt and a legislative change the city pursued to reduce a state fire aid expenditure resulted in an unscheduled \$735,000 increase in the fund balance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Austin, Minnesota, for its comprehensive annual financial report (CAFR) for the year ended December 31, 2017. This was the thirty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the finance department. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the mayor and the city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Austin's finances.

Respectfully Submitted,

A handwritten signature in blue ink, reading "Tom Dankert". The signature is fluid and cursive, with the first name "Tom" and last name "Dankert" clearly distinguishable.

Tom Dankert
Director of Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
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in Financial
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Presented to

**City of Austin
Minnesota**

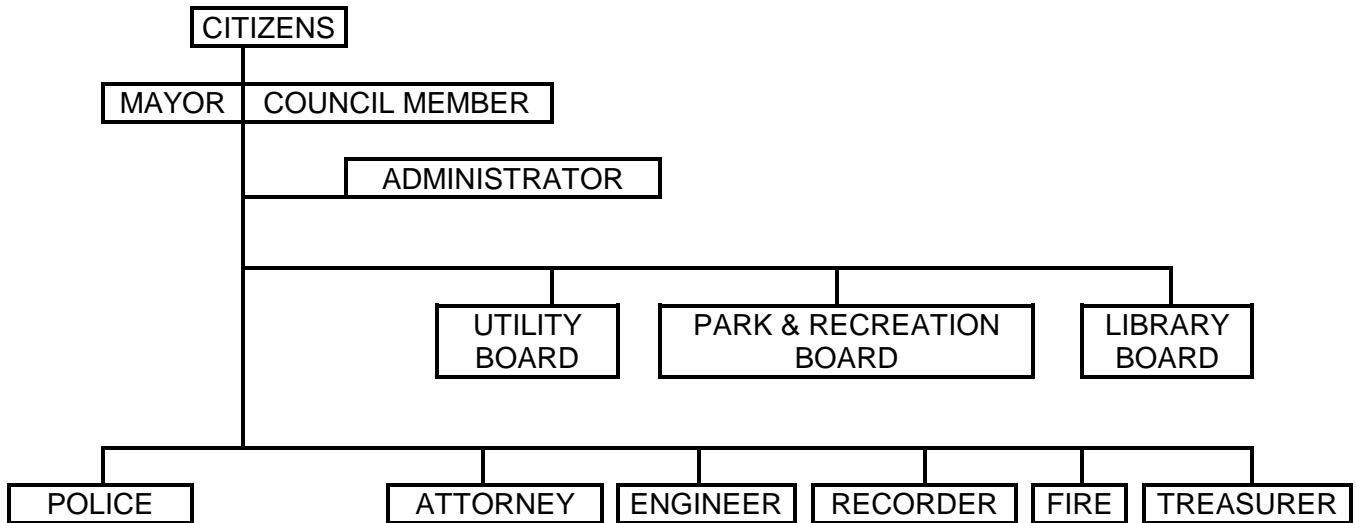
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

City of Austin, Minnesota Organization Chart



The City of Austin is governed by a Home Rule Charter, which was framed and adopted March 10, 1903, pursuant to the General Laws of Minnesota. A Home Rule Charter is a charter drawn by the City itself tailored to its own needs and desires under authority given by the constitution of the state. Many state legislatures make the laws under which the cities are governed, but Minnesota is one of the states whose constitution has provisions by which cities can adopt Home Rule Charters.

The elective officers of the City are the Mayor, Council Member-at-Large and six Council Members. The Council Members are elected, two from each of three wards, on staggered terms during general elections in November of even numbered years. The terms of office are:

Mayor	Four Years
Council Member-at-Large	Four Years
Council Member	Four Years

**City of Austin, Minnesota
List of Elected and Other City Officials
2018**

Elected Officials

Thomas Stiehm	Mayor
Janet Anderson	Council Member-at-Large
Jeff Austin	Council Member First Ward
Laura Helle	Council Member First Ward
Steve King	Council Member Second Ward
David Hagen	Council Member Second Ward
Judy Enright	Council Member Third Ward
Paul Fischer	Council Member Third Ward

Other City Officials

Craig Clark	City Administrator
Tom Dankert	Director of Administrative Services
David Hoversten	City Attorney
Steven Lang	Public Works Director
Jim McCoy	Fire Chief
Brian Krueger	Police Chief
Julie Clinefelter	Library Director
Kim Underwood	Parks and Recreation Director
Mark Nibaur	Austin Utilities General Manager

Financial Section

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Austin, Minnesota

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Honorable Mayor and
Members of the City Council
City of Austin, Minnesota

Opinions

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

Emphasis of a Matter

During the year ended December 31, 2018, the City of Austin, Minnesota adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of this standard, the City reported a restatement to net position for the change in accounting principal (see Note 4). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Austin, Minnesota's basic financial statements. The introductory section, combining and individual fund statements and schedules, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and
Members of the City Council
City of Austin, Minnesota

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2019, on our consideration of the City of Austin, Minnesota'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 result 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 City of Austin, Minnesota's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
April 23, 2019

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City of Austin, Minnesota
Management's Discussion and Analysis
December 31, 2018

As management of the City of Austin, Minnesota, we offer readers of the City of Austin's financial statements this narrative overview and analysis of the financial activities of the City of Austin for the year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

FINANCIAL HIGHLIGHTS:

- The assets and deferred outflows of resources of the City of Austin exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$250,024,894 (*net position*). Of this amount \$30,215,522 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$9,058,926 during the current period.
- As of the close of the current year, the City of Austin's governmental funds reported combined ending fund balance of \$22,628,158, an increase of \$3,274,189 in comparison with the prior year. Approximately 68% of this total amount, or \$15,394,660, is *available for spending* at the City's discretion (*assigned and unassigned fund balance*).
- At the end of the current year, the assigned and unassigned fund balance for the general fund was \$8,272,001, or 53.8% of total general fund expenditures.
- The City of Austin's total net bonded debt decreased by \$2,120,000 (8.8 percent) during the current period. No new debt was issued during 2018.
- A restatement of prior period net position due to the implementation of GASB 75 resulted in a decrease of net position of the beginning net position by \$13,754,083. Changes in required accounting for other post-employment benefits mandated this implementation.

OVERVIEW OF THE FINANCIAL STATEMENTS:

The discussion and analysis provided here are intended to serve as an introduction to the City of Austin's basic financial statements. The City of Austin's basic financial statements consist of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

City of Austin, Minnesota
Management's Discussion and Analysis
December 31, 2018

The *statement of net position* presents financial information on all of the City of Austin'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 of Austin is improving or deteriorating.

The *statement of activities* presents information showing how the City of Austin's net position changed during the most recent 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 for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned, but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Austin 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 of Austin include general government, public safety, streets and highways, culture and recreation, public service, economic development, and community development. The business-type activities of the City of Austin include a sewer utility, waste transfer station, storm water utility, and a municipal electric, water, and gas utility. The electric, water, and gas utility, comprising the Austin Utilities, are under the direction of the Board of Commissioners.

The government-wide financial statements include not only the City of Austin itself (known as the *primary government*), but also a legally separate port authority and housing and redevelopment authority for which the City of Austin is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The municipal electric, water, and gas utility, although also legally separate, functions for all practical purposes as a department of the City of Austin, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 19-21 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 of Austin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Austin can be divided into two categories: governmental funds and proprietary 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 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 of 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*.

City of Austin, Minnesota
Management's Discussion and Analysis
December 31, 2018

The City of Austin maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, local option sales tax fund, and the building fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Austin 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 on pages 22-29 of this report.

Proprietary funds. The City of Austin maintains two different proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Austin uses enterprise funds to account for its sewer utility, waste transfer station, storm water utility, and electric, water and gas utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Austin's various functions. The City of Austin uses internal service funds to account for its fleet of vehicles, its risk management program, and for its management information systems. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer user fund and the utilities fund, both of which are considered to be major funds of the City of Austin. Data from the other nonmajor enterprise funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of *combining statements* elsewhere in this report. Conversely, all three internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is also provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 30-39 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 42-93 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Austin's OPEB liability plus progress in funding its Net Pension Liability. Required supplementary information can be found on pages 97-99 of this report.

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds, enterprise funds, and internal service funds are presented immediately following the required supplementary information on OPEB and the Net Pension Liability. Combining and individual fund statements and schedules can be found on pages 104-148 of this report.

**City of Austin, Minnesota
Management's Discussion and Analysis
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GOVERNMENT-WIDE FINANCIAL ANALYSIS:

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Austin, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$250,024,894 at the close of the most recent year.

By far the largest portion of the City of Austin's net position (85 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Austin uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Austin's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Austin's net position (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$30,215,522 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City of Austin is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

CITY OF AUSTIN'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 37,199,755	\$ 34,426,077	\$ 44,853,150	\$ 44,587,844	\$ 82,052,905	\$ 79,013,921
Capital assets	129,826,619	128,162,905	105,646,329	104,951,006	235,472,948	233,113,911
Total assets	167,026,374	162,588,982	150,499,479	149,538,850	317,525,853	312,127,832
Deferred Outflows						
of Resources	5,110,972	6,975,355	1,896,262	1,784,429	7,007,234	8,759,784
Total assets and deferred						
outflows of resources	172,137,346	169,564,337	152,395,741	151,323,279	324,533,087	320,887,616
Long-term liabilities						
outstanding	10,486,227	11,354,674	45,917,567	35,523,127	56,403,794	46,877,801
Other liabilities	2,921,529	2,992,200	5,913,170	6,773,644	8,834,699	9,765,844
Total liabilities	13,407,756	14,346,874	51,830,737	42,296,771	65,238,493	56,643,645
Deferred Inflows						
of Resources	7,397,871	7,871,706	1,871,829	1,652,214	9,269,700	9,523,920
Net position:						
Net investment in						
capital assets	128,915,686	127,073,132	84,112,732	82,148,457	213,028,418	209,221,589
Restricted	6,780,954	6,373,158	-	-	6,780,954	6,373,158
Unrestricted	15,635,079	13,899,467	14,580,443	25,225,837	30,215,522	39,125,304
Total net position	\$ 151,331,719	\$ 147,345,757	\$ 98,693,175	\$ 107,374,294	\$ 250,024,894	\$ 254,720,051

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The City of Austin's net position increased by \$9,058,926 during the current year, before the restatement of the beginning net position. The increase in net invested in capital assets of \$3,806,829 (42% of the increase) is a result of various street projects, wastewater treatment plant upgrades, and the continued purchase of flood properties and construction of flood related improvements. Restricted net position increased \$407,796 mainly due to funding set aside through the local option sales tax for flood relief efforts. The increase in unrestricted net position (53% of the increase) largely reflects the degree to which expenses have outstripped similar revenues.

During 2018, the City implemented Governmental Accounting Standards Board (GASB) number 75. The implementation of this standard required a restatement of net position by reducing the beginning balance by \$13,754,083. This reduction in net position is a result of the City recording their share of the unfunded other post-employment benefits resulting from an actuarial valuation of the health insurance program.

Governmental activities. During the current year, net position for governmental activities increased as a result of operations by \$4,852,284 from the prior year. However, the implementation of GASB 75 resulted in restatement of the beginning net position by \$866,322 for an ending balance of \$151,331,719. Consistency among departments to not spend their entire budgets are the major reason for the increase in net position due to operations, along with a prepayment of interest on a loan and a legislative change the City pushed forward to reduce some expenses related to state fire aid. Total governmental revenues actually decreased during 2018 from 2017, primarily as a result of fewer capital grants the City received towards recreational activities during 2018. Capital grants received in 2017 financed a new \$6 million nature center facility, causing a spike in capital contributions during that year. Other factors affecting the increase in governmental net position are:

- Property tax revenues increased \$681,804 as a result of the city council increasing the tax levy to finance future capital projects and expand operational programs. Other tax revenue increased from 2017 to 2018 as a result of a full-year of local option sales tax receipts. In 2017 a portion of the local option sales tax receipts had to be remitted back to the state as we had been overpaid over a five-year time frame.
- Public safety expenditures decreased \$742,441 (77% of the expense decrease) as capital costs decreased in 2018 as projects were wrapped up, plus a significant decrease due to a city requested legislative change in the relief association pension expense helped reduce overall expenses in this function.
- Community development expenditures decreased \$234,253 as fewer flood improvement projects were done during 2018. The City is finalizing plans for the next phase of the flood control project around the Turtle Creek area and is saving up local options sales tax collections to then provide a local match with grants from the State of Minnesota.
- Transfers from business-type activities in the amount of \$1,844,615 (38% of the change in net position), primarily from a payment in lieu of tax, also increased the change in net position for governmental funds.

City of Austin, Minnesota
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The following chart summarizes the changes in net position for the current year:

CITY OF AUSTIN'S CHANGES IN NET POSITION

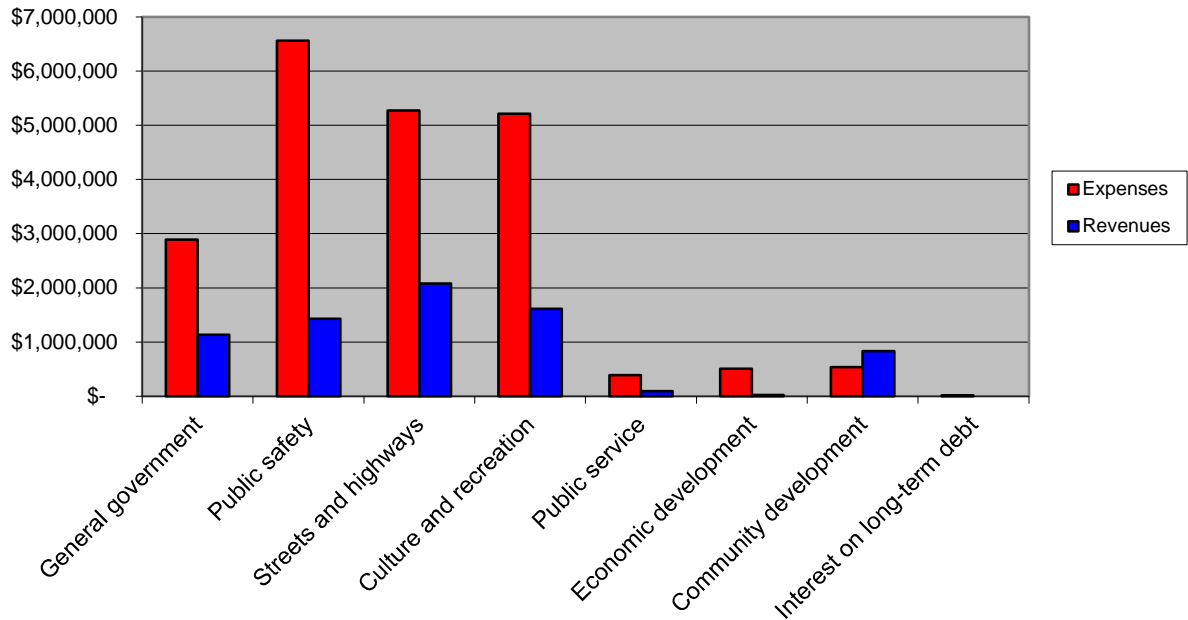
Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the years ended December 31, 2018 and 2017:

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 2,553,643	\$ 1,998,683	\$ 65,819,275	\$ 63,869,146	\$ 68,372,918	\$ 65,867,829
Operating grants and contributions	1,091,641	984,257	-	-	1,091,641	984,257
Capital grants and contributions	3,566,943	6,601,283	2,596,998	593,434	6,163,941	7,194,717
General revenues:						
Property taxes	6,461,424	5,779,620	-	-	6,461,424	5,779,620
Other taxes	1,927,168	1,376,351	-	-	1,927,168	1,376,351
Grants and contributions not restricted to specific programs	8,185,269	8,030,033	-	-	8,185,269	8,030,033
Other	601,699	630,222	446,212	382,484	1,047,911	1,012,706
Total revenues	<u>\$ 24,387,787</u>	<u>\$ 25,400,449</u>	<u>\$ 68,862,485</u>	<u>\$ 64,845,064</u>	<u>\$ 93,250,272</u>	<u>\$ 90,245,513</u>
Expenses:						
General government	\$ 2,887,408	\$ 2,655,024	\$ -	\$ -	\$ 2,887,408	\$ 2,655,024
Public safety	6,561,588	7,304,029	-	-	6,561,588	7,304,029
Streets and highways	5,270,917	5,294,742	-	-	5,270,917	5,294,742
Culture and recreation	5,213,298	5,311,447	-	-	5,213,298	5,311,447
Public service	387,317	375,465	-	-	387,317	375,465
Economic development	505,254	608,226	-	-	505,254	608,226
Community development	539,363	773,616	-	-	539,363	773,616
Interest on long-term debt	14,973	25,729	-	-	14,973	25,729
Sewer	-	-	5,157,970	5,315,668	5,157,970	5,315,668
Waste transfer station	-	-	31,342	39,856	31,342	39,856
Storm water utility	-	-	315,603	372,669	315,603	372,669
Electric	-	-	37,584,354	35,196,329	37,584,354	35,196,329
Water	-	-	4,112,784	4,420,292	4,112,784	4,420,292
Gas	-	-	15,609,175	16,565,068	15,609,175	16,565,068
Total expenses	<u>\$ 21,380,118</u>	<u>\$ 22,348,278</u>	<u>\$ 62,811,228</u>	<u>\$ 61,909,882</u>	<u>\$ 84,191,346</u>	<u>\$ 84,258,160</u>
Increase in net position before transfers	\$ 3,007,669	\$ 3,052,171	\$ 6,051,257	\$ 2,935,182	\$ 9,058,926	\$ 5,987,353
Transfers	1,844,615	1,710,331	(1,844,615)	(1,710,331)	-	-
Increase in net position	<u>\$ 4,852,284</u>	<u>\$ 4,762,502</u>	<u>\$ 4,206,642</u>	<u>\$ 1,224,851</u>	<u>\$ 9,058,926</u>	<u>\$ 5,987,353</u>
Net position - beginning	147,345,757	142,583,255	107,374,294	106,149,443	254,720,051	248,732,698
Restatement	(866,322)	-	(12,887,761)	-	(13,754,083)	-
Net position - beginning, as restated	<u>\$ 146,479,435</u>	<u>\$ 142,583,255</u>	<u>\$ 94,486,533</u>	<u>\$ 106,149,443</u>	<u>\$ 240,965,968</u>	<u>\$ 248,732,698</u>
Net position - ending	<u>\$ 151,331,719</u>	<u>\$ 147,345,757</u>	<u>\$ 98,693,175</u>	<u>\$ 107,374,294</u>	<u>\$ 250,024,894</u>	<u>\$ 254,720,051</u>

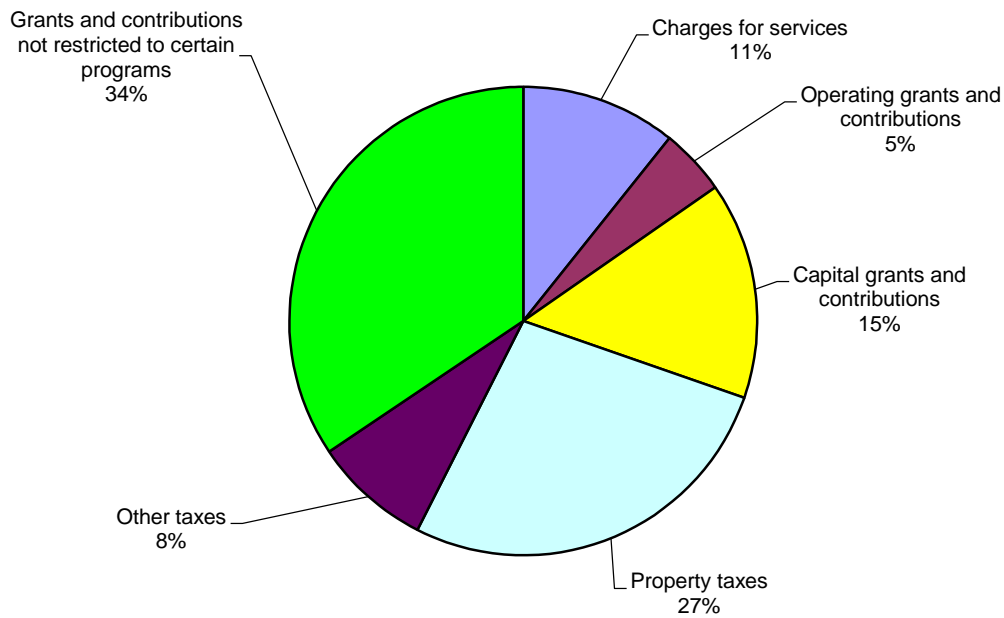
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Below are specific graphs that provide comparisons of the government activities' direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues – Governmental Activities



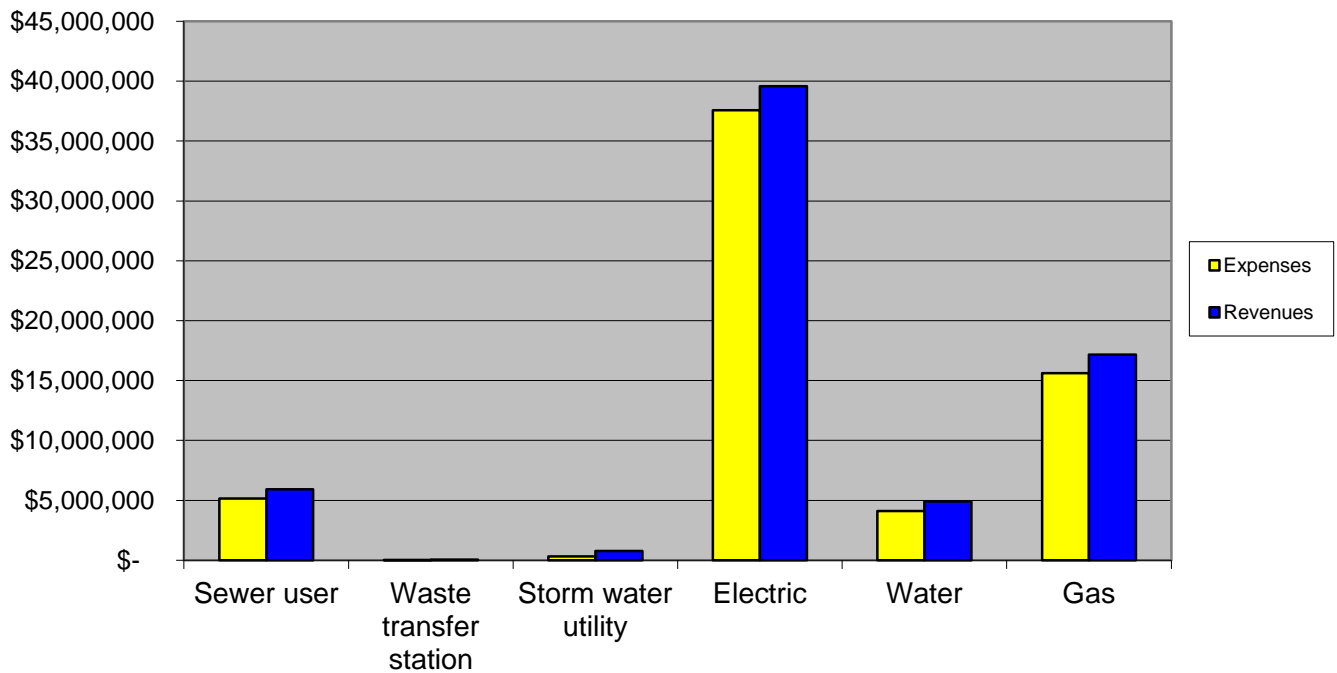
Revenues by Source – Governmental Activities



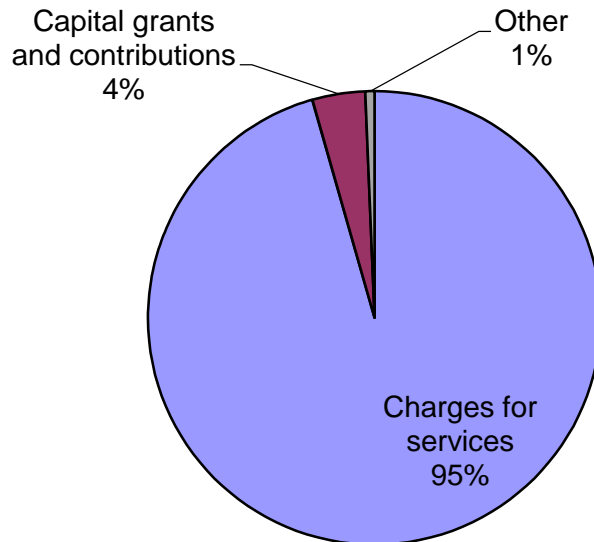
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Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenditures. Excess revenues are retained within each fund until such time that capital replacement is needed.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



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Business-type activities. For the City of Austin's business-type activities, the results for the current year operations were positive in that overall net position increased, however, the implementation of GASB 75 resulted in a restatement of the beginning net position downward by \$12,887,761 for an ending balance of \$98,693,175. Key elements of this operational increase are as follows:

- Overall rate increases in the electric, water and sewer departments drove the increase in charges for services for 2018. These rate increases, coupled with increased usage amongst all facets of the water, sewer, electric, and gas business units increased revenue by 3%.
- Electric expenses increased by \$2,388,025 primarily due to costs incurred as a result of the demolition of the downtown power plant, garages, and site preparation for the new community rec center.
- Gas expenses decreased by \$955,893 due to a 7.8% decrease in the price of natural gas that was purchased in 2018.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS:

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

Governmental Funds. The focus of the City of Austin'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 of Austin's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Austin itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Austin's Council.

As of the end of the current year, the City of Austin's governmental funds reported combined fund balances of \$22,628,158, an increase of \$3,274,189. Approximately 37% of this total amount, or \$8,272,001, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned to* indicate that it is not available for new spending.

The general fund is the chief operating fund of the City of Austin. At the end of the current year, assigned and unassigned fund balance of the general fund was \$8,272,001, while the total fund balance increased to \$8,508,993. As a measure of the general fund's liquidity, it may be useful to compare assigned and unassigned fund balance and total fund balance to total fund expenditures. Assigned and unassigned fund balance represents 53.8 percent of total general fund expenditures, while total fund balance represents 55.4 percent of that same amount.

The fund balance of the City of Austin's general fund increased by \$1,582,072 during the current year. During 2018, departments did not spend their full allotment of budget dollars, saving \$1,293,240 in the process. Included in this savings is nearly \$369,000 from a legislative change the City sought and received relating to state fire aid expenditures. The City also collected more revenue than originally budgeted during 2018 resulting in a \$488,392 windfall. Included in this windfall, was an unexpected interest payment on an outstanding loan for nearly \$370,000. Transfers in came in \$8,085 under budget additionally. The combination of the budget expenditure savings, revenue windfall, and transfers in resulted in the net increase in the fund balance of the general fund.

**City of Austin, Minnesota
Management's Discussion and Analysis
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The local option sales tax fund has been accumulating funds for the city share of flood relief projects. Statutory authority was given to the city, and an approved voter referendum soon followed in 2006 allowing the city to levy a sales tax of .50% on taxable purchases within the city limits for a maximum of 20 years. Total fund balance of \$4,147,473 exists for the city's share of future flood projects. The fund balance increased \$457,166 as the city is starting to bank up some revenue for the next major flood project scheduled in 2019.

The building fund has a total fund balance of \$2,051,391, all of which is assigned for capital projects. The increase in fund balance during the current year was \$429,975 and was the result of future planning for construction projects as part of the 5-Year Capital Improvement Plan.

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

Unrestricted net position in the sewer user and utility funds are \$7,504,412 (sewer user) and \$5,829,042 (utility fund). Both the sewer user and utility funds had increases in their respective net position. The sewer user fund realized an increase of \$835,606 mainly due to capital contributions and an overall rate increase of 25%. The utility fund's increase in net position of \$2,931,864 was a direct result of recouping higher electric/gas/water rates from the customers that were above the cost of providing the service. The implementation of GASB 75 required a restatement of net position by reducing the beginning balance by \$147,909 (sewer user) and \$12,724,693 (utility fund). This reduction in net position is a result of the City recording their share of the unfunded other post-employment benefits resulting from an actuarial valuation of the health insurance program.

The water, sewer, and electric utility rates were all increased during 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS:

Original budget compared to final budget. During the year there was \$224,975 of increases in appropriations between the original and final amended budget. Following is the component of the appropriation increase:

- \$224,975 supplemental appropriations for minor capital to be funded by fund balance.

Final budget compared to actual results. The most significant differences between estimates and actual amounts were as follows:

- Overall revenues came in at \$15,257,618 on a budget of \$14,769,226. The increased revenues over budget included a one-time \$370,000 unexpected interest payment. There were minor fluctuations amongst the difference categories, but overall the revenue target was achieved.
- Expenditures amongst the different governmental activities were below the amended budget for all activities except one (economic development) due to some capital items being re-evaluated and not purchased, plus some department staff vacancies were not immediately filled. Only 92% of the amended expenditure budget was spent during 2018, resulting in an increase to the fund balance.

During the year \$191,475 was budgeted to be used from fund balance. However, expenditures came in under the budgeted amounts by \$1,293,240 (7.76%) as a direct result of expenditure reductions amongst all departments. Additionally, revenues collected were \$488,392 higher than budgeted. Transfers in were \$8,085 under budget. This resulted in a net fund balance increase of \$1,582,072 for the year.

City of Austin, Minnesota
Management's Discussion and Analysis
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CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital assets. The City of Austin's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$235,472,948 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, construction in progress, and infrastructure. The total increase in the City of Austin's investment in capital assets (net of accumulated depreciation) was 1.01% percent. Most of this increase within the governmental activities can be found in the addition of construction in progress. Within the business-type activities the most significant increases occurred in machinery and equipment related to the electric department of the Austin Utilities.

CITY OF AUSTIN'S CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 24,778,543	\$ 24,632,996	\$ 781,210	\$ 883,910	\$ 25,559,753	\$ 25,516,906
Buildings	19,114,539	19,680,391	39,649,503	40,461,048	58,764,042	60,141,439
Improvements	20,528,094	21,088,239	1,042,699	1,088,550	21,570,793	22,176,789
Machinery and equipment	9,588,881	8,986,620	47,313,829	46,300,266	56,902,710	55,286,886
Construction in progress	11,288,024	8,014,929	2,310,244	2,250,287	13,598,268	10,265,216
Infrastructure	44,528,538	45,759,730	14,548,844	13,966,945	59,077,382	59,726,675
Total capital assets	<u>\$ 129,826,619</u>	<u>\$ 128,162,905</u>	<u>\$ 105,646,329</u>	<u>\$ 104,951,006</u>	<u>\$ 235,472,948</u>	<u>\$ 233,113,911</u>

Additional information on the City of Austin's capital assets can be found in Note 2E on pages 63-65 of this report.

Long-term debt. At the end of the current year, the City of Austin had total bonded debt outstanding of \$21,840,000. Of this amount \$375,000 comprises tax increment debt and for which the government is liable in the event of default by the property owners subject to the tax increment. Additionally, \$16,295,000 comprises capital improvement plan debt that was issued for the Austin Utilities for their new Central Facility. The remainder of the City of Austin's long-term obligations represents bonds secured solely by specified revenue sources.

CITY OF AUSTIN'S OUTSTANDING DEBT
General Obligation and Revenue Bonds

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
G.O. tax increment debt	\$ 375,000	\$ 410,000	\$ -	\$ -	\$ 375,000	\$ 410,000
G.O. special assessment debt	-	250,000	-	-	-	250,000
G.O. capital improvement plan debt	-	-	16,295,000	16,970,000	16,295,000	16,970,000
Revenue debt	-	-	5,170,000	6,330,000	5,170,000	6,330,000
Total liabilities	<u>\$ 375,000</u>	<u>\$ 660,000</u>	<u>\$ 21,465,000</u>	<u>\$ 23,300,000</u>	<u>\$ 21,840,000</u>	<u>\$ 23,960,000</u>

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The City of Austin's total net bonded debt decreased by \$2,120,000 (8.8 percent) during the current year. There was no new debt issued during 2018.

The City of Austin and its component units maintains a rating of Aa2 year from Moody's Investors Services for general obligation debt. Additionally, the City of Austin maintains an AA- rating from Standard and Poor's for general obligation debt. Additional information on the City's long-term debt can be found in note 2G on pages 67-75 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

- The unemployment rate for the City of Austin is currently 3.1 percent, which is 0.7% higher than it was a year ago. This is slightly lower than the state's average unemployment rate of 3.2 percent, and is favorable compared to the national average of 3.7 percent.
- The City of Austin continues to see increased commercial construction growth. Residential growth continues to have increases in the number of homes being built in the last few years.
- Interest rates have started to increase slightly over the past year, and consequently the city's investment earnings are expected to see slight increases.
- The State of Minnesota appears to have gotten past their budget struggles from the past few years. A projected budget surplus by the State of Minnesota should stabilize state aid and eliminate any drastic reductions for the near future.

REQUESTS FOR INFORMATION:

This financial report is designed to provide a general overview of the City of Austin's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, City of Austin, 500 4th Avenue NE, Austin, Minnesota, 55912.

Basic Financial Statements

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**City of Austin, Minnesota
Statement of Net Position
December 31, 2018**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing Authority	Port Authority
Assets					
Cash and investments	\$ 29,472,549	\$ 33,992,954	\$ 63,465,503	\$ 4,803,099	\$ 2,296,434
Taxes receivable	227,369	-	227,369	-	1,812
Accounts receivable (net)	427,662	4,524,505	4,952,167	-	200,000
Special assessments receivable	2,962,065	1,276,846	4,238,911	-	-
Other receivables	-	-	-	22,141	-
Interest receivable	149,633	212	149,845	262	484
Due from other governments	882,200	21,721	903,921	340,536	1,350
Internal balances	(101,597)	101,597	-	-	-
Notes receivable (net)	326,239	838,281	1,164,520	160,218	334,622
Prepaid items	264,390	150,095	414,485	-	-
Inventory	76,800	1,616,019	1,692,819	-	-
Other assets	-	550,139	550,139	-	-
Restricted cash and investments	1,725,479	1,780,781	3,506,260	2,170,631	-
Advances to component units	786,966	-	786,966	-	-
Land held for resale	-	-	-	295,513	1,077,694
Capital assets (net of accumulated depreciation):					
Land	24,778,543	781,210	25,559,753	2,550,940	-
Buildings	19,114,539	39,649,503	58,764,042	12,292,248	21,702,576
Improvements	20,528,094	1,042,699	21,570,793	-	440,468
Machinery and equipment	9,588,881	47,313,829	56,902,710	227,783	1,609,545
Construction in progress	11,288,024	2,310,244	13,598,268	636,386	-
Infrastructure	44,528,538	14,548,844	59,077,382	-	-
Total assets	\$ 167,026,374	\$ 150,499,479	\$ 317,525,853	\$ 23,499,757	\$ 27,664,985
Deferred Outflows of Resources					
Loss on bond refunding	\$ -	\$ -	\$ -	\$ 54,464	\$ -
Pension related	5,110,972	1,017,103	6,128,075	-	-
OPEB related	-	879,159	879,159	-	-
Total deferred outflows of resources	\$ 5,110,972	\$ 1,896,262	\$ 7,007,234	\$ 54,464	\$ -
Total assets and deferred outflows of resources	<u>\$ 172,137,346</u>	<u>\$ 152,395,741</u>	<u>\$ 324,533,087</u>	<u>\$ 23,554,221</u>	<u>\$ 27,664,985</u>
Liabilities					
Vouchers payable	\$ 451,810	\$ 3,971,862	\$ 4,423,672	\$ 249,049	\$ 9,468
Contractors' retained percentage	567,330	5,665	572,995	-	-
Interest payable	5,845	-	5,845	65,036	-
Deposits	102,578	-	102,578	-	-
Accrued expenses	946,385	1,414,988	2,361,373	35,463	-
Due to other governments	311,428	-	311,428	123,357	45,000
Unearned revenues	536,153	-	536,153	7,610	7,791
Other current liabilities	-	520,655	520,655	237,998	-
Noncurrent liabilities:					
Due within one year	559,360	2,706,253	3,265,613	661,036	-
Due in more than one year	9,926,867	43,211,314	53,138,181	7,167,248	-
Advances from primary gov't	-	-	-	-	786,966
Total liabilities	\$ 13,407,756	\$ 51,830,737	\$ 65,238,493	\$ 8,546,797	\$ 849,225
Deferred Inflows of Resources					
Community Solar Related	\$ -	\$ 54,600	\$ 54,600	\$ -	\$ -
Pension related	7,346,730	1,808,249	9,154,979	-	-
OPEB related	51,141	8,980	60,121	-	-
Total deferred inflows of resources	\$ 7,397,871	\$ 1,871,829	\$ 9,269,700	\$ -	\$ -
Net Position					
Net investment in capital assets	\$ 128,915,686	\$ 84,112,732	\$ 213,028,418	\$ 8,072,798	\$ 23,752,589
Restricted for:					
Police	86,696	-	86,696	-	-
Fire	285,265	-	285,265	-	-
Parks and recreation	2,343	-	2,343	-	-
Debt service	973,391	-	973,391	1,859,987	-
Other capital projects	4,259,590	-	4,259,590	-	-
Other purposes	-	-	-	-	280,711
Library purposes	1,014,300	-	1,014,300	-	-
Permanent funds:					
Expendable	23,317	-	23,317	-	-
Non-expendable	136,052	-	136,052	-	-
Unrestricted	15,635,079	14,580,443	30,215,522	5,074,639	2,782,460
Total net position	\$ 151,331,719	\$ 98,693,175	\$ 250,024,894	\$ 15,007,424	\$ 26,815,760
Total liabilities, deferred inflows of resources, and net position	<u>\$ 172,137,346</u>	<u>\$ 152,395,741</u>	<u>\$ 324,533,087</u>	<u>\$ 23,554,221</u>	<u>\$ 27,664,985</u>

See accompanying Notes to Financial Statements.

City of Austin, Minnesota
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 2,887,408	\$ 1,120,057	\$ -	\$ 13,036
Public safety	6,561,588	741,367	679,554	9,502
Streets and highways	5,270,917	42,281	106,257	1,931,428
Culture and recreation	5,213,298	584,877	255,862	773,730
Public service	387,317	39,161	49,968	4,296
Economic development	505,254	25,900	-	-
Community development	539,363	-	-	834,951
Interest on long-term debt	14,973	-	-	-
Total governmental activities	<u>\$ 21,380,118</u>	<u>\$ 2,553,643</u>	<u>\$ 1,091,641</u>	<u>\$ 3,566,943</u>
Business-type activities:				
Sewer user	\$ 5,157,970	\$ 5,768,857	\$ -	\$ 165,221
Waste transfer station	31,342	42,673	-	-
Storm water utility	315,603	684,087	-	100,362
Electric	37,584,354	37,326,080	-	2,244,882
Water	4,112,784	4,850,518	-	55,646
Gas	15,609,175	17,147,060	-	30,887
Total business-type activities	<u>\$ 62,811,228</u>	<u>\$ 65,819,275</u>	<u>\$ -</u>	<u>\$ 2,596,998</u>
Total primary government	<u>\$ 84,191,346</u>	<u>\$ 68,372,918</u>	<u>\$ 1,091,641</u>	<u>\$ 6,163,941</u>
Component units:				
Housing and Redevelopment Authority	\$ 4,735,041	\$ 3,003,112	\$ 1,134,618	\$ 615,529
Port Authority	1,046,656	90,772	-	477,003
Total component units	<u>\$ 5,781,697</u>	<u>\$ 3,093,884</u>	<u>\$ 1,134,618</u>	<u>\$ 1,092,532</u>

General revenues:

- Property taxes
- Other taxes
- Grants and contributions not restricted to certain programs
- Unrestricted investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Restatement

Net position - beginning, as restated

Net position - ending

See accompanying Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Housing Authority	Port Authority
\$ (1,754,315)	\$ -	\$ (1,754,315)	\$ -	\$ -
(5,131,165)	-	(5,131,165)	-	-
(3,190,951)	-	(3,190,951)	-	-
(3,598,829)	-	(3,598,829)	-	-
(293,892)	-	(293,892)	-	-
(479,354)	-	(479,354)	-	-
295,588	-	295,588	-	-
(14,973)	-	(14,973)	-	-
<u>\$ (14,167,891)</u>	<u>\$ -</u>	<u>\$ (14,167,891)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 776,108	\$ 776,108	\$ -	\$ -
-	11,331	11,331	-	-
-	468,846	468,846	-	-
-	1,986,608	1,986,608	-	-
-	793,380	793,380	-	-
-	1,568,772	1,568,772	-	-
<u>\$ -</u>	<u>\$ 5,605,045</u>	<u>\$ 5,605,045</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (14,167,891)</u>	<u>\$ 5,605,045</u>	<u>\$ (8,562,846)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 18,218	\$ -
-	-	-	-	(478,881)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,218</u>	<u>\$ (478,881)</u>
\$ 6,461,424	\$ -	\$ 6,461,424	\$ 338,409	\$ 40,157
1,927,168	-	1,927,168	-	-
8,185,269	-	8,185,269	-	-
518,772	446,212	964,984	43,987	37,947
82,927	-	82,927	164,079	109,316
1,844,615	(1,844,615)	-	-	-
<u>\$ 19,020,175</u>	<u>\$ (1,398,403)</u>	<u>\$ 17,621,772</u>	<u>\$ 546,475</u>	<u>\$ 187,420</u>
\$ 4,852,284	\$ 4,206,642	\$ 9,058,926	\$ 564,693	\$ (291,461)
147,345,757	107,374,294	254,720,051	14,442,731	27,107,221
(866,322)	(12,887,761)	(13,754,083)	-	-
<u>\$ 146,479,435</u>	<u>\$ 94,486,533</u>	<u>\$ 240,965,968</u>	<u>\$ 14,442,731</u>	<u>\$ 27,107,221</u>
<u>\$ 151,331,719</u>	<u>\$ 98,693,175</u>	<u>\$ 250,024,894</u>	<u>\$ 15,007,424</u>	<u>\$ 26,815,760</u>

**City of Austin, Minnesota
Balance Sheet
Governmental Funds
December 31, 2018**

	General	Local Option Sales Tax	Building Fund
Assets			
Cash and investments	\$ 8,812,598	\$ 4,114,627	\$ 1,032,253
Taxes receivable	120,258	-	-
Accounts receivable	267,129	-	120,000
Notes receivable, net of allowance for uncollectibles	101,155	-	145,698
Special assessments receivable	115,778	-	-
Accrued interest receivable	143,547	-	-
Due from other funds	270,749	-	2,304
Due from other governments	267,246	265,007	-
Advances to component unit	-	-	786,336
Total assets	<u>\$ 10,098,460</u>	<u>\$ 4,379,634</u>	<u>\$ 2,086,591</u>
Liabilities			
Vouchers payable	\$ 184,566	\$ 1,206	\$ -
Contractors' retained percentage	-	70,026	-
Deposits	102,578	-	-
Accrued expenditures	588,155	-	-
Due to other funds	145,304	-	-
Due to other governments	231,133	-	-
Unearned revenues	540	160,929	-
Total liabilities	<u>\$ 1,252,276</u>	<u>\$ 232,161</u>	<u>\$ -</u>
Deferred inflows of resources			
Unavailable revenue	\$ 337,191	\$ -	\$ 35,200
Total deferred inflows of resources	<u>\$ 337,191</u>	<u>\$ -</u>	<u>\$ 35,200</u>
Fund balance			
Nonspendable:			
Permanent fund principal	\$ -	\$ -	\$ -
Restricted for:			
Police - operations	86,696	-	-
Fire - operations	-	-	-
Parks and recreation - capital projects	-	-	-
Debt service reserve	-	-	-
Other capital projects	112,117	4,147,473	-
Library - programming	12	-	-
Committed to:			
Other capital projects	38,167	-	-
Library - programming	-	-	-
Parks and recreation - programming	-	-	-
Assigned to:			
Police - capital projects	-	-	-
Streets and highways - capital projects	-	-	-
Other capital projects	-	-	2,051,391
Library - programming	-	-	-
Unassigned:	8,272,001	-	-
Total fund balance	<u>\$ 8,508,993</u>	<u>\$ 4,147,473</u>	<u>\$ 2,051,391</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,098,460</u>	<u>\$ 4,379,634</u>	<u>\$ 2,086,591</u>

See accompanying Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 8,804,460	\$ 22,763,938
107,111	227,369
36,164	423,293
79,386	326,239
2,846,287	2,962,065
6,086	149,633
34,638	307,691
349,947	882,200
-	786,336
<u>\$ 12,264,079</u>	<u>\$ 28,828,764</u>
\$ 164,007	\$ 349,779
497,304	567,330
-	102,578
42,600	630,755
3,951	149,255
80,295	311,428
374,684	536,153
<u>\$ 1,162,841</u>	<u>\$ 2,647,278</u>
<u>\$ 3,180,937</u>	<u>\$ 3,553,328</u>
<u>\$ 3,180,937</u>	<u>\$ 3,553,328</u>
\$ 136,052	\$ 136,052
-	86,696
285,265	285,265
2,343	2,343
677,290	677,290
-	4,259,590
1,014,288	1,014,300
23,350	61,517
554,471	554,471
155,974	155,974
746	746
2,493,065	2,493,065
2,554,886	4,606,277
22,571	22,571
-	8,272,001
<u>\$ 7,920,301</u>	<u>\$ 22,628,158</u>
<u>\$ 12,264,079</u>	<u>\$ 28,828,764</u>

City of Austin, Minnesota
Reconciliation of Net Position in the
Government-Wide Financial Statements and Fund Balances
in the Fund Basis Financial Statements
December 31, 2018

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

Total governmental fund balances (page 23)	\$ 22,628,158
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. This represents the net effect of capital assets (\$ 171,612,167) and accumulated depreciation (\$ 50,346,965).	121,265,202
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	8,612,330
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Internal service funds are used by management to charge the costs of equipment, information technology and insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	16,343,872
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Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Noncurrent liabilities consist of bonds payable (\$ 375,000), vacation payable (\$ 557,885), sick leave payable (\$ 1,510,980), interest payable (\$ 5,845), OPEB payable (\$ 1,118,462), net pension liability (\$ 6,630,510), and deferred inflows of resources (\$ 7,319,161).	<div style="border-top: 1px solid black; border-bottom: 3px double black;">(17,517,843)</div>
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Net position of governmental activities (page 19)	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 151,331,719</div>
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City of Austin, Minnesota
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Local Option Sales Tax	Building Fund
Revenues			
Taxes	\$ 3,931,589	\$ 1,410,251	\$ -
Special assessments	29,167	-	-
Licenses and permits	476,812	-	-
Intergovernmental	8,981,071	834,951	-
Charges for services	933,175	-	-
Fines and forfeits	159,118	-	-
Miscellaneous	746,686	24,620	1,092,635
Total revenues	<u>\$ 15,257,618</u>	<u>\$ 2,269,822</u>	<u>\$ 1,092,635</u>
Expenditures			
Current			
General government	\$ 2,039,277	\$ -	\$ -
Public safety	6,449,125	-	-
Streets and highways	3,456,573	-	-
Culture and recreation	3,063,561	-	-
Public service	93,133	-	-
Economic development	270,792	-	-
Capital outlay	-	1,812,656	662,660
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>\$ 15,372,461</u>	<u>\$ 1,812,656</u>	<u>\$ 662,660</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (114,843)</u>	<u>\$ 457,166</u>	<u>\$ 429,975</u>
Other financing sources (uses)			
Transfers in	\$ 1,696,915	\$ -	\$ -
Transfers out	-	-	-
Total other financing sources (uses)	<u>\$ 1,696,915</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ 1,582,072	\$ 457,166	\$ 429,975
Fund balance - beginning	<u>6,926,921</u>	<u>3,690,307</u>	<u>1,621,416</u>
Fund balance - ending	<u><u>\$ 8,508,993</u></u>	<u><u>\$ 4,147,473</u></u>	<u><u>\$ 2,051,391</u></u>

See accompanying Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 2,830,888	\$ 8,172,728
772,367	801,534
-	476,812
1,151,129	10,967,151
110,815	1,043,990
18,441	177,559
337,463	2,201,404
<u>\$ 5,221,103</u>	<u>\$ 23,841,178</u>

\$ -	\$ 2,039,277
17,966	6,467,091
-	3,456,573
1,297,354	4,360,915
-	93,133
-	270,792
2,554,344	5,029,660
285,000	285,000
256,463	256,463
<u>\$ 4,411,127</u>	<u>\$ 22,258,904</u>

<u>\$ 809,976</u>	<u>\$ 1,582,274</u>
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\$ -	\$ 1,696,915
(5,000)	(5,000)
<u>\$ (5,000)</u>	<u>\$ 1,691,915</u>

\$ 804,976	\$ 3,274,189
7,115,325	19,353,969
<u>\$ 7,920,301</u>	<u>\$ 22,628,158</u>

City of Austin, Minnesota
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

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

Net change in fund balances - total governmental funds (page 27)	\$ 3,274,189
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays \$ 5,289,842 exceeded depreciation (\$ 4,007,760) in the current period.	1,282,082
The net effect of various miscellaneous transactions involving capital assets (i.e., donations, sales, trade-ins, and disposals) is to decrease net position. This consists of disposals of capital assets (\$ 33,667).	(33,667)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	60,866
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.	77,239
Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(98,153)
The issuance of long-term debt (e.g., bonds, lease) provides current financial resources to governmental funds, while the repayment of the principal of long-term 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. This amount consists of bond repayments of \$ 285,000, and changes in interest payable of \$ 4,728.	289,728
Change in net position of governmental activities (page 21)	<u><u>\$ 4,852,284</u></u>

See accompanying Notes to Financial Statements.

City of Austin, Minnesota
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes	\$ 4,020,825	\$ 4,020,825	\$ 3,931,589	\$ (89,236)
Special assessments	26,000	26,000	29,167	3,167
Licenses and permits	465,775	465,775	476,812	11,037
Intergovernmental	8,911,233	8,911,233	8,981,071	69,838
Charges for services	527,080	527,080	933,175	406,095
Fines and forfeits	177,700	248,700	159,118	(89,582)
Miscellaneous	569,613	569,613	746,686	177,073
Total revenues	<u>\$ 14,698,226</u>	<u>\$ 14,769,226</u>	<u>\$ 15,257,618</u>	<u>\$ 488,392</u>
Expenditures				
Current				
General government	\$ 2,204,773	\$ 2,197,460	\$ 2,039,277	\$ 158,183
Public safety	6,901,298	6,964,669	6,449,125	515,544
Streets and highways	3,670,472	3,699,264	3,456,573	242,691
Culture and recreation	3,355,632	3,485,257	3,063,561	421,696
Public service	97,000	97,000	93,133	3,867
Economic development	191,551	222,051	270,792	(48,741)
Total expenditures	<u>\$ 16,420,726</u>	<u>\$ 16,665,701</u>	<u>\$ 15,372,461</u>	<u>\$ 1,293,240</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,722,500)</u>	<u>\$ (1,896,475)</u>	<u>\$ (114,843)</u>	<u>\$ 1,781,632</u>
Other financing sources (uses)				
Transfers in	\$ 1,705,000	\$ 1,705,000	\$ 1,696,915	\$ (8,085)
Total other financing sources (uses)	<u>\$ 1,705,000</u>	<u>\$ 1,705,000</u>	<u>\$ 1,696,915</u>	<u>\$ (8,085)</u>
Net change in fund balance	\$ (17,500)	\$ (191,475)	\$ 1,582,072	\$ 1,773,547
Fund balance - beginning	<u>6,926,921</u>	<u>6,926,921</u>	<u>6,926,921</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,909,421</u>	<u>\$ 6,735,446</u>	<u>\$ 8,508,993</u>	<u>\$ 1,773,547</u>

See accompanying Notes to Financial Statements.

City of Austin, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise		
	Sewer User	Utilities	Other Enterprise Funds
Assets			
Current assets			
Cash and investments	\$ 6,601,741	\$ 26,413,907	\$ 977,306
Accounts receivable	540,823	3,883,559	100,123
Accrued interest receivable	212	-	-
Due from employees	-	-	-
Special assessments receivable, current portion	117,909	-	-
Notes receivable, current portion	292,664	3,643	-
Due from other funds	312,009	248,961	56,515
Due from other governments	21,721	-	-
Inventory	-	1,616,019	-
Prepaid items	-	150,095	-
Other current assets	9,046	-	-
Total current assets	<u>\$ 7,896,125</u>	<u>\$ 32,316,184</u>	<u>\$ 1,133,944</u>
Noncurrent assets			
Restricted investments	\$ -	\$ 1,780,781	\$ -
Special assessments receivable, noncurrent portion	1,158,937	-	-
Notes receivable, noncurrent portion	541,974	-	-
Other assets	-	541,093	-
Capital assets:			
Capital assets	\$ 52,110,780	\$ 117,517,308	\$ 5,460,431
Accumulated depreciation	(17,937,639)	(52,851,853)	(962,942)
Net	<u>\$ 34,173,141</u>	<u>\$ 64,665,455</u>	<u>\$ 4,497,489</u>
Construction in progress	1,389,827	-	920,417
Net capital assets	<u>\$ 35,562,968</u>	<u>\$ 64,665,455</u>	<u>\$ 5,417,906</u>
Total noncurrent assets	<u>\$ 37,263,879</u>	<u>\$ 66,987,329</u>	<u>\$ 5,417,906</u>
Total assets	<u>\$ 45,160,004</u>	<u>\$ 99,303,513</u>	<u>\$ 6,551,850</u>
Deferred outflows of resources			
Pension related	\$ 168,485	\$ 832,692	\$ 15,926
OPEB related	-	879,159	-
Total deferred outflows of resources	<u>\$ 168,485</u>	<u>\$ 1,711,851</u>	<u>\$ 15,926</u>
Total assets and deferred outflows of resources	<u>\$ 45,328,489</u>	<u>\$ 101,015,364</u>	<u>\$ 6,567,776</u>

See accompanying Notes to Financial Statements.

<u>Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>Totals</u>	
\$ 33,992,954	\$ 8,434,090
4,524,505	259
212	-
-	4,110
117,909	-
296,307	-
617,485	-
21,721	-
1,616,019	76,800
150,095	264,390
9,046	-
<u>\$ 41,346,253</u>	<u>\$ 8,779,649</u>
\$ 1,780,781	\$ -
1,158,937	-
541,974	-
541,093	-
\$ 175,088,519	\$ 16,587,155
(71,752,434)	(8,073,218)
<u>\$ 103,336,085</u>	<u>\$ 8,513,937</u>
2,310,244	47,480
<u>\$ 105,646,329</u>	<u>\$ 8,561,417</u>
<u>\$ 109,669,114</u>	<u>\$ 8,561,417</u>
<u>\$ 151,015,367</u>	<u>\$ 17,341,066</u>
\$ 1,017,103	\$ 51,970
879,159	-
<u>\$ 1,896,262</u>	<u>\$ 51,970</u>
<u>\$ 152,911,629</u>	<u>\$ 17,393,036</u>

(continued)

City of Austin, Minnesota
Statement of Net Position (continued)
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise		
	Sewer User	Utilities	Other Enterprise Funds
Liabilities			
Current liabilities			
Vouchers payable	\$ 279,771	\$ 3,679,660	\$ 12,431
Contractors' retained percentage	5,665	-	-
Accrued expenses	125,968	1,284,720	4,300
Bonds payable, current portion	455,000	1,055,000	-
Compensated absences, current portion	82,253	220,000	-
Other postemployment benefits payable, current portion	-	894,000	-
Due to other funds	84,857	676,215	7,681
Other current liabilities	-	520,655	-
Total current liabilities	<u>\$ 1,033,514</u>	<u>\$ 8,330,250</u>	<u>\$ 24,412</u>
Noncurrent liabilities			
Bonds payable	\$ 1,180,000	\$ 19,122,643	\$ -
Net pension liability	951,151	4,981,736	89,910
Other postemployment benefits payable	179,849	15,095,512	16,546
Compensated absences	9,153	1,584,814	-
Total noncurrent liabilities	<u>\$ 2,320,153</u>	<u>\$ 40,784,705</u>	<u>\$ 106,456</u>
Total liabilities	<u>\$ 3,353,667</u>	<u>\$ 49,114,955</u>	<u>\$ 130,868</u>
Deferred inflows of resources			
Community Solar Program Related	\$ -	\$ 54,600	\$ -
Pension related	255,172	1,528,955	24,121
OPEB related	8,224	-	757
Total deferred inflows of resources	<u>\$ 263,396</u>	<u>\$ 1,583,555</u>	<u>\$ 24,878</u>
Net position			
Net investment in capital assets	\$ 34,207,014	\$ 44,487,812	\$ 5,417,906
Unrestricted	7,504,412	5,829,042	994,124
Total net position	<u>\$ 41,711,426</u>	<u>\$ 50,316,854</u>	<u>\$ 6,412,030</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 45,328,489</u>	<u>\$ 101,015,364</u>	<u>\$ 6,567,776</u>

Amounts reported by business-type activities in the statement of net position (page 19) are different because:

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.

Net position of business-type activities

See accompanying Notes to Financial Statements.

<u>Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>Totals</u>	
\$ 3,971,862	\$ 102,031
5,665	-
1,414,988	315,630
1,510,000	-
302,253	-
894,000	-
768,753	7,168
520,655	-
<u>\$ 9,388,176</u>	<u>\$ 424,829</u>
\$ 20,302,643	\$ -
6,022,797	293,390
15,291,907	-
1,593,967	-
<u>\$ 43,211,314</u>	<u>\$ 293,390</u>
<u>\$ 52,599,490</u>	<u>\$ 718,219</u>
\$ 54,600	\$ -
1,808,248	78,710
8,981	-
<u>\$ 1,871,829</u>	<u>\$ 78,710</u>
\$ 84,112,732	\$ 8,561,417
14,327,578	8,034,690
<u>\$ 98,440,310</u>	<u>\$ 16,596,107</u>
	<u>\$ 17,393,036</u>
<u>252,865</u>	
<u>\$ 98,693,175</u>	

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

	Business-type Activities - Enterprise		
	Sewer User	Utilities	Other Enterprise Funds
Operating revenues			
Charges for services	\$ 5,668,653	\$ 58,344,290	\$ 684,338
Other operating revenues	-	979,368	42,672
Total operating revenues	<u>\$ 5,668,653</u>	<u>\$ 59,323,658</u>	<u>\$ 727,010</u>
Operating expenses			
Salaries and benefits	\$ 1,564,177	\$ -	\$ 127,650
Supplies and maintenance	2,161,746	-	90,606
Administrative and general	216,577	-	83,702
Claims	-	-	-
Retirement benefits	-	-	-
Insurance premiums	-	-	-
Utilities expense	-	54,128,879	-
Total operating expenses, excluding depreciation	<u>\$ 3,942,500</u>	<u>\$ 54,128,879</u>	<u>\$ 301,958</u>
Depreciation	1,118,245	2,543,974	98,765
Total operating expenses	<u>\$ 5,060,745</u>	<u>\$ 56,672,853</u>	<u>\$ 400,723</u>
Operating income (loss)	<u>\$ 607,908</u>	<u>\$ 2,650,805</u>	<u>\$ 326,287</u>
Non-operating revenues (expenses)			
Investment income	\$ 58,683	\$ 377,719	\$ 9,810
Interest earnings on note	55,687	-	-
Interest expense	(96,410)	(599,908)	-
Loss on disposal of capital assets	-	(33,552)	-
Miscellaneous revenues	44,517	50,300	100,111
Total non-operating revenues (expenses)	<u>\$ 62,477</u>	<u>\$ (205,441)</u>	<u>\$ 109,921</u>
Net income (loss) before contributions and transfers	<u>\$ 670,385</u>	<u>\$ 2,445,364</u>	<u>\$ 436,208</u>
Capital contributions	\$ 165,221	\$ 2,281,115	\$ -
Transfers out	-	(1,794,615)	-
Change in net position	<u>\$ 835,606</u>	<u>\$ 2,931,864</u>	<u>\$ 436,208</u>
Total net position - beginning	41,023,729	60,109,683	5,990,981
Restatement	(147,909)	(12,724,693)	(15,159)
Total net position - beginning, as restated	<u>40,875,820</u>	<u>47,384,990</u>	<u>5,975,822</u>
Total net position - ending	<u>\$ 41,711,426</u>	<u>\$ 50,316,854</u>	<u>\$ 6,412,030</u>

Amounts reported by business-type activities in the statement of activities (page 21) are different because:

Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.

Change in net position of business-type activities

See accompanying Notes to Financial Statements.

<u>Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>Totals</u>	
\$ 64,697,281	\$ 4,510,241
1,022,040	-
<u>\$ 65,719,321</u>	<u>\$ 4,510,241</u>
\$ 1,691,827	\$ 510,403
2,252,352	490,397
300,279	209,100
-	2,198,424
-	121,808
-	1,042,264
54,128,879	-
<u>\$ 58,373,337</u>	<u>\$ 4,572,396</u>
3,760,984	718,817
<u>\$ 62,134,321</u>	<u>\$ 5,291,213</u>
<u>\$ 3,585,000</u>	<u>\$ (780,972)</u>
\$ 446,212	\$ 73,142
55,687	-
(696,318)	-
(33,552)	-
194,928	612,576
<u>\$ (33,043)</u>	<u>\$ 685,718</u>
<u>\$ 3,551,957</u>	<u>\$ (95,254)</u>
\$ 2,446,336	\$ -
<u>(1,794,615)</u>	<u>-</u>
\$ 4,203,678	\$ (95,254)
	16,691,361
	-
	<u>16,691,361</u>
	<u>\$ 16,596,107</u>
<u>2,964</u>	
<u>\$ 4,206,642</u>	

City of Austin, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Business-type Activities</u>	
	<u>Sewer User</u>	<u>Utilities</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 5,602,458	\$ 58,042,408
Payments to suppliers	(2,072,836)	(49,078,319)
Payments to employees	(1,658,031)	(6,667,288)
Payments to retirees	-	-
Other receipts	44,517	-
Other expenses	-	(926,376)
Net cash provided by operating activities	<u>\$ 1,916,108</u>	<u>\$ 1,370,425</u>
Cash flows from capital and related financing activities		
Capital asset acquisitions	\$ (908,135)	\$ (3,219,929)
Capital contributions	240,439	326,115
Proceeds from the sales of capital assets	-	40,999
Other grants	-	2,005,000
Reduction of long-term debt	(800,000)	(1,035,000)
Interest paid on bonds and notes	(105,443)	(621,117)
Net cash used by capital and related financing activities	<u>\$ (1,573,139)</u>	<u>\$ (2,503,932)</u>
Cash flows from investing activities		
Investment income	\$ 59,074	\$ 449,783
Principal and interest received on note receivable	399,549	-
Decrease in investments	-	(2,510,501)
Net cash flows provided (used) by investing activities	<u>\$ 458,623</u>	<u>\$ (2,060,718)</u>
Net increase (decrease) in cash and cash equivalents	\$ 801,592	\$ (3,194,225)
Cash and cash equivalents - beginning	<u>5,800,149</u>	<u>11,364,216</u>
Cash and cash equivalents - ending	<u><u>\$ 6,601,741</u></u>	<u><u>\$ 8,169,991</u></u>

See accompanying Notes to Financial Statements.

<u>- Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>	
<u>Other Enterprise Funds</u>	<u>Totals</u>		
\$ 626,601	\$ 64,271,467	\$ 4,513,370	
(173,068)	(51,324,223)	(4,139,162)	
(149,029)	(8,474,348)	(481,518)	
-	-	(121,808)	
100,111	144,628	612,576	
-	(926,376)	-	
<u>\$ 404,615</u>	<u>\$ 3,691,148</u>	<u>\$ 383,458</u>	
\$ (505,494)	\$ (4,633,558)	\$ (1,134,115)	
-	566,554	-	
-	40,999	-	
-	2,005,000	-	
-	(1,835,000)	-	
-	(726,560)	-	
<u>\$ (505,494)</u>	<u>\$ (4,582,565)</u>	<u>\$ (1,134,115)</u>	
\$ 9,810	\$ 518,667	\$ 73,142	
-	399,549	-	
-	(2,510,501)	-	
<u>\$ 9,810</u>	<u>\$ (1,592,285)</u>	<u>\$ 73,142</u>	
\$ (91,069)	\$ (2,483,702)	\$ (677,515)	
1,068,375	18,232,740	9,111,605	
<u>\$ 977,306</u>	<u>\$ 15,749,038</u>	<u>\$ 8,434,090</u>	

(continued)

City of Austin, Minnesota
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Business-type Activities</u>	
	<u>Sewer User</u>	<u>Utilities</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 607,908	\$ 2,650,805
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,118,245	2,543,974
Miscellaneous revenues	44,517	300
Miscellaneous expenses	-	(6,160)
Change in net pension liability	(237,295)	(1,000,010)
Change in deferred inflows of resources - pension related	37,627	161,519
Change in deferred inflows of resources - OPEB related	8,224	-
Change in deferred outflows of resources - pension related	128,015	624,613
Change in deferred outflows of resources - OPEB related	-	35,206
Change in deferred inflows of resources - community solar related	-	9,836
Change in other postemployment benefits payable	(10,509)	(290,798)
Operating transfers out	-	(1,691,915)
(Increase) decrease in assets:		
Accounts receivable	(1,518)	(297,795)
Due from employees/FSA	-	-
Due from other funds	(59,345)	(224,099)
Due from other governments	(5,332)	-
Inventory	-	(277,909)
Prepaid items	-	(8,997)
Other assets	-	168,954
Increase (decrease) in liabilities:		
Vouchers payable	233,352	(1,074,784)
Contractors' retained percentage	(11,494)	-
Accrued expenses	(19,916)	73,307
Due to other funds	83,629	(6,532)
Other current liabilities	-	(19,090)
Net cash provided by operating activities	<u>\$ 1,916,108</u>	<u>\$ 1,370,425</u>
Noncash investing, capital, and financing activities:		
Change in fair value of investments	\$ -	\$ (90,127)
Reconciliation of total cash and cash equivalents to cash and investments:		
Cash and cash equivalents	\$ 6,601,741	\$ 8,169,991
Other unrestricted investments	-	18,243,916
Total cash and investments	<u>\$ 6,601,741</u>	<u>\$ 26,413,907</u>

See accompanying Notes to Financial Statements.

<u>- Enterprise Funds</u>		<u>Governmental Activities - Internal Service Funds</u>	
<u>Other Enterprise Funds</u>	<u>Totals</u>		
\$ 326,287	\$ 3,585,000	\$ (780,972)	
98,765	3,760,984	718,817	
100,111	144,928	612,576	
-	(6,160)	-	
(32,840)	(1,270,145)	(30,224)	
1,652	200,798	19,470	
757	8,981	-	
14,698	767,326	28,768	
-	35,206	-	
-	9,836	-	
(2,964)	(304,271)	-	
-	(1,691,915)	-	
(100,123)	(399,436)	7,239	
-	-	(4,110)	
(286)	(283,730)	-	
-	(5,332)	-	
-	(277,909)	4,648	
-	(8,997)	(264,390)	
-	168,954	-	
3,545	(837,887)	82,497	
(3,864)	(15,358)	-	
(5,119)	48,272	(18,029)	
3,996	81,093	7,168	
-	(19,090)	-	
<u>\$ 404,615</u>	<u>\$ 3,691,148</u>	<u>\$ 383,458</u>	
\$ -	\$ (90,127)	\$ -	
\$ 977,306	\$ 15,749,038	\$ 8,434,090	
-	18,243,916	-	
<u>\$ 977,306</u>	<u>\$ 33,992,954</u>	<u>\$ 8,434,090</u>	

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Notes to the Financial Statements

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide 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 activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

The City of Austin, Minnesota is a municipal corporation governed by an elected mayor and seven-member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

The City of Austin was incorporated February 28, 1876, and is governed by a Home Rule Charter adopted March 10, 1903 pursuant to the general laws of Minnesota.

Discretely Presented Component Units

Housing and Redevelopment Authority of Austin

The Housing and Redevelopment Authority of Austin (HRA) is legally separate from the City of Austin. The City of Austin appoints a voting majority of the HRA's board and is able to impose its will on the HRA. However, the HRA does not provide services exclusively to the City of Austin; therefore, the HRA is a discrete presentation in this report. The fund structure of the HRA consists of seven enterprise funds. The HRA's fiscal year end is September 30; therefore, balances in this report are as of September 30, 2018. Copies of the HRA's financial statements may be obtained at 308 2nd Avenue NE, Austin, Minnesota 55912.

Austin Port Authority

The Austin Port Authority (Port Authority) is legally separate from the City of Austin. However, the City appoints a voting majority of the Port Authority Board, and the City is able to impose its will on the Port Authority. The two boards are not substantially the same, and the Port Authority does not provide services exclusively to the City of Austin; therefore, the Port Authority is also a discrete presentation in this report. The Port Authority maintains only one enterprise fund. Copies of the Port Authority's financial statements may be obtained at 500 4th Avenue NE, Austin, Minnesota 55912.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (continued)

Excluded from Entity

Austin/Mower County Homeownership Fund

The City of Austin and Mower County have entered into an agreement to provide home ownership opportunities to low and moderate income families in Mower County, Minnesota. This jointly governed organization meets all of the criteria of a joint venture (i.e. a legal entity under joint control with a specific activity), except there is no ongoing financial responsibility. Accordingly, the City of Austin has not reported either the balance sheet or operating statement in these financial statements. Copies of the Austin/Mower County Homeownership Fund's financial statements may be obtained at 500 4th Avenue NE, Austin, Minnesota 55912.

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the City has two discretely presented component units. While neither the Housing and Redevelopment Authority of Austin or the Austin Port Authority are considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

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

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The *local option sales tax fund* accounts for the financial resources to be used for various flood control projects.

The *building fund* accounts for the financial resources to be used directly for various building projects, or as a resource for debt retirement related to building projects. The primary revenue source is an annual appropriation of interest earnings on investments.

The City reports the following major proprietary funds:

The *sewer user fund* accounts for the operations of the City owned wastewater treatment plant.

The *utilities fund* accounts for the operations of Austin Utilities.

Additionally, the City reports the following fund types:

Internal service funds account for insurance, data processing equipment and fleet management services provided to other departments of the City on a cost reimbursement basis.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation - Fund Financial Statements (continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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.

The 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 government considers revenues to be available if they are collected within 60 days of the end of the current 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales, taxes, franchise taxes, hotel-motel taxes, licenses and permits, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (continued)

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Special Revenue Funds of Library, Recreation Programs, and Fire PERA. The Special Revenue Funds of Floral Club, Memorial & Gift, Shaw Gym, and Minnesota Foundation are more grant-type budgets and are not "annually legally adopted budgets".

Budgets for Community Development Funds are prepared in accordance with Housing and Urban Development grant regulations. These are grant or project length budgets and not "annual legally adopted budgets."

Formal budgetary integration is not used for the Debt Service Funds because effective budgetary control is achieved through the use of the resolutions and ordinances that issue the bonds.

Budgetary control for the Capital Projects Funds is based on project-length financial plans rather than annual plans, therefore budgetary comparisons are not presented within the financial statements.

The City follows these legal compliance procedures in establishing the budgetary data reflected in the financial statements:

1. Revenue projections are prepared by the Finance Department and presented to the City Council.
2. Departmental line item budgets are submitted to the City Administrator from which a proposed budget document is compiled and submitted to the City Council. A proposed budget and tax levy must be certified to the County Auditor by September 30 in accordance with state statutes. The adopted tax levy cannot exceed the proposed levy.
3. Public hearings are conducted by the City Council with departments and with the general public in order to adopt a final budget and tax levy. A public hearing is required by state statute (Truth in Taxation).
4. The final budget and property tax levy must be adopted by resolution on or before December 31. The resolution includes total revenues and expenditures, or expenses, by fund and the amount to be raised by property taxes. Copies of this resolution are submitted to the County Auditor.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (continued)

1. Budgetary Basis of Accounting (continued)

The legally enacted budget can be amended only by action of the City Council and budgetary information presented is as amended. The legal level of control for which expenditures may not exceed budget is at the department level. Department heads and management may transfer amounts within their department without seeking the approval of the City Council.

Appropriations in all funds lapse at the end of the year. The Council may take specific action to carry over certain appropriations to be expended in the next year.

2. Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, the Recreation Programs Fund had expenditures over budget by \$4,360 as a result of some unexpected operational costs. This expenditure in excess of the 2018 budget was funded by excess revenues collected during the year.

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

1. Cash and Investments

Cash balances from all funds are pooled and invested to the extent available in investments as authorized by resolution of the City Council. Earnings from such investments are allocated quarterly to respective funds based on month end balances of cash and investments. Investments are stated at fair value, based upon quoted market prices at the reporting date.

For purposes of the statement of cash flows, the enterprise and internal service funds includes amounts in demand deposits as well as unrestricted investments.

2. Receivables and Payables

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

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

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

2. Receivables and Payables (continued)

Property tax levies are set by the City Council in December of each year and are certified to Mower County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, of the following year, and are recorded as receivables by the City at that date. Taxes are due and payable on May 15 and October 15, and collections are remitted from Mower County in January, June, and December. Revenues from property taxes are accrued and recognized as revenues in the year collectible, net of delinquencies.

Taxes that remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable is fully offset by unavailable revenue in the governmental funds of the fund financial statements as they are not known to be available to finance current expenditures. Provisions are made in the annual budgets to recognize delinquent taxes as revenue and are used for expenditures in the year received.

Assessments are levied at various times upon City Council resolution for improvements made by the city to various properties. The assessment collections are generally deferred for up to fifteen years with interest rates set at approximately 2% above the cost of issuing bonds. Revenue from these assessments is recognized when assessed in the government-wide financial statements and as the annual installments become collectible in the government funds of the fund financial statements. Annual installments of assessments not collected at year-end are classified as delinquent assessments receivable. The amount of delinquent assessments receivable is fully offset by unavailable revenue in the government funds of the fund financial statements as they are not known to be available to finance current expenditures.

3. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using specific account analysis. The allowance at December 31, 2018 is composed of the following:

Governmental Funds:

Notes Receivable	\$ 2,201,789
Total Allowance for Uncollectible Accounts	<u>\$ 2,201,789</u>

The Utilities fund records allowances of \$200,000 for accounts receivable and \$2,000 for other accounts receivable. The other Enterprise Funds' and Governmental Funds' accounts receivable are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

4. Inventories and Prepaid Items

All inventories of supplies are valued at cost, except for the utilities fund, which uses the moving weighted average method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain assets in governmental activities are classified as restricted on the statement of net position because they are limited as to use by donors, Federal, State, or local law. Restricted assets consist of cash and investments, which are stated at fair value.

Certain assets in proprietary funds are restricted for specific purposes. Restricted assets consist of investments, which are stated at fair value.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable government or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 for governmental-type and business-type assets. An estimated useful life of two years or more is also required before an asset is capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated lives:

	<u>Useful Life</u> <u>In Years</u>
Buildings	10-60
Improvements Other than Buildings	10-50
Infrastructure	25-75
Machinery and Equipment	3-40

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period (s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting. The first item that qualifies as this reporting element is pension related. The second item that qualifies is OPEB related. The third item is under the Component Unit Housing Authority for the loss on bond refunding that relates to the 2010 General Obligation Governmental Housing Refunding Bonds and is being amortized over the life of the bonds.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has four types of this item. The first item that qualifies as this reporting element is pension related. The second item that qualifies as this reporting element is a community solar program. The third item is OPEB related. The fourth item that qualifies for reporting in this category is only under modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts became available.

8. 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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

In the fund financial statements, government fund types recognize 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.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

9. Pensions

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

10. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the City's Retiree Benefits Plan (CRBP) and Austin Utilities Retiree Benefits Plan (AURBP) have been determined on the same basis as they are reported by the CRBP and AURBP. For this purpose, the City recognizes benefit payments when due and payable in accordance with the benefit terms.

11. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

12. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

13. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (city council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Revenues and Expenditures/Expenses

1. Program Revenues

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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1st. The tax levy is divided into two billings: the first-half billing is due May 15; the second-half billing is due October 15. The billings are considered past due if payment does not occur on or before the 15th of either May or October of each year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. Compensated Absences

It is the City's policy to permit certain employees to accumulate earned but not used vacation, compensatory overtime and sick pay benefits. All vacation, compensatory time, and sick pay is accrued when earned in the government-wide financial statements and the proprietary fund types. 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. A maximum of one year's salary exists for payment of unused sick pay benefits.

In accordance with certain employee contracts, some employees are allowed to carryover up to 40 hours of unused vacation time into the next year. Hourly employees are allowed to accumulate up to 240 hours of compensatory overtime in accordance with federal fair labor standards.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 sewer fund, water, electric, and gas funds, the storm water utility fund, and the waste transfer station fund, and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and investments

The City maintains a cash and investment pool that is available for use by all funds. Earnings from such investments are first allocated to the respective funds on the basis of applicable balance participation by each fund. Secondly, legal and other requirements are applied to determine which funds must retain interest earnings and thirdly, earnings not required to be retained are allocated to the Building Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments."

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it in full. The City has an investment policy which follows the Minnesota Statutes for deposits.

In accordance with Minnesota statutes the City of Austin maintains deposits at banks, which are authorized by the Austin City Council.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of the collateral pledged must be equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes certain U.S. government securities, state or local government obligations, and other securities authorized by Minn. Stat. 118.A.03. Minnesota statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

The City's deposits in banks at December 31, 2018 were entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Investments

The City may also invest idle funds as authorized investments by Minnesota Statutes as follows:

- a. Direct obligations or obligations guaranteed by the United States or its agencies.
- b. Shares of investment companies registered under the Federal Investment Company Act of 1940 and has received the highest credit rating and is rated in one of two highest rating categories by a statistical rating agency, and all the investments have a final maturity of thirteen months or less.
- c. General obligations rated "A" or better; revenue obligations rated "AA" or better.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

A. Deposits and investments (continued)

Investments (continued)

- d. Bankers acceptances of the United States banks eligible for purchase by the Federal Reserve System.
- e. Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
- f. Repurchase or reverse repurchase agreements and securities lending agreements 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.
- g. Guaranteed investment contracts (gic’s) issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance company and with a credit quality in one of the top two highest categories.

Investment balances for the City of Austin as of December 31, 2018 are as follows:

Investments Held at Amortized Cost

Bankers Acceptances	\$ 2,609,504
Commercial Paper	2,973,768
Mutual Funds (4M Fund)	4,332,562
Total	<u><u>\$ 9,915,834</u></u>

Investments Held at Fair Value

Federal Home Loan Bank Notes	\$ 8,350,680
Federal National Mortgage Association Notes	6,283,050
Federal Home Loan Mortgage Corporate Discount Notes	16,850,225
Federal Farm Credit Bank Notes	3,653,393
U.S. Treasury Securities	155,254
Development Bonds	3,444,914
Repurchase Agreement	3,832,535
USB Select Treasury Institutional Fund	1,061,083
Total	<u><u>\$ 43,631,134</u></u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (continued)

A. Deposits and investments (continued)

Investments (continued)

Maturities for investments held by the City of Austin as of December 31, 2018 are as follows:

	Total	Investment Maturities in Years			
		Less Than 1	1-5 Years	6-10 Years	More than 10
Federal Home Loan Bank Notes	\$ 8,350,680	\$ -	\$ 5,710,181	\$ 2,640,499	\$ -
Federal National Mortgage Association Notes	6,283,050	-	3,573,662	2,709,388	-
Federal Home Loan Mortgage Corporate Discount Notes	16,850,225	-	14,230,918	1,650,487	968,820
Federal Farm Credit Bank Notes	3,653,393	486,635	1,737,230	485,448	944,080
U.S. Treasury Securities	155,254	10,335	144,919	-	-
Development Bonds	3,444,914	339,684	878,385	2,226,845	-
Repurchase Agreement	3,832,535	3,832,535	-	-	-
Bankers Acceptances	2,609,504	2,609,504	-	-	-
Commercial Paper	2,973,768	2,973,768	-	-	-
USB Select Treasury Institutional Fund	1,061,083	1,061,083	-	-	-
Mutual Funds (4M Fund)	4,332,562	4,332,562	-	-	-
	<u>\$ 53,546,968</u>	<u>\$ 15,646,106</u>	<u>\$ 26,275,295</u>	<u>\$ 9,712,667</u>	<u>\$ 1,912,900</u>

Interest rate risk

The City has a formal investment policy that addresses permissible investments, portfolio diversification, and instrument maturities, but this policy does not address interest rate risk. Investment maturities are scheduled to coincide with projected cash flow needs. Within these parameters, it is the City's policy to stagger portfolio maturities to avoid undue concentration of assets, provide for stability of income, and limit exposure to fair value losses related to rising interest rates. However, the City's investment policy does not specifically limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City does not have a formal policy regarding credit risk other than following the Minnesota State Statute described on pages 54-55 of these notes. As of December 31, 2018, the City's investments in Federal Home Loan Bank obligations were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's respectively; the investments in Federal National Mortgage Association Notes were rated Aaa, AA+ and AAA by Moody's Investor Services, Standard & Poor's and Fitch Ratings, respectively; and the investments in Federal Home Loan Mortgage Corporate Discount Notes were rated Aaa, AA+ and AAA by Moody's Investor Services, Standard & Poor's and Fitch Ratings, respectively; and the City's investments in the Federal Farm Credit Bank Notes were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's respectively. The City's investments in bonds were rated Aaa and AAA by Moody's Investor Services and Standard & Poor's, respectively.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

A. Deposits and investments (continued)

Credit Risk (continued)

As of December 31, 2018 the City had invested \$4,332,562 in the Minnesota Municipal Money Market (4M fund). This investment fund is not individually rated but each underlying investment in the fund is allowable under Minnesota State Statute and is top rated. Additionally, the City had invested \$1,061,083 in the USB Select Treasury Institutional Fund. This investment fund is rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investor Services.

Concentration of Credit Risk

The City does not have a formal policy limiting the amount of the portfolio that may be invested in any one depository or issuer. The Finance Department is responsible for investment decisions and activities under the direction of the City's investment policy and the City Council. More than 5 percent of the City's investments are in Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporate Discount Notes, Federal Farm Credit Bank Notes, Development Bonds, Repurchase Agreements, Commercial Paper, and the 4M mutual fund. These investments are 15.60%, 11.73%, 31.47%, 6.82%, 6.43%, 7.16%, 5.55%, and 8.09%, respectively, of the City's total investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2018 all investments and collateral were listed in the name of the City.

Balance Sheet Presentation

The following is a reconciliation of cash and investments as shown on the Statement of Net Position.

Deposits	\$ 13,422,995
Petty Cash	1,800
Investments	53,546,968
Total	<u>\$ 66,971,763</u>
Statement of Net Position:	
Cash and Investments – Primary Government	\$ 63,465,503
Restricted Cash and Investments – Primary Government	3,506,260
Total	<u>\$ 66,971,763</u>

Repurchase Agreement

The Utilities entered into a repurchase sweep agreement with U.S. Bank. The sweep account invests in commercial paper issued by U.S. Bank NA with ratings of P-1, A-1+, and F1+ by Moody's Investors Services, Standard & Poor's and Fitch, respectively. The securities will be owned and held in safekeeping by U.S. Bank.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

A. Deposits and investments (continued)

Fair Value Measurement

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Assets of the City measured at fair value on a recurring basis:

As of December 31, 2018	Level 1	Level 2	Level 3	Total
Federal Home Loan Bank Notes	\$ -	\$ 8,350,680	\$ -	\$ 8,350,680
Federal National Mortgage Association Notes	-	6,283,050	-	6,283,050
Federal Home Loan Mortgage Corporate Discount Notes	-	16,850,225	-	16,850,225
Federal Farm Credit Bank Notes	-	3,653,393	-	3,653,393
U.S. Treasury Securities	-	155,254	-	155,254
Development Bonds	-	3,444,914	-	3,444,914
Repurchase Agreement	-	3,832,535	-	3,832,535
	<u>\$ -</u>	<u>\$ 42,570,051</u>	<u>\$ -</u>	

Investments measured at Net Asset Value (NAV)	1,061,083
Total	<u>\$ 43,631,134</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

A. Deposits and investments (continued)

Fair Value Measurement (continued)

The UBS Select Treasury Institutional Fund is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of not greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00.

The UBS Select Treasury Institutional Fund has no redemption requirements.

The 4M Fund is an external investment pool (Pool) that is not registered with the SEC. The Pool elects to measure its investments at amortized cost in accordance with accounting statements issued by the Government Accounting Standards Board.

The City participates in the Liquid Asset class, which has no redemption requirements.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include assessments, notes, franchise fees, loans, and miscellaneous other charges. Business-type activities report utility earnings as their major receivables at year-end, and are reported net of related allowance for uncollectible accounts of \$200,000.

Notes receivable balances for the City of Austin as of December 31, 2018 can be summarized as follows:

Governmental Activities:

General Fund

Murphy Creek Townhomes of Austin Limited Partnership	\$ 2,201,789
Murphy's Creek Homes, LLC	101,155
Less: allowance for uncollectibles	<u>(2,201,789)</u>
Subtotal General Fund	<u>\$ 101,155</u>

Building Fund

Cooperative Response Center, Inc. -- Land	\$ 110,498
Marcusen Park Baseball Association	<u>35,200</u>
Subtotal Building Fund	<u>\$ 145,698</u>

Other Nonmajor Governmental Funds

Fett Properties (Nemitz's exterior)	\$ 12,986
Fett Properties (Nemitz's interior)	<u>66,400</u>
Subtotal Other Nonmajor Governmental Funds	<u>\$ 79,386</u>
Subtotal Governmental Activities	<u>\$ 326,239</u>

Business-type Activities:

Enterprise Funds

Hormel Foods Corporation – Equalization Tank Project	\$ 792,287
G & R Truck Wash	42,351
Partnering in Energy Solutions loan	<u>3,643</u>
Subtotal Enterprise Funds	<u>\$ 838,281</u>
Less: allowance for uncollectibles	<u>-</u>
Subtotal Business-type Activities, net of allowance	<u>\$ 838,281</u>
Total Notes Receivable, net of allowance	<u><u>\$ 1,164,520</u></u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Receivables (continued)

Murphy's Creek Townhomes of Austin Limited Partnership

The City of Austin issued a note receivable to Murphy's Creek Townhomes of Austin Limited Partnership on June 28, 2001. The \$2,184,000 note was issued to help finance the construction of an 88-unit affordable living townhouse development. The note accrues interest at one percent simple interest with payment to be made on June 28, 2031.

Murphy's Creek Homes, LLC

The City of Austin issued a note receivable to Murphy's Creek Homes, LLC on November 15, 2001. The \$46,000 note was issued to help finance the development of eighteen single family homes. The note accrues interest at seven percent simple interest with payment to be made out of the available tax increments that are to be generated from the property.

Cooperative Response Center, Inc.

The City issued a note receivable to Cooperative Response Center, Inc. (CRC) for the purchase of land and public improvements on that land. The land portion of the note was issued on September 1, 2000, for \$196,210 at six percent interest. The improvement portion was issued on December 1, 2000, for \$41,768 at 7.5% interest. The note receivable will be paid off via tax increments received by the City on the development. The loan agreement contains job creation criteria which CRC must meet. If the criteria are not met, penalty provisions will be applied to the repayment of the loan.

Marcusen Park Baseball Association

On November 30, 2017, the City issued a note receivable in the amount of \$56,675 to the Marcusen Park Baseball Association to assist in the lighting and sound system improvements at Marcusen Park. The note is at zero percent, and annual payments ranging from \$8,800 to \$12,675 exist through 2022.

Nemitz's Interior (Fett Properties)

On September 15, 2010, the City issued a note receivable in the amount of \$116,200 to Randall J. and Tamara B. Fett (Fett Properties) to assist in the interior renovation of a downtown building. The note is secured by the building. The note is at zero percent, and \$16,600 will be forgiven annually as long as during the preceding year, the property has been occupied by the business. If the forgiveness does not occur, then the balance shall be carried forward to the next year, or it may be paid off by Randall J. and Tamara B. Fett.

Nemitz's Exterior (Fett Properties)

On September 15, 2010, the City issued a note receivable in the amount of \$30,300 to Randall J. and Tamara B. Fett (Fett Properties) to assist in the exterior renovation of a downtown building. The note is secured by the building. The note is at zero percent, and \$4,329 will be forgiven annually as long as during the preceding year, the property has been occupied by the business. If the forgiveness does not occur, then the balance shall be carried forward to the next year, or it may be paid off by Randall J. and Tamara B. Fett.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Receivables (continued)

Hormel Foods Corporation

On February 5, 2001 the City of Austin issued a note receivable with Hormel Foods Corporation to finance the Wastewater Treatment Plant's Equalization Tank Project. Hormel Foods is paying the City monthly installments based on the estimated construction cost. The interest rate is 5.658% based on interest rates on the general obligation utility revenue bonds issued to finance the project. The balance of the note at December 31, 2018 is \$841,328. The current portion is \$272,994 as of December 31, 2018.

G & R Truck Wash

The City issued a note receivable with G & R Truck Wash on February 28, 2018. The \$58,147 note was issued to help refinance a note that originated from unpaid strong waste charges the company incurred during the prior years' operations. The note accrues interest at six percent with payments to be made on a monthly basis beginning March 1, 2018. The balance of the note at December 31, 2018 is \$42,351. The current portion is \$19,670 as of December 31, 2018.

C. Due from Other Governments

Amounts due from other governments are composed primarily of aid for street projects from the State of Minnesota, state community development grant funds, and flood clean up grants. The balance also includes unremitted property taxes.

D. Restricted Cash and Assets

Restricted assets are deposits held for specifically required purposes. Balances at December 31, 2018, and descriptions are as follows:

Governmental activities

Fire PERA	\$ 284,535
Other purposes - expendable	194,697
Other police purposes - nonexpendable	2,048
Library purposes – expendable	1,046,368
Library purposes – Nonexpendable	157,321
Senior Citizens Center	38,167
Shaw Gym trust fund	2,343
Total governmental activities	<u>\$ 1,725,479</u>

Business-type activities

Utilities employee sick pay benefits fund	\$ 1,780,781
Total business-type activities	<u>\$ 1,780,781</u>

Total Restricted Assets	<u><u>\$ 3,506,260</u></u>
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City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 24,632,996	\$ 145,547	\$ -	\$ 24,778,543
Construction in progress	8,014,929	4,526,828	1,253,733	11,288,024
Total capital assets, not being depreciated	<u>\$ 32,647,925</u>	<u>\$ 4,672,375</u>	<u>\$ 1,253,733</u>	<u>\$ 36,066,567</u>
Capital assets, being depreciated:				
Buildings	\$ 29,690,288	\$ 197,507	\$ 147,328	\$ 29,740,467
Improvements other than buildings	25,436,912	123,072	20,100	25,539,884
Infrastructure	75,636,681	923,300	-	76,559,981
Machinery and Equipment	19,238,573	1,769,680	668,349	20,339,904
Total capital assets, being depreciated	<u>\$ 150,002,454</u>	<u>\$ 3,013,559</u>	<u>\$ 835,777</u>	<u>\$ 152,180,236</u>
Less accumulated depreciation for:				
Buildings	\$ 10,009,897	\$ 731,001	\$ 114,970	\$ 10,625,928
Improvements other than buildings	4,348,673	683,217	20,100	5,011,790
Infrastructure	29,876,951	2,154,492	-	32,031,443
Machinery and Equipment	10,251,953	1,157,867	658,797	10,751,023
Total accumulated depreciation	<u>\$ 54,487,474</u>	<u>\$ 4,726,577</u>	<u>\$ 793,867</u>	<u>\$ 58,420,184</u>
Total capital assets, being depreciated, net	<u>\$ 95,514,980</u>	<u>\$ (1,713,018)</u>	<u>\$ 41,910</u>	<u>\$ 93,760,052</u>
Governmental activities capital assets, net	<u>\$ 128,162,905</u>	<u>\$ 2,959,357</u>	<u>\$ 1,295,643</u>	<u>\$ 129,826,619</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 883,910	\$ -	\$ 102,700	\$ 781,210
Construction in progress	2,250,287	1,337,534	1,277,577	2,310,244
Total capital assets, not being depreciated	<u>\$ 3,134,197</u>	<u>\$ 1,337,534</u>	<u>\$ 1,380,277</u>	<u>\$ 3,091,454</u>
Capital assets, being depreciated:				
Buildings	\$ 60,261,324	\$ 448,655	\$ 2,223,489	\$ 58,486,490
Improvements other than buildings	1,825,862	-	-	1,825,862
Infrastructure	15,356,099	847,892	-	16,203,991
Machinery and Equipment	94,844,619	3,277,050	330,707	97,790,962
Total capital assets, being depreciated	<u>\$ 172,287,904</u>	<u>\$ 4,573,597</u>	<u>\$ 2,554,196</u>	<u>\$ 174,307,305</u>
Less accumulated depreciation for:				
Buildings	\$ 19,800,276	\$ 1,220,622	\$ 2,183,911	\$ 18,836,987
Improvements other than buildings	737,312	45,851	-	783,163
Infrastructure	1,389,154	265,993	-	1,655,147
Machinery and Equipment	48,544,353	2,228,514	295,734	50,477,133
Total accumulated depreciation	<u>\$ 70,471,095</u>	<u>\$ 3,760,980</u>	<u>\$ 2,479,645</u>	<u>\$ 71,752,430</u>
Total capital assets, being depreciated, net	<u>\$ 101,816,809</u>	<u>\$ 812,617</u>	<u>\$ 74,551</u>	<u>\$ 102,554,875</u>
Business-type activities capital assets, net	<u>\$ 104,951,006</u>	<u>\$ 2,150,151</u>	<u>\$ 1,454,828</u>	<u>\$ 105,646,329</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Capital Assets (continued)

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

Governmental activities:

General government	\$ 148,414
Public safety	322,109
Streets and highways	1,883,824
Culture and recreation	865,569
Public Service	292,537
Community development	495,307
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>718,817</u>

Total depreciation expense – governmental activities	<u><u>\$ 4,726,577</u></u>
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Business-type activities:

Sewer	\$ 1,118,245
Waste Transfer Station	16,934
Storm Water	81,831
Utilities	<u>2,543,974</u>

Total depreciation expense – business-type activities	<u><u>\$ 3,760,984</u></u>
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Construction Commitments

The City has active construction projects as of December 31, 2018. The projects include street improvements, building improvements and wastewater treatment improvements. At year-end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street improvements	\$ 6,304,454	\$ 1,276,059
Flood improvements	1,400,512	282,228
Sewer System improvements	<u>113,310</u>	<u>25,240</u>
Total	<u><u>\$ 7,818,276</u></u>	<u><u>\$ 1,583,527</u></u>

The commitment for street improvements is being funded primarily by fund balance and by State and Federal grants. The flood improvements are being financed by state grants and local option sales tax collections. The sewer system improvements are being financed by the use of fund balance.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Capital Assets (continued)

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

Discretely presented component units

	Beginning Balance	Increases	Decreases	Ending Balance
Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 2,550,940	\$ -	\$ -	\$ 2,550,940
Construction in progress	20,857	615,529	-	636,386
Total capital assets, not being depreciated	<u>\$ 2,571,797</u>	<u>\$ 615,529</u>	<u>\$ -</u>	<u>\$ 3,187,326</u>
Capital assets, being depreciated:				
Buildings and Improvements	\$ 32,281,553	\$ -	\$ 205,384	\$ 32,076,169
Equipment	1,355,110	-	7,109	1,348,001
Total capital assets, being depreciated	<u>\$ 33,636,663</u>	<u>\$ -</u>	<u>\$ 212,493</u>	<u>\$ 33,424,170</u>
Less accumulated depreciation for:				
Buildings and Improvements	\$ 18,925,186	\$ 1,058,148	\$ 199,413	\$ 19,783,921
Equipment	1,055,990	71,335	7,107	1,120,218
Total accumulated depreciation	<u>\$ 19,981,176</u>	<u>\$ 1,129,483</u>	<u>\$ 206,520</u>	<u>\$ 20,904,139</u>
Total capital assets, being depreciated, net	<u>\$ 13,655,487</u>	<u>\$ (1,129,483)</u>	<u>\$ 5,973</u>	<u>\$ 12,520,031</u>
Housing Authority capital assets, net	<u><u>\$ 16,227,284</u></u>	<u><u>\$ (513,954)</u></u>	<u><u>\$ 5,973</u></u>	<u><u>\$ 15,707,357</u></u>
	Beginning Balance	Increases	Decreases	Ending Balance
Port Authority:				
Capital assets, being depreciated:				
Buildings	\$ 23,460,425	\$ -	\$ -	\$ 23,460,425
Improvements other than buildings	524,714	-	-	524,714
Machinery and Equipment	2,108,645	-	-	2,108,645
Total capital assets, being depreciated	<u>\$ 26,093,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,093,784</u>
Less accumulated depreciation for:				
Buildings	\$ 1,170,771	\$ 587,078	\$ -	\$ 1,757,849
Improvements other than buildings	58,341	25,905	-	84,246
Machinery and Equipment	312,727	186,373	-	499,100
Total accumulated depreciation	<u>\$ 1,541,839</u>	<u>\$ 799,356</u>	<u>\$ -</u>	<u>\$ 2,341,195</u>
Port Authority capital assets, net	<u><u>\$ 24,551,945</u></u>	<u><u>\$ (799,356)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 23,752,589</u></u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

F. Interfund Balances and Transfers

The composition of interfund balances as of December 31, 2018 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utilities	\$ 270,749
Sewer User	Utilities	312,009
Utilities	General	145,304
Utilities	Sewer User	84,857
Utilities	Nonmajor Enterprise Funds	7,681
Utilities	Nonmajor Internal Service Funds	7,168
Utilities	Nonmajor Governmental Funds	3,951
Nonmajor Enterprise Funds	Utilities	56,515
Nonmajor Governmental Funds	Utilities	36,942
Total		<u>\$ 925,176</u>

The amounts listed above are amounts due for interfund services provided, and were paid after year end.

Advances to/from component units:

<u>Receivable Fund/Component</u>	<u>Payable Component/Fund</u>	<u>Amount</u>
Building Fund	Port Authority	<u>\$ 786,336</u>

Advances were made to component units to finance various projects. The amount reported as advances to component units is \$786,966. This amount varies from the amount listed above because the allocation of the profit in the internal service funds back to the Port Authority is included on the government wide statement.

A reconciliation of transfers for the year ended December 31, 2018 is as follows:

<u>Transfers to (Fund):</u>	<u>Transfers Out (Fund)</u>		
	<u>Nonmajor</u>		
	<u>Governmental</u>	<u>Utilities</u>	<u>Total</u>
General	\$ 5,000	\$ 1,691,915	\$ 1,696,915
Total	<u>\$ 5,000</u>	<u>\$ 1,691,915</u>	<u>\$ 1,696,915</u>

Throughout the year, the City has to make occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate. Other transfers were made between funds for financing various purchases or to close out funds that are no longer required to be maintained. Transfers between the governmental funds and the proprietary funds (Utilities) will not reconcile due to conversion entries to record the effects of a transfer of land between the two fund types.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt

Primary Government

General Obligation Tax Increment Bonds

The City issues general obligation tax increment bonds to provide financing for projects located within the applicable tax increment districts. These bonds are backed by the full faith, credit and taxing power of the City and are serviced by Tax Increment Debt Service Funds.

The General Obligation Tax Increment Bond outstanding is as follows:

<u>Governmental Activities</u>	<u>Matures</u>	<u>Interest Rates</u>	<u>Balance</u>
Refunding Bonds, Series 2009A	2027	2.00 – 4.00%	\$ 375,000
Total			<u>\$ 375,000</u>

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 35,000	\$ 13,432
2020	35,000	12,243
2021	40,000	10,967
2022	40,000	9,537
2023	45,000	7,944
2024 - 2027	180,000	14,950
Total	<u>\$ 375,000</u>	<u>\$ 69,073</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Primary Government (continued)

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. These bonds are recorded in the fund according to the purpose for which they were issued. The Sewer Fund is carrying two issues of debt that were issued to construct various industrial improvements at the wastewater treatment plant. These bonds are being paid off via monthly payments by the industrial user over twenty years. In 2010, the City issued \$2,865,000 of revenue bonds to finance construction projects to install sewer services into some recently annexed property. These bonds are being paid off over fifteen years solely by the assessments on the affected property. In 2012 the City issued \$5,600,000 of revenue bonds to finance construction projects to enhance the water distribution system throughout the community.

The revenue bonds currently outstanding are as follows:

<u>Business-type Activities</u>	<u>Matures</u>	<u>Interest Rates</u>	<u>Balance</u>
Utility Revenue Bonds, Series 2000B	2019	5.00 – 5.50%	270,000
Utility Revenue Bonds, Series 2010A	2026	1.00 – 4.75%	1,365,000
Water Revenue Bonds, Series 2012A	2027	2.00 - 2.50%	3,535,000
Total			<u>\$ 5,170,000</u>

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

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 820,000	\$ 143,928
2020	550,000	115,756
2021	555,000	101,606
2022	560,000	87,006
2023	560,000	71,981
2024 - 2027	2,125,000	131,943
Total	<u>\$ 5,170,000</u>	<u>\$ 652,220</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Primary Government (continued)

General Obligation Capital Improvement Bonds

On June 1, 2015, the City issued a general obligation capital improvement bond to provide financing to construct a central facility for the Utilities. This bond is backed by the full faith, credit and taxing power of the City and is covered by a tax levy upon all citizens.

The general obligation capital improvement bond currently outstanding is as follows:

<u>Business-type Activities</u>	<u>Matures</u>	<u>Interest Rates</u>	<u>Balance</u>
Utility Capital Improvement Bonds, Series 2015A	2036	2.00 – 3.625%	\$ 16,295,000
Total			<u>\$ 16,295,000</u>

Annual debt service requirements to maturity for the general obligation capital improvement bond are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 690,000	\$ 520,913
2020	710,000	499,913
2021	735,000	481,913
2022	745,000	467,113
2023	760,000	448,263
2024 - 2028	4,240,000	1,798,113
2029 - 2033	4,995,000	1,032,192
2034 - 2036	3,420,000	186,038
Total	<u>\$ 16,295,000</u>	<u>\$ 5,434,458</u>

Compensated Absences

Compensated absences consist of unused vacation, sick leave, and compensatory time for eligible employees at December 31, 2018.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Primary Government (continued)

Long-term Liability Activity (continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Bonds Payable					
G.O. Tax Increment Bonds	\$ 410,000	\$ -	\$ 35,000	\$ 375,000	\$ 35,000
G.O. Special Assessment Bonds	250,000	-	250,000	-	-
Total Bonds Payable	\$ 660,000	\$ -	\$ 285,000	\$ 375,000	\$ 35,000
Compensated Absences	2,019,317	1,185,609	1,136,062	2,068,864	524,360
Governmental activities					
Long-term liabilities	<u>\$ 2,679,317</u>	<u>\$ 1,185,609</u>	<u>\$ 1,421,062</u>	<u>\$ 2,443,864</u>	<u>\$ 559,360</u>
Business-type activities:					
Revenue Bonds	\$ 6,330,000	\$ -	\$ 1,160,000	\$ 5,170,000	\$ 820,000
Capital Improvement Plan Bonds	16,970,000	-	675,000	16,295,000	690,000
Bond Premium	370,698	-	23,055	347,643	23,055
Compensated Absences	1,871,435	291,859	267,074	1,896,220	279,198
Business-type activities					
Long-term liabilities	<u>\$ 25,542,133</u>	<u>\$ 291,859</u>	<u>\$ 2,125,129</u>	<u>\$ 23,708,863</u>	<u>\$ 1,812,253</u>

Internal Service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. The sick leave portion of compensated absences payable is liquidated through the Sick Leave Program Internal Service fund. Unused vacation and compensatory time are charged to each department as they are used. For governmental activities, vacation and compensatory time are generally liquidated through the General fund.

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. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there were two series of Industrial Revenue Bonds outstanding, with original issue amounts of \$14,437,000 and an aggregate principal amount outstanding of \$13,359,236.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Primary Government (continued)

Long-term Liability Activity (continued)

Tax Increment District Disclosure

The City has four pay-as-you-go tax increment financing districts with local businesses to promote development within the City. The City is currently collecting tax increments that are paid through the property tax collection process. The requirement for businesses to receive the excess tax increments from the City was to perform improvements on the owned property. The increment taxes are based on the increase of the property value after the improvements are made. No other commitments were made by the City as part of these agreements.

The City of Austin or the Austin Housing and Redevelopment Authority administer the following tax increment financing districts. Minnesota Statutes Section 469.175, Subdivision 6 requires the following disclosures for each district:

Tax Increment District No. 8, Cedar View Housing, is located within Municipal Development District No. 1. This housing district was established in 1998 pursuant to Minnesota Statutes Chapter 469. The first tax increment was received in 2000, and the duration of the district is through the year 2025. The agreement calls for 90% of the property tax increments collected to be returned to the developers.

Tax Increment District No. 10, CBD Redevelopment, is located within Municipal Development District No. 1. This redevelopment district was established in 1999 pursuant to Minnesota Statutes Chapter 469. The first tax increment was received in 2002, and the duration of the district is through the year 2027.

Tax Increment District No. 11, CRC Project, is located within Municipal Development District No. 1. This redevelopment district was established in 2000 pursuant to Minnesota Statutes Chapter 469. The first tax increment was received in 2003, and the duration of the district is through the year 2028. The agreement calls for 100% of the property tax increments collected to be maintained by the City to repay infrastructure costs.

Tax Increment District No. 12, Murphy's Creek Townhomes of Austin Project, is located within Municipal Development District No. 1. This housing district was established in 2001 pursuant to Minnesota Statutes Chapter 469. The first tax increment was received in 2003, and the duration of the district is through the year 2028. The agreement calls for 96.4% of the property tax increments collected to be maintained by the City to repay infrastructure costs.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Primary Government (continued)

Tax Increment District Disclosure (continued)

Tax Increment District No. 13, Oak Park Mall, is located within Municipal Development District No. 1. This redevelopment district was established in 2015 pursuant to Minnesota Statutes Chapter 469. The first tax increment was received in 2018, and the duration of the district is through the year 2043. The agreement calls for 100% of the property tax increments collected to be maintained by the City to repay infrastructure costs.

Tax Increment District No. 14, North Pointe, is located within Municipal Development District No. 1. This housing district was established in 2017 pursuant to Minnesota Statutes Chapter 469. The first tax increment is estimated to be received in 2020, and the duration of the district is through the year 2045. The agreement calls for 90% of the property tax increments collected to be returned to the developers.

<u>Tax Increment District</u>	<u>No. 8</u>	<u>No. 10</u>	<u>No. 11</u>
Original net tax capacity	\$ 686	\$ 15,565	\$ 5,103
Current net tax capacity	\$ 14,970	\$ 56,498	\$ 73,936
Captured net tax capacity:			
Retained by authority	\$ 14,284	\$ 40,933	\$ 68,833
Shared with other taxing districts	\$ -	\$ -	\$ -
<u>Tax Increment returned to developers</u>	\$ 7,204	\$ -	\$ 23,470
<u>Bonds Outstanding:</u>			
General obligation tax increment bonds issued	\$ -	\$ 1,405,000	\$ -
Bond principal retired	-	1,030,000	-
Bonds outstanding 12/31/18	<u>\$ -</u>	<u>\$ 375,000</u>	<u>\$ -</u>
	<u>No. 12</u>	<u>No. 13</u>	<u>No. 14</u>
Original net tax capacity	\$ 2,261	\$ 29,757	\$ 1,626
Current net tax capacity	\$ 51,649	\$ 172,913	\$ 1,626
Captured net tax capacity:			
Retained by authority	\$ 49,388	\$ 143,156	\$ -
Shared with other taxing districts	\$ -	\$ -	\$ -
<u>Tax Increment returned to developers</u>	\$ 51,322	\$ 159,270	\$ -
<u>Bonds Outstanding:</u>			
General obligation tax increment bonds issued	\$ -	\$ -	\$ -
Bond principal retired	-	-	-
Bonds outstanding 12/31/18	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Discretely presented component unit – Housing and Redevelopment Authority

Components of General Long-Term Debt

The HRA has issued general obligation and gross revenue bonds to finance the construction of Courtyard and Chauncey Apartments and to refund previous issues.

	<u>Issue and Maturity Dates</u>	<u>Interest Rate</u>	<u>Due Within One Year</u>	<u>Total</u>
Gross Revenue				
Refunding Bonds	2010 – 2031	0.85 – 5.00%	\$ 290,000	\$ 4,980,000
General Obligation				
Refunding Bonds	2013 – 2023	0.30 – 2.70%	185,000	955,000
General Obligation				
Refunding Bonds	2016 – 2023	0.85 – 1.55%	140,000	720,000
	Total Bonds		<u>615,000</u>	<u>6,655,000</u>
	Reoffering Premium		9,334	121,337
	Publicly Owned Housing Program			
	Loan Agreement		-	877,686
	Deferred Loan Agreement		-	35,000
	PTO Payable		36,702	36,702
	Banked PTO Payable		-	102,559
	Total Long-Term Liabilities		<u>\$ 661,036</u>	<u>\$ 7,828,284</u>

Minimum Debt Payments

Minimum annual principal and interest payments required to retire General Obligation and Gross Revenue Bonds Payable and loan agreement payable are as follows:

<u>Year Ending September 30</u>	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 615,000	\$ 257,765
2020	620,000	243,963
2021	650,000	227,796
2022	670,000	210,215
2023	690,000	191,362
2024-2028	1,975,000	665,000
2029-2031	1,435,000	145,750
	<u>\$ 6,655,000</u>	<u>\$ 1,941,851</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Discretely presented component unit – Housing and Redevelopment Authority (continued)

Description of Long-Term Debt

General Obligation and Gross Revenue Bonds

On September 28, 2010, the HRA issued \$6,615,000 of Governmental Housing Gross Revenue Refunding Bonds, Series 2010A. The bond issue advance refunded the remaining maturities of the Governmental Housing Gross Revenue Bonds, Series 2000A. Revenues generated from the rental of the Chauncey Apartment units are dedicated to the retirement of these bonds.

On August 20, 2013, the HRA issued \$1,830,000 of General Obligation Governmental Housing Refunding Bonds, Series 2013A. The proceeds of the issue were used to refund in advance of maturity, \$1,780,000 of the outstanding maturities of the General Obligation Governmental Housing Refunding Bonds, Series 2003A. Revenues generated from the rental of the Austin Courtyard units are dedicated to the retirement of these bonds.

On March 1, 2016, the HRA issued \$1,000,000 of General Obligation Governmental Housing Refunding Bonds, Series 2016A. The proceeds of the issue were used for a current refund in advance of maturity, \$1,350,000 of the outstanding maturities of the General Obligation Governmental Housing Refunding Bonds, Series 2005A. Revenues generated from the rental of the Austin Courtyard units are dedicated to the retirement of these bonds.

Unamortized Discounts and Premiums

Unamortized discounts and premiums on the General Obligation and Gross Revenue Bonds are being amortized over the life of the bonds.

Deferred Loan Repayment Agreement

On May 16, 2013, the HRA entered into a Deferred Loan Repayment Agreement and Mortgage with MHFA for \$35,000 for the purpose of making upgrades to the Transitional House. The loan is non-interest bearing and will be forgiven by MHFA if no event of default, as outlined in the loan agreement, occurs within twenty years from the date of the agreement.

On August 2, 2016, the HRA entered into a Publicly Owned Housing Program Deferred Loan repayment agreement with MHFA for \$877,686 for the purpose of replacing all of the Twin Tower's windows. The HRA started drawing on the loan on June 5, 2017. The loan is noninterest bearing and will be forgiven by MHFA if no event of default, as outlined in the loan agreement, occurs within twenty years from the date of the agreement.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 2 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

G. Long-term debt (continued)

Discretely presented component unit – Housing and Redevelopment Authority (continued)

Compensated Absences

Compensated absences consist of paid-time off (PTO) payable and banked paid time off payable. Both consist of balances that are earned but unused at September 30, 2018.

Changes in Long-Term Debt

	Beginning Balance	Additions	Retirements	Ending Balance
Deferred Loan Agreement	\$ 35,000	\$ -	\$ -	\$ 35,000
POHP Loan Agreement	877,686	-	-	877,686
Bonds	7,245,000	-	590,000	6,655,000
Reoffering Premium	130,670	-	9,333	121,337
Total Bonds and Loans Payable	\$ 8,288,356	\$ -	\$ 599,333	\$ 7,689,023
PTO Payable	43,813	-	7,111	36,702
Banked PTO Payable	92,955	9,604	-	102,559
Total business-type activities	<u>\$ 8,425,124</u>	<u>\$ 9,604</u>	<u>\$ 606,444</u>	<u>\$ 7,828,284</u>

Business-type activities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Advances with City of Austin	843,150	8,186	65,000	786,336	-
Long-Term Liabilities	<u>\$ 843,150</u>	<u>\$ 8,186</u>	<u>\$ 65,000</u>	<u>\$ 786,336</u>	<u>\$ -</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION

A. Contingent liabilities

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The federal financial assistance received is subject to an audit pursuant to the Uniform Grant Guidance or audits by the grantor agency.

The City is subject to potential litigation involving various personal injury and property loss claims. The City intends to contest vigorously any litigation, which may result from these claims. In addition, management believes no material uninsured loss will result from these claims.

The City has Operating Deficit Guarantee Agreements with the Housing and Redevelopment Authority of Austin (HRA) for the Courtyard Apartments and the Chauncey Apartments. Under these agreements, the City of Austin is responsible for paying US Bank Trust National Association (the Trustee) an amount equal to any projected operating deficits, as properly budgeted for. In addition, the City must also make payment to the Trustee to restore the balance in the Operating Reserve Account, as defined in the bond agreement, to equal six months operating expenses. The above payments shall be made from the available general funds of the City, and the City covenants that, to the extent necessary to raise such funds from time to time, it will levy a tax on all taxable property within its boundaries. The HRA must repay the City all amounts that were advanced to the Trustee at an agreed upon rate of 6% per year.

The Austin Utilities purchases power from Southern Minnesota Municipal Power Agency (SMPMA) under a power sales contract that extends to April 1, 2030. Under the terms of this contract, the Utilities is obligated to buy all the electrical power and energy needed to operate the electric utility.

B. Retirement systems

Defined Benefit Pension Plans – Statewide

Plan Description

The City of Austin 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.

1. General Employees Retirement Fund (GERF)

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

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Plan Description (continued)

2. Public Employees Police and Fire Fund (PEPFF)

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

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 not receiving them yet, are bound by the provisions in effect at the time they last terminated public service.

1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefit's for PERA's Coordinated and Basic 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% for each of the first 10 years of service and 1.7% for each additional year. The rates are 2.2% and 2.7%, respectively, for Basic members. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service, and 2.7% for Basic members. The accrual rates for former MERF members is 2.0% for each of the first 10 years of service and 2.5% for each additional year. 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.

Beginning January 1, 2019, benefit recipients will receive a future annual increase equal to 50 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 percent. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches Normal Retirement Age (not applicable to Rule of 90 retirees, disability benefit recipients, or survivors). A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Benefits Provided (continued)

2. PEPFF Benefits

Benefits for PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF 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.

Beginning in 2019, the COLA will be fixed at 1.0%. Under funding measurements from 2017, the 2.5% COLA trigger was never expected to occur and was subsequently removed from law. Post retirement increases are given each year except for annuitants who have been receiving a benefit for only 31 to 41 months. These annuitants will receive a prorated amount of the increase on a sliding scale.

Contributions

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

1. GERP Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018. The City was required to contribute 7.50% for Coordinated Plan members in calendar year 2018. The City's contributions to the GERP for the year ended December 31, 2018, were \$885,319. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Legislation increased both employee and employer contribution rates in the Police and Fire Plan. Employee rates increased from 10.80 percent of pay to 11.30 percent and employer rates increase from 16.20 percent to 16.95 percent on January 1, 2018. On January 1, 2020 employee rates increase to 11.80 percent and employer rates increase to 17.70 percent. The City's contributions to the Police and Fire Fund for the year ended December 31, 2018 were \$527,013. The City's contributions were equal to the required contributions as set by state statute.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs

1. GERS Pension Costs

At December 31, 2018 the City reported a liability of \$9,713,830 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$318,554. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.0853, which is a decrease of 0.0021% from its June 30, 2017 proportionate share of 0.0874%. The Austin Utilities' proportion was 0.0898 at June 30, 2018, which is a decrease of 0.0039% from its June 30, 2017 proportionate share of 0.0937%.

Post-retirement benefit increases were changed from 1.0% per year with a provision to increase to 2.5% upon attainment of a 90% funding ratio to 50% of the Social Security Cost of Living Adjustment, not less than 1.0% and not more than 1.5%, beginning January 1, 2019.

For the year ended December 31, 2018, the City recognized pension expense of \$656,024 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$74,297 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 Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

At December 31, 2018, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 257,110	\$ 283,311
Changes in Actuarial Assumptions	927,917	1,091,452
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	992,599
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	39,537	431,106
City Contributions Subsequent to the Measurement Date	446,361	-
	<u>\$ 1,670,925</u>	<u>\$ 2,798,468</u>

\$446,361 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Pension Expense Amount</u>
2019	169,885
2020	(661,003)
2021	(880,043)
2022	(202,743)

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

2. PEPFF Pension Costs

At December 31, 2018 the City reported a liability of \$3,232,866 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.3033, which is a decrease of 0.0047 from its June 30, 2017 proportionate share of 0.3080%. The City also recognized \$27,297 for the year ended December 31, 2018 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 PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

Beginning in January 1, 2019, the COLA will be fixed at 1%. Under funding measurements from 2017, the 2.5% COLA trigger was never expected to occur and was subsequently removed from the law.

For the year ended December 31, 2018, the City recognized pension expense of \$348,384 for its proportionate share of the PEPFF's pension expense.

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

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 130,302	\$ 793,104
Changes in Actuarial Assumptions	4,019,256	4,759,201
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	677,138
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	39,818	127,072
City Contributions Subsequent to the Measurement Date	267,776	-
	<u>\$ 4,457,152</u>	<u>\$ 6,356,515</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

\$267,776 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Pension Expense Amount</u>
2019	(94,189)
2020	(244,299)
2021	(498,726)
2022	(1,305,072)
2023	(24,853)

The total pension expense for all plans that the City participates in is \$1,078,705.

Actuarial Assumptions

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

Inflation 2.50% per year

Active Member Payroll Growth 3.25% per year after 25 years of service

Investment Rate of Return 7.50%

The total pension liability for each of the defined benefit cost-sharing plans was determined by an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method. Inflation is assumed to be 2.50 percent for the GERF and PEPFF Plans. Salary growth assumptions in the GERF Plan decrease in annual increments from 11.25 percent after one year of service, to 3.25 percent after 26 years of service. In the PEPFF Plan, salary growth assumptions decrease from 12.25 percent after one year of service to 3.25 percent after 25 years of service.

Mortality rates for all plans are based on RP-2014 mortality tables. The tables are adjusted slightly to fit PERA's experience. Actuarial assumptions for the GERF Plan are reviewed every four to six years. The most recent six-year experience study for the GERF Plan was completed in 2015. The most recent four-year experience study for the PEPFF Plan was completed in 2016. Economic assumptions were updated in 2014 based on a review of inflation and investment return assumptions.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Actuarial Assumptions (continued)

The following changes in actuarial assumptions occurred in 2018

GERF Plan

- 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.

PEPFF Plan

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

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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 weighing the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36%	5.10%
International Equity	17%	5.30%
Bonds	20%	0.75%
Alternative Assets	25%	5.90%
Cash	2%	0.00%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rate set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of all plans 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.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Liability Sensitivity

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

<u>Description</u>	1% Decrease in Discount <u>Rate</u>	Current Discount <u>Rate</u>	1% Increase in Discount <u>Rate</u>
Discount Rate	6.5%	7.5%	8.5%
City's Proportionate share of the GERF Net Pension Liability	\$ 15,786,218	\$ 9,713,830	\$ 4,701,248
Discount Rate	6.5%	7.5%	8.5%
City's Proportionate share of the PEPFF Net Pension Liability	\$ 6,931,467	\$ 3,232,866	\$ 174,276

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.

C. Other Postemployment Benefit Plan

Plan Description

The City's defined benefit OPEB plan, City Retiree Benefits Plan (CRBP), provides OPEB for eligible employees and their spouses. CRBP is a single-employer defined benefit OPEB plan administered by the City. Benefit and eligibility provisions are established through negotiations between the City and various unions representing the City employees and are renegotiated each bargaining period. CRBP does not issue a publicly available financial report.

Benefits Provided

CRBP provides healthcare benefits for retirees and their spouses. Benefits are provided through a third-party insurer. Employees receive no direct monetary benefit, but are allowed to stay on the City's health insurance program until death, paying 100% of the blended rate premiums.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Plan Description (Continued)

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefit Payments	14
 Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	 -
 Active Plan Members	 <u>137</u>
	<u>151</u>

Total OPEB Liability

The Citys' total OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary Increases	Range from 3.95% down to 3.25% over a 13-year period.
Investment Rate of Return	4.11%
Healthcare Cost	7.00% as of December 31, 2017
Trend Rates	grading to 4.00% over 13 years.

Mortality rates were based on the RP-2014 tables.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.11%, which reflects the index rate for a 20-year tax-exempt general obligation municipal bond with a rating of AA as of the measurement date.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Changes in Total OPEB Liability

	2018
Balance at December 31,	\$ 1,324,818
Changes for the year:	
Service Cost	81,174
Interest	47,189
Changes in Assumptions	(69,335)
Benefit Payments	(68,989)
Balance at December 31, 2018	<u>\$ 1,314,857</u>

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.11 percent) or 1-percentage-point higher (5.11 percent) than the current discount rate:

	1% Decrease (3.11%)	Current (4.11%)	1% Increase (5.11%)
Total OPEB Liability	\$ 1,418,842	\$ 1,314,857	\$ 1,219,980

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

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 healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.00%) or 1-percentage-point higher (8.00% decreasing to 5.00%) than the current healthcare cost rates:

	1% Decrease (6.00% decreasing to 3.00%)	Current (7.00% decreasing to 4.00%)	1% Increase (8.00% decreasing to 5.00%)
Total OPEB Liability	\$ 1,188,283	\$ 1,314,857	\$ 1,461,292

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

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

For the year ended December 31, 2018, the City recognized OPEB expense of \$119,149. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Actuarial Assumptions	\$ -	\$ 60,121

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

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2019	(9,214)
2020	(9,214)
2021	(9,214)
2022	(9,214)
2023	(9,214)
2024	(9,214)
2025	(4,837)

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Plan Description

The Utilities defined benefit OPEB plan, Austin Utilities Retiree Benefits Plan (AURBP), provides OPEB for eligible employees and their spouses. AURBP is a single-employer defined benefit OPEB plan administered by the Utilities. Benefit and eligibility provisions are established through negotiations between the Utilities' and various unions representing the Utilities' employees and are renegotiated each bargaining period. AURBP does not issue a publicly available financial report.

Benefits Provided

AURBP provides healthcare benefits for retirees and their spouses. Benefits are provided through a third-party insurer. Employees hired before January 1, 1998 receive a benefit equal to the same amount the Utilities contributes for active employees toward single or family medical premiums for the lifetime of the retiree. Employees hired on or after January 1, 1998 and before January 1, 2005 receive a benefit equal to the same amount the Utilities contributes for active employees toward single or family medical premiums until Medicare eligibility. Employees hired on or after January 1, 2005 receive no benefit.

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefit Payments	85
 Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	 -
 Active Plan Members	 74
	<u>159</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Total OPEB Liability

The Utilities' total OPEB liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

Inflation	2.5%
Salary Increases	3.0%
Investment Rate of Return	3.3%
Healthcare Cost	6.50% as of January 1, 2018 grading
Trend Rates	to 5.00% over 6 years.

Mortality rates were based on the RPH-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.30%, which reflects the index rate for a 20-year tax-exempt general obligation municipal bond with a rating of AA as of the measurement date.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2017	\$ 16,280,310
Changes for the year:	
Service Cost	98,046
Interest	525,521
Benefit Payments	(914,365)
Balance at December 31, 2018	<u>\$ 15,989,512</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Changes in Total OPEB Liability (continued)

Sensitivity of the net OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the Utilities, as well as what the Utilities' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.30 percent) or 1-percentage-point higher (4.30 percent) than the current discount rate:

	1% Decrease (2.30%)	Current (3.30%)	1% Increase (4.30%)
Total OPEB Liability	\$ 17,909,957	\$ 15,989,512	\$ 14,379,419

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Utilities, as well as what the Utilities' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 4.00%)	Current (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
Total OPEB Liability	\$ 15,675,243	\$ 15,989,512	\$ 16,252,160

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

For the year ended December 31, 2018, the Utilities recognized OPEB expense of \$623,567. At December 31, 2018, the Utilities reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to the measurement date	\$ 879,159	\$ -

\$879,159 reported as deferred outflows of resources related to OPEB resulting from the Utilities contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2019.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Vacations

Employees can earn annual vacation starting at 10 days after one year ranging to 30 days after 20 to 25 years of service. The department heads, the Supervisors Bargaining Unit, and Austin Employees Association Bargaining Unit employees of the City may carry over one week of vacation at year-end for use in the immediate calendar year. Management employees of the Utilities are allowed to carry over a maximum of eighty hours of vacation at year-end. All unused and accrued vacation is payable at termination of employment. The balances for vacation payable at December 31, 2018 for governmental and business-type activities are \$520,679 and \$73,101 respectively.

Compensatory Time Earned

Hourly employees of the City earn and accrue compensatory time in lieu of payment for hours worked over the normal forty-hour week. These hours are accumulated at the rate of one and one-half hours per each hour worked over the normal forty hours for non-exempt employees. All accumulated unused compensatory time is payable at termination of employment for those hourly employees. Governmental activities balance of compensatory time earned was \$69,620 and \$18,305 for business-type activities.

Sick Leave Retirement Benefit

Sick leave is provided for all City employees at the rate of one day per month. Sick leave not taken in the current year is accumulated. A retirement benefit is payable in the event of death or retirement equal to the sick leave accumulated, up to a maximum of one year's salary. The governmental activities balance of sick leave was \$1,510,980.

Austin Utilities employees earn sick leave at the rate of eight hours per month. Sick leave not taken in the current year is accumulated and is payable upon retirement or termination of employment. At December 31, 2018, the total accumulated sick pay of \$1,804,814 is recorded in operating reserves. The Utilities is required to maintain investments or cash balances equal to at least 80% of the accumulated sick pay benefits. At December 31, 2018, the Utilities has specifically restricted investments equal to 97% of the accumulated sick pay benefits.

Austin Part-time Firefighters Relief Association

A. Plan Description

The Austin Part-time Firefighters Relief Association administers a single-employer defined contribution pension plan available to part-time firefighters. The plan may be amended by first approval from the Austin Part-time Firefighters Relief Association and then by the Austin city council. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Austin Part-time Firefighters Relief Association has an annual audit. The audit report may be obtained at 500 4th Avenue NE, Austin, Minnesota 55912.

B. Funding Policy

The funding policy provides for annual contributions ranging from \$2,000 to \$3,500 per part-time firefighter, depending on years of service within the organization. Total City contributions were \$49,002 for the year ended December 31, 2018.

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Risk management

The City and the Utilities are 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.

The City established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Contributions in 2018 were based on maximum claims before reinsurance is effective. Under this program, the Risk Management Fund provides coverage for up to a lifetime maximum of \$1,000,000 for each health insurance claim. The City has entered into an agreement with an insurance company to provide stop-loss insurance to limit the losses on individual claims and to provide claims processing and other administrative duties. Under a specific stop-loss, the plan's liability is limited to \$85,000 for each employee and dependents each calendar year. Under the aggregate stop loss, the total liability of the City will be limited to an amount determined from the insurance carrier's records by the number of employees and dependents multiplied by the provisional rate of the plan. The actual annual aggregate stop-loss is approximately \$1,720,100. The City maintains reinsurance coverage for individual claims above these limits. Claims that have been settled have not exceeded coverage in any of the past three years. During the year 2018, there was no significant reduction in insurance coverage from the prior year.

The City has established an internal service fund to purchase property and liability insurance and to fund claims under the deductible amounts. Under this program, coverage is provided for up to a maximum of \$1,000,000 for each property damage claim.

The City has also established an internal service fund to purchase workers' compensation insurance. Under this program, coverage is provided for up to a maximum of \$1,000,000 for each workers' compensation claim.

Other funds and departments participate in the programs and make payments to the Risk Management Fund based on management's estimates of the amounts needed for claims.

The liability for unpaid claims is included in the Risk Management Fund, an Internal Service Fund, as part of accrued expenses, a current liability.

	<u>2018</u>	<u>2017</u>
Unpaid Claims, Beginning of Year	\$ 182,146	\$ 182,595
Incurred Claims	2,164,587	1,581,973
Claim Payments	<u>(2,195,091)</u>	<u>(1,582,422)</u>
Unpaid Claims, End of Year	<u>\$ 151,642</u>	<u>\$ 182,146</u>

City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2018

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Risk management (continued)

The Utilities has purchased commercial insurance for its personal property claims. Coverage is provided on building and contents up to \$54,326,106.

The Utilities participates in the League of Minnesota Cities Insurance Trust (LMCIT) for its workers' compensation insurance. This plan is administered by Berkley Administrators. Each member of the association is required to pay a premium for coverage of claims and administrative expenses. This is a retrospectively rated policy with the premium being based primarily on the Utilities' loss experience. An aggregate excess reinsurance policy and per occurrence coverage for claims have been purchased. Each member of the trust is jointly and severally liable for additional assessments. As of the date of this report it is not possible to determine if any additional liability exists for the year ended December 31, 2018.

The Utilities has joined together with other governmental entities in the National Joint Powers Alliance, a public entity risk pool currently operating as common risk management and insurance program for member entities. The Utilities pays an annual premium to this plan for its health insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating entities for future losses sustained is extremely remote.

Insurance coverage decreased significantly from the previous year for the Utilities' property insurance due to decommissioning of the northeast plant. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 4 RESTATEMENT

The City restated beginning net position when it adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2018. The restatement is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Net position - Beginning as Previously Reported	147,345,757	107,374,294	
Restatement - Adoption of GASB 75	<u>(866,322)</u>	<u>(12,887,761)</u>	
Net Position - Beginning as Restated	<u>146,479,435</u>	<u>94,486,533</u>	
	<u>Sewer User</u>	<u>Utilities</u>	<u>Storm Water Utility</u>
Net position - Beginning as Previously Reported	41,023,729	60,109,683	5,367,202
Restatement - Adoption of GASB 75	<u>(147,909)</u>	<u>(12,724,693)</u>	<u>(15,159)</u>
Net Position - Beginning as Restated	<u>40,875,820</u>	<u>47,384,990</u>	<u>5,352,043</u>

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Required Supplementary Information

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City of Austin, Minnesota
Schedule of Changes in Total OPEB Liability and Related Ratios

2018

City:

Total OPEB Liability	
Service Cost	\$ 81,174
Interest	47,189
Changes in Assumptions	(69,335)
Benefit Payments	(68,989)
Net Change in Total OPEB Liability	\$ (9,961)
Total OPEB Liability - Beginning	1,324,818
Total OPEB Liability - Ending	<u>1,314,857</u>
 Covered Employee Payroll	 \$ 9,100,343
 Citys' Net OPEB Liability as a Percentage of the Covered Employee Payroll	 14%

Utilities:

Total OPEB Liability	
Service Cost	\$ 98,046
Interest	525,521
Benefit Payments	(914,365)
Net Change in Total OPEB Liability	\$ (290,798)
Total OPEB Liability - Beginning	16,280,310
Total OPEB Liability - Ending	<u>15,989,512</u>
 Covered Employee Payroll	 \$ 5,611,150
 Utilities' Net OPEB Liability as a Percentage of the Covered Employee Payroll	 285%

Note 1: Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the City and Utilities will present information for only those years for which information is available.

Note 2: No assets are accumulated in a trust to pay related benefits.

City of Austin, Minnesota
Schedule of Citys' Proportionate Share of the Net Pension Liability

Fiscal Year	2018	2017	2016	2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015
GERF				
Citys' Proportion of the Net Pension Liability	0.0853%	0.0874%	0.0860%	0.0876%
Citys' Proportionate Share of the Net Pension Liability	\$ 4,732,094	\$ 5,579,558	\$ 6,982,773	\$ 4,539,887
State's Proportionate Share of the Net Pension Liability Associated with the City	155,225	70,121	91,198	-
Total	\$ 4,887,319	\$ 5,649,679	\$ 7,073,971	\$ 4,539,887
Citys' Covered Payroll	\$ 5,734,155	\$ 5,651,768	\$ 5,339,321	\$ 5,146,702
Citys' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	82.52%	98.72%	130.78%	88.21%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	79.50%	75.90%	68.90%	78.19%
Utilities' Proportion of the Net Pension Liability	0.0898%	0.0937%	0.0989%	0.0989%
Utilities' Proportionate Share of the Net Pension Liability	\$ 4,981,736	\$ 5,981,746	\$ 7,973,353	\$ 5,125,511
State's Proportionate Share of the Net Pension Liability Associated with the Utilities	163,329	75,183	104,049	-
Total	\$ 5,145,065	\$ 6,056,929	\$ 8,077,402	\$ 5,125,511
Utilities' Covered Payroll	\$ 6,035,606	\$ 5,934,560	\$ 6,099,106	\$ 6,056,621
Utilities' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	82.54%	100.80%	130.73%	84.63%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	79.50%	75.90%	68.90%	78.20%
PEPFF				
Citys' Proportion of the Net Pension Liability	0.3033%	0.3080%	0.3070%	0.3170%
Citys' Proportionate Share of the Net Pension Liability	\$ 3,232,866	\$ 4,158,367	\$ 12,320,444	\$ 3,601,862
Citys' Covered Payroll	\$ 3,196,569	\$ 3,166,122	\$ 2,954,160	\$ 2,904,778
Citys' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	101.14%	131.34%	417.05%	124.00%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	88.80%	85.40%	63.90%	86.61%

Note: Information is required to be presented for ten years. However until a full ten-year trend is compiled, the City will present information for only those years for which information is available.

**City of Austin, Minnesota
Schedule of City Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GERF				
<u>City</u>				
Contractually Required Contribution	\$ 436,324	\$ 425,940	\$ 413,244	\$ 397,511
Contributions in Relation to the Contractually Required Contribution	<u>(436,324)</u>	<u>(425,940)</u>	<u>(413,244)</u>	<u>(397,511)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Citys' Covered Payroll	\$ 5,817,608	\$ 5,678,596	\$ 5,509,921	\$ 5,304,463
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.49%
 <u>Utilities</u>				
Contractually Required Contribution	\$ 448,995	\$ 456,619	\$ 456,720	\$ 442,817
Contributions in Relation to the Contractually Required Contribution	<u>(448,995)</u>	<u>(456,619)</u>	<u>(456,720)</u>	<u>(442,817)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utilities' Covered Payroll	\$ 5,986,595	\$ 6,089,520	\$ 6,090,354	\$ 5,915,410
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.49%
 PEPFF				
Contractually Required Contribution	\$ 527,013	\$ 513,690	\$ 498,050	\$ 471,481
Contributions in Relation to the Contractually Required Contribution	<u>(527,013)</u>	<u>(513,690)</u>	<u>(498,050)</u>	<u>(471,481)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Citys' Covered Payroll	\$ 3,253,165	\$ 3,170,925	\$ 3,074,385	\$ 2,910,376
Contributions as a Percentage of Covered Payroll	16.20%	16.20%	16.20%	16.20%

Note: Information is required to be presented for ten years. However until a full ten-year trend is compiled, the City will present information for only those years for which information is available.

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Combining and Individual Fund Statements and Schedules

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Nonmajor Governmental Funds

Special Revenue Funds

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

Debt Service Funds

Debt service funds are used to account for financial resources accumulated to retire principal and interest on bond issues

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 and trust funds.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

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

	Special Revenue	Debt Service	Capital Projects
Assets			
Cash and investments	\$ 2,051,383	\$ 779,768	\$ 5,813,940
Taxes receivable	53,089	17,851	36,171
Accounts receivable	9,015	-	27,149
Notes receivable, net of allowance for uncollectibles	79,386	-	-
Special assessments receivable	-	284,095	2,562,192
Accrued interest receivable	6,086	-	-
Due from other funds	-	-	34,638
Due from other governments	43,540	12,453	293,954
Total assets	<u>\$ 2,242,499</u>	<u>\$ 1,094,167</u>	<u>\$ 8,768,044</u>
Liabilities			
Vouchers payable	\$ 27,494	\$ 114,931	\$ 21,582
Contractors' retained percentage	-	-	497,304
Accrued expenditures	42,600	-	-
Due to other funds	3,951	-	-
Due to other governments	79,674	-	621
Unearned revenues	-	-	374,684
Total liabilities	<u>\$ 153,719</u>	<u>\$ 114,931</u>	<u>\$ 894,191</u>
Deferred inflows of resources			
Unavailable revenue	\$ 53,089	\$ 301,946	\$ 2,825,902
Total deferred inflows of resources	<u>\$ 53,089</u>	<u>\$ 301,946</u>	<u>\$ 2,825,902</u>
Fund balance			
Nonspendable:			
Permanent fund principal	\$ -	\$ -	\$ -
Restricted for:			
Fire	285,265	-	-
Parks and recreation	2,343	-	-
Debt service reserve	-	677,290	-
Library	1,014,288	-	-
Committed to:			
Other capital projects	23,350	-	-
Library	554,471	-	-
Parks and recreation	155,974	-	-
Assigned to:			
Police	-	-	-
Streets and highways	-	-	2,493,065
Other capital projects	-	-	2,554,886
Library	-	-	-
Total fund balance	<u>\$ 2,035,691</u>	<u>\$ 677,290</u>	<u>\$ 5,047,951</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,242,499</u>	<u>\$ 1,094,167</u>	<u>\$ 8,768,044</u>

Permanent	Total Nonmajor Governmental Funds
\$ 159,369	\$ 8,804,460
-	107,111
-	36,164
-	79,386
-	2,846,287
-	6,086
-	34,638
-	349,947
<u>\$ 159,369</u>	<u>\$ 12,264,079</u>

\$ -	\$ 164,007
-	497,304
-	42,600
-	3,951
-	80,295
-	374,684
<u>\$ -</u>	<u>\$ 1,162,841</u>

\$ -	\$ 3,180,937
<u>\$ -</u>	<u>\$ 3,180,937</u>

\$ 136,052	\$ 136,052
-	285,265
-	2,343
-	677,290
-	1,014,288
-	23,350
-	554,471
-	155,974
746	746
-	2,493,065
-	2,554,886
22,571	22,571
<u>\$ 159,369</u>	<u>\$ 7,920,301</u>
<u>\$ 159,369</u>	<u>\$ 12,264,079</u>

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

	Special Revenue	Debt Service	Capital Projects
Revenues			
Taxes	\$ 967,688	\$ 449,198	\$ 1,414,002
Special assessments	-	22,854	749,513
Intergovernmental	181,230	4	969,895
Charges for services	110,815	-	-
Fines and forfeits	13,867	4,574	-
Miscellaneous	124,351	3,145	209,053
	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 1,397,951	\$ 479,775	\$ 3,342,463
	<u> </u>	<u> </u>	<u> </u>
Expenditures			
Current			
Public safety	\$ 17,966	\$ -	\$ -
Culture and recreation	1,297,354	-	-
Capital outlay	-	-	2,554,344
Debt service			
Principal retirement	-	285,000	-
Interest and fiscal charges	-	256,463	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	\$ 1,315,320	\$ 541,463	\$ 2,554,344
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over expenditures	\$ 82,631	\$ (61,688)	\$ 788,119
	<u> </u>	<u> </u>	<u> </u>
Other financing uses			
Transfers out	\$ (5,000)	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	\$ (5,000)	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ 77,631	\$ (61,688)	\$ 788,119
Fund balance - beginning	1,958,060	738,978	4,259,832
	<u> </u>	<u> </u>	<u> </u>
Fund balance - ending	<u>\$ 2,035,691</u>	<u>\$ 677,290</u>	<u>\$ 5,047,951</u>

<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 2,830,888
-	772,367
-	1,151,129
-	110,815
-	18,441
<u>914</u>	<u>337,463</u>
<u>\$ 914</u>	<u>\$ 5,221,103</u>
\$ -	\$ 17,966
-	1,297,354
-	2,554,344
-	285,000
-	256,463
<u>\$ -</u>	<u>\$ 4,411,127</u>
<u>\$ 914</u>	<u>\$ 809,976</u>
<u>\$ -</u>	<u>\$ (5,000)</u>
<u>\$ -</u>	<u>\$ (5,000)</u>
\$ 914	\$ 804,976
<u>158,455</u>	<u>7,115,325</u>
<u>\$ 159,369</u>	<u>\$ 7,920,301</u>

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Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Library

To account for the operation and maintenance of the Public Library. The Library is financed primarily by general ad valorem property taxes, a county apportionment, and by library charges for services. The City charter provides for the Library Board.

Recreation Programs

To account for the operation of Park and Recreation Board self-supported recreation programs.

Community Development

Established to account for community development block grants.

Fire PERA

To account for funds received as a result of the termination of the PERA Police and Fire Consolidation Fund (PFCF). In accordance with Minnesota legislation passed in 1999, the PFCF was terminated, and all assets and liabilities were transferred to PERA's Police and Fire Fund (PEPFF). Because the consolidation account was overfunded, the city is entitled to a refund of residual assets as calculated by an actuary. The city intends to use the interest earned on these funds for future capital purchases in the fire department.

Expendable Floral Club

Established to account for gifts and memorials received by the Library. Expendable Funds are used for specific purposes by the Library.

Expendable Memorial and Gifts

Established to account for gifts and memorials received by the Library. Expendable Funds are used for specific purposes by the Library.

Shaw Gym

This fund was established to account for contributions to be used for the replacement of Shaw Gym.

Minnesota Foundation

A fund established to account for interest earnings and expenditures made for specified library purposes. The fund received interest earnings from a \$10,000 endowment within Minnesota Foundation. The endowment was established from \$5,000 in local contributions and \$5,000 from the Mardag Foundation.

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

	Library	Recreation Programs	Community Development	Fire PERA
Assets				
Cash and investments	\$ 547,845	\$ 157,642	\$ 23,350	\$ 284,535
Taxes receivable	53,089	-	-	-
Accounts receivable	-	-	-	-
Notes receivable, net of allowance for uncollectibles	-	-	79,386	-
Accrued interest receivable	-	-	-	730
Due from other governments	43,540	-	-	-
	<u>644,474</u>	<u>157,642</u>	<u>102,736</u>	<u>285,265</u>
Total assets	<u>\$ 644,474</u>	<u>\$ 157,642</u>	<u>\$ 102,736</u>	<u>\$ 285,265</u>
Liabilities				
Vouchers payable	\$ 25,195	\$ 610	\$ -	\$ -
Accrued expenditures	41,558	1,042	-	-
Due to other funds	3,951	-	-	-
Due to other governments	272	16	79,386	-
	<u>70,976</u>	<u>1,668</u>	<u>79,386</u>	<u>-</u>
Total liabilities	<u>\$ 70,976</u>	<u>\$ 1,668</u>	<u>\$ 79,386</u>	<u>\$ -</u>
Deferred inflows of resources				
Unavailable revenue	\$ 53,089	\$ -	\$ -	\$ -
	<u>53,089</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 53,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance				
Restricted for:				
Fire	\$ -	\$ -	\$ -	\$ 285,265
Parks and recreation	-	-	-	-
Library	-	-	-	-
Committed to:				
Other capital projects	-	-	23,350	-
Library	520,409	-	-	-
Parks and recreation	-	155,974	-	-
	<u>520,409</u>	<u>155,974</u>	<u>23,350</u>	<u>285,265</u>
Total fund balance	<u>\$ 520,409</u>	<u>\$ 155,974</u>	<u>\$ 23,350</u>	<u>\$ 285,265</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 644,474</u>	<u>\$ 157,642</u>	<u>\$ 102,736</u>	<u>\$ 285,265</u>

Expendable Floral Club	Expendable Memorial & Gifts	Shaw Gym	MN Foundation	Total Nonmajor Special Revenue Funds
\$ 2,249	\$ 1,016,623	\$ 2,343	\$ 16,796	\$ 2,051,383
-	-	-	-	53,089
-	9,015	-	-	9,015
-	-	-	-	79,386
-	5,356	-	-	6,086
-	-	-	-	43,540
<u>\$ 2,249</u>	<u>\$ 1,030,994</u>	<u>\$ 2,343</u>	<u>\$ 16,796</u>	<u>\$ 2,242,499</u>
\$ -	\$ 1,689	\$ -	\$ -	\$ 27,494
-	-	-	-	42,600
-	-	-	-	3,951
-	-	-	-	79,674
<u>\$ -</u>	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,719</u>
\$ -	\$ -	\$ -	\$ -	\$ 53,089
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,089</u>
\$ -	\$ -	\$ -	\$ -	\$ 285,265
-	-	2,343	-	2,343
2,249	995,243	-	16,796	1,014,288
-	-	-	-	23,350
-	34,062	-	-	554,471
-	-	-	-	155,974
<u>\$ 2,249</u>	<u>\$ 1,029,305</u>	<u>\$ 2,343</u>	<u>\$ 16,796</u>	<u>\$ 2,035,691</u>
<u>\$ 2,249</u>	<u>\$ 1,030,994</u>	<u>\$ 2,343</u>	<u>\$ 16,796</u>	<u>\$ 2,242,499</u>

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

	<u>Library</u>	<u>Recreation Programs</u>	<u>Community Development</u>	<u>Fire PERA</u>
Revenues				
Taxes	\$ 967,688	\$ -	\$ -	\$ -
Intergovernmental	181,230	-	-	-
Charges for services	10,224	100,591	-	-
Fines and forfeits	13,867	-	-	-
Miscellaneous	895	26,830	8,746	6,466
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 1,173,904</u>	<u>\$ 127,421</u>	<u>\$ 8,746</u>	<u>\$ 6,466</u>
Expenditures				
Public safety	\$ -	\$ -	\$ -	\$ 17,966
Culture and recreation	1,117,736	96,733	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 1,117,736</u>	<u>\$ 96,733</u>	<u>\$ -</u>	<u>\$ 17,966</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 56,168</u>	<u>\$ 30,688</u>	<u>\$ 8,746</u>	<u>\$ (11,500)</u>
Other financing uses				
Transfers out	\$ -	\$ (5,000)	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ 56,168	\$ 25,688	\$ 8,746	\$ (11,500)
Fund balance - beginning	<u>464,241</u>	<u>130,286</u>	<u>14,604</u>	<u>296,765</u>
Fund balance - ending	<u><u>\$ 520,409</u></u>	<u><u>\$ 155,974</u></u>	<u><u>\$ 23,350</u></u>	<u><u>\$ 285,265</u></u>

Expendable Floral Club	Expendable Memorial & Gifts	Shaw Gym	MN Foundation	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 967,688
-	-	-	-	181,230
-	-	-	-	110,815
-	-	-	-	13,867
14	81,280	1	119	124,351
<u>\$ 14</u>	<u>\$ 81,280</u>	<u>\$ 1</u>	<u>\$ 119</u>	<u>\$ 1,397,951</u>
\$ -	\$ -	\$ -	\$ -	\$ 17,966
-	82,885	-	-	1,297,354
<u>\$ -</u>	<u>\$ 82,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,315,320</u>
<u>\$ 14</u>	<u>\$ (1,605)</u>	<u>\$ 1</u>	<u>\$ 119</u>	<u>\$ 82,631</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000)</u>
\$ 14	\$ (1,605)	\$ 1	\$ 119	\$ 77,631
2,235	1,030,910	2,342	16,677	1,958,060
<u>\$ 2,249</u>	<u>\$ 1,029,305</u>	<u>\$ 2,343</u>	<u>\$ 16,796</u>	<u>\$ 2,035,691</u>

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Nonmajor Governmental Funds

Nonmajor Debt Service Funds

Tax Increment Revenue Pool

Established to account for all tax increment revenues and for the retirement of tax increment bond issues.

Improvement Bonds Debt Service

Established to account for financial resources accumulated to retire principal and interest on improvement bond issues.

**City of Austin, Minnesota
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018**

	Tax Increment Revenue Pool	Improvement Bonds Debt Service	Total Nonmajor Debt Service Funds
Assets			
Cash and investments	\$ 588,988	\$ 190,780	\$ 779,768
Taxes receivable	-	17,851	17,851
Special assessments receivable	-	284,095	284,095
Due from other governments	216	12,237	12,453
	<u>216</u>	<u>12,237</u>	<u>12,453</u>
Total assets	<u>\$ 589,204</u>	<u>\$ 504,963</u>	<u>\$ 1,094,167</u>
Liabilities			
Vouchers payable	\$ 114,931	\$ -	\$ 114,931
	<u>114,931</u>	<u>-</u>	<u>114,931</u>
Total liabilities	<u>\$ 114,931</u>	<u>\$ -</u>	<u>\$ 114,931</u>
Deferred inflows of resources			
Unavailable revenue	\$ -	\$ 301,946	\$ 301,946
	<u>-</u>	<u>301,946</u>	<u>301,946</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 301,946</u>	<u>\$ 301,946</u>
Fund balance			
Restricted for:			
Debt service reserve	\$ 474,273	\$ 203,017	\$ 677,290
	<u>474,273</u>	<u>203,017</u>	<u>677,290</u>
Total fund balance	<u>\$ 474,273</u>	<u>\$ 203,017</u>	<u>\$ 677,290</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 589,204</u>	<u>\$ 504,963</u>	<u>\$ 1,094,167</u>

City of Austin, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended December 31, 2018

	<u>Tax Increment Revenue Pool</u>	<u>Improvement Bonds Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues			
Taxes	\$ 351,545	\$ 97,653	\$ 449,198
Special assessments	-	22,854	22,854
Intergovernmental	-	4	4
Fines and forfeits	-	4,574	4,574
Miscellaneous	1,471	1,674	3,145
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 353,016</u>	<u>\$ 126,759</u>	<u>\$ 479,775</u>
Expenditures			
Debt service			
Principal retirement	\$ 35,000	\$ 250,000	\$ 285,000
Interest and fiscal charges	249,014	7,449	256,463
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 284,014</u>	<u>\$ 257,449</u>	<u>\$ 541,463</u>
 Net change in fund balance	 \$ 69,002	 \$ (130,690)	 \$ (61,688)
Fund balance - beginning	<u>405,271</u>	<u>333,707</u>	<u>738,978</u>
Fund balance - ending	<u><u>\$ 474,273</u></u>	<u><u>\$ 203,017</u></u>	<u><u>\$ 677,290</u></u>

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Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

Capital Improvements Revolving

Established to account for an accumulation of resources to be used directly for construction of street and other community improvements that are not financed by general improvement bond issues.

State Aid Street

Established to account for improvements to streets financed with the Municipal State Aid Street Account.

Airport Improvements

This fund was established to account for various airport projects.

City of Austin, Minnesota
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018

	Capital Improvements Revolving	State Aid Street	Airport Improvements	Total Nonmajor Capital Project Funds
Assets				
Cash and investments	\$ 2,598,491	\$ 3,034,051	\$ 181,398	\$ 5,813,940
Taxes receivable	36,171	-	-	36,171
Accounts receivable	27,149	-	-	27,149
Special assessments receivable	2,049,729	512,463	-	2,562,192
Due from other funds	30,660	3,978	-	34,638
Due from other governments	64,760	229,194	-	293,954
Total assets	<u>\$ 4,806,960</u>	<u>\$ 3,779,686</u>	<u>\$ 181,398</u>	<u>\$ 8,768,044</u>
Liabilities				
Vouchers payable	\$ 21,582	\$ -	\$ -	\$ 21,582
Contractors' retained percentage	300,705	196,599	-	497,304
Due to other governments	285	336	-	621
Unearned revenues	25,000	349,684	-	374,684
Total liabilities	<u>\$ 347,572</u>	<u>\$ 546,619</u>	<u>\$ -</u>	<u>\$ 894,191</u>
Deferred inflows of resources				
Unavailable revenue	<u>\$ 2,085,900</u>	<u>\$ 740,002</u>	<u>\$ -</u>	<u>\$ 2,825,902</u>
Total deferred inflows of resources	<u>\$ 2,085,900</u>	<u>\$ 740,002</u>	<u>\$ -</u>	<u>\$ 2,825,902</u>
Fund balance				
Assigned to:				
Streets and highways	\$ -	\$ 2,493,065	\$ -	\$ 2,493,065
Other capital projects	2,373,488	-	181,398	2,554,886
Total fund balance	<u>\$ 2,373,488</u>	<u>\$ 2,493,065</u>	<u>\$ 181,398</u>	<u>\$ 5,047,951</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,806,960</u>	<u>\$ 3,779,686</u>	<u>\$ 181,398</u>	<u>\$ 8,768,044</u>

City of Austin, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	Capital Improvements Revolving	State Aid Street	Airport Improvements	Total Nonmajor Capital Projects Funds
Revenues				
Taxes	\$ 1,414,002	\$ -	\$ -	\$ 1,414,002
Special assessments	561,334	188,179	-	749,513
Intergovernmental revenues	1,650	963,950	4,295	969,895
Miscellaneous revenues				
Investment income	\$ 13,211	\$ 10,489	\$ -	\$ 23,700
Miscellaneous	185,143	210	-	185,353
Total miscellaneous revenues	\$ 198,354	\$ 10,699	\$ -	\$ 209,053
Total revenues	\$ 2,175,340	\$ 1,162,828	\$ 4,295	\$ 3,342,463
Expenditures				
Capital outlay	\$ 1,823,443	\$ 730,901	\$ -	\$ 2,554,344
Total expenditures	\$ 1,823,443	\$ 730,901	\$ -	\$ 2,554,344
Net change in fund balance	\$ 351,897	\$ 431,927	\$ 4,295	\$ 788,119
Fund balance - beginning	2,021,591	2,061,138	177,103	4,259,832
Fund balance - ending	\$ 2,373,488	\$ 2,493,065	\$ 181,398	\$ 5,047,951

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Nonmajor Governmental Funds

Nonmajor Permanent Funds

Non-Expendable Memorial and Gift

Established to account for gifts and memorials received by the Library. Interest earnings are expendable while gifts of \$122,750 are non-expendable. The original \$22,750 of gifts were from the Rasmussen bequest (\$2,000), Rupner children's room (\$10,000), Tanya B. Hines bequest (\$10,000) and an anonymous gift (\$750). During 2012, a gift of \$100,000 was received from Ira James Holton.

Non-Expendable Floral Club

Established to account for gifts and memorials received by the Library. All bequests and gifts are non-expendable while interest earnings are expendable. The original \$12,000 gift was from an anonymous source.

Junior Police Program

A non-expendable fund established to account for the contribution of \$1,302 from the Exchange Club of Austin in 1993. The interest earnings are available for use in continuing the Junior Police program. If the Junior Police Program is discontinued, interest earnings are then available for a comparable youth oriented law enforcement education program.

**City of Austin, Minnesota
Combining Balance Sheet
Nonmajor Permanent Funds
December 31, 2018**

	Non-Expendable Memorial and Gift	Non-Expendable Floral Club	Junior Police Program	Total
Assets				
Cash and investments	\$ 136,623	\$ 20,698	\$ 2,048	\$ 159,369
Total assets	<u>\$ 136,623</u>	<u>\$ 20,698</u>	<u>\$ 2,048</u>	<u>\$ 159,369</u>
Fund balance				
Nonspendable:				
Permanent fund principal	\$ 122,750	\$ 12,000	\$ 1,302	\$ 136,052
Assigned to:				
Police	-	-	746	746
Library	<u>13,873</u>	<u>8,698</u>	<u>-</u>	<u>22,571</u>
Total fund balance	<u>\$ 136,623</u>	<u>\$ 20,698</u>	<u>\$ 2,048</u>	<u>\$ 159,369</u>

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

	Non-Expendable Memorial and Gift	Non-Expendable Floral Club	Junior Police Program	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Investment income	\$ 753	\$ 146	\$ 15	\$ 914
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 753	\$ 146	\$ 15	\$ 914
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ 753	\$ 146	\$ 15	\$ 914
Fund balance - beginning	<u>135,870</u>	<u>20,552</u>	<u>2,033</u>	<u>158,455</u>
Fund balance - ending	<u>\$ 136,623</u>	<u>\$ 20,698</u>	<u>\$ 2,048</u>	<u>\$ 159,369</u>

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Governmental Funds

Budgetary Comparisons

City of Austin, Minnesota
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Taxes				
General property, current	\$ 3,415,325	\$ 3,415,325	\$ 3,351,812	\$ (63,513)
General property, delinquent	120,000	120,000	52,974	(67,026)
Penalty and interest on delinquent	15,000	15,000	5,936	(9,064)
Mobile home	2,000	2,000	3,950	1,950
Hotel - Motel tax	140,000	140,000	192,549	52,549
Cablevision franchise fee	325,000	325,000	318,779	(6,221)
Lawful gaming tax	3,500	3,500	5,589	2,089
Total taxes	<u>\$ 4,020,825</u>	<u>\$ 4,020,825</u>	<u>\$ 3,931,589</u>	<u>\$ (89,236)</u>
Special assessments	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ 29,167</u>	<u>\$ 3,167</u>
Licenses and permits				
Business licenses and permits	\$ 74,525	\$ 74,525	\$ 77,954	\$ 3,429
Non-Business licenses and permits	391,250	391,250	388,701	(2,549)
Rental housing licenses and permits	-	-	10,157	10,157
Total licenses and permits	<u>\$ 465,775</u>	<u>\$ 465,775</u>	<u>\$ 476,812</u>	<u>\$ 11,037</u>
Intergovernmental revenues				
State				
Local government aid	\$ 8,151,133	\$ 8,151,133	\$ 8,151,133	\$ -
Fire relief association amortization aid	129,000	129,000	131,991	2,991
PERA Aid	-	-	27,297	27,297
Highway maintenance	52,000	52,000	54,671	2,671
Police training reimbursement	24,000	24,000	31,581	7,581
Airport maintenance	49,739	49,739	49,968	229
Mobile home homestead credit	-	-	151	151
State and federal grants	97,014	97,014	98,867	1,853
Police insurance premium aid	250,000	250,000	272,604	22,604
School district liaison aid	158,347	158,347	162,808	4,461
Total intergovernmental revenues	<u>\$ 8,911,233</u>	<u>\$ 8,911,233</u>	<u>\$ 8,981,071</u>	<u>\$ 69,838</u>
Charges for services				
License late fees	\$ 810	\$ 810	\$ 1,408	\$ 598
Booklet and map sales	20	20	570	550
Plans and specifications	1,000	1,000	446	(554)
Photocopies and accident copies	10	10	64	54
Special services, police	4,500	4,500	193	(4,307)
Autopawn system revenues	4,000	4,000	1,947	(2,053)
Special services, fire	4,000	4,000	1,647	(2,353)
Rural fire fees	135,000	135,000	135,000	-
Impounding and adoption fee	1,500	1,500	959	(541)
Plat and changes of use fees	2,000	2,000	2,075	75
Zoning review and variance fees	1,250	1,250	2,065	815
Investigation fees	1,000	1,000	1,690	690
Interest earnings on loan	4,000	4,000	367,138	363,138
Satisfaction fees	4,800	4,800	4,416	(384)
School crossing guards	14,837	14,837	14,731	(106)

City of Austin, Minnesota
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Charges for services (continued)				
Assessment searches	8,500	8,500	13,380	4,880
Building investigation fees	1,000	1,000	346	(654)
Building seminar program fees	4,500	4,500	4,070	(430)
Parking lot lease revenues	5,000	5,000	6,343	1,343
Mill Pond Boat user fees	842	842	234	(608)
Airport hangar rental	14,000	14,000	14,026	26
Swimming pool	83,000	83,000	95,594	12,594
Park and recreation facilities	8,892	8,892	19,641	10,749
Nature center public school rentals	5,000	5,000	5,995	995
Ruby Rupner Auditorium rentals	7,596	7,596	12,417	4,821
Riverside and Packer Arena	210,023	210,023	226,780	16,757
Total charges for services	<u>\$ 527,080</u>	<u>\$ 527,080</u>	<u>\$ 933,175</u>	<u>\$ 406,095</u>
Fines and forfeits				
Court fines	\$ 140,000	\$ 140,000	\$ 105,507	\$ (34,493)
Other fines	17,200	88,200	39,340	(48,860)
Parking violations	20,500	20,500	14,271	(6,229)
Total fines and forfeits	<u>\$ 177,700</u>	<u>\$ 248,700</u>	<u>\$ 159,118</u>	<u>\$ (89,582)</u>
Miscellaneous revenues				
Investment income	\$ 20,000	\$ 20,000	\$ 58,899	\$ 38,899
Contributions, private sources	181,195	181,195	174,926	(6,269)
County Contribution, Senior Center	30,000	30,000	35,000	5,000
Other miscellaneous revenues	98,418	98,418	295,862	197,444
Administration fees	160,000	160,000	127,037	(32,963)
Accounting fees	55,000	55,000	54,962	(38)
Sale of fixed assets	25,000	25,000	-	(25,000)
Total miscellaneous revenues	<u>\$ 569,613</u>	<u>\$ 569,613</u>	<u>\$ 746,686</u>	<u>\$ 177,073</u>
Total revenues	<u>\$ 14,698,226</u>	<u>\$ 14,769,226</u>	<u>\$ 15,257,618</u>	<u>\$ 488,392</u>
Other financing sources				
Operating transfers in	\$ 1,705,000	\$ 1,705,000	\$ 1,696,915	\$ (8,085)
Total other financing sources	<u>\$ 1,705,000</u>	<u>\$ 1,705,000</u>	<u>\$ 1,696,915</u>	<u>\$ (8,085)</u>
Total revenues and other sources	<u><u>\$ 16,403,226</u></u>	<u><u>\$ 16,474,226</u></u>	<u><u>\$ 16,954,533</u></u>	<u><u>\$ 480,307</u></u>

City of Austin, Minnesota
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
General government				
Council	\$ 239,795	\$ 239,795	\$ 204,788	\$ 35,007
Mayor	16,733	16,733	12,634	4,099
Administrator	278,369	278,369	270,420	7,949
Clerk	205,607	205,607	202,089	3,518
Finance	463,485	463,485	449,001	14,484
Assessor	-	-	99	(99)
Attorney	154,852	154,852	164,350	(9,498)
Prosecuting attorney	188,468	188,468	187,458	1,010
Human resources	115,974	115,974	109,774	6,200
Planner	216,006	216,006	201,191	14,815
City hall	164,168	164,168	162,471	1,697
Cable TV access channel	11,500	11,500	9,424	2,076
Contingency	108,166	80,695	42,191	38,504
Capital outlay	41,650	61,808	23,387	38,421
Total general government	<u>\$ 2,204,773</u>	<u>\$ 2,197,460</u>	<u>\$ 2,039,277</u>	<u>\$ 158,183</u>
Public safety				
Police	\$ 3,734,675	\$ 3,734,675	\$ 3,732,234	\$ 2,441
Law enforcement center	750,000	750,000	735,386	14,614
Canine program	3,400	3,400	4,422	(1,022)
Crossing guards	14,837	14,837	14,731	106
Police explorer	1,200	1,200	1,016	184
Community service officers	175,533	175,533	163,735	11,798
Ellis School Liaison	87,920	87,920	90,298	(2,378)
Fire	1,652,563	1,652,563	1,276,730	375,833
Building inspection	291,998	291,998	275,359	16,639
Rental housing inspection	-	-	23,938	(23,938)
Civil defense	28,000	28,000	38,553	(10,553)
Capital outlay	137,036	203,362	76,948	126,414
Contingency	24,136	21,181	15,775	5,406
Total public safety	<u>\$ 6,901,298</u>	<u>\$ 6,964,669</u>	<u>\$ 6,449,125</u>	<u>\$ 515,544</u>
Streets and highways				
Engineering	\$ 673,936	\$ 673,936	\$ 696,222	\$ (22,286)
Streets and highways	2,567,772	2,568,772	2,313,600	255,172
Sidewalk, curb and gutter	16,000	16,000	16,002	(2)
Highway lighting	202,000	202,000	248,187	(46,187)
Sign shop	131,845	131,845	129,851	1,994
Parking lots	21,500	21,500	20,469	1,031
Capital outlay	57,419	85,211	32,242	52,969
Total streets and highways	<u>\$ 3,670,472</u>	<u>\$ 3,699,264</u>	<u>\$ 3,456,573</u>	<u>\$ 242,691</u>

**City of Austin, Minnesota
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Culture and recreation				
Park and recreation				
Recreation and nature center	\$ 936,542	\$ 936,542	\$ 898,394	\$ 38,148
Swimming pool	172,935	172,935	129,682	43,253
Recreation facilities	65,413	65,413	57,817	7,596
Park maintenance	1,098,916	1,098,916	1,086,949	11,967
Weed control	53,500	53,500	58,210	(4,710)
Contingency	88,198	65,799	32,639	33,160
Capital outlay	314,095	466,119	176,370	289,749
Downtown flowers	41,499	41,499	40,729	770
Total park and recreation	<u>\$ 2,771,098</u>	<u>\$ 2,900,723</u>	<u>\$ 2,480,790</u>	<u>\$ 419,933</u>
Arenas				
Riverside and Packer Arena	<u>\$ 519,534</u>	<u>\$ 519,534</u>	<u>\$ 513,262</u>	<u>\$ 6,272</u>
Senior citizen's activities				
Senior Citizen's Center	<u>\$ 65,000</u>	<u>\$ 65,000</u>	<u>\$ 69,509</u>	<u>\$ (4,509)</u>
Total culture and recreation	<u>\$ 3,355,632</u>	<u>\$ 3,485,257</u>	<u>\$ 3,063,561</u>	<u>\$ 421,696</u>
Public service				
Airport maintenance	<u>\$ 97,000</u>	<u>\$ 97,000</u>	<u>\$ 93,133</u>	<u>\$ 3,867</u>
Total public service	<u>\$ 97,000</u>	<u>\$ 97,000</u>	<u>\$ 93,133</u>	<u>\$ 3,867</u>
Economic development	<u>\$ 191,551</u>	<u>\$ 222,051</u>	<u>\$ 270,792</u>	<u>\$ (48,741)</u>
Total expenditures	<u><u>\$ 16,420,726</u></u>	<u><u>\$ 16,665,701</u></u>	<u><u>\$ 15,372,461</u></u>	<u><u>\$ 1,293,240</u></u>

City of Austin, Minnesota
Library Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Taxes				
General property, current	\$ 968,916	\$ 968,916	\$ 950,897	\$ (18,019)
Delinquent property taxes	40,000	40,000	15,670	(24,330)
Mobile home	-	-	1,121	1,121
Total taxes	<u>\$ 1,008,916</u>	<u>\$ 1,008,916</u>	<u>\$ 967,688</u>	<u>\$ (41,228)</u>
Intergovernmental revenues				
State				
Mobile home homestead credit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>	<u>\$ 43</u>
County				
Apportionment	<u>\$ 178,620</u>	<u>\$ 178,620</u>	<u>\$ 181,187</u>	<u>\$ 2,567</u>
Total intergovernmental revenues	<u>\$ 178,620</u>	<u>\$ 178,620</u>	<u>\$ 181,230</u>	<u>\$ 2,610</u>
Charges for services				
Room and picture rentals	\$ 520	\$ 520	\$ 475	\$ (45)
Photocopies	6,000	6,000	6,009	9
Book sales	6,000	6,000	3,740	(2,260)
Total charges for services	<u>\$ 12,520</u>	<u>\$ 12,520</u>	<u>\$ 10,224</u>	<u>\$ (2,296)</u>
Fines and forfeits				
Book fines	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ 13,867</u>	<u>\$ (3,133)</u>
Miscellaneous revenues				
Investment income	\$ -	\$ -	\$ 262	\$ 262
Revenue from other sources	-	-	633	633
Total miscellaneous revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ 895</u>
Total revenues	<u>\$ 1,217,056</u>	<u>\$ 1,217,056</u>	<u>\$ 1,173,904</u>	<u>\$ (43,152)</u>
Expenditures				
Culture and recreation				
Library	<u>\$ 1,217,056</u>	<u>\$ 1,217,056</u>	<u>\$ 1,117,736</u>	<u>\$ 99,320</u>
Total expenditures	<u>\$ 1,217,056</u>	<u>\$ 1,217,056</u>	<u>\$ 1,117,736</u>	<u>\$ 99,320</u>
Net change in fund balance	\$ -	\$ -	\$ 56,168	\$ 56,168
Fund balance - beginning	<u>464,241</u>	<u>464,241</u>	<u>464,241</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 464,241</u></u>	<u><u>\$ 464,241</u></u>	<u><u>\$ 520,409</u></u>	<u><u>\$ 56,168</u></u>

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City of Austin, Minnesota
Recreation Programs Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Charges for services				
Adult softball	\$ 12,000	\$ 12,000	\$ 20,823	\$ 8,823
Adult volleyball	3,000	3,000	2,849	(151)
Community gardens	1,600	1,600	1,504	(96)
Disc golf	-	-	1,015	1,015
Horseshoe club	-	-	1,062	1,062
Player fees	5,000	5,000	4,424	(576)
Southern Minny fast pitch	5,000	5,000	-	(5,000)
Youth basketball camp fees	7,000	7,000	10,872	3,872
Summer programs	12,000	12,000	14,927	2,927
Austin Area Volleyball Club	6,573	6,573	11,442	4,869
Youth wrestling	5,000	5,000	7,532	2,532
Bike club	1,000	1,000	6,562	5,562
Canoe rental	500	500	430	(70)
Crafts program	1,200	1,200	1,745	545
Cross country skiing	2,000	2,000	1,359	(641)
Special events	9,000	9,000	14,045	5,045
Total charges for services	<u>\$ 70,873</u>	<u>\$ 70,873</u>	<u>\$ 100,591</u>	<u>\$ 29,718</u>
Miscellaneous Revenues				
Investment income	\$ -	\$ -	\$ 867	\$ 867
Concessions commissions	18,000	18,000	20,963	2,963
Nature Center donations	2,500	2,500	5,000	2,500
Total miscellaneous	<u>\$ 20,500</u>	<u>\$ 20,500</u>	<u>\$ 26,830</u>	<u>\$ 6,330</u>
Total revenues	<u>\$ 91,373</u>	<u>\$ 91,373</u>	<u>\$ 127,421</u>	<u>\$ 36,048</u>

**City of Austin, Minnesota
Recreation Programs Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Expenditures				
Culture and recreation				
Adult softball	\$ 30,000	\$ 30,000	\$ 37,845	\$ (7,845)
Adult volleyball	3,000	3,000	2,412	588
Community gardens	1,600	1,600	626	974
Horseshoe club	-	-	1,009	(1,009)
Player fees	6,000	6,000	6,000	-
Southern Minny fast pitch	5,000	5,000	1,400	3,600
Youth basketball camp fees	7,000	7,000	3,469	3,531
Summer programs	12,000	12,000	9,854	2,146
Austin Area Volleyball club	6,573	6,573	3,203	3,370
Youth wrestling	5,000	5,000	4,647	353
Bike club	1,000	1,000	6,750	(5,750)
Canoe rental	500	500	391	109
Crafts program	1,200	1,200	1,187	13
Cross country skiing	4,500	4,500	7,297	(2,797)
Special events	9,000	9,000	10,643	(1,643)
Total expenditures	<u>\$ 92,373</u>	<u>\$ 92,373</u>	<u>\$ 96,733</u>	<u>\$ (4,360)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	<u>\$ 30,688</u>	<u>\$ 31,688</u>
Other financing uses				
Transfers out	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ -</u>
Total other financing uses	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ (5,000)</u>	<u>\$ -</u>
Net change in fund balance	\$ (6,000)	\$ (6,000)	\$ 25,688	\$ 31,688
Fund balance - beginning	<u>130,286</u>	<u>130,286</u>	<u>130,286</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 124,286</u></u>	<u><u>\$ 124,286</u></u>	<u><u>\$ 155,974</u></u>	<u><u>\$ 31,688</u></u>

City of Austin, Minnesota
Fire PERA Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Interest income	\$ 5,000	\$ 5,000	\$ 6,466	\$ 1,466
Total revenues	\$ 5,000	\$ 5,000	\$ 6,466	\$ 1,466
Expenditures				
Public safety				
Capital outlay	\$ 61,000	\$ 61,000	\$ 17,966	\$ 43,034
Total expenditures	\$ 61,000	\$ 61,000	\$ 17,966	\$ 43,034
Net change in fund balance	\$ (56,000)	\$ (56,000)	\$ (11,500)	\$ 44,500
Fund balance - beginning	296,765	296,765	296,765	-
Fund balance - ending	<u>\$ 240,765</u>	<u>\$ 240,765</u>	<u>\$ 285,265</u>	<u>\$ 44,500</u>

Nonmajor Enterprise Funds

Waste Transfer Station Fund

To account for operation and maintenance of the City's waste transfer station.

Storm Water Utility Fund

To account for storm water utility maintenance.

City of Austin, Minnesota
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Assets			
Current assets			
Cash and investments	\$ 399,642	\$ 577,664	\$ 977,306
Accounts receivable	123	100,000	100,123
Due from other funds	-	56,515	56,515
Total current assets	<u>\$ 399,765</u>	<u>\$ 734,179</u>	<u>\$ 1,133,944</u>
Capital assets			
Capital assets	\$ 505,964	\$ 4,954,467	\$ 5,460,431
Accumulated depreciation	(280,777)	(682,165)	(962,942)
Net	<u>\$ 225,187</u>	<u>\$ 4,272,302</u>	<u>\$ 4,497,489</u>
Construction in progress	-	920,417	920,417
Net capital assets	<u>\$ 225,187</u>	<u>\$ 5,192,719</u>	<u>\$ 5,417,906</u>
Total assets	<u>\$ 624,952</u>	<u>\$ 5,926,898</u>	<u>\$ 6,551,850</u>
Deferred outflows of resources			
Pension related	<u>\$ -</u>	<u>\$ 15,926</u>	<u>\$ 15,926</u>
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 15,926</u>	<u>\$ 15,926</u>
Total assets and deferred outflows of resources	<u><u>\$ 624,952</u></u>	<u><u>\$ 5,942,824</u></u>	<u><u>\$ 6,567,776</u></u>
Liabilities			
Current liabilities			
Vouchers payable	\$ -	\$ 12,431	\$ 12,431
Accrued expenses	-	4,300	4,300
Due to other funds	-	7,681	7,681
Total current liabilities	<u>\$ -</u>	<u>\$ 24,412</u>	<u>\$ 24,412</u>
Noncurrent liabilities			
Net pension liability	\$ -	\$ 89,910	\$ 89,910
Other postemployment benefits payable	-	16,546	16,546
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ 106,456</u>	<u>\$ 106,456</u>
Total liabilities	<u>\$ -</u>	<u>\$ 130,868</u>	<u>\$ 130,868</u>
Deferred inflows of resources			
Pension related	\$ -	\$ 24,121	\$ 24,121
OPEB related	-	757	757
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 24,878</u>	<u>\$ 24,878</u>
Net position			
Net investment in capital assets	\$ 225,187	\$ 5,192,719	\$ 5,417,906
Unrestricted	<u>399,765</u>	<u>594,359</u>	<u>994,124</u>
Total net position	<u>\$ 624,952</u>	<u>\$ 5,787,078</u>	<u>\$ 6,412,030</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 624,952</u></u>	<u><u>\$ 5,942,824</u></u>	<u><u>\$ 6,567,776</u></u>

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

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Operating revenues			
Charges for services	\$ -	\$ 684,338	\$ 684,338
Other operating revenues	42,672	-	42,672
Total operating revenues	<u>\$ 42,672</u>	<u>\$ 684,338</u>	<u>\$ 727,010</u>
Operating expenses			
Salaries and benefits	\$ -	\$ 127,650	\$ 127,650
Supplies and maintenance	15,384	75,222	90,606
Administrative and general	11,674	72,028	83,702
Total operating expenses, excluding depreciation	<u>\$ 27,058</u>	<u>\$ 274,900</u>	<u>\$ 301,958</u>
Depreciation	16,934	81,831	98,765
Total operating expenses	<u>\$ 43,992</u>	<u>\$ 356,731</u>	<u>\$ 400,723</u>
Operating income (loss)	<u>\$ (1,320)</u>	<u>\$ 327,607</u>	<u>\$ 326,287</u>
Non-operating revenues			
Investment income	\$ 2,493	\$ 7,317	\$ 9,810
Miscellaneous	-	100,111	100,111
Total non-operating revenues	<u>\$ 2,493</u>	<u>\$ 107,428</u>	<u>\$ 109,921</u>
Change in net position	\$ 1,173	\$ 435,035	\$ 436,208
Total net position - beginning	623,779	5,367,202	5,990,981
Restatement	-	(15,159)	(15,159)
Total net position - beginning, as restated	<u>623,779</u>	<u>5,352,043</u>	<u>5,975,822</u>
Total net position - ending	<u><u>\$ 624,952</u></u>	<u><u>\$ 5,787,078</u></u>	<u><u>\$ 6,412,030</u></u>

City of Austin, Minnesota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 42,549	\$ 584,052	\$ 626,601
Payments to suppliers	(27,058)	(146,010)	(173,068)
Payments to employees	-	(149,029)	(149,029)
Other receipts	-	100,111	100,111
Net cash provided by operating activities	<u>\$ 15,491</u>	<u>\$ 389,124</u>	<u>\$ 404,615</u>
Cash flows from capital and related financing activities			
Capital assets acquisitions	\$ -	\$ (505,494)	\$ (505,494)
Net cash used by capital and related financing activities	<u>\$ -</u>	<u>\$ (505,494)</u>	<u>\$ (505,494)</u>
Cash flows from investing activities			
Investment income	\$ 2,493	\$ 7,317	\$ 9,810
Net cash flows provided by investing activities	<u>\$ 2,493</u>	<u>\$ 7,317</u>	<u>\$ 9,810</u>
Net increase (decrease) in cash and cash equivalents	\$ 17,984	\$ (109,053)	\$ (91,069)
Cash and cash equivalents - beginning	<u>381,658</u>	<u>686,717</u>	<u>1,068,375</u>
Cash and cash equivalents - ending	<u><u>\$ 399,642</u></u>	<u><u>\$ 577,664</u></u>	<u><u>\$ 977,306</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (1,320)	\$ 327,607	\$ 326,287
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	16,934	81,831	98,765
Miscellaneous revenues	-	100,111	100,111
Change in net pension liability	-	(32,840)	(32,840)
Change in deferred inflows of resources - pension related	-	1,652	1,652
Change in deferred inflows of resources - OPEB related	-	757	757
Change in deferred outflows of resources - pension related	-	14,698	14,698
Other postemployment benefits payable	-	(2,964)	(2,964)
(Increase) decrease in assets:			
Accounts receivable	(123)	(100,000)	(100,123)
Due from other funds	-	(286)	(286)
Increase (decrease) in liabilities:			
Vouchers payable	-	3,545	3,545
Contractors' retained percentage	-	(3,864)	(3,864)
Accrued expenses	-	(5,119)	(5,119)
Due to other funds	-	3,996	3,996
Net cash provided by operating activities	<u><u>\$ 15,491</u></u>	<u><u>\$ 389,124</u></u>	<u><u>\$ 404,615</u></u>

Internal Service Funds

MIS Replacement

Established to account for the operation, maintenance, and replacement of certain management information systems equipment. City departments are billed for equipment use.

Central Garage

Established to account for the operation and maintenance of a central garage service to all departments except for Police, Library, and Utilities. City departments are billed for equipment use based on a pre-determined rate per hour for each vehicle which includes depreciation, operating costs, and overhead.

Risk Management

Established to account for the following activities:

Health Insurance

Established to account for health insurance administrative and claims costs financed by contributions from City departments and funds.

Property and Liability

Established to account for insurance premiums and claims. City departments and funds are billed for these costs.

Workers' Compensation Insurance

Established to account for insurance premiums and claims. City departments and funds are billed to cover these costs.

Sick Leave Program

Established to account for retirement benefits paid as a result of accumulated sick leave. City departments and funds are billed to finance these benefits.

City of Austin, Minnesota
Combining Statement of Net Position - Internal Service Funds
December 31, 2018

	MIS Replacement	Central Garage	Risk Management	Total Internal Service Funds
Assets				
Cash and investments	\$ 255,424	\$ 3,736,550	\$ 4,442,116	\$ 8,434,090
Accounts receivable	-	-	259	259
Due from employees	-	-	4,110	4,110
Inventory	-	76,800	-	76,800
Prepaid items	-	-	264,390	264,390
Total current assets	<u>\$ 255,424</u>	<u>\$ 3,813,350</u>	<u>\$ 4,710,875</u>	<u>\$ 8,779,649</u>
Capital assets	\$ 126,065	\$ 16,461,090	\$ -	\$ 16,587,155
Accumulated depreciation	(93,887)	(7,979,331)	-	(8,073,218)
Construction in progress	-	47,480	-	47,480
Net capital assets	<u>\$ 32,178</u>	<u>\$ 8,529,239</u>	<u>\$ -</u>	<u>\$ 8,561,417</u>
Total assets	<u>\$ 287,602</u>	<u>\$ 12,342,589</u>	<u>\$ 4,710,875</u>	<u>\$ 17,341,066</u>
Deferred outflows of resources				
Pension related	<u>\$ 10,897</u>	<u>\$ 37,720</u>	<u>\$ 3,353</u>	<u>\$ 51,970</u>
Total deferred outflows of resources	<u>\$ 10,897</u>	<u>\$ 37,720</u>	<u>\$ 3,353</u>	<u>\$ 51,970</u>
Total assets and deferred outflows of resources	<u><u>\$ 298,499</u></u>	<u><u>\$ 12,380,309</u></u>	<u><u>\$ 4,714,228</u></u>	<u><u>\$ 17,393,036</u></u>
Liabilities				
Vouchers payable	\$ 151	\$ 101,028	\$ 852	\$ 102,031
Accrued expenses	18,717	54,962	241,951	315,630
Due to other funds	-	7,168	-	7,168
Net pension liability	<u>61,517</u>	<u>212,944</u>	<u>18,929</u>	<u>293,390</u>
Total liabilities	<u>\$ 80,385</u>	<u>\$ 376,102</u>	<u>\$ 261,732</u>	<u>\$ 718,219</u>
Deferred inflows of resources				
Pension related	<u>\$ 16,504</u>	<u>\$ 57,128</u>	<u>\$ 5,078</u>	<u>\$ 78,710</u>
Total deferred inflows of resources	<u>\$ 16,504</u>	<u>\$ 57,128</u>	<u>\$ 5,078</u>	<u>\$ 78,710</u>
Net position				
Net investment in capital assets	\$ 32,178	\$ 8,529,239	\$ -	\$ 8,561,417
Unrestricted	<u>169,432</u>	<u>3,417,840</u>	<u>4,447,418</u>	<u>8,034,690</u>
Total net position	<u>\$ 201,610</u>	<u>\$ 11,947,079</u>	<u>\$ 4,447,418</u>	<u>\$ 16,596,107</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 298,499</u></u>	<u><u>\$ 12,380,309</u></u>	<u><u>\$ 4,714,228</u></u>	<u><u>\$ 17,393,036</u></u>

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

	MIS Replacement	Central Garage	Risk Management	Total Internal Service Funds
Operating revenues				
Charges for services	\$ 220,000	\$ 1,744,383	\$ 2,545,858	\$ 4,510,241
Total operating revenues	\$ 220,000	\$ 1,744,383	\$ 2,545,858	\$ 4,510,241
Operating expenses				
Salaries and benefits	\$ 105,858	\$ 368,847	\$ 35,698	\$ 510,403
Supplies and maintenance	2,178	488,219	-	490,397
Administrative and general	99,975	54,146	54,979	209,100
Claims	-	-	2,198,424	2,198,424
Retirement benefits	-	-	121,808	121,808
Insurance premiums	-	-	1,042,264	1,042,264
Total operating expenses, excluding depreciation	\$ 208,011	\$ 911,212	\$ 3,453,173	\$ 4,572,396
Depreciation	15,805	703,012	-	718,817
Total operating expenses	\$ 223,816	\$ 1,614,224	\$ 3,453,173	\$ 5,291,213
Operating income (loss)	\$ (3,816)	\$ 130,159	\$ (907,315)	\$ (780,972)
Non-operating revenues				
Investment income	\$ 1,699	\$ 28,781	\$ 42,662	\$ 73,142
Other revenues	-	3,204	609,372	612,576
Total non-operating revenues	\$ 1,699	\$ 31,985	\$ 652,034	\$ 685,718
Change in net position	\$ (2,117)	\$ 162,144	\$ (255,281)	\$ (95,254)
Net position - beginning	203,727	11,784,935	4,702,699	16,691,361
Net position - ending	\$ 201,610	\$ 11,947,079	\$ 4,447,418	\$ 16,596,107

City of Austin, Minnesota
Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended December 31, 2018

	MIS Replacement	Central Garage	Risk Management	Total Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 220,000	\$ 1,744,383	\$ 2,548,987	\$ 4,513,370
Payments to suppliers	(102,002)	(448,075)	(3,589,085)	(4,139,162)
Payments to employees	(106,779)	(344,066)	(30,673)	(481,518)
Payments to retirees	-	-	(121,808)	(121,808)
Other receipts	-	3,204	609,372	612,576
Net cash provided (used) by operating activities	<u>\$ 11,219</u>	<u>\$ 955,446</u>	<u>\$ (583,207)</u>	<u>\$ 383,458</u>
Cash flows from capital and related financing activities				
Capital asset acquisitions	<u>\$ (11,960)</u>	<u>\$ (1,122,155)</u>	<u>\$ -</u>	<u>\$ (1,134,115)</u>
Net cash used by capital and related financing activities	<u>\$ (11,960)</u>	<u>\$ (1,122,155)</u>	<u>\$ -</u>	<u>\$ (1,134,115)</u>
Cash flows from investing activities				
Investment income	<u>\$ 1,699</u>	<u>\$ 28,781</u>	<u>\$ 42,662</u>	<u>\$ 73,142</u>
Net cash flows provided by investing activities	<u>\$ 1,699</u>	<u>\$ 28,781</u>	<u>\$ 42,662</u>	<u>\$ 73,142</u>
Net increase (decrease) in cash and cash equivalents	\$ 958	\$ (137,928)	\$ (540,545)	\$ (677,515)
Cash and cash equivalents - beginning	<u>254,466</u>	<u>3,874,478</u>	<u>4,982,661</u>	<u>9,111,605</u>
Cash and cash equivalents - ending	<u><u>\$ 255,424</u></u>	<u><u>\$ 3,736,550</u></u>	<u><u>\$ 4,442,116</u></u>	<u><u>\$ 8,434,090</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (3,816)	\$ 130,159	\$ (907,315)	\$ (780,972)
Depreciation	15,805	703,012	-	718,817
Miscellaneous revenues	-	3,204	609,372	612,576
Change in net pension liability	(11,017)	(21,397)	2,190	(30,224)
Change in deferred inflows of resources - pension related	3,227	14,232	2,011	19,470
Change in deferred outflows of resources - pension related	7,199	20,745	824	28,768
(Increase) Decrease in assets:				
Accounts receivable	-	-	7,239	7,239
Due from employees/FSA	-	-	(4,110)	(4,110)
Inventory	-	4,648	-	4,648
Prepaid items	-	-	(264,390)	(264,390)
Increase (Decrease) in liabilities:				
Vouchers payable	151	82,474	(128)	82,497
Accrued expenses	(330)	11,201	(28,900)	(18,029)
Due to other funds	-	7,168	-	7,168
Net cash provided (used) by operating activities	<u><u>\$ 11,219</u></u>	<u><u>\$ 955,446</u></u>	<u><u>\$ (583,207)</u></u>	<u><u>\$ 383,458</u></u>

City of Austin, Minnesota
Combining Schedule of Net Position
Internal Service Funds - Central Garage Fund
December 31, 2018

	Streets and Highways	Parks and Forestry	Fire Vehicles and Equipment	Total
Assets				
Cash and investments	\$ 1,676,388	\$ 1,734,821	\$ 325,341	\$ 3,736,550
Inventory	76,800	-	-	76,800
Total current assets	<u>\$ 1,753,188</u>	<u>\$ 1,734,821</u>	<u>\$ 325,341</u>	<u>\$ 3,813,350</u>
Capital assets	\$ 12,204,182	\$ 1,807,903	\$ 2,449,005	\$ 16,461,090
Accumulated depreciation	(5,578,654)	(1,247,572)	(1,153,105)	(7,979,331)
Construction in progress	-	47,480	-	47,480
Net capital assets	<u>\$ 6,625,528</u>	<u>\$ 607,811</u>	<u>\$ 1,295,900</u>	<u>\$ 8,529,239</u>
Total assets	<u>\$ 8,378,716</u>	<u>\$ 2,342,632</u>	<u>\$ 1,621,241</u>	<u>\$ 12,342,589</u>
Deferred outflows of resources				
Pension related	<u>\$ 29,373</u>	<u>\$ 8,347</u>	<u>\$ -</u>	<u>\$ 37,720</u>
Total deferred outflows of resources	<u>\$ 29,373</u>	<u>\$ 8,347</u>	<u>\$ -</u>	<u>\$ 37,720</u>
Total assets and deferred outflows of resources	<u><u>\$ 8,408,089</u></u>	<u><u>\$ 2,350,979</u></u>	<u><u>\$ 1,621,241</u></u>	<u><u>\$ 12,380,309</u></u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 10,133	\$ 3,658	\$ 87,237	\$ 101,028
Accrued expenses	45,050	9,721	191	54,962
Due to other funds	7,168	-	-	7,168
Net pension liability	<u>165,819</u>	<u>47,125</u>	<u>-</u>	<u>212,944</u>
Total liabilities	<u>\$ 228,170</u>	<u>\$ 60,504</u>	<u>\$ 87,428</u>	<u>\$ 376,102</u>
Deferred inflows of resources				
Pension related	<u>\$ 44,486</u>	<u>\$ 12,642</u>	<u>\$ -</u>	<u>\$ 57,128</u>
Total deferred inflows of resources	<u>\$ 44,486</u>	<u>\$ 12,642</u>	<u>\$ -</u>	<u>\$ 57,128</u>
Net position				
Net investment in capital assets	\$ 6,625,528	\$ 607,811	\$ 1,295,900	\$ 8,529,239
Unrestricted	<u>1,509,905</u>	<u>1,670,022</u>	<u>237,913</u>	<u>3,417,840</u>
Total net position	<u>\$ 8,135,433</u>	<u>\$ 2,277,833</u>	<u>\$ 1,533,813</u>	<u>\$ 11,947,079</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 8,408,089</u></u>	<u><u>\$ 2,350,979</u></u>	<u><u>\$ 1,621,241</u></u>	<u><u>\$ 12,380,309</u></u>

City of Austin, Minnesota
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds - Central Garage Fund
For the Year Ended December 31, 2018

	<u>Streets and Highways</u>	<u>Parks and Forestry</u>	<u>Fire Vehicles and Equipment</u>	<u>Total Central Garage Fund</u>
Operating revenues				
Charges for services	\$ 1,247,132	\$ 327,251	\$ 170,000	\$ 1,744,383
Total operating revenues	<u>\$ 1,247,132</u>	<u>\$ 327,251</u>	<u>\$ 170,000</u>	<u>\$ 1,744,383</u>
Operating expenses				
Salaries and benefits	\$ 291,022	\$ 77,825	\$ -	\$ 368,847
Supplies and maintenance	346,146	115,525	26,548	488,219
Administrative and general	45,566	8,580	-	54,146
Total operating expenses, excluding depreciation	\$ 682,734	\$ 201,930	\$ 26,548	\$ 911,212
Depreciation	509,931	105,364	87,717	703,012
Total operating expenses	<u>\$ 1,192,665</u>	<u>\$ 307,294</u>	<u>\$ 114,265</u>	<u>\$ 1,614,224</u>
Operating income	<u>\$ 54,467</u>	<u>\$ 19,957</u>	<u>\$ 55,735</u>	<u>\$ 130,159</u>
Non-operating revenues				
Investment income	\$ 12,329	\$ 12,831	\$ 3,621	\$ 28,781
Other revenues	2,030	1,174	-	3,204
Total non-operating revenues	<u>\$ 14,359</u>	<u>\$ 14,005</u>	<u>\$ 3,621</u>	<u>\$ 31,985</u>
Change in net position	\$ 68,826	\$ 33,962	\$ 59,356	\$ 162,144
Net position - beginning	<u>8,066,607</u>	<u>2,243,871</u>	<u>1,474,457</u>	<u>11,784,935</u>
Net position - ending	<u><u>\$ 8,135,433</u></u>	<u><u>\$ 2,277,833</u></u>	<u><u>\$ 1,533,813</u></u>	<u><u>\$ 11,947,079</u></u>

City of Austin, Minnesota
Combining Schedule of Net Position
Internal Service Funds - Risk Management Fund
December 31, 2018

	Health Insurance	Property and Liability	Workers' Compensation Insurance	Sick Leave Program	Total Risk Management Fund
Assets					
Cash and investments	\$ 588,148	\$ 1,113,787	\$ 362,632	\$ 2,377,549	\$ 4,442,116
Accounts receivable	259	-	-	-	259
Due from employees	4,110	-	-	-	4,110
Prepaid items	264,390	-	-	-	264,390
Total assets	<u>\$ 856,907</u>	<u>\$ 1,113,787</u>	<u>\$ 362,632</u>	<u>\$ 2,377,549</u>	<u>\$ 4,710,875</u>
Deferred outflows of resources					
Pension related	<u>\$ 2,515</u>	<u>\$ 298</u>	<u>\$ 413</u>	<u>\$ 127</u>	<u>\$ 3,353</u>
Total deferred outflows of resources	<u>\$ 2,515</u>	<u>\$ 298</u>	<u>\$ 413</u>	<u>\$ 127</u>	<u>\$ 3,353</u>
Total assets and deferred outflows of resources	<u><u>\$ 859,422</u></u>	<u><u>\$ 1,114,085</u></u>	<u><u>\$ 363,045</u></u>	<u><u>\$ 2,377,676</u></u>	<u><u>\$ 4,714,228</u></u>
Liabilities					
Vouchers payable	\$ 652	\$ -	\$ 200	\$ -	\$ 852
Accrued expenses	238,435	2,697	819	-	241,951
Net pension liability	14,197	1,681	2,334	717	18,929
Total liabilities	<u>\$ 253,284</u>	<u>\$ 4,378</u>	<u>\$ 3,353</u>	<u>\$ 717</u>	<u>\$ 261,732</u>
Deferred inflows of resources					
Pension related	<u>\$ 3,809</u>	<u>\$ 451</u>	<u>\$ 626</u>	<u>\$ 192</u>	<u>\$ 5,078</u>
Total deferred inflows of resources	<u>\$ 3,809</u>	<u>\$ 451</u>	<u>\$ 626</u>	<u>\$ 192</u>	<u>\$ 5,078</u>
Net position					
Unrestricted	<u>\$ 602,329</u>	<u>\$ 1,109,256</u>	<u>\$ 359,066</u>	<u>\$ 2,376,767</u>	<u>\$ 4,447,418</u>
Total net position	<u>\$ 602,329</u>	<u>\$ 1,109,256</u>	<u>\$ 359,066</u>	<u>\$ 2,376,767</u>	<u>\$ 4,447,418</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 859,422</u></u>	<u><u>\$ 1,114,085</u></u>	<u><u>\$ 363,045</u></u>	<u><u>\$ 2,377,676</u></u>	<u><u>\$ 4,714,228</u></u>

City of Austin, Minnesota
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds - Risk Management Fund
For the Year Ended December 31, 2018

	Health Insurance	Property and Liability	Workers' Compensation Insurance	Sick Leave Program	Total Risk Management Fund
Operating revenues					
Charges for services	\$ 1,523,287	\$ 288,036	\$ 548,994	\$ 185,541	\$ 2,545,858
Total operating revenues	\$ 1,523,287	\$ 288,036	\$ 548,994	\$ 185,541	\$ 2,545,858
Operating expenses					
Salaries and benefits	\$ 26,770	\$ 3,170	\$ 4,406	\$ 1,352	\$ 35,698
Administrative and general	9,000	-	45,979	-	54,979
Claims	2,164,587	12,114	14,126	7,597	2,198,424
Retirement benefits	-	-	-	121,808	121,808
Insurance premiums	389,394	291,253	361,617	-	1,042,264
Total operating expenses	\$ 2,589,751	\$ 306,537	\$ 426,128	\$ 130,757	\$ 3,453,173
Operating income (loss)	\$ (1,066,464)	\$ (18,501)	\$ 122,866	\$ 54,784	\$ (907,315)
Non-operating revenues					
Investment income	\$ 10,156	\$ 8,929	\$ 2,020	\$ 21,557	\$ 42,662
Other revenues					
Refunds	\$ 588,367	\$ 14,939	\$ -	\$ -	\$ 603,306
Miscellaneous	523	844	4,699	-	6,066
Total other revenues	\$ 588,890	\$ 15,783	\$ 4,699	\$ -	\$ 609,372
Total non-operating revenues	\$ 599,046	\$ 24,712	\$ 6,719	\$ 21,557	\$ 652,034
Net income (loss) before transfers	\$ (467,418)	\$ 6,211	\$ 129,585	\$ 76,341	\$ (255,281)
Other financing sources (uses)					
Transfers in	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Transfers out	-	-	-	(500,000)	(500,000)
Total other financing sources (uses)	\$ 500,000	\$ -	\$ -	\$ (500,000)	\$ -
Change in net position	\$ 32,582	\$ 6,211	\$ 129,585	\$ (423,659)	\$ (255,281)
Net position - beginning	569,747	1,103,045	229,481	2,800,426	4,702,699
Net position - ending	\$ 602,329	\$ 1,109,256	\$ 359,066	\$ 2,376,767	\$ 4,447,418

Supplementary Information

**City of Austin, Minnesota
Tax Increment Bonds
Debt Service Requirements to Maturity**

Year	General Obligation Refunding Bonds of 2009A		
	Principal	Interest	Total
2019	\$ 35,000	\$ 13,432	\$ 48,432
2020	35,000	12,243	47,243
2021	40,000	10,967	50,967
2022	40,000	9,537	49,537
2023	45,000	7,944	52,944
2024	40,000	6,350	46,350
2025	45,000	4,700	49,700
2026	45,000	2,900	47,900
2027	50,000	1,000	51,000
	<u>\$ 375,000</u>	<u>\$ 69,073</u>	<u>\$ 444,073</u>

City of Austin, Minnesota
General Obligation Utility Revenue Bonds
Sewer User Fund
Debt Service Requirements to Maturity

Year	Series 2000B			Series 2010A		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 270,000	\$ 14,715	\$ 284,715	\$ 185,000	\$ 53,307	\$ 238,307
2020	-	-	-	180,000	47,150	227,150
2021	-	-	-	180,000	40,400	220,400
2022	-	-	-	175,000	33,300	208,300
2023	-	-	-	170,000	25,975	195,975
2024	-	-	-	165,000	18,437	183,437
2025	-	-	-	160,000	10,924	170,924
2026	-	-	-	150,000	3,563	153,563
	<u>\$ 270,000</u>	<u>\$ 14,715</u>	<u>\$ 284,715</u>	<u>\$ 1,365,000</u>	<u>\$ 233,056</u>	<u>\$ 1,598,056</u>

City of Austin, Minnesota
General Obligation Utility Revenue Bonds
Water Utility Fund
Debt Service Requirements to Maturity

Year	Series 2012A		
	Principal	Interest	Total
2019	\$ 365,000	\$ 75,906	\$ 440,906
2020	370,000	68,606	438,606
2021	375,000	61,206	436,206
2022	385,000	53,706	438,706
2023	390,000	46,006	436,006
2024	400,000	38,206	438,206
2025	410,000	29,706	439,706
2026	415,000	20,482	435,482
2027	425,000	10,625	435,625
	<u>\$ 3,535,000</u>	<u>\$ 404,449</u>	<u>\$ 3,939,449</u>

City of Austin, Minnesota
General Obligation Capital Improvement Bonds
Austin Utilities
Debt Service Requirements to Maturity

Year	Series 2015A		
	Principal	Interest	Total
2019	\$ 690,000	\$ 520,913	\$ 1,210,913
2020	710,000	499,913	1,209,913
2021	735,000	481,913	1,216,913
2022	745,000	467,113	1,212,113
2023	760,000	448,263	1,208,263
2024	785,000	425,087	1,210,087
2025	810,000	393,062	1,203,062
2026	850,000	355,813	1,205,813
2027	885,000	325,538	1,210,538
2028	910,000	298,613	1,208,613
2029	935,000	270,352	1,205,352
2030	965,000	240,062	1,205,062
2031	1,000,000	208,131	1,208,131
2032	1,030,000	174,500	1,204,500
2033	1,065,000	139,147	1,204,147
2034	1,100,000	101,925	1,201,925
2035	1,140,000	62,725	1,202,725
2036	1,180,000	21,388	1,201,388
	<u>\$ 16,295,000</u>	<u>\$ 5,434,458</u>	<u>\$ 21,729,458</u>

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Statistical Section

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

	<u>Page</u>
<u>Financial Trends</u>	157
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	162
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	166
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.	
<u>Demographic and Economic Information</u>	171
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<u>Operating Information</u>	173
These schedules contain service and infrastructure data to help the reader understand how the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 82,552,219	\$ 84,106,625	\$ 89,044,134	\$ 92,487,056	\$ 96,714,082	\$ 112,148,907	\$ 117,139,070	\$ 122,500,058	\$ 127,073,132	\$ 128,915,686
Restricted	4,065,139	8,397,241	8,000,415	9,224,826	9,360,960	5,378,069	5,020,295	6,214,116	6,373,158	6,780,954
Unrestricted	23,077,129	21,315,989	23,076,259	22,296,834	22,120,566	22,954,462	16,144,791	13,869,081	13,899,467	15,635,079
Total governmental activities net position	<u>\$ 109,694,487</u>	<u>\$ 113,819,855</u>	<u>\$ 120,120,808</u>	<u>\$ 124,008,716</u>	<u>\$ 128,195,608</u>	<u>\$ 140,481,438</u>	<u>\$ 138,304,156</u>	<u>\$ 142,583,255</u>	<u>\$ 147,345,757</u>	<u>\$ 151,331,719</u>
Business-type activities										
Net investment in capital assets	\$ 64,992,776	\$ 67,867,321	\$ 65,822,382	\$ 66,893,928	\$ 73,028,400	\$ 76,766,362	\$ 81,663,459	\$ 80,356,144	\$ 82,148,457	\$ 84,112,732
Restricted	135,000	135,000	-	-	-	-	53,703	-	-	-
Unrestricted	27,342,731	28,549,189	32,757,581	33,596,846	27,616,551	28,628,642	22,398,144	25,793,299	25,225,837	14,580,443
Total business-type activities net position	<u>\$ 92,470,507</u>	<u>\$ 96,551,510</u>	<u>\$ 98,579,963</u>	<u>\$ 100,490,774</u>	<u>\$ 100,644,951</u>	<u>\$ 105,395,004</u>	<u>\$ 104,115,306</u>	<u>\$ 106,149,443</u>	<u>\$ 107,374,294</u>	<u>\$ 98,693,175</u>
Primary government										
Net investment in capital assets	\$ 147,544,995	\$ 151,973,946	\$ 154,866,516	\$ 159,380,984	\$ 169,742,482	\$ 188,915,269	\$ 198,802,529	\$ 202,856,202	\$ 209,221,589	\$ 213,028,418
Restricted	4,200,139	8,532,241	8,000,415	9,224,826	9,360,960	5,378,069	5,073,998	6,214,116	6,373,158	6,780,954
Unrestricted	50,419,860	49,865,178	55,833,840	55,893,680	49,737,117	51,583,104	38,542,935	39,662,380	39,125,304	30,215,522
Total primary government net position	<u>\$ 202,164,994</u>	<u>\$ 210,371,365</u>	<u>\$ 218,700,771</u>	<u>\$ 224,499,490</u>	<u>\$ 228,840,559</u>	<u>\$ 245,876,442</u>	<u>\$ 242,419,462</u>	<u>\$ 248,732,698</u>	<u>\$ 254,720,051</u>	<u>\$ 250,024,894</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 1,283,171	\$ 1,810,185	\$ 1,247,615	\$ 1,994,989	\$ 1,775,118	\$ 1,431,184	\$ 2,080,195	\$ 2,644,256	\$ 2,655,024	\$ 2,887,408
Public safety	6,904,187	5,732,405	5,670,662	5,640,813	5,963,143	6,388,332	6,609,642	8,560,538	7,304,029	6,561,588
Streets and highways	4,547,299	4,694,852	4,586,371	4,671,850	4,790,336	4,831,833	5,013,859	5,580,254	5,294,742	5,270,917
Culture and recreation	3,868,810	3,902,944	4,046,580	4,141,344	4,343,675	4,443,814	4,507,566	4,929,260	5,311,447	5,213,298
Public service	380,463	384,754	361,199	308,776	453,346	89,696	383,336	382,662	375,465	387,317
Economic development	342,641	516,236	282,574	259,540	436,675	310,287	653,608	833,150	608,226	505,254
Community development	590,456	539,353	769,866	307,105	479,747	859,301	1,134,686	889,103	773,616	539,363
Interest on long-term debt	260,877	200,946	160,572	113,090	74,900	52,949	35,220	29,971	25,729	14,973
Total governmental activities expenses	<u>\$ 18,177,904</u>	<u>\$ 17,781,675</u>	<u>\$ 17,125,439</u>	<u>\$ 17,437,507</u>	<u>\$ 18,316,940</u>	<u>\$ 18,407,396</u>	<u>\$ 20,418,112</u>	<u>\$ 23,849,194</u>	<u>\$ 22,348,278</u>	<u>\$ 21,380,118</u>
Business-type activities										
Sewer user	\$ 4,563,848	\$ 5,064,895	\$ 5,117,547	\$ 4,905,159	\$ 4,767,774	\$ 5,064,346	\$ 5,183,222	\$ 4,939,927	\$ 5,315,668	\$ 5,157,970
Waste transfer station	22,546	35,187	50,938	34,352	30,147	29,689	30,751	34,849	39,856	31,342
Storm water utility	191,762	230,654	220,472	202,481	208,963	263,999	313,016	322,100	372,669	315,603
Electric	30,620,973	31,654,684	32,079,694	31,778,362	31,713,856	31,704,826	32,273,865	34,450,475	35,196,329	37,584,354
Water	2,679,004	2,420,400	2,619,395	2,838,536	3,522,146	3,747,554	3,892,185	3,968,228	4,420,292	4,112,784
Gas	19,099,615	18,399,817	16,684,916	13,678,763	16,842,327	22,717,982	15,017,991	14,999,868	16,565,068	15,609,175
Total business-type activities expenses	<u>\$ 57,177,748</u>	<u>\$ 57,805,637</u>	<u>\$ 56,772,962</u>	<u>\$ 53,437,653</u>	<u>\$ 57,085,213</u>	<u>\$ 63,528,396</u>	<u>\$ 56,711,030</u>	<u>\$ 58,715,447</u>	<u>\$ 61,909,882</u>	<u>\$ 62,811,228</u>
Total primary government expenses	<u>\$ 75,355,652</u>	<u>\$ 75,587,312</u>	<u>\$ 73,898,401</u>	<u>\$ 70,875,160</u>	<u>\$ 75,402,153</u>	<u>\$ 81,935,792</u>	<u>\$ 77,129,142</u>	<u>\$ 82,564,641</u>	<u>\$ 84,258,160</u>	<u>\$ 84,191,346</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 439,746	\$ 467,554	\$ 489,002	\$ 536,742	\$ 430,416	\$ 482,969	\$ 517,579	\$ 565,466	\$ 685,001	\$ 1,120,057
Public safety	759,579	663,572	784,519	776,389	612,524	793,585	864,408	753,980	646,527	741,367
Streets and highways	30,743	10,804	20,571	10,542	16,036	15,041	7,126	15,914	36,096	42,281
Culture and recreation	521,759	598,125	567,452	538,694	522,905	497,992	536,192	558,708	565,917	584,877
Public service	16,547	41,406	34,275	30,863	38,480	38,437	41,346	37,671	39,218	39,161
Economic development	18,646	16,485	17,077	49,833	51,106	49,177	34,585	33,754	25,924	25,900
Operating grants and contributions	930,537	1,074,609	880,834	984,457	925,583	1,187,211	1,041,820	1,722,121	984,257	1,091,641
Capital grants and contributions	3,803,071	3,350,811	4,391,707	2,771,366	4,583,896	9,952,310	4,096,969	6,503,556	6,601,283	3,566,943
Total governmental activities program revenues	<u>\$ 6,520,628</u>	<u>\$ 6,223,366</u>	<u>\$ 7,185,437</u>	<u>\$ 5,698,886</u>	<u>\$ 7,180,946</u>	<u>\$ 13,016,722</u>	<u>\$ 7,140,025</u>	<u>\$ 10,191,170</u>	<u>\$ 9,584,223</u>	<u>\$ 7,212,227</u>

Business-type activities:

Charges for services:

Sewer user	\$ 4,214,658	\$ 4,861,380	\$ 5,183,433	\$ 4,553,218	\$ 4,679,517	\$ 5,023,390	\$ 4,589,825	\$ 4,942,300	\$ 5,157,056	\$ 5,768,857
Waste transfer station	73,509	78,267	76,166	71,271	66,693	65,673	20,117	6,950	25,800	42,673
Storm water utility	422,041	422,330	422,491	546,600	702,999	676,744	670,786	663,433	680,968	684,087
Electric	32,123,619	33,086,821	32,843,809	33,679,982	32,742,707	34,469,396	35,290,519	36,624,967	36,724,198	37,326,080
Water	2,592,950	2,584,965	2,606,181	2,807,120	3,705,645	3,998,961	4,282,613	4,513,791	4,801,292	4,850,518
Gas	20,194,101	19,631,575	18,342,963	14,134,078	17,401,568	24,056,300	15,896,034	15,398,491	16,479,832	17,147,060
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,451,131	2,230,168	100,063	584,323	448,910	90,544	2,055,241	513,175	593,434	2,596,998
Total business-type activities program revenues	<u>\$ 61,072,009</u>	<u>\$ 62,895,506</u>	<u>\$ 59,575,106</u>	<u>\$ 56,376,592</u>	<u>\$ 59,748,039</u>	<u>\$ 68,381,008</u>	<u>\$ 62,805,135</u>	<u>\$ 62,663,107</u>	<u>\$ 64,462,580</u>	<u>\$ 68,416,273</u>
Total primary government program revenues	<u>\$ 67,592,637</u>	<u>\$ 69,118,872</u>	<u>\$ 66,760,543</u>	<u>\$ 62,075,478</u>	<u>\$ 66,928,985</u>	<u>\$ 81,397,730</u>	<u>\$ 69,945,160</u>	<u>\$ 72,854,277</u>	<u>\$ 74,046,803</u>	<u>\$ 75,628,500</u>
Net (expense)/revenue										
Governmental activities	\$ (11,657,276)	\$ (11,558,309)	\$ (9,940,002)	\$ (11,738,621)	\$ (11,135,994)	\$ (5,390,674)	\$ (13,278,087)	\$ (13,658,024)	\$ (12,764,055)	\$ (14,167,891)
Business-type activities	<u>3,894,261</u>	<u>5,089,869</u>	<u>2,802,144</u>	<u>2,938,939</u>	<u>2,662,826</u>	<u>4,852,612</u>	<u>6,094,105</u>	<u>3,947,660</u>	<u>2,552,698</u>	<u>5,605,045</u>
Total primary government net expense	<u>\$ (7,763,015)</u>	<u>\$ (6,468,440)</u>	<u>\$ (7,137,858)</u>	<u>\$ (8,799,682)</u>	<u>\$ (8,473,168)</u>	<u>\$ (538,062)</u>	<u>\$ (7,183,982)</u>	<u>\$ (9,710,364)</u>	<u>\$ (10,211,357)</u>	<u>\$ (8,562,846)</u>

General Revenues and Other

Changes in Net Position

Governmental activities:

Property taxes	\$ 3,935,304	\$ 4,059,447	\$ 4,262,432	\$ 4,784,024	\$ 5,124,431	\$ 5,006,324	\$ 5,237,753	\$ 5,419,016	\$ 5,779,620	\$ 6,461,424
Other taxes	1,782,573	1,903,140	1,821,102	1,690,449	1,771,851	2,056,861	1,918,020	1,992,858	1,376,351	1,927,168
Unrestricted grants and contributions	7,976,890	7,336,020	7,339,401	7,146,012	7,151,606	7,911,483	7,991,475	8,016,728	8,030,033	8,185,269
Unrestricted investment earnings	488,090	607,424	993,905	542,379	(445,204)	956,496	468,370	225,519	498,333	518,772
Miscellaneous	175,901	68,347	120,896	66,201	10,410	14,469	56,783	60,063	130,989	82,927
Gain (loss) on sale of capital assets	5,295	49,218	11,470	28,729	14,465	12,265	540	540	900	-
Transfers	1,637,122	1,660,081	1,691,749	1,368,735	1,695,327	1,718,606	1,722,377	2,222,399	1,710,331	1,844,615
Total governmental activities	<u>\$ 16,001,175</u>	<u>\$ 15,683,677</u>	<u>\$ 16,240,955</u>	<u>\$ 15,626,529</u>	<u>\$ 15,322,886</u>	<u>\$ 17,676,504</u>	<u>\$ 17,395,318</u>	<u>\$ 17,937,123</u>	<u>\$ 17,526,557</u>	<u>\$ 19,020,175</u>
Business-type activities:										
Unrestricted investment earnings	\$ 300,995	\$ 645,866	\$ 743,270	\$ 339,842	\$ (935,219)	\$ 1,271,026	\$ 410,367	\$ 255,417	\$ 382,484	\$ 446,212
Miscellaneous	50	-	-	-	2,113	327,421	-	-	-	-
Gain on sale of capital assets	1,341	5,349	256,347	765	119,784	17,600	68,681	53,459	-	-
Transfers	<u>(1,637,122)</u>	<u>(1,660,081)</u>	<u>(1,691,749)</u>	<u>(1,368,735)</u>	<u>(1,695,327)</u>	<u>(1,718,606)</u>	<u>(1,722,377)</u>	<u>(2,222,399)</u>	<u>(1,710,331)</u>	<u>(1,844,615)</u>
Total business-type activities	<u>\$ (1,334,736)</u>	<u>\$ (1,008,866)</u>	<u>\$ (692,132)</u>	<u>\$ (1,028,128)</u>	<u>\$ (2,508,649)</u>	<u>\$ (102,559)</u>	<u>\$ (1,243,329)</u>	<u>\$ (1,913,523)</u>	<u>\$ (1,327,847)</u>	<u>\$ (1,398,403)</u>
Total primary government	<u>\$ 14,666,439</u>	<u>\$ 14,674,811</u>	<u>\$ 15,548,823</u>	<u>\$ 14,598,401</u>	<u>\$ 12,814,237</u>	<u>\$ 17,573,945</u>	<u>\$ 16,151,989</u>	<u>\$ 16,023,600</u>	<u>\$ 16,198,710</u>	<u>\$ 17,621,772</u>
Change in Net Position										
Governmental activities	\$ 4,343,899	\$ 4,125,368	\$ 6,300,953	\$ 3,887,908	\$ 4,186,892	\$ 12,285,830	\$ 4,117,231	\$ 4,279,099	\$ 4,762,502	\$ 4,852,284
Business-type activities	<u>2,559,525</u>	<u>4,081,003</u>	<u>2,110,012</u>	<u>1,910,811</u>	<u>154,177</u>	<u>4,750,053</u>	<u>4,850,776</u>	<u>2,034,137</u>	<u>1,224,851</u>	<u>4,206,642</u>
Total primary government	<u>\$ 6,903,424</u>	<u>\$ 8,206,371</u>	<u>\$ 8,410,965</u>	<u>\$ 5,798,719</u>	<u>\$ 4,341,069</u>	<u>\$ 17,035,883</u>	<u>\$ 8,968,007</u>	<u>\$ 6,313,236</u>	<u>\$ 5,987,353</u>	<u>\$ 9,058,926</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 167,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	4,756,033	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	998,956	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	204,965	137,726	151,149	151,172	115,975	129,924	163,374	163,810	198,825
Committed	-	56,607	58,713	62,260	59,267	57,122	46,815	47,122	38,221	38,167
Assigned	-	85,672	65,670	44,433	-	-	-	-	-	-
Unassigned	-	5,926,864	6,557,097	6,332,000	6,582,477	6,869,995	7,579,428	6,397,461	6,724,890	8,272,001
Total general fund	<u>\$ 5,922,700</u>	<u>\$ 6,274,108</u>	<u>\$ 6,819,206</u>	<u>\$ 6,589,842</u>	<u>\$ 6,792,916</u>	<u>\$ 7,043,092</u>	<u>\$ 7,756,167</u>	<u>\$ 6,607,957</u>	<u>\$ 6,926,921</u>	<u>\$ 8,508,993</u>
All other governmental funds										
Reserved	\$ 12,375,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	418,154	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	18,119	-	-	-	-	-	-	-	-	-
Nonspendable	-	957,124	789,124	721,124	531,883	886,052	961,052	970,952	136,052	136,052
Restricted	-	8,137,669	7,796,624	8,901,207	9,046,910	5,095,654	4,717,919	5,552,080	5,736,559	6,126,659
Committed	-	397,125	975,217	1,012,850	1,033,695	626,252	613,224	595,776	650,786	733,795
Assigned	-	4,360,327	4,343,785	4,267,315	4,278,476	5,403,076	5,163,858	5,754,710	5,903,651	7,122,659
Total all other governmental funds	<u>\$ 12,811,343</u>	<u>\$ 13,852,245</u>	<u>\$ 13,904,750</u>	<u>\$ 14,902,496</u>	<u>\$ 14,890,964</u>	<u>\$ 12,011,034</u>	<u>\$ 11,456,053</u>	<u>\$ 12,873,518</u>	<u>\$ 12,427,048</u>	<u>\$ 14,119,165</u>

Note: The City of Austin implemented GASB Statement 54 in 2010; schedules presenting government-wide information include information beginning in that year.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 5,459,032	\$ 5,732,878	\$ 5,869,701	\$ 6,257,536	\$ 6,723,378	\$ 6,825,763	\$ 7,014,083	\$ 7,196,533	\$ 6,976,901	\$ 8,172,728
Special assessments	803,215	678,639	853,572	864,437	762,933	808,726	846,070	705,785	988,532	801,534
Licenses and permits	436,908	340,281	455,074	488,726	346,374	455,857	586,348	467,724	405,766	476,812
Intergovernmental	11,174,267	10,244,548	11,384,402	9,699,780	11,446,161	18,120,697	10,907,846	11,633,819	11,278,358	10,967,151
Charges for services	674,900	724,386	681,187	654,270	632,923	626,056	641,566	693,694	670,218	1,043,990
Fines and forfeits	244,251	263,588	261,535	223,930	206,199	257,104	210,935	197,504	180,474	177,559
Miscellaneous	1,868,775	1,628,558	1,983,625	1,694,838	738,282	1,805,765	2,409,248	4,673,724	3,271,165	2,201,404
Total revenues	<u>\$20,661,348</u>	<u>\$19,612,878</u>	<u>\$21,489,096</u>	<u>\$19,883,517</u>	<u>\$20,856,250</u>	<u>\$28,899,968</u>	<u>\$22,616,096</u>	<u>\$25,568,783</u>	<u>\$23,771,414</u>	<u>\$23,841,178</u>
Expenditures										
Current										
General government	\$ 1,754,641	\$ 1,808,092	\$ 1,882,533	\$ 1,898,437	\$ 1,890,867	\$ 1,836,120	\$ 1,930,264	\$ 2,073,258	\$ 2,145,323	\$ 2,039,277
Public safety	5,473,884	5,313,860	5,612,721	5,685,437	6,319,790	6,196,006	6,465,704	6,676,874	6,876,792	6,467,091
Streets and highways	3,248,596	3,366,429	3,319,146	3,290,445	3,303,846	3,325,106	3,212,373	3,316,358	3,428,750	3,456,573
Culture and recreation	3,480,167	3,732,854	3,822,520	3,850,381	3,735,839	4,158,995	4,071,540	4,326,011	4,404,245	4,360,915
Public service	102,688	100,435	79,406	73,829	85,602	110,600	97,975	89,505	80,136	93,133
Economic development	206,451	138,632	158,004	166,447	300,130	217,322	206,355	231,964	519,730	270,792
Community development	305,627	452,048	70,008	20,556	13,964	44,299	60,116	287,159	2,400	-
Capital outlay	8,214,223	3,530,938	6,688,077	3,836,072	5,850,828	16,548,448	7,153,565	8,275,972	7,374,723	5,029,660
Debt service										
Principal retirement	909,203	505,890	654,206	940,000	600,000	590,000	420,000	115,000	115,000	285,000
Interest and fiscal charges	346,583	248,971	226,121	196,708	188,669	150,932	491,988	629,478	112,152	256,463
Debt issuance costs	33,652	-	-	-	-	-	-	-	-	-
Total expenditures	<u>\$24,075,715</u>	<u>\$19,198,149</u>	<u>\$22,512,742</u>	<u>\$19,958,312</u>	<u>\$22,289,535</u>	<u>\$33,177,828</u>	<u>\$24,109,880</u>	<u>\$26,021,579</u>	<u>\$25,059,251</u>	<u>\$22,258,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,414,367)</u>	<u>\$ 414,729</u>	<u>\$ (1,023,646)</u>	<u>\$ (74,795)</u>	<u>\$ (1,433,285)</u>	<u>\$ (4,277,860)</u>	<u>\$ (1,493,784)</u>	<u>\$ (452,796)</u>	<u>\$ (1,287,837)</u>	<u>\$ 1,582,274</u>
Other financing sources (uses)										
Proceeds of bonds and loans	\$ 1,250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premiums on bonds	19,475	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	8,000	-	-	-	-	-	-	-	-
Payments from escrow agent	(655,000)	(620,000)	-	-	-	-	-	-	-	-
Transfers in	1,985,922	1,841,568	1,744,249	2,006,177	2,684,827	2,531,156	1,957,878	2,473,051	1,780,391	1,696,915
Transfers out	(419,300)	(251,987)	(123,000)	(1,163,000)	(1,060,000)	(883,050)	(306,000)	(1,751,000)	(620,060)	(5,000)
Total other financing sources (uses)	<u>\$ 2,181,097</u>	<u>\$ 977,581</u>	<u>\$ 1,621,249</u>	<u>\$ 843,177</u>	<u>\$ 1,624,827</u>	<u>\$ 1,648,106</u>	<u>\$ 1,651,878</u>	<u>\$ 722,051</u>	<u>\$ 1,160,331</u>	<u>\$ 1,691,915</u>
Net change in fund balance	<u>\$ (1,233,270)</u>	<u>\$ 1,392,310</u>	<u>\$ 597,603</u>	<u>\$ 768,382</u>	<u>\$ 191,542</u>	<u>\$ (2,629,754)</u>	<u>\$ 158,094</u>	<u>\$ 269,255</u>	<u>\$ (127,506)</u>	<u>\$ 3,274,189</u>
Debt service as a percentage of non capital expenditures	6.90%	4.91%	5.66%	7.13%	4.91%	4.64%	5.49%	4.34%	1.32%	3.19%

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

Year	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Tax Exempt Property ⁽¹⁾	Estimated Actual Value	Assessed Value ⁽²⁾ as a Percentage of Actual Value	Total Direct Tax Rate
2010	\$ 9,042,005	\$ 2,324,283	\$ 601,761	\$ 11,968,049	\$ 3,747,579	\$ 1,050,592,500	1.50 %	\$ 34.177
2011	9,029,233	2,314,476	594,710	11,938,419	3,747,579	1,065,729,379	1.47	36.196
2012	7,296,500	2,333,554	718,097	10,348,151	3,747,579	1,049,276,700	1.34	40.475
2013	6,155,468	3,792,528	716,134	10,664,130	3,747,579	1,049,285,500	1.37	41.431
2014	6,401,016	3,659,422	679,912	10,740,350	3,747,579	1,052,658,900	1.38	40.797
2015	7,309,849	4,293,773	846,411	12,450,033	3,747,579	1,119,132,275	1.45	40.947
2016	7,268,830	2,954,898	849,473	11,073,201	3,747,579	930,510,879	1.59	45.016
2017	7,568,979	2,843,862	808,360	11,221,201	3,747,579	1,117,958,300	1.34	48.419
2018	7,970,394	2,890,404	970,889	11,831,687	3,747,579	1,171,110,900	1.33	51.577
2019	8,493,979	3,083,360	729,253	12,306,592	3,734,102	1,230,828,400	1.30	56.613

Source: Office of County Finance Director

Note: Property in the county is reassessed annually. The county assesses property at full market value, however, taxable assessed value is limited based upon Minnesota State Statutes. Tax rates are per \$1,000 of assessed value.

⁽¹⁾ Tax-exempt property is not included in any of the assessed property categories.

⁽²⁾ Includes tax-exempt property for the years provided.

City of Austin, Minnesota
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Value)
Last Ten Years

Taxes Payable Year	City of Austin			School District	Mower County	Other	Total
	Operating Rate	Debt Service Rate	Total Rate				
2010	\$ 32.867	\$ 1.310	\$ 34.177	\$ 21.061	\$ 45.155	\$ 1.491	\$ 101.884
2011	34.922	1.274	36.196	22.115	45.788	2.820	106.919
2012	39.050	1.425	40.475	18.184	50.286	3.160	112.105
2013	39.742	1.689	41.431	28.436	47.178	3.127	120.172
2014	39.283	1.514	40.797	26.298	38.546	2.930	108.571
2015	39.578	1.369	40.947	28.374	41.992	3.262	114.575
2016	44.137	0.879	45.016	26.773	44.242	2.574	118.605
2017	47.566	0.853	48.419	25.898	46.289	2.944	123.550
2018	50.760	0.817	51.577	26.077	49.616	2.926	130.196
2019	56.613	-	56.613	26.639	50.116	2.872	136.240

Source: Office of County Finance Director

**City of Austin, Minnesota
Principal Property Taxpayers
December 31, 2018**

Taxpayer	Type of Business	2017/2018		Percentage of Total Net Tax Capacity Value	2008/2009		
		Net Tax Capacity Value	Rank		Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value
Hormel Foods	Food Processor	\$ 699,970	1	5.92 %	\$ 494,947	1	4.28 %
HyVee Foods Inc.	Retail Complex	195,227	2	1.65	58,813	4	0.51
Walmart Stores, Inc.	Retail Complex	173,440	3	1.47	103,998	2	0.90
Austin Medical Center	Clinic	156,720	4	1.32	-		-
ATI Hotel Inc.	Hotel	98,606	5	0.83	49,250	10	0.43
Keystone Austin 15th Ave LLC	Apartments	59,673	6	0.50	-		-
Jr. & R II LLC	Retail Complex	59,264	7	0.50	-		-
BRE Retail Residual Owner 3 LLC	Retail Complex	59,250	8	0.50	-		-
SMMPA	Utility	57,226	9	0.48	52,988	7	0.46
Shopko Properties SPE RE LLC	Retail Complex	55,920	10	0.47	49,490	9	0.43
DCA Minnesota LLC	Retail Complex	-		-	82,928	3	0.72
Dayton Hudson Associates	Apartments	-		-	57,090	5	0.49
Centro Saturn Holding SPE LLC	Retail Complex	-		-	55,136	6	0.48
Oak Park Mall Limited Partnership	Retail Complex	-		-	50,205	8	0.43
Totals		<u>\$ 1,615,296</u>		<u>13.7 %</u>	<u>\$ 1,054,845</u>		<u>9.1 %</u>

Source: Office of County Finance Director

**City of Austin, Minnesota
Property Tax Levies and Collections
Last Ten Years**

Year	Tax Levy, As Adjusted	Collected within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 3,164,329	\$ 3,085,647	97.51 %	\$ 78,332	\$ 3,163,979	99.99 %
2010	3,355,174	3,255,620	97.03	99,210	3,354,830	99.99
2011	3,527,296	3,431,238	97.28	95,790	3,527,028	99.99
2012	3,972,572	3,868,655	97.38	103,714	3,972,369	99.99
2013	4,193,983	4,088,701	97.49	59,155	4,147,856	98.90
2014	4,169,870	4,052,843	97.19	58,797	4,111,640	98.60
2015	4,350,453	4,244,363	97.56	57,611	4,301,974	98.89
2016	4,944,597	4,823,818	97.56	92,148	4,915,966	99.42
2017	5,418,461	5,296,733	97.75	78,043	5,374,776	99.19
2018	5,966,633	5,830,519	97.72	-	5,830,519	97.72

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

Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Tax Increment Bonds	Special Assessment Bonds	Capital Improvement Bonds	Leases Payable	Sewer Utility Bonds	Electric Revenue Bonds	Capital Improvement Bonds	Water Revenue Bonds			
2009	\$ 2,930,000	\$ 2,190,000	\$ 985,000	\$ -	\$ 6,755,000	\$ 315,000	\$ -	\$ -	\$ 13,175,000	0.94%	555
2010	2,020,000	2,040,000	900,000	-	9,000,000	160,000	-	-	14,120,000	0.94%	571
2011	1,710,000	1,730,000	815,000	-	8,355,000	-	-	-	12,610,000	0.80%	509
2012	1,395,000	1,105,000	-	-	7,430,000	-	-	5,600,000	15,530,000	0.92%	626
2013	1,100,000	800,000	-	-	6,485,000	-	-	5,295,000	13,680,000	0.85%	552
2014	800,000	510,000	-	-	5,525,000	-	-	4,950,000	11,785,000	0.74%	475
2015	480,000	410,000	-	-	4,535,000	-	17,986,514	4,665,293	28,076,807	1.69%	1,132
2016	445,000	330,000	-	-	3,505,000	-	17,968,939	4,309,814	26,558,753	1.53%	1,071
2017	410,000	250,000	-	-	2,435,000	-	17,286,364	3,949,334	24,330,698	1.40%	981
2018	375,000	-	-	-	1,635,000	-	16,593,789	3,583,854	22,187,643	1.26%	895

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

(1) See the Schedule of Demographic and Economic Statistics table for personal income and population data.
Personal income data is not yet available for 2018. For purposes of this schedule, the personal income from 2017 was used in calculating these ratios until updated figures are available.

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

<u>Year</u>	<u>Gross General Bonded Debt ⁽¹⁾</u>	<u>Less: Amounts Available for Debt Service</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Assessed Value ⁽²⁾</u>	<u>Per Capita ⁽³⁾</u>
2009	\$ 985,000	\$ 85,000	\$ 900,000	7.78 %	38
2010	900,000	85,000	815,000	6.81	33
2011	815,000	90,000	725,000	6.07	29
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	17,635,000	-	17,635,000	141.65	711
2016	17,635,000	-	17,635,000	159.26	711
2017	16,970,000	-	16,970,000	151.23	684
2018	16,295,000	-	16,295,000	137.72	657

(1) Gross General Bonded Debt represents bond issues that are applicable to Legal Debt Limit.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(3) Population data can be found in the Schedule of Demographic and Economic Statistics table.

City of Austin, Minnesota
Direct and Overlapping Governmental Activities Debt
December 31, 2018

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
School District #492	37,850,444 ⁽¹⁾	68.2% ⁽²⁾	\$ 25,814,003
Mower County	14,809,271 ⁽¹⁾	29.2% ⁽³⁾	<u>4,324,307</u>
Subtotal, overlapping debt			\$ 30,138,310
City of Austin Direct Debt			<u>(375,000)</u>
Total direct and overlapping debt			<u>\$ 29,763,310</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Austin. This process recognizes 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.

(1) Excludes the amount available in the escrow funds to repay the outstanding debt.

(2) Represents the percent of the City of Austin Net Tax Capacity to School District #492 Net Tax Capacity.

(3) Represents the percent of the City of Austin Net Tax Capacity to Mower County Net Tax Capacity.

**City of Austin, Minnesota
Legal Debt Margin Information
Last Ten Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 30,732,984	\$ 34,158,417	\$ 31,373,331	\$ 31,478,565	\$ 31,579,767	\$ 33,573,968	\$ 27,915,326	\$ 33,538,749	\$ 35,133,327	\$ 36,924,852
Total net debt applicable to limit	<u>985,000</u>	<u>900,000</u>	<u>815,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,635,000</u>	<u>17,635,000</u>	<u>16,970,000</u>	<u>16,295,000</u>
Legal debt margin	<u>\$ 29,747,984</u>	<u>\$ 33,258,417</u>	<u>\$ 30,558,331</u>	<u>\$ 31,478,565</u>	<u>\$ 31,579,767</u>	<u>\$ 33,573,968</u>	<u>\$ 10,280,326</u>	<u>\$ 15,903,749</u>	<u>\$ 18,163,327</u>	<u>\$ 20,629,852</u>
Total net debt applicable to the limit as a percentage of debt limit	3.31%	2.71%	2.67%	0.00%	0.00%	0.00%	171.54%	110.89%	93.43%	78.99%

Legal Debt Margin Calculation for 2017

Estimated market value, 2017/2018	<u>\$ 1,230,828,400</u>
Debt limit, 3.0% of market value	\$ 36,924,852
Debt applicable to debt limit:	
Total bonded debt	<u>\$ 21,840,000</u>
Less:	
Obligations issued for revenue producing facilities	5,170,000
Obligations issued with tax increments	<u>375,000</u>
Total deductions	<u>\$ 5,545,000</u>
Total debt applicable to debt limit	<u>16,295,000</u>
Debt margin at December 31, 2018	<u>\$ 20,629,852</u>

Note: Computed in accordance with Chapter 475, State of Minnesota Statutes.

**City of Austin, Minnesota
Pledged Revenue Coverage
Last Ten Years**

Electric Utility Revenue Bonds						
	Gross Revenues	Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ 32,250,662	\$ 30,616,749	\$ 1,633,913	\$ 150,000	\$ 19,075	9.66 %
2010	33,367,826	31,885,333	1,482,493	155,000	13,075	8.82
2011	33,336,037	32,315,636	1,020,401	160,000	6,720	6.12
2012	33,336,037	32,315,636	1,020,401	160,000	6,720	6.12
2013	-	-	-	-	-	0.00
2014	-	-	-	-	-	0.00
2015	-	-	-	-	-	0.00
2016	-	-	-	-	-	0.00
2017	-	-	-	-	-	0.00
2018	-	-	-	-	-	0.00

Water Utility Revenue Bonds						
	Gross Revenues	Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2009	\$ -	\$ -	\$ -	\$ -	\$ -	0.00 %
2010	-	-	-	-	-	0.00
2011	-	-	-	-	-	0.00
2012	2,862,934	2,483,631	379,303	-	-	0.00
2013	3,603,042	3,148,998	454,044	305,000	166,042	0.00
2014	4,133,100	3,358,990	774,110	345,000	111,106	1.70
2015	4,353,913	3,325,781	1,028,132	350,000	104,208	2.26
2016	4,567,064	3,422,222	1,144,842	350,000	97,206	2.56
2017	4,855,225	3,593,869	1,261,356	355,000	90,206	2.83
2018	4,914,730	3,429,436	1,485,294	360,000	83,106	3.35

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements. Total revenues include interest and miscellaneous. Expenses are operating expenses exclusive of depreciation.

**City of Austin, Minnesota
Demographic and Economic Statistics
Last Ten Years**

	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate % (5)
2009	23,726	1,401,357	36,670	40.3	4,451	6.4
2010	24,718	1,502,443	38,340	39.6	4,507	6.6
2011	24,779	1,584,490	40,268	39.2	4,520	5.3
2012	24,800	1,682,174	42,725	38.3	4,582	4.5
2013	24,800	1,617,470	41,129	36.9	4,715	3.9
2014	24,800	1,594,035	40,537	37.4	4,797	3.2
2015	24,800	1,657,094	42,364	37.8	4,832	2.9
2016	24,800	1,733,905	44,274	37.7	4,901	2.9
2017	24,800	1,756,900	44,403	37.3	5,238	2.4
2018	24,800	Not Available Now	Not Available Now	37.9	5,293	3.1

Sources:

- (1) United States Census Bureau.
- (2) Office of the State Demographer; which uses U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C. Represents per capita income for Mower County.
- (3) Office of the State Demographer; which uses U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C. Represents median age for Mower County.
- (4) Austin Public School District #492.
- (5) Minnesota Department of Employment and Economic Development.

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

Taxpayer	Type of Business	2018			2009		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hormel Foods	Food processor	2,920	1	23.9 %	1,951	1	17.1 %
Quality Pork Processors	Meat packing plant	1,250	2	10.2	1,100	2	9.6
Mayo Clinic Health System	Health care	970	3	8.0	700	3	6.1
Independent School District 492	Public education	926	4	7.6	675	4	5.9
Hy Vee Inc.	Retail	560	5	4.6	300	8	2.6
Riverland Community College	Post-secondary education	275	6	2.3	-		-
Mower County	County government	267	7	2.2	227	10	2.0
Walmart Stores	Retail	256	8	2.1	325	6	2.8
Cedar Valley Services	Residential care	230	9	1.9	-		-
City of Austin	Municipal government	225	10	1.8	262	9	2.3
Austin Newspapers, Inc.	Publishing/Printing	-		-	508	5	4.5
Austin Packaging Company	Food processor	-		-	300	7	2.6
Totals		<u>7,879</u>		<u>64.6 %</u>	<u>6,348</u>		<u>55.6 %</u>

Source: As presented in the City's official statement for each year presented above or from Austin Area Chamber of Commerce.

City of Austin, Minnesota
Full-time Equivalent City Government Employees by Function
Last Ten Years

Function/Program	Full-time Equivalent Employees as of December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	11.10	11.10	11.10	11.10	11.50	12.00	12.00	12.00	12.00	12.00
Public safety	48.50	48.00	48.00	48.00	48.00	49.00	49.00	51.00	51.50	53.00
Streets and highways	27.00	27.00	27.00	26.00	26.00	26.00	26.00	26.00	26.00	27.00
Culture and recreation	26.55	25.55	25.55	25.80	26.80	27.80	27.80	28.75	28.75	28.75
Sewer user	26.50	25.50	25.50	25.50	24.50	23.50	23.50	23.50	23.50	23.50
Storm water utility district	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Electric	57.00	51.00	35.00	32.00	31.00	32.00	31.00	30.00	22.00	21.00
Water	13.00	14.00	10.00	19.00	10.00	9.00	9.00	9.00	14.00	21.00
Gas	30.00	28.00	20.00	10.00	20.00	19.00	20.00	20.00	22.00	13.00
Utilities administration (1)	-	-	20.00	23.00	23.00	25.00	22.00	22.00	23.00	25.00
Total	<u>239.65</u>	<u>230.15</u>	<u>222.15</u>	<u>220.40</u>	<u>220.80</u>	<u>223.30</u>	<u>221.30</u>	<u>223.25</u>	<u>223.75</u>	<u>225.25</u>

Source: Finance Department, Truth in Taxation Reports and
Austin Utilities payroll department.

(1) - Beginning in 2011 the Austin Utilities started breaking out the administrative employees in each department.

**City of Austin, Minnesota
Operating Indicators by Function
Last Ten Years**

Function/Program	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Adult arrests	1,118	1,243	1,232	1,125	1,159	1,144	1,227	1,286	1,230	1,238
Juvenile arrests	528	403	589	640	395	612	450	318	429	427
Citations	6,709	5,859	5,242	4,220	4,363	4,368	4,878	4,784	4,267	4,447
Fire										
Number of calls answered	385	382	394	489	547	729	900	954	944	914
Streets and highways										
Asphalt purchases for street repairs (tons)	5,000	5,000	5,000	4,400	4,400	4,400	3,925	4,500	4,500	3,920
Culture and recreation										
Municipal pool admissions	12,830	15,945	15,634	16,614	15,976	12,951	16,661	11,555	10,779	11,762
Fall/Winter programs participants	490	97	92	79	78	72	136	164	156	132
Self supporting programs participants	844	746	931	995	1,085	1,219	1,166	1,654	1,530	2,163
Library annual circulation	357,907	337,609	322,318	310,928	267,394	228,045	209,693	203,303	187,368	178,293
Library-number of items held	108,068	107,091	108,169	97,136	86,190	82,834	83,415	82,875	82,604	88,756
Sewer user										
Average daily sewage treatment (thousands of gallons)	5,171	5,368	5,614	4,376	5,480	5,210	6,050	7,000	6,450	6,080
Electric										
Average daily consumption (thousands of kilowatt hours)	892	925	977	961	921	910	920	928	920	925
Water										
Average daily consumption (thousands of cubic feet)	334	312	320	386	680	724	723	700	700	650
Gas										
Average daily consumption (thousands of cubic feet)	6,604	6,345	6,682	6,074	6,720	7,238	6,411	6,155	6,364	6,675

Sources: Various government departments.

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

**City of Austin, Minnesota
Capital Asset Statistics by Function
Last Ten Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/Program										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	20	20	20	20	20	20	20	20	20	20
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire/Rescue Vehicles	10	10	10	10	10	10	10	10	10	10
Streets and highways										
Streets - paved and asphalt (miles)	122	126	128	126	126	126	126	126	126	126
Streets - unpaved (miles)	3	4	4	4	4	4	4	4	4	4
Culture and recreation										
Nature Center acreage	507	507	507	507	507	507	518	518	518	518
Park acreage	600	600	600	600	600	600	600	600	596	596
Parks	27	27	27	27	27	27	27	27	27	27
Swimming pools	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Sewer										
Sanitary sewers (miles)	115	119	119	119	119	119	120	120	121	121
Storm sewers (miles)	53	53	54	54	54	54	55	55	55	55
Electric										
Number of substations	6	6	6	7	7	7	7	7	7	7
Water										
Water mains (miles)	133.80	134.30	134.53	135.08	135.59	135.64	137.33	138.33	138.26	138.64
Gas										
Gas services	10,374	10,380	10,352	10,274	10,281	10,269	10,260	10,255	10,260	10,300

Sources: Various city departments.

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

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