

AUSTIN PORT AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

[CLAconnect.com](https://www.CLAconnect.com)

**AUSTIN PORT AUTHORITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INTRODUCTION SECTION

ORGANIZATION SCHEDULE	1
------------------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS	5
---	----------

BASIC FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION	11
-----------------------------------	-----------

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	13
--	-----------

STATEMENTS OF CASH FLOWS	14
---------------------------------	-----------

NOTES TO FINANCIAL STATEMENTS	15
--------------------------------------	-----------

SUPPLEMENTARY INFORMATION

COMBINING SCHEDULES OF NET POSITION	22
--	-----------

COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	24
---	-----------

PROPERTY MANAGEMENT

COMBINING SCHEDULES OF NET POSITION	26
--	-----------

SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	28
---	-----------

WALKER BUILDING

SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	29
---	-----------

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30
--	-----------

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	32
---	-----------

INTRODUCTION SECTION

**AUSTIN PORT AUTHORITY
ORGANIZATION SCHEDULE
DECEMBER 31, 2021 AND 2020**

BOARD OF COMMISSIONERS

		<u>Term Expires</u>
Jerry McCarthy	President	December 31, 2027
Jeff Austin	Vice-President	December 31, 2022
Lee Bjorndal	Treasurer	December 31, 2023
Tim Ruzek	Commissioner	December 31, 2024
Michael Bednar	Commissioner	December 31, 2025
Jason Baskin	Commissioner	December 31, 2022
Chuck Moline	Commissioner	December 31, 2021

OFFICERS

Craig Clark	Executive Director	Appointed
Tom Dankert	Secretary	Appointed

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
The Port Authority of the City of Austin
Austin, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, Minnesota, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

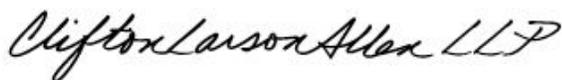
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the organization schedule but does not include the basic financial statements and our auditors’ report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2022, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
May 6, 2022

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

As management of the Austin Port Authority, we offer readers of the Austin Port Authority's financial statements this narrative overview and analysis of the financial activities of the Austin Port Authority for the fiscal years ended December 31, 2021 and 2020. The information presented should be read in conjunction with the financial statements and the accompanying notes to the financial statements. The Austin Port Authority is considered part of the reporting entity of the City of Austin, Minnesota, and is included in the City's financial statements as a discretely presented component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (this section) the basic financial statements, and supplementary information. The Austin Port Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

The statement of net position provides information about the nature of assets and obligations (liabilities) of the Austin Port Authority as of the end of the year. The statement of revenues, expenses, and changes in net position reports revenues and expenses for the current year. The statement of cash flows reports cash receipts, cash payments, and changes in cash resulting from operating, noncapital financing activities, capital and related financing activities, and investing activities.

The basic financial statements can be found on pages 11-14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15-21 of this report.

Supplemental information. The combining and individual account statements and schedules can be found on pages 22-32 of this report.

FINANCIAL HIGHLIGHTS

The largest portion of the Austin Port Authority's net position (86%) is the investment in capital assets at December 31, 2021. There was one capital asset addition, with no retirements during 2021. However, the depreciation charge (primarily on the Hormel Institute Building) drove the net investment in capital assets down from the prior year. During 2021 the Austin Port Authority sold two parcels in the Creekside Business Park and one parcel in downtown Austin for a private development. Additionally, the Port Authority purchased and then sold the former Y.M.C.A for a \$1 to a private developer for the construction of a 91-unit apartment building.

The fourth tax increment payment was received from the primary government in 2021. This \$70,000 annual payment is considered a Pay-As-You-Go tax increment district whereby if Hy-Vee makes the required annual tax payments, the Austin Port Authority will receive the first \$70,000 annually to reduce the outstanding balance that has been recorded to cover some of the costs that were associated with the demolition of the former Oak Park Mall facility. From the 2021 tax increment receipt, a \$5,000 payment was made to the Housing and Redevelopment Authority of Austin for funds they advanced for the Oak Park Mall demolition project.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

AUSTIN PORT AUTHORITY'S NET POSITION

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2021 and 2020:

Condensed Statement of Net Position

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,943,993	\$ 2,989,496	\$ (45,503)	(1.52%)
Noncurrent Assets	1,175,115	1,179,834	(4,719)	(0.40%)
Net Capital Assets	<u>21,458,871</u>	<u>22,174,190</u>	<u>(715,319)</u>	<u>(3.23%)</u>
Total Assets	<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>	<u>\$ (765,541)</u>	<u>(2.91%)</u>
Current Liabilities	\$ 75,629	\$ 20	\$ 75,609	378045.00%
Noncurrent Liabilities	<u>642,733</u>	<u>706,180</u>	<u>(63,447)</u>	<u>(8.98%)</u>
Total Liabilities	<u>\$ 718,362</u>	<u>\$ 706,200</u>	<u>\$ 12,162</u>	<u>1.72%</u>
Net Position:				
Investment in Capital Assets	\$ 21,458,871	\$ 22,174,191	\$ (715,320)	(3.23%)
Restricted	110,777	238,411	(127,634)	(53.54%)
Unrestricted	<u>3,289,969</u>	<u>3,224,718</u>	<u>65,251</u>	<u>2.02%</u>
Total Net Position	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>	<u>\$ (777,703)</u>	<u>(3.03%)</u>
Total Liabilities and Net Position	<u>\$ 25,577,979</u>	<u>\$ 26,343,520</u>	<u>\$ (765,541)</u>	<u>(2.91%)</u>

Condensed statement of net position highlights are as follows for the year ended December 31, 2021:

- The assets of the Austin Port Authority exceeded liabilities by \$24,859,617 (Net Position). This is a decrease of \$777,703 over the net position at the close of 2020.
- Current assets decreased by \$45,503, primarily due to the use of cash for downtown improvements and repayment of advances. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes receivable.
- Noncurrent assets decreased slightly by \$4,719 due to the net effect of the sale of the parcels in the Creekside Business Park and downtown Austin for a private development, and the issuance of notes receivable for a sprinkler loan and construction loan for two downtown properties.
- Net capital assets decreased by \$715,319 due to the depreciation taken on all of our depreciable property. There was one capital addition for a new boiler at the Walker Building and no capital retirements made during 2021.
- Current liabilities increased \$75,609 primarily based on the timing of some accounts payable related to the downtown construction loan at properties located at 117 and 119 2nd Avenue NE.
- Noncurrent liabilities decreased by \$63,447 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2020 and 2019:

Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,989,496	\$ 2,939,877	\$ 49,619	1.69%
Noncurrent Assets	1,179,834	1,471,000	(291,166)	(19.79%)
Net Capital Assets	<u>22,174,190</u>	<u>22,974,969</u>	<u>(800,779)</u>	<u>(3.49%)</u>
Total Assets	<u>\$ 26,343,520</u>	<u>\$ 27,385,846</u>	<u>\$ (1,042,326)</u>	<u>(3.81%)</u>
Current Liabilities	\$ 20	\$ 5,218	\$ (5,198)	(99.62%)
Noncurrent Liabilities	<u>706,180</u>	<u>769,046</u>	<u>(62,866)</u>	<u>(8.17%)</u>
Total Liabilities	<u>\$ 706,200</u>	<u>\$ 774,264</u>	<u>\$ (68,064)</u>	<u>(8.79%)</u>
Net Position:				
Investment in Capital Assets	\$ 22,174,191	\$ 22,974,969	\$ (800,778)	(3.49%)
Restricted	238,411	227,973	10,438	4.58%
Unrestricted	<u>3,224,718</u>	<u>3,408,640</u>	<u>(183,922)</u>	<u>(5.40%)</u>
Total Net Position	<u>\$ 25,637,320</u>	<u>\$ 26,611,582</u>	<u>\$ (974,262)</u>	<u>(3.66%)</u>
Total Liabilities and Net Position	<u>\$ 26,343,520</u>	<u>\$ 27,385,846</u>	<u>\$ (1,042,326)</u>	<u>(3.81%)</u>

Condensed statement of net position highlights are as follows for the year ended December 31, 2020:

- The assets of the Austin Port Authority exceeded liabilities by \$25,637,320 (Net Position). This is a decrease of \$974,262 over the net position at the close of 2019.
- Current assets increased by \$49,619, primarily due to investment income. All other operations that affect current assets were almost neutral. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes receivable.
- Noncurrent assets decreased by \$291,166 due to the sale of the 117 and 119 2nd Avenue NE properties. These parcels were sold to a private developer who has plans to remodel them and put them back on the market for rental after years of decay.
- Net capital assets decreased by \$800,779 due to the depreciation taken on all of our depreciable property. There were no capital additions and no capital retirements made during 2020.
- Current liabilities have a slight decrease of \$5,198 primarily based on the timing of some accounts payable billings.
- Noncurrent liabilities decreased by \$62,866 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2021 and 2020:

Condensed Statements of Revenues, Expenses, and Changes in Net Position:

	<u>2021</u>	<u>2020</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Lease Revenues	\$ 96,321	\$ 93,030	\$ 3,291	3.54%
Operating Expenses:				
Administrative and General	\$ 227,007	\$ 131,077	\$ 95,930	73.19%
Depreciation and Amortization	730,364	800,779	(70,415)	(8.79%)
Total Operating Expense	<u>\$ 957,371</u>	<u>\$ 931,856</u>	<u>\$ 25,515</u>	2.74%
Operating Loss	\$ (861,050)	\$ (838,826)	\$ (22,224)	2.65%
Nonoperating Revenues (Expenses)	83,347	(135,436)	218,783	-161.54%
Change in Net Position	<u>\$ (777,703)</u>	<u>\$ (974,262)</u>	<u>\$ 196,559</u>	(20.18%)
Beginning Net Position	\$ 25,637,320	\$ 26,611,582	\$ (974,262)	(3.66%)
Change in Net Position	<u>(777,703)</u>	<u>(974,262)</u>	196,559	(20.18%)
Ending Net Position	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>	<u>\$ (777,703)</u>	(3.03%)

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2021:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy of \$50,000 for both 2020 and 2021, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses increased by \$95,930 primarily as the result of some costs associated with grants related to the downtown renovation of the buildings located at 117 and 119 2nd Avenue NE.
- Nonoperating revenues (expenses) increased by \$491,217 for 2021. In 2021 the Austin Port Authority realized a loss of \$737,726 as the former Y.M.C.A. was sold for a \$1 to a private developer for a new 91-unit apartment building, plus two parcels were sold for a total of \$10 for a new private development expected to add 30+ new jobs to the community. Additionally, a parcel in downtown Austin was sold for private redevelopment at a 21% loss.
- Capital contributions from the primary government occurred in 2021. During 2021 the Austin Port Authority acquired the former Y.M.C.A. for redevelopment as a 91-unit market rate apartment building for \$650,000 plus some legal costs. Contemporaneously with the purchase, the Austin Port Authority then sold the property to a private developer for the construction of the new apartment building.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

Condensed Statements of Revenues, Expenses, and Changes in Net Position (Continued):

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Lease Revenues	\$ 93,030	\$ 93,496	\$ (466)	(0.50%)
Operating Expenses:				
Administrative and General	\$ 131,077	\$ 91,401	\$ 39,676	43.41%
Depreciation and Amortization	800,779	798,449	2,330	0.29%
Total Operating Expense	<u>\$ 931,856</u>	<u>\$ 889,850</u>	<u>\$ 42,006</u>	4.72%
Operating Loss	<u>\$ (838,826)</u>	<u>\$ (796,354)</u>	<u>\$ (42,472)</u>	5.33%
Nonoperating Revenues (Expenses)	<u>(135,436)</u>	<u>531,635</u>	<u>(667,071)</u>	(125.48%)
Loss before				
Capital Contributions	(974,262)	(264,719)	(709,543)	268.04%
Capital Contributions	-	59,911	(59,911)	(100.00%)
Change in Net Position	<u>\$ (974,262)</u>	<u>\$ (204,808)</u>	<u>\$ (769,454)</u>	375.70%
Beginning Net Position	\$ 26,611,582	\$ 26,816,390	\$ (204,808)	(0.76%)
Change in Net Position	<u>(974,262)</u>	<u>(204,808)</u>	<u>(769,454)</u>	375.70%
Ending Net Position	<u>\$ 25,637,320</u>	<u>\$ 26,611,582</u>	<u>\$ (974,262)</u>	(3.66%)

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2020:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy increase of \$10,000 for a total levy of \$50,000 for 2020, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses increased by \$39,676 primarily as the result of some costs associated with repairing some owned properties as part of a sales agreement.
- Nonoperating revenues (expenses) decreased by \$677,071 for 2020. In 2020 the Austin Port Authority realized a loss of over \$187,861 as two buildings were sold for a total of \$100 and donated Building and Land to HRA that had a cost of \$118,200. This large loss in 2020 coupled with a nice gain in 2019 on the sale of a parcel of owned land created the large decrease.
- Capital contributions from the primary government occurred in 2019, but not 2020. During 2019 the City of Austin acquired a downtown site for redevelopment however a portion of the site (a parking lot) was not needed for the redevelopment project and was, therefore, transferred over to the Austin Port Authority.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021 AND 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Austin Port Authority's investment in capital assets for its business-type activities as of December 31, 2021, amounts to \$21,458,871 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements other than buildings, and machinery and equipment. The total decrease in the Austin Port Authority's investment in capital assets (net of accumulated depreciation) was 3.23% and was primarily attributable to the depreciation charge related to the Hormel Institute and Walker buildings. One acquisition of \$15,045 for a new boiler at the Walker Building.

AUSTIN PORT AUTHORITY'S CAPITAL ASSETS

	2021	2020
Buildings	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Buildings	553,784	538,739
Machinery and Equipment	2,108,645	2,108,645
Total	\$ 26,116,896	\$ 26,101,851
Less: Accumulated Depreciation	(4,658,025)	(3,927,661)
Net Capital Assets	\$ 21,458,871	\$ 22,174,190

Additional information on the Austin Port Authority's capital assets can be found in Note 4 on page 19 of this report.

Long-term debt. At the end of the current fiscal year, the Austin Port Authority had total debt outstanding of \$612,733. The outstanding balance represents an advance from the primary government related to the acquisition and demolition of the former Oak Park Mall shopping center.

The Austin Port Authority's total debt decreased by \$58,447 (8.71%) during the current fiscal year. A payment on the advance from the primary government was made in 2021 upon the receipt of the tax increment rebate.

The Austin Port Authority, as a component unit of the City of Austin, maintains a bond rating of "Aa2" from Moody's Investors Services for general obligation debt.

Additional information on the Austin Port Authority's long-term debt can be found in Note 5 on page 20 of this report.

NEXT YEAR'S RATES

The Walker Building is leased to International Paper for 2022 with a 1.5% increase in the lease rate for 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Austin Port Authority'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, Austin Port Authority, 500 4th Avenue NE, Austin, Minnesota, 55912.

BASIC FINANCIAL STATEMENTS

**AUSTIN PORT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,904,750	\$ 2,951,254
Taxes Receivable	1,405	1,721
Accounts Receivable	10	-
Due From Other Governments	591	576
Interest Receivable	351	397
Notes Receivable, Current Portion	36,886	35,548
Total Current Assets	\$ 2,943,993	\$ 2,989,496
NONCURRENT ASSETS		
Land Held for Resale	\$ 840,265	\$ 917,286
Notes Receivable	334,850	262,548
Total Noncurrent Assets	\$ 1,175,115	\$ 1,179,834
CAPITAL ASSETS		
Buildings	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Building	553,784	538,739
Machinery and Equipment	2,108,645	2,108,645
Total	\$ 26,116,896	\$ 26,101,851
Less: Accumulated Depreciation	(4,658,025)	(3,927,661)
Net Capital Assets	\$ 21,458,871	\$ 22,174,190
Total Assets	\$ 25,577,979	\$ 26,343,520

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020**

LIABILITIES AND NET POSITION	<u>2021</u>	<u>2020</u>
LIABILITIES		
CURRENT LIABILITIES		
Vouchers Payable	\$ 75,629	\$ 20
Total Current Liabilities	<u>\$ 75,629</u>	<u>\$ 20</u>
NONCURRENT LIABILITIES		
Advances from Primary Government	\$ 612,733	\$ 671,180
Due to Other Governments	30,000	35,000
Total Noncurrent Liabilities	<u>\$ 642,733</u>	<u>\$ 706,180</u>
Total Liabilities	<u>\$ 718,362</u>	<u>\$ 706,200</u>
NET POSITION		
Net Position:		
Investment in Capital Assets	\$ 21,458,871	\$ 22,174,191
Restricted for Downtown Revitalization	110,777	238,411
Unrestricted	3,289,969	3,224,718
Total Net Position	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>
Total Liabilities and Net Position	<u><u>\$ 25,577,979</u></u>	<u><u>\$ 26,343,520</u></u>

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Lease Revenues	\$ 96,321	\$ 93,030
OPERATING EXPENSES		
Administrative and General	\$ 227,007	\$ 131,077
Depreciation	730,364	800,779
Total Operating Expenses	<u>\$ 957,371</u>	<u>\$ 931,856</u>
OPERATING LOSS	<u>\$ (861,050)</u>	<u>\$ (838,826)</u>
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	\$ 50,595	\$ 50,887
Intergovernmental Revenues	2	2
Investment Earnings	(7,436)	48,922
Interest Earnings on Loans	4,465	5,011
Contributions	710,000	-
Gain (Loss) on Sale of Land Held for Resale	(737,726)	(187,861)
Building and Land Donated to HRA	-	(118,200)
Miscellaneous Revenues	70,000	72,937
Interest Expense and Fiscal Agent Fees	(6,553)	(7,134)
Total Nonoperating Revenues (Expenses)	<u>\$ 83,347</u>	<u>\$ (135,436)</u>
CHANGE IN NET POSITION	\$ (777,703)	\$ (974,262)
NET POSITION - BEGINNING	<u>25,637,320</u>	<u>26,611,582</u>
NET POSITION - ENDING	<u>\$ 24,859,617</u>	<u>\$ 25,637,320</u>

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 96,612	\$ 89,585
Cash Paid to Suppliers for Goods and Services	(150,173)	(132,638)
Cash Paid to Employees	(1,225)	(700)
Net Cash Used by Operating Activities	\$ (54,786)	\$ (43,753)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest Paid on Bonds and Notes	\$ (6,553)	\$ (7,134)
Advances from Primary Government	6,553	7,134
Property Taxes Received	50,595	50,887
Cash Received from Miscellaneous Sources	70,002	72,939
Purchase of Land Held for Resale	(650,715)	-
Sale of Land Held for Resale	50,010	100
Contributions from Primary Government	650,000	-
Repayment of Advances from Primary Government	(65,000)	(65,000)
Repayment of Advances from Other Government	(5,000)	(5,000)
Net Cash Provided by Noncapital Financing Activities	\$ 99,892	\$ 53,926
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Asset Acquisitions	\$ (15,045)	\$ -
Net Cash Used by Capital and Related Financing Activities	\$ (15,045)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	\$ (2,925)	\$ 53,977
Payments from Issuance of Notes Receivable	(105,433)	(46,261)
Principal Received on Note Receivable	31,793	38,063
Net Cash Provided (Used) by Investing Activities	\$ (76,565)	\$ 45,779
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ (46,504)	\$ 55,952
Cash and Cash Equivalents - Beginning	2,951,254	2,895,302
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,904,750	\$ 2,951,254
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (861,050)	\$ (838,826)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	730,364	800,779
(Increase) Decrease in:		
Taxes Receivable	316	(354)
Accounts Receivable	(10)	-
Due From Other Governments	(15)	(154)
Increase (Decrease) in:		
Vouchers Payable	75,609	(5,198)
Net Cash Provided by Operating Activities	\$ (54,786)	\$ (43,753)
NONCASH TRANSACTIONS		
Capital Contribution of Land Held for Resale	\$ 60,000	\$ -
Building and Land Donated to HRA	-	(118,200)
Noncash Investing, Capital, and Financing Activities	\$ 60,000	\$ (118,200)

See accompanying Notes to Financial Statements.

(This page intentionally left blank)

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Austin Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Austin Port Authority (the Authority) is a component unit of the City of Austin, Minnesota and is thus exempt from federal and state income tax. The purpose of the Authority is to carry out economic development and redevelopment within the City in accordance with such general policies as may from time to time be established by the Council and Mayor. The Authority is governed by a Board of Commissioners which consists of seven voting members, including the President, who is appointed by the Commissioners. Board members are comprised of five citizens and two council members appointed to six-year terms. In the event that a council member serving on the Authority board does not seek re-election or is not re-elected at the end of his or her council term, a new council member is appointed to serve out the term on the Authority board.

For financial reporting purposes, the Authority has included all funds. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete and has determined there are none. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. The Authority has no component units that meet the GASB criteria. The Authority is considered a part of the reporting entity of the City of Austin, Minnesota, and is included in the City's financial statements as a discretely presented component unit. The Authority has only one enterprise fund but maintains separate accounts within the Enterprise Fund for Oak Park Mall and Property Management activities.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned. Expenses are recorded when the related liability is incurred.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

The principal operating revenues are rental and lease income, while the principal operating expenses are for the operations of the facilities that are being leased. All revenues and expenses not meeting this definition are reported as other revenues and expenses.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the investment pool of the City of Austin, Minnesota.

E. Land Held for Resale

Land held for resale represents 154.8 acres of land located in the Cook Farm site in the northwest area of Austin, 13.55 acres located on I-90 at the 11th Drive NE exit, 1.05 acres located along 18th Avenue NE (behind former Hy-Vee grocery store), and 25 acres on 14th Street NE. The land is available for purchase for commercial development. Land held for resale is valued at the lower of cost or net realizable value.

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Authority defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life of two years or more. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives vary from 10-60 years.

G. Advances to/from Primary Government

Transactions between the primary government (City of Austin) and the Authority that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from primary government."

H. Net Position

Net Position represents the difference between assets and liabilities in the basic financial statements. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the basic financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. It is the Authority's policy to apply restricted resources and then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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, penalties and interest are assessed.

NOTE 2 CASH AND INVESTMENTS

The City of Austin maintains a cash and investment pool that is available for use by the Authority. The Authority deposits all cash within the City of Austin's investment pool. Earnings from such investments are allocated to the Authority and respective City funds on the basis of applicable balance participation by each fund. The City's investment pool does not specifically identify the Authority's investments. Additional information about the investment pool can be found in the City of Austin's Comprehensive Annual Financial Report (CAFR).

NOTE 3 NOTES RECEIVABLE

Development Corporation of Austin

On October 23, 2007, the Authority issued a note receivable (Loan #1) in the amount of \$250,000 to the Development Corporation of Austin (DCA) to assist with the construction of a warehouse building in the Cook Farm. The note is at the stated rate of 4.00% with monthly payments of \$1,534 until January 1, 2028 at which time the entire unpaid principal and interest balance is payable. The note is secured by a mortgage from the purchaser.

Grove Street, LLC #3

On December 3, 2009, the Authority issued a note receivable in the amount of \$150,000 to Grove Street, LLC to assist in the interior renovation and elevator installation of a downtown building. The note was issued at 0% with increased annual payments beginning March 4, 2017, and every anniversary date thereafter. The note is secured by a mortgage from the purchaser.

Downtown Revitalization Loans

Salon Azteca

On April 26, 2014, the Authority issued a note receivable in the amount of \$21,400 to Juan Maldonado, Fabiola Vazquez, Cira Maldonado, and Alfredo Hernandez to assist in the exterior renovation of their building. The note is secured by the building. The note is at 0%, and \$4,280 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 Juan Maldonado, Fabiola Vazquez, Cira Maldonado, and Alfredo Hernandez.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Downtown Revitalization Loans (Continued)

HPW, LLC (401 Main Street North)

On May 18, 2021, the Port Authority issued a note receivable in the amount of \$62,850 to HPW, LLC to install a sprinkler system in a downtown building. The note is secured by the building. The note is at 0%, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years.

HPW, LLC (117/119 2nd Avenue NE)

On October 14, 2020, the Port Authority issued a note receivable in the amount of \$185,000 to HPW, LLC to assist in the interior renovation of a downtown building. The note is secured by the building. The note is at 0%, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years. Only \$88,844 of the loan has been accessed as of December 31, 2021.

Additionally, the Port Authority has authorized a \$60,000 loan at 0% interest to install a sprinkler system in the buildings. The note is at 0%, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years. The loan has not been accessed as of December 31, 2021.

The annual payments, including principal and interest, are as follows for the Downtown Revitalization project loans:

<u>Year Ending December 31,</u>	Salon Azteca	HPW, LLC Sprinkler Loan	HPW, LLC	Downtown Revitalization Loans
2022	\$ 4,280	\$ 3,143	\$ -	\$ 7,423
2023	4,280	3,143	4,442	11,865
2024	1,797	3,143	4,442	9,382
2025	-	3,143	4,442	7,585
2026	-	3,143	4,442	7,585
2027-2028	-	46,611	71,076	117,687
Total Note Principal	\$ 10,357	\$ 62,326	\$ 88,844	\$ 161,527
Less: Current Portion	(4,280)	(3,143)	-	(7,423)
Long-Term Portion	<u>\$ 6,077</u>	<u>\$ 59,183</u>	<u>\$ 88,844</u>	<u>\$ 154,104</u>

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

The annual payments, including principal and interest are as follows for all notes receivable:

<u>Year Ending December 31,</u>	DCA Loan #1	Grove Street LLC #3	Downtown Revitalization Loans	Total
2022	\$ 18,408	\$ 15,000	\$ 7,423	\$ 40,831
2023	18,408	18,000	11,865	48,273
2024	18,408	21,000	9,382	48,790
2025	18,408	24,000	7,585	49,993
2026	18,408	27,000	7,585	52,993
2027-2028	27,535	-	117,687	145,222
Total Payments	119,575	105,000	161,527	386,102
Less: Interest	14,366	-	-	14,366
Total Note Principal	\$ 105,209	\$ 105,000	\$ 161,527	\$ 371,736
Less: Current Portion	(14,463)	(15,000)	(7,423)	(36,886)
Long-Term Portion	\$ 90,746	\$ 90,000	\$ 154,104	\$ 334,850

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2021 and 2020:

	12/31/20	Additions	Deletions	12/31/21
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements Other Than Building	538,739	15,045	-	553,784
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,101,851	15,045	-	26,116,896
Less: Accumulated Depreciation	3,927,661	730,364	-	4,658,025
Total Capital Assets, Being Depreciated	22,174,190	(715,319)	-	21,458,871
Total Capital Assets, Net of Accumulated Depreciation	\$ 22,174,190	\$ (715,319)	\$ -	\$ 21,458,871
	12/31/19	Additions	Deletions	12/31/20
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements Other Than Building	538,739	-	-	538,739
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,101,851	-	-	26,101,851
Less: Accumulated Depreciation	3,126,882	800,779	-	3,927,661
Total Capital Assets, Being Depreciated	22,974,969	(800,779)	-	22,174,190
Total Capital Assets, Net of Accumulated Depreciation	\$ 22,974,969	\$ (800,779)	\$ -	\$ 22,174,190

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 5 LONG-TERM DEBT

Changes in long-term liabilities are as follows for the years ended December 31, 2021 and 2020:

	12/31/20	Increases	Decreases	12/31/21	Due Within One Year
Advances with City of Austin	\$ 671,180	\$ 6,553	\$ 65,000	\$ 612,733	\$ -
Long-Term Liabilities	<u>\$ 671,180</u>	<u>\$ 6,553</u>	<u>\$ 65,000</u>	<u>\$ 612,733</u>	<u>\$ -</u>
	12/31/19	Increases	Decreases	12/31/20	Due Within One Year
Advances with City of Austin	\$ 729,046	\$ 7,134	\$ 65,000	\$ 671,180	\$ -
Long-Term Liabilities	<u>\$ 729,046</u>	<u>\$ 7,134</u>	<u>\$ 65,000</u>	<u>\$ 671,180</u>	<u>\$ -</u>

Advances

The Port Authority received advances from the primary government for a portion of the estimated demolition costs related to the purchase of the Oak Park Mall. This arrangement is at 1% interest.

NOTE 6 OPERATING LEASE

Walker Building

The Authority leases space in an industrial building to International Paper. The Authority receives \$8,027 per month, or \$96,321 annually, for the building under the terms of a lease agreement that is in effect through December 31, 2022. Under the terms of the existing three-year lease agreement, International Paper will pay annual rent with a 1.5% increase in the lease rate for 2022.

The annual future minimum rentals on the operating lease are as follows:

<u>Year Ending December 31,</u>	Walker Building
2022	<u>\$ 97,766</u>
Total Future Minimum Rentals	<u>\$ 97,766</u>

NOTE 7 RESTRICTED NET POSITION

There is restricted net position in the Property Management for downtown revitalization, as stipulated by the primary government. The balances of the restricted net position are \$110,777 and \$238,411 at December 31, 2021 and 2020, respectively.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 8 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has joined together with the City of Austin's insurance plan. The Authority pays an annual premium to this plan for its liability coverage. There has been no significant reduction in insurance coverage from the previous year in any of the Authority's policies. In addition, there have been no settlements in excess of the Authority's insurance coverage in any of the prior three years.

NOTE 9 COMMITMENTS AND CONTINGENT LIABILITIES

The Port Authority has also approved an easement purchase of \$142,500 of exterior renovations to the building. Renovations of \$42,080 have been made as of December 31, 2021.

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

**AUSTIN PORT AUTHORITY
COMBINING SCHEDULES OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	Oak Park Mall		Property Management	
	2021	2020	2021	2020
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 953,379	\$ 950,798	\$ 1,951,371	\$ 2,000,456
Taxes Receivable	-	-	1,405	1,721
Accounts Receivable	-	-	10	-
Due From Other Governments	-	-	591	576
Interest Receivable	-	-	351	397
Notes Receivable, Current Portion	-	-	36,886	35,548
Total Current Assets	<u>\$ 953,379</u>	<u>\$ 950,798</u>	<u>\$ 1,990,614</u>	<u>\$ 2,038,698</u>
NONCURRENT ASSETS				
Land Held for Resale	\$ 23,656	\$ 23,656	\$ 816,609	\$ 893,630
Notes Receivable	-	-	334,850	262,548
Total Noncurrent Assets	<u>\$ 23,656</u>	<u>\$ 23,656</u>	<u>\$ 1,151,459</u>	<u>\$ 1,156,178</u>
CAPITAL ASSETS				
Buildings	\$ -	\$ -	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Building	-	-	553,784	538,739
Machinery and Equipment	-	-	2,108,645	2,108,645
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,116,896</u>	<u>\$ 26,101,851</u>
Less: Accumulated Depreciation	-	-	(4,658,025)	(3,927,661)
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,458,871</u>	<u>\$ 22,174,190</u>
Total Assets	<u>\$ 977,035</u>	<u>\$ 974,454</u>	<u>\$ 24,600,944</u>	<u>\$ 25,369,066</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current				
Vouchers Payable	\$ 5,000	\$ -	\$ 70,629	\$ 20
Total Current Liabilities	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 70,629</u>	<u>\$ 20</u>
NONCURRENT LIABILITIES				
Advances from Primary Government	\$ 612,733	\$ 671,180	\$ -	\$ -
Due to Other Governments	30,000	35,000	-	-
Total Noncurrent Liabilities	<u>\$ 642,733</u>	<u>\$ 706,180</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 647,733</u>	<u>\$ 706,180</u>	<u>\$ 70,629</u>	<u>\$ 20</u>
NET POSITION				
Investment in Capital Assets	\$ -	\$ -	\$ 21,458,871	\$ 22,174,191
Restricted	-	-	110,777	238,411
Unrestricted	329,302	268,274	2,960,667	2,956,444
Total Net Position	<u>\$ 329,302</u>	<u>\$ 268,274</u>	<u>\$ 24,530,315</u>	<u>\$ 25,369,046</u>
Total Liabilities and Net Position	<u>\$ 977,035</u>	<u>\$ 974,454</u>	<u>\$ 24,600,944</u>	<u>\$ 25,369,066</u>

**AUSTIN PORT AUTHORITY
COMBINING SCHEDULES OF NET POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020**

Total	
2021	2020
\$ 2,904,750	\$ 2,951,254
1,405	1,721
10	-
591	576
351	397
36,886	35,548
\$ 2,943,993	\$ 2,989,496
\$ 840,265	\$ 917,286
334,850	262,548
\$ 1,175,115	\$ 1,179,834
\$ 23,454,467	\$ 23,454,467
553,784	538,739
2,108,645	2,108,645
\$ 26,116,896	\$ 26,101,851
(4,658,025)	(3,927,661)
\$ 21,458,871	\$ 22,174,190
\$ 25,577,979	\$ 26,343,520
\$ 75,629	\$ 20
\$ 75,629	\$ 20
\$ 612,733	\$ 671,180
30,000	35,000
\$ 642,733	\$ 706,180
\$ 718,362	\$ 706,200
\$ 21,458,871	\$ 22,174,191
110,777	238,411
3,289,969	3,224,718
\$ 24,859,617	\$ 25,637,320
\$ 25,577,979	\$ 26,343,520

**AUSTIN PORT AUTHORITY
COMBINING SCHEDULES OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Oak Park Mall		Property Management	
	2021	2020	2021	2020
OPERATING REVENUES				
Lease Revenues	\$ -	\$ -	\$ 96,321	\$ 93,030
OPERATING EXPENSES				
Administrative and General	\$ -	\$ -	\$ 227,007	\$ 131,077
Depreciation	-	-	730,364	800,779
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 957,371</u>	<u>\$ 931,856</u>
OPERATING LOSS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (861,050)</u>	<u>\$ (838,826)</u>
NONOPERATING REVENUES (EXPENSES)				
Property Taxes	\$ -	\$ -	\$ 50,595	\$ 50,887
Intergovernmental Revenues	-	-	2	2
Investment Earnings	(2,419)	15,637	(5,017)	33,285
Interest Earnings on Loans	-	-	4,465	5,011
Contributions	-	-	710,000	-
Gain (Loss) on Sale of Land				
Held for Resale	-	-	(737,726)	(187,861)
Building and Land Donated to HRA	-	-	-	(118,200)
Miscellaneous Revenues	70,000	70,000	-	2,937
Interest Expense and Fiscal Agent Fees	(6,553)	(7,134)	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ 61,028</u>	<u>\$ 78,503</u>	<u>\$ 22,319</u>	<u>\$ (213,939)</u>
CHANGE IN NET POSITION	<u>\$ 61,028</u>	<u>\$ 78,503</u>	<u>\$ (838,731)</u>	<u>\$ (1,052,765)</u>
Net Position - Beginning of Year	<u>268,274</u>	<u>189,771</u>	<u>25,369,046</u>	<u>26,421,811</u>
NET POSITION - END OF YEAR	<u><u>\$ 329,302</u></u>	<u><u>\$ 268,274</u></u>	<u><u>\$ 24,530,315</u></u>	<u><u>\$ 25,369,046</u></u>

**AUSTIN PORT AUTHORITY
 COMBINING SCHEDULES OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION (CONTINUED)
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

Total	
2021	2020
\$ 96,321	\$ 93,030
\$ 227,007	\$ 131,077
730,364	800,779
\$ 957,371	\$ 931,856
\$ (861,050)	\$ (838,826)
\$ 50,595	\$ 50,887
2	2
(7,436)	48,922
4,465	5,011
710,000	-
(737,726)	(187,861)
-	(118,200)
70,000	72,937
(6,553)	(7,134)
\$ 83,347	\$ (135,436)
\$ (777,703)	\$ (974,262)
25,637,320	26,611,582
\$ 24,859,617	\$ 25,637,320

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT
COMBINING SCHEDULES OF NET POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS	General		Walker Building	
	2021	2020	2021	2020
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,362,763	\$ 1,474,473	\$ 588,608	\$ 525,983
Taxes Receivable	1,405	1,721	-	-
Accounts Receivable	10	-	-	-
Due From Other Governments	591	576	-	-
Interest Receivable	351	397	-	-
Notes Receivable, Current Portion	36,886	35,548	-	-
Total Current Assets	\$ 1,402,006	\$ 1,512,715	\$ 588,608	\$ 525,983
NONCURRENT ASSETS				
Land Held for Resale	\$ 816,609	\$ 893,630	\$ -	\$ -
Notes Receivable	334,850	262,548	-	-
Total Noncurrent Assets	\$ 1,151,459	\$ 1,156,178	\$ -	\$ -
CAPITAL ASSETS				
Buildings	\$ 23,201,871	\$ 23,201,871	\$ 252,596	\$ 252,596
Improvements Other Than Building	517,099	517,098	36,685	21,641
Machinery and Equipment	2,108,645	2,108,645	-	-
Total	\$ 25,827,615	\$ 25,827,614	\$ 289,281	\$ 274,237
Less: Accumulated Depreciation	(4,469,155)	(3,745,108)	(188,870)	(182,553)
Net Capital Assets	\$ 21,358,460	\$ 22,082,506	\$ 100,411	\$ 91,684
Total Assets	\$ 23,911,925	\$ 24,751,399	\$ 689,019	\$ 617,667
LIABILITIES AND NET POSITION				
LIABILITIES				
Current				
Vouchers Payable	\$ 69,670	\$ 6	\$ 959	\$ 14
Total Current Liabilities	\$ 69,670	\$ 6	\$ 959	\$ 14
NET POSITION				
Investment in Capital Assets	\$ 21,358,460	\$ 22,082,507	\$ 100,411	\$ 91,684
Restricted	110,777	238,411	-	-
Unrestricted	2,373,018	2,430,475	587,649	525,969
Total Net Position	\$ 23,842,255	\$ 24,751,393	\$ 688,060	\$ 617,653
Total Liabilities and Net Position	\$ 23,911,925	\$ 24,751,399	\$ 689,019	\$ 617,667

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT
COMBINING SCHEDULES OF NET POSITION (CONTINUED)
DECEMBER 31, 2021 AND 2020**

Total	
2021	2020
\$ 1,951,371	\$ 2,000,456
1,405	1,721
10	-
591	576
351	397
36,886	35,548
\$ 1,990,614	\$ 2,038,698
\$ 816,609	\$ 893,630
334,850	262,548
\$ 1,151,459	\$ 1,156,178
\$ 23,454,467	\$ 23,454,467
553,784	538,739
2,108,645	2,108,645
\$ 26,116,896	\$ 26,101,851
(4,658,025)	(3,927,661)
\$ 21,458,871	\$ 22,174,190
\$ 24,600,944	\$ 25,369,066
\$ 70,629	\$ 20
\$ 70,629	\$ 20
\$ 21,458,871	\$ 22,174,191
110,777	238,411
2,960,667	2,956,444
\$ 24,530,315	\$ 25,369,046
\$ 24,600,944	\$ 25,369,066

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT
GENERAL
SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES	\$ -	\$ -
OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL		
Board Member Compensation	\$ 1,225	\$ 700
Professional Services and Consulting	6,694	9,588
Legal and Appraisals	1,156	6,039
Insurance	2,280	2,280
Improvements Other Than Buildings	196,229	82,711
Miscellaneous	1,130	118
Total Administrative and General	<u>\$ 208,714</u>	<u>\$ 101,436</u>
Depreciation	<u>724,047</u>	<u>794,135</u>
Total Operating Expenses	<u>\$ 932,761</u>	<u>\$ 895,571</u>
OPERATING LOSS	<u>\$ (932,761)</u>	<u>\$ (895,571)</u>
NONOPERATING REVENUES (EXPENSES)		
Property Taxes	\$ 50,595	\$ 50,887
Intergovernmental Revenues	2	2
Interest Earnings	(3,713)	25,630
Interest Earnings on Loans	4,465	5,011
Loss on Sale of Land Held for Resale	(737,726)	(187,861)
Building and Land Donated to HRA	-	(118,200)
Miscellaneous Revenue	-	2,937
Total Nonoperating Revenues (Expenses)	<u>\$ (686,377)</u>	<u>\$ (221,594)</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	\$ (1,619,138)	\$ (1,117,165)
Capital Contributions	<u>710,000</u>	<u>-</u>
CHANGE IN NET POSITION	\$ (909,138)	\$ (1,117,165)
Net Position - Beginning of Year	<u>24,751,393</u>	<u>25,868,558</u>
NET POSITION - END OF YEAR	<u>\$ 23,842,255</u>	<u>\$ 24,751,393</u>

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT
WALKER BUILDING
SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Lease Revenues	\$ 96,321	\$ 93,030
OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL		
Maintenance and Repair of Building	\$ 7,097	\$ 17,800
Legal and Appraisals	-	87
Insurance	732	732
Property Taxes	10,464	11,022
Total Administrative and General Expenses	<u>\$ 18,293</u>	<u>\$ 29,641</u>
Depreciation	<u>6,317</u>	<u>6,644</u>
Total Operating Expenses	<u>\$ 24,610</u>	<u>\$ 36,285</u>
OPERATING INCOME	<u>\$ 71,711</u>	<u>\$ 56,745</u>
NONOPERATING REVENUES		
Interest Earnings	\$ (1,304)	\$ 7,655
Total Nonoperating Revenues	<u>\$ (1,304)</u>	<u>\$ 7,655</u>
CHANGE IN NET POSITION	\$ 70,407	\$ 64,400
Net Position - Beginning of Year	<u>617,653</u>	<u>553,253</u>
NET POSITION - END OF YEAR	<u><u>\$ 688,060</u></u>	<u><u>\$ 617,653</u></u>

(This page intentionally left blank)

OTHER REQUIRED REPORTS

(This page intentionally left blank)



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
The Port Authority of the City of Austin
City of Austin, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated May 6, 2022.

Report on Internal Control Over Financial Reporting

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

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

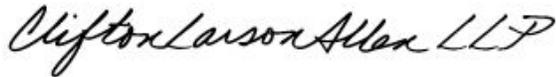
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Austin, Minnesota
May 6, 2022



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
The Port Authority of the City of Austin
City of Austin, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, the financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, State of Minnesota, as of and for the year ended December 31, 2021 and the related notes to the financial statements and have issued our report thereon dated May 6, 2022.

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Austin, Minnesota
May 6, 2022