

City of Austin, Minnesota

Annual Comprehensive Financial Report



**For the Year Ended
December 31, 2022**



City of Austin, Minnesota

Annual Comprehensive Financial Report

For the Year Ended December 31, 2022

Prepared by:

Finance Department

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Introductory Section

City of Austin
500 Fourth Avenue N.E.
Austin, Minnesota 55912-3773



Phone: 507-437-9940

www.ci.austin.mn.us

May 1, 2023

Honorable Mayor, Members of the City Council, and Citizens of the City of Austin:

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, 2022.

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, 2022. 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 auditors' 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 26,174. 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 has a significant economic presence, employing in total more than 850 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 3,255 people in the local area. Additionally, Quality Pork Processors employs another 1,225 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 has sunk from an initial high of 4.0 percent (2020) to a decade low of 2.4 percent (2017/2021). 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, 2022 was 2.8 percent compared to 3.3 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 2023.

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 \$55,320, matching the county's median family income, while the state's was \$66,280. The City's population increased in the last finalized census to 26,174 as of December 31, 2022, in part because of continued employment opportunities and Austin's growing economy. 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 2022, the median value of a single-family home in the vicinity of the City of Austin was \$152,000.

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.

Commercial development continues to improve within the city. During 2022 a private developer began the construction of developing a 91-unit market rate apartment complex. Additionally, construction is near completed in downtown Austin on a new public television studio and an expansion of The Parenting Resource Center, a facility that provides resources, services, and prevention education to promote healthy, safe lifestyles for families within communities.

Residential construction continues to show improvement, as local government agencies approved an extension of a housing abatement program in 2022 that has spurred additional housing growth within

the community and surrounding areas in the last year. This abatement program allows the taxes to be rebated back to the owner of any new house or apartment building constructed within the city.

The local option sales tax collections continue to remain strong, despite the Covid-19 restrictions. The final results of the local option sales tax for 2022 include a 1.7% increase in collections from 2021, and has now exceeded \$22 million in revenue since inception. The City is gearing up for a major berm project in the near future at the wastewater treatment plant, along with a property acquisition or two. To date, local option sales tax dollars have been pooled up on an annual basis and expenses are incurred as matching grants are received from federal and state agencies thereby eliminating the need for debt issuances.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Assigned and unassigned fund balance in the general fund decreased from 60 percent to 57 percent of total general fund expenditures and is still 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 2022 and current budget projections for the State of Minnesota show large surpluses, therefore alleviating pressure by the legislature to reduce the state aid that Austin receives. Reductions in fund balance are expected to continue as support for affordable housing and other community initiatives, coupled with unforeseen price increases and supply issues, will be balanced out with a one-time use of reserves.

The City of Austin also adopted an updated 5-Year Capital Improvement Plan covering the period of 2023 through 2027. Over \$190 million will be spent over the next five years on capital improvements within the City. Included in the planned improvements are nearly \$105 million for Wastewater Treatment Plant upgrades, \$11.5 million for flood mitigation projects, and over \$31 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.

Flood awareness continues to be a major concern of the citizens and business of Austin. Over \$22 million of local option sales tax collections have been made by the City of Austin, with nearly every dollar matched with local, state, and federal grants to eliminate flooding in Austin. The local option sales tax runs through early 2027, but can be eliminated by council action earlier if the flood projects are completed. The only major initiatives remaining for the use of the local option sales tax include a flood berm at our wastewater treatment plant and some continued scattered site acquisitions.

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. 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. Along with the 91-unit market rate apartment that is expected to come on line in early 2023, staff are working with developers on an affordable housing complex with 40 units that will also help redevelop a much-needed area of town.

The City, and other taxing authorities, have approved future tax abatements for Hormel Foods Corporation as they construct a daycare facility that will house 130 children in Austin. Daycare slots will be available for children of both Hormel Foods Corporation employees and the general public in an effort to help resolve shortages in the city. This facility will employ a professional management team, adding to the local employment base, and is expected to help local businesses recruit new employees.

Finally, the City is embarking on a nearly \$105 million wastewater treatment plant overhaul that started in late 2022. The major industrial user, will be contributing approximately half of the construction cost, with the remaining 50% being funded by the domestic users of the system. The City will be borrowing funds in 2023 to finance the domestic share of the improvements.

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 2022. The second, and final, tranche of American Rescue Plan Act (ARPA) funds amounting to just under \$1.4 million was received in 2022. Council will decide during 2023 a path for usage of the excess fund balance above our informal fund balance policy.

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 annual comprehensive financial report (ACFR) for the year ended December 31, 2021. This was the thirty-seventh 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 ACFR 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 ACFR 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,



Tom Dankert
Director of Administrative Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Austin
Minnesota**

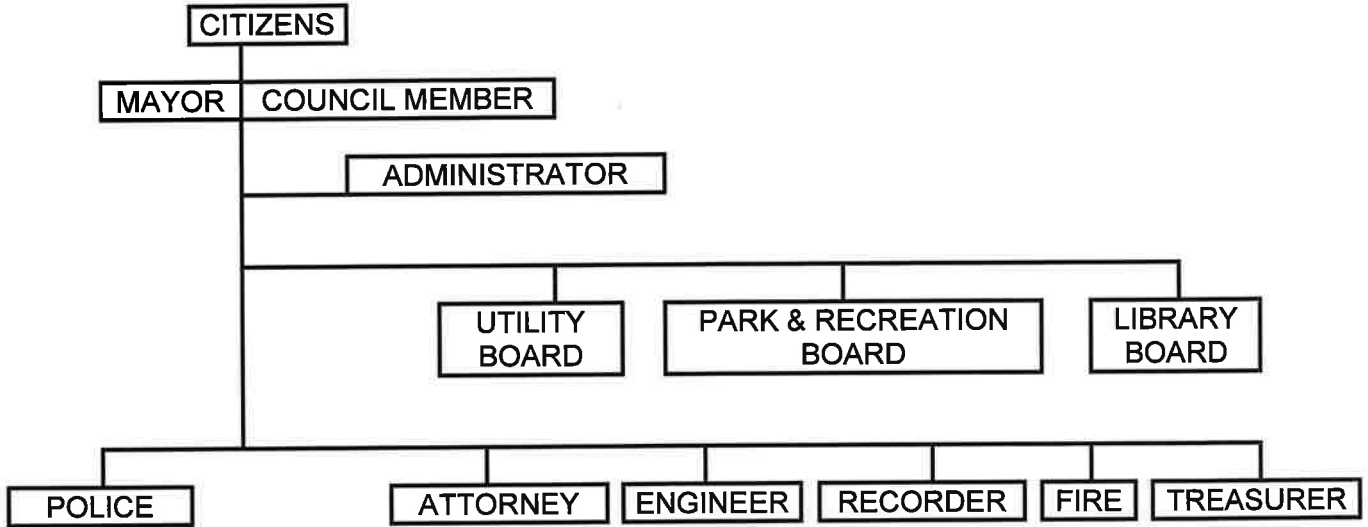
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

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
2022**

Elected Officials

Stephen M. King	Mayor
Jeff Austin	Council Member-at-Large
Rebecca Waller	Council Member First Ward
Geoff Baker	Council Member First Ward
Jason Baskin	Council Member Second Ward
Mike Postma	Council Member Second Ward
Paul Fischer	Council Member Third Ward
Joyce Poshusta	Council Member Third Ward

Other City Officials

Craig Clark	City Administrator
Tom Dankert	Director of Administrative Services
Craig Byram	City Attorney
Steven Lang	Public Works Director
Jim McCoy	Fire Chief
David McKichan	Police Chief
Julie Clinefelter	Library Director
David Merrill	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 Audit of the Financial Statements

Opinions

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, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.F.15 to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

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

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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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, the budgetary comparison information for the General Fund, 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 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules and debt service requirements to maturity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules and debt service requirements to maturity 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 introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
May 1, 2023

**City of Austin, Minnesota
Management's Discussion and Analysis
December 31, 2022**

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found 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 \$337,232,646 (*net position*). Of this amount \$44,920,805 (*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 \$12,359,738 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 \$28,486,633, an increase of \$2,413,330 in comparison with the prior year. Approximately 72% of this total amount, or \$20,414,503, 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 \$10,751,323, or 57.0% of total general fund expenditures.
- The City of Austin's total net bonded debt decreased by \$1,130,000 (6.8 percent) during the current period. No new debt was issued during 2022.

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.

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.

City of Austin, Minnesota
Management's Discussion and Analysis
December 31, 2022

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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, 2022

The City of Austin maintains eighteen 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 state aid street fund, all of which are considered to be major funds. Data from the other fifteen 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 schedule 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 types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City 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.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Austin's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40-41 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 44-98 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 general fund – budget and actual, OPEB liability plus progress in funding its Net Pension Liability. Required supplementary information can be found on pages 100-115 of this report.

**City of Austin, Minnesota
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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 120-166 of this report.

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 \$337,232,646 at the close of the most recent year.

By far the largest portion of the City of Austin's net position (83 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 \$44,920,805 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 49,635,501	\$ 47,122,280	\$ 53,804,768	\$ 48,334,730	\$ 103,440,269	\$ 95,457,010
Capital assets	176,399,748	171,360,371	121,917,858	118,598,498	298,317,606	289,958,869
Total assets	<u>226,035,249</u>	<u>218,482,651</u>	<u>175,722,626</u>	<u>166,933,228</u>	<u>401,757,875</u>	<u>385,415,879</u>
Deferred Outflows of Resources	12,533,931	7,488,157	6,146,849	6,140,169	18,680,780	13,628,326
Total assets and deferred outflows of resources	<u>238,569,180</u>	<u>225,970,808</u>	<u>181,869,475</u>	<u>173,073,397</u>	<u>420,438,655</u>	<u>399,044,205</u>
Long-term liabilities						
outstanding	22,753,826	8,208,644	44,495,505	38,597,041	67,249,331	46,805,685
Other liabilities	3,524,859	4,105,154	10,582,030	9,174,060	14,106,889	13,279,214
Total liabilities	<u>26,278,685</u>	<u>12,313,798</u>	<u>55,077,535</u>	<u>47,771,101</u>	<u>81,356,220</u>	<u>60,084,899</u>
Deferred Inflows of Resources	839,516	9,391,747	1,010,273	4,694,651	1,849,789	14,086,398
Net position:						
Net investment in capital assets	175,196,908	170,898,680	106,126,997	101,683,971	281,323,905	272,582,651
Restricted	10,987,936	8,837,718	-	-	10,987,936	8,837,718
Unrestricted	25,266,135	24,528,865	19,654,670	18,923,674	44,920,805	43,452,539
Total net position	<u>\$ 211,450,979</u>	<u>\$ 204,265,263</u>	<u>\$ 125,781,667</u>	<u>\$ 120,607,645</u>	<u>\$ 337,232,646</u>	<u>\$ 324,872,908</u>

**City of Austin, Minnesota
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The City of Austin's net position increased by \$12,359,738 during the current year. The increase in net investment in capital assets of \$8,741,254 (71% of the increase) is primarily a result of street projects completed during the year, and capitalized costs related to the expansion of our wastewater treatment plant. Restricted net position increased \$2,150,218 mainly due to the stockpiling of funding set aside through the local option sales tax for flood relief efforts as we plan for the next large project. The increase in unrestricted net position of \$1,468,266 largely reflects the degree to which revenues have outstripped similar expenses, and the receipt of \$1.4 million of ARPA funding related to Covid-19.

Governmental activities. During the current year, net position for governmental activities increased as a result of operations by \$7,185,716 from the prior year. The receipt of the \$1.4 million ARPA funding was used for police/fire personnel costs, which then freed up the tax levy for other future purposes. The City's revenue stream came in as primarily budgeted for the General Fund, as revenue was \$52,608 above budget (including the ARPA funding). Revenues and transfers in came within \$2,486 in total of the combined \$20,855,896 budget for 2022. Consistency among departments to not spend their entire budgets and continued staffing shortages are the other major reasons for the increase in net position. Total governmental revenues increased during 2022 from 2021, primarily from capital grants related to our wastewater treatment plant renovation and strong local option sales tax collections. Other factors affecting the increase in governmental net position are:

- Capital grants and contributions increased \$8,457,892 as a result of the early-stage renovation costs of the wastewater treatment plant.
- Other revenues plummeted \$3,182,416 as a result of marking our investments to fair value and having an unrealized loss on those investments at year-end.
- Public safety expenses increased \$1,723,417 (53% of the net expense increase) as staffing levels were back up to normal levels for most of the year. However, the Police Department continues to struggle finding qualified applicants to bring full-time sworn officer staffing back to the 34-member authorized level.
- Street and highway expenses increased \$458,362 (14% of the net expense increase) as street maintenance projects are slowly creeping back to pre-Covid-19 expenditure levels, coupled with the increased cost of supplies in a market rife with supply shortages.
- Culture and recreation expenses increased \$679,116 (21% of the net expense increase) primarily as a result of the facilities being open the entire year, as the effects from the Covid-19 shutdowns of prior years has largely dissipated.
- Community development expenses decreased \$1,006,747, primarily from the decreased funding at the site of the former Y.M.C.A building, that will be turned into a 91-unit market rate apartment complex. During 2021, a large amount of funding was dedicated towards this project in order to facilitate the transfer of the building to a private developer.

**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

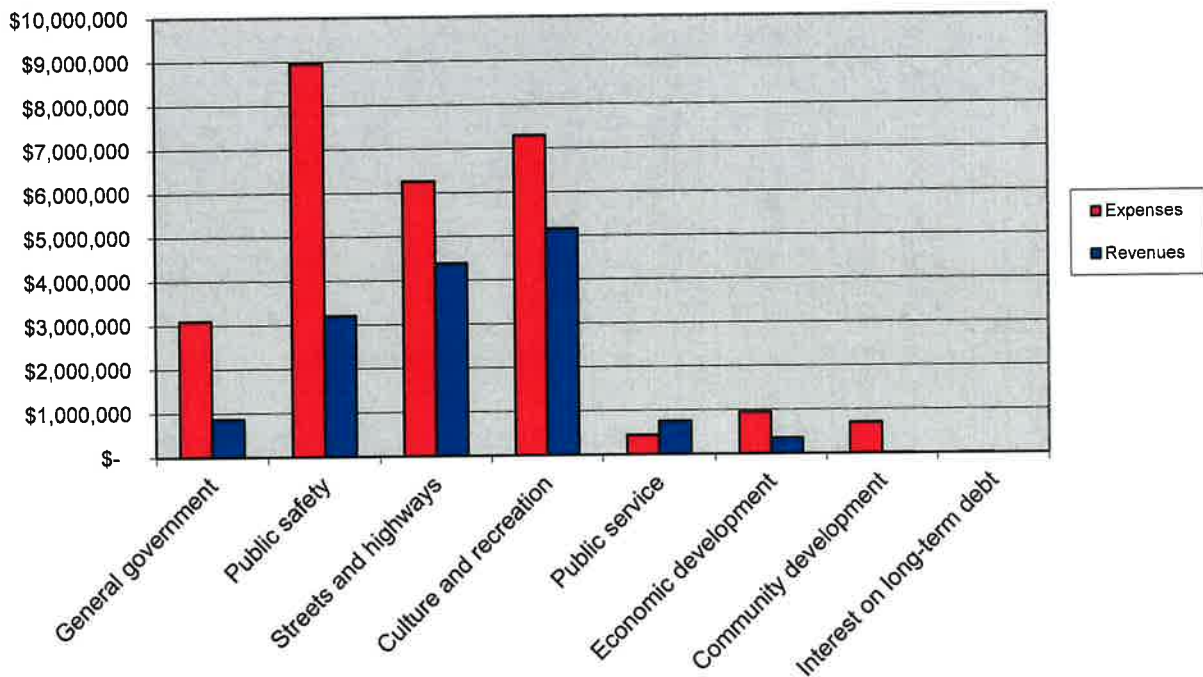
Condensed statement of activities highlights are as follows for the years ended December 31, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,572,911	\$ 2,545,394	\$ 74,188,679	\$ 72,251,096	\$ 76,761,590	\$ 74,796,490
Operating grants and contributions	3,401,844	2,926,182	-	54,684	3,401,844	2,980,866
Capital grants and contributions	8,729,582	4,484,216	5,790,219	1,577,693	14,519,801	6,061,909
General revenues:						
Property taxes	8,222,517	8,069,842	-	-	8,222,517	8,069,842
Other taxes	2,618,025	2,174,783	-	-	2,618,025	2,174,783
Grants and contributions not restricted to specific programs						
Other	8,763,647	8,671,106	-	-	8,763,647	8,671,106
	(1,084,047)	99,426	(2,286,870)	(287,927)	(3,370,917)	(188,501)
Total revenues	\$ 33,224,479	\$ 28,970,949	\$ 77,692,028	\$ 73,595,546	\$ 110,916,507	\$ 102,566,495
Expenses:						
General government	\$ 3,090,946	\$ 2,781,455	\$ -	\$ -	\$ 3,090,946	\$ 2,781,455
Public safety	8,970,208	7,246,791	-	-	8,970,208	7,246,791
Streets and highways	6,260,199	5,801,837	-	-	6,260,199	5,801,837
Culture and recreation	7,291,734	6,612,618	-	-	7,291,734	6,612,618
Public service	439,598	376,009	-	-	439,598	376,009
Economic development	948,051	509,743	-	-	948,051	509,743
Community development	703,230	1,709,977	-	-	703,230	1,709,977
Interest on long-term debt	8,121	9,300	-	-	8,121	9,300
Sewer	-	-	6,193,741	5,724,714	6,193,741	5,724,714
Waste transfer station	-	-	49,369	57,931	49,369	57,931
Storm water utility	-	-	413,216	448,724	413,216	448,724
Electric	-	-	34,240,215	33,102,114	34,240,215	33,102,114
Water	-	-	5,830,345	4,704,995	5,830,345	4,704,995
Gas	-	-	24,117,796	24,400,289	24,117,796	24,400,289
Total expenses	\$ 27,712,087	\$ 25,047,730	\$ 70,844,682	\$ 68,438,767	\$ 98,556,769	\$ 93,486,497
Increase in net position before transfers	\$ 5,512,392	\$ 3,923,219	\$ 6,847,346	\$ 5,156,779	\$ 12,359,738	\$ 9,079,998
Transfers	1,673,324	1,355,997	(1,673,324)	(1,355,997)	-	-
Increase in net position	\$ 7,185,716	\$ 5,279,216	\$ 5,174,022	\$ 3,800,782	\$ 12,359,738	\$ 9,079,998
Net position - beginning	204,265,263	196,129,081	120,607,645	116,806,863	324,872,908	312,935,944
Restatement	-	2,856,966	-	-	-	2,856,966
Net position - beginning, as restated	\$ 204,265,263	\$ 198,986,047	\$ 120,607,645	\$ 116,806,863	\$ 324,872,908	\$ 315,792,910
Net position - ending	\$ 211,450,979	\$ 204,265,263	\$ 125,781,667	\$ 120,607,645	\$ 337,232,646	\$ 324,872,908

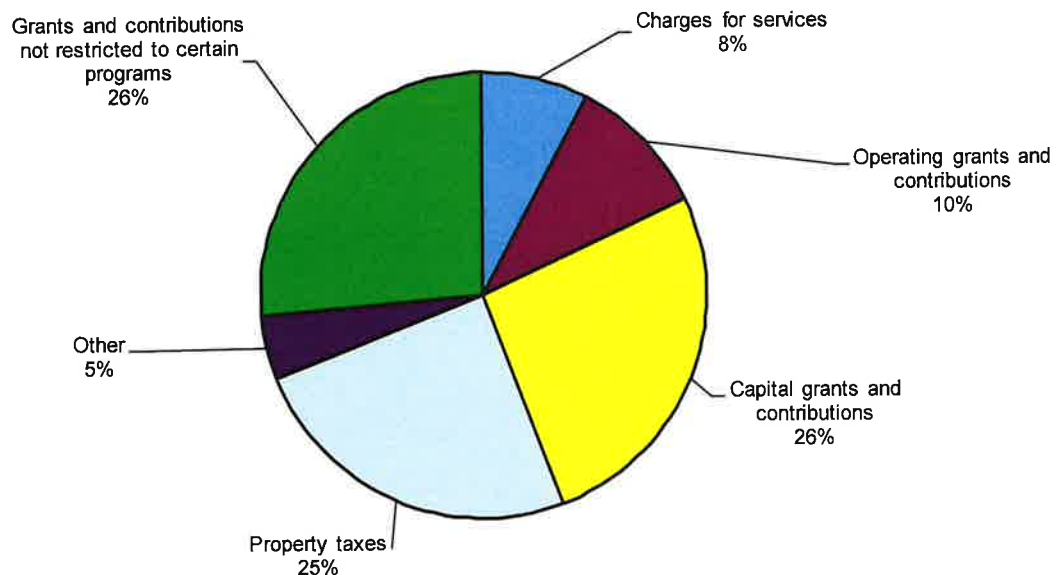
**City of Austin, Minnesota
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Below are specific graphs that provide comparisons of the government activities' direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state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

Expenses and Program Revenues – Governmental Activities



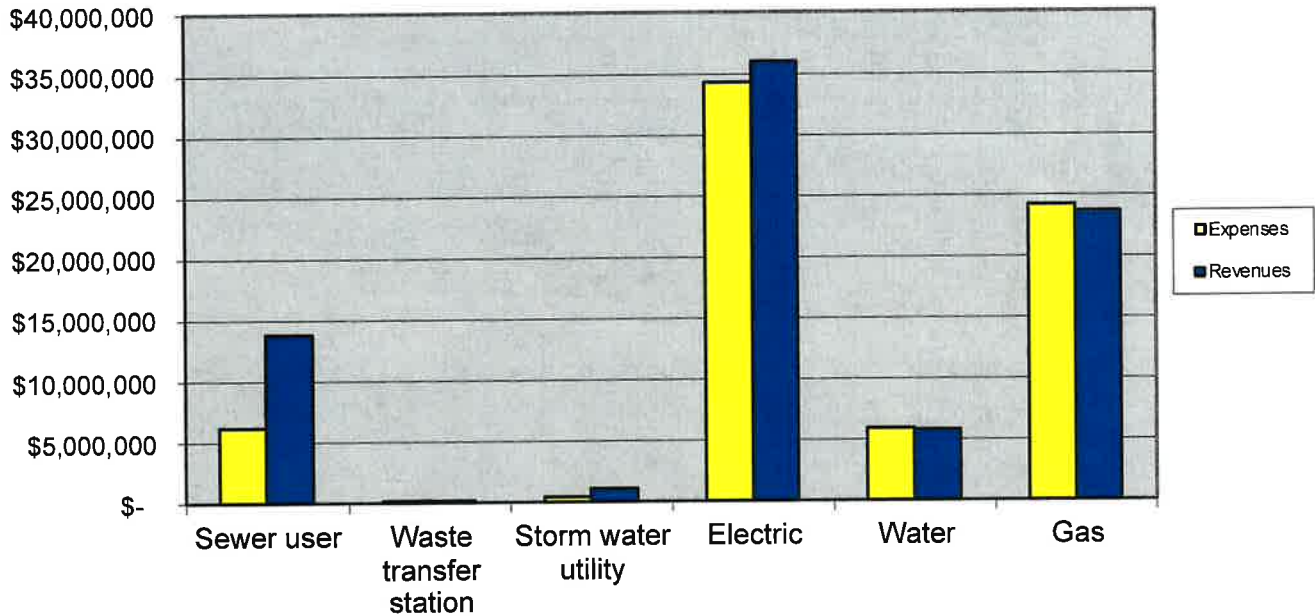
Revenues by Source – Governmental Activities



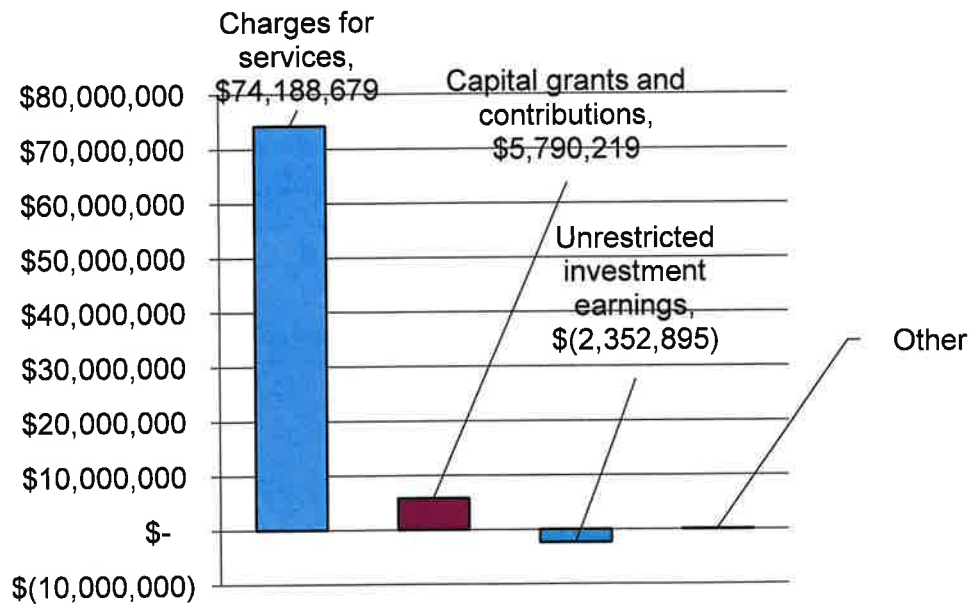
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Below are specific graphs that provide comparisons of the business-type activities' direct program revenues with their expenses. Excess revenues are retained within each fund until such time that capital replacement is needed.

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 to reach an ending balance of \$125,781,667. Key elements of this operational increase are as follows:

- Overall rate increases in the sewer department (7.0% rate increase), the gas department (positive purchased cost adjustments in 11 of the 12 months), a slight increase in the electric department, and the water department (2.0% rate increase) created higher revenue in charges for services for 2022.
- Water expenses increased by \$1,125,350 as there was an increase in costs associated with meter expense and maintenance of mains and services, in addition to large increases in employee pension and benefit costs.
- Electric expenses increased by \$1,138,101 as there was an increase in costs associated with meter expense and large increases in employee pension and benefit costs.
- Gas expenses decreased by \$282,493 primarily as a result of the decrease in the price of natural gas, as prices in 2022 were 17% lower than in 2021 due to an abundance of natural gas supplies.

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 \$28,486,633, an increase of \$2,413,330. Approximately 38% of this total amount, or \$10,701,116, 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 \$10,751,323, while the total fund balance decreased to \$10,941,809. 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 57.0 percent of total general fund expenditures, while total fund balance represents 58.0 percent of that same amount.

The fund balance of the City of Austin's general fund decreased by \$241,527 during the current year. During 2022, departments did not spend their full allotment of budget dollars, saving \$949,150 in the process. Included in this savings is over \$500,000 of capital and contingency that was not used, plus some savings due to staffing shortages. The City also collected more revenue than originally budgeted during 2022 resulting in a \$52,608 increase. Included in this increase, was a \$1,378,759 of federal

**City of Austin, Minnesota
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American Rescue Plan Act aid to help offset costs related to the pandemic. Transfers in came in \$55,094 under budget additionally. The combination of the budget expenditure savings, revenue windfall, and transfers in resulted in the planned net decrease in the fund balance of the general fund.

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 \$5,430,659 exists for the city's share of future flood projects. The fund balance increased \$1,473,024 as the city banked revenue for a future large flood project.

The state aid street fund has a total fund balance of \$2,135,947, all of which is assigned for capital street projects on specific roads that qualify for this funding. The increase in fund balance during the current year was \$33,600 and was the result of assessment collections and additional state aid street revenue.

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 \$13,645,581 (sewer user) and \$4,632,856 (utility fund). The sewer user fund had an increase in net position, while the utility fund had a decrease in their net position. The sewer user fund realized an increase of \$7,102,019 mainly due to capital contributions and an overall rate increase of 7% that is needed to help cover future expansion costs. The utility fund's decrease in net position of \$2,424,124 was a direct result of increased expenditures in the electric and water departments outpacing the revenues from customers.

The sewer and water utility rates were both increased during 2022, while electric utility rates were increased due to the PCA adjustment for August 2022. Gas rates were not increased during 2022, but there was a positive purchased cost adjustment in eleven of the twelve months for the year ended December 31, 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS:

Original budget compared to final budget. During the year there was \$470,700 of increases in appropriations between the original and final amended budget. Following is the component of the appropriation increase:

- \$405,700 supplemental appropriations for minor capital to be funded by fund balance.
- \$65,000 supplemental appropriations for grants and donations that were approved.

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

- Overall revenues came in at \$19,194,504 on a budget of \$19,141,896. There were minor fluctuations amongst the different categories, but also a large decrease in marking the investments down to fair value. Overall, the revenue target was achieved as expected, resulting in just over 100% of the budgeted revenues collected during the year.

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- Expenditures amongst the different governmental activities were below the amended budget for all activities except public service and community development, due to some capital items being re-evaluated and not purchased, and some department staff shortages. Only 95% of the amended expenditure budget was spent during 2022, resulting in an increase to the fund balance.

During the year \$1,188,191 was budgeted to be used from fund balance. However, expenditures came in under the budgeted amounts by \$949,150 (5%) as a direct result of expenditure reductions amongst all departments. Additionally, revenues collected were \$52,608 higher than budgeted. Transfers in were \$55,094 under budget. This resulted in a net fund balance decrease of \$241,527 for the year.

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, 2022, amounts to \$298,317,607 (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 2.88% percent. Most of this increase within the governmental activities can be found in the addition of the street project construction for the year. Within the business-type activities the most significant increases occurred in infrastructure related to the construction in the Sewer Fund for the wastewater treatment plant overhaul.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 27,569,654	\$ 27,183,798	\$ 781,210	\$ 781,210	\$ 28,350,864	\$ 27,965,008
Buildings	42,394,054	39,771,380	36,227,854	37,479,028	78,621,908	77,250,408
Improvements	33,579,521	33,485,817	943,305	993,417	34,522,826	34,479,234
Machinery and equipment	10,819,861	10,574,773	53,056,639	52,569,840	63,876,500	63,144,613
Construction in progress	10,042,054	12,211,319	9,734,428	6,328,445	19,776,482	18,539,764
Infrastructure	51,994,604	48,133,284	21,174,423	20,446,558	73,169,027	68,579,842
Total capital assets	<u>\$ 176,399,748</u>	<u>\$ 171,360,371</u>	<u>\$ 121,917,859</u>	<u>\$ 118,598,498</u>	<u>\$ 298,317,607</u>	<u>\$ 289,958,869</u>

Additional information on the City of Austin's capital assets can be found in Note 2E on pages 64-66 of this report.

**City of Austin, Minnesota
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Long-term debt. At the end of the current year, the City of Austin had total bonded debt outstanding of \$15,455,000. Of this amount \$13,415,000 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	
	2022	2021	2022	2021	2022	2021
G.O. tax increment debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
G.O. capital improvement plan debt	-	-	13,415,000	14,160,000	13,415,000	14,160,000
Revenue debt	-	-	2,040,000	2,425,000	2,040,000	2,425,000
Total liabilities	\$ -	\$ -	\$ 15,455,000	\$ 16,585,000	\$ 15,455,000	\$ 16,585,000

The City of Austin's total net bonded debt decreased by \$1,130,000 (6.8 percent) during the current year. There was no new debt issued during 2022.

The City of Austin and its component units maintains a rating of Aa2 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 69-76 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES:

- The unemployment rate for the City of Austin is currently 2.8 percent, which is 0.4% higher than it was a year ago. This is slightly lower than the state's average unemployment rate of 3.0 percent, and is favorable compared to the national average of 3.3 percent.
- The City of Austin continues to see increased commercial construction growth. Residential growth continues to have small increases in the number of homes being built in the last few years, however a new apartment building is in the process of being constructed to alleviate a housing shortage.
- Interest rates have increased drastically in the last year, and will help the rate of return on our investments. While we still have some investments that are at lower interest rates than are currently available, most of our portfolio is invested less than 5 years (83%) and will see a turnover in the investments at these lower rates.
- The State of Minnesota appears to have come out of the pandemic with flush reserves and recent budget forecasts predict additional surpluses. These projected budget surpluses by the State of Minnesota should stabilize state aid and eliminate any need for 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, 2022**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Housing Authority	Port Authority
Assets					
Cash and investments	\$ 37,493,576	\$ 38,929,618	\$ 76,423,194	\$ 6,426,126	\$ 2,300,844
Taxes receivable	179,020	-	179,020	-	1,370
Accounts receivable (net)	626,783	8,501,488	9,128,271	-	6,149
Special assessments receivable	3,242,065	941,238	4,183,303	-	-
Other receivables	-	-	-	99,032	-
Interest receivable	189,889	1,244	191,133	-	496
Due from other governments	5,092,998	156,188	5,249,186	661,501	514
Internal balances	(47,147)	47,147	-	-	-
Notes receivable (net)	184,835	-	184,835	575,863	742,228
Leases receivable	144,108	701,665	845,773	722,487	310,529
Prepaid items	223,127	299,303	522,430	-	-
Inventory	82,946	2,323,032	2,405,978	-	-
Other assets	-	51,877	51,877	-	-
Restricted cash and investments	1,668,057	1,851,968	3,520,025	317,151	-
Advances to component units	555,244	-	555,244	-	-
Land held for resale	-	-	-	824,629	840,265
Capital assets:					
Nondepreciable	37,611,708	10,515,638	48,127,346	2,550,940	-
Depreciable, net	138,788,040	111,402,220	250,190,260	11,972,804	20,750,997
Total assets	<u>\$ 226,035,249</u>	<u>\$ 175,722,626</u>	<u>\$ 401,757,875</u>	<u>\$ 24,150,533</u>	<u>\$ 24,953,392</u>
Deferred Outflows of Resources					
Pension related	\$ 12,389,614	\$ 2,993,375	\$ 15,382,989	\$ -	\$ -
OPEB related	144,317	3,153,474	3,297,791	-	-
Total deferred outflows of resources	<u>\$ 12,533,931</u>	<u>\$ 6,146,849</u>	<u>\$ 18,680,780</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u>\$ 238,569,180</u>	<u>\$ 181,869,475</u>	<u>\$ 420,438,655</u>	<u>\$ 24,150,533</u>	<u>\$ 24,953,392</u>
Liabilities					
Vouchers payable	\$ 1,217,859	\$ 5,812,505	\$ 7,030,364	\$ 165,066	\$ 17,785
Contractors' retained percentage	536,050	121,115	657,165	-	-
Interest payable	-	-	-	24,918	-
Deposits	110,822	-	110,822	-	-
Accrued expenses	635,237	1,529,901	2,165,138	-	-
Due to other governments	157,343	-	157,343	135,774	25,000
Unearned revenues	25,000	-	25,000	36,507	-
Other current liabilities	-	507,989	507,989	280,644	-
Long-term liabilities:					
Other:					
Due within one year	794,046	1,473,696	2,267,742	823,171	-
Due in more than one year	1,334,045	16,351,958	17,686,003	3,871,616	-
Net pension liability:					
Due in more than one year	20,479,852	9,341,738	29,821,590	-	-
OPEB related:					
Due within one year	48,502	1,136,824	1,185,326	-	-
Due in more than one year	939,929	18,801,809	19,741,738	-	-
Advances from primary gov't	-	-	-	-	555,244
Total liabilities	<u>\$ 26,278,685</u>	<u>\$ 55,077,535</u>	<u>\$ 81,356,220</u>	<u>\$ 5,337,696</u>	<u>\$ 598,029</u>
Deferred Inflows of Resources					
Community Solar Related	\$ -	\$ 19,717	\$ 19,717	\$ -	\$ -
Pension related	189,103	137,787	326,890	-	-
OPEB related	506,305	151,104	657,409	-	-
Lease receivable related	144,108	701,665	845,773	703,530	310,529
Gain on bond refunding	-	-	-	47,775	-
Total deferred inflows of resources	<u>\$ 839,516</u>	<u>\$ 1,010,273</u>	<u>\$ 1,849,789</u>	<u>\$ 751,305</u>	<u>\$ 310,529</u>
Net Position					
Net investment in capital assets	\$ 175,196,908	\$ 106,126,997	\$ 281,323,905	\$ 9,901,839	\$ 20,750,997
Restricted for:					
Police	37,052	-	37,052	-	-
Fire	256,337	-	256,337	-	-
Parks and recreation	12,718	-	12,718	-	-
Other capital projects	9,405,924	-	9,405,924	-	-
Other purposes	114,145	-	114,145	-	10,357
Library purposes	1,004,067	-	1,004,067	-	-
Permanent funds:					
Expendable	21,641	-	21,641	-	-
Non-expendable	136,052	-	136,052	-	-
Unrestricted	<u>25,266,135</u>	<u>19,654,670</u>	<u>44,920,805</u>	<u>8,159,693</u>	<u>3,283,480</u>
Total net position	<u>\$ 211,450,979</u>	<u>\$ 125,781,667</u>	<u>\$ 337,232,646</u>	<u>\$ 18,061,532</u>	<u>\$ 24,044,834</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 238,569,180</u>	<u>\$ 181,869,475</u>	<u>\$ 420,438,655</u>	<u>\$ 24,150,533</u>	<u>\$ 24,953,392</u>

See accompanying Notes to Financial Statements.

City of Austin, Minnesota
Statement of Activities
For the Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental activities:				
General government	\$ 3,090,946	\$ 769,755	\$ 36,000	\$ 54,147
Public safety	8,970,208	1,037,579	2,162,087	5,628
Streets and highways	6,260,199	34,091	105,911	4,237,498
Culture and recreation	7,291,734	659,479	420,811	4,073,020
Public service	439,598	45,307	677,035	31,628
Economic development	948,051	26,700	-	325,000
Community development	703,230	-	-	2,661
Interest on long-term debt	8,121	-	-	-
Total governmental activities	<u>\$ 27,712,087</u>	<u>\$ 2,572,911</u>	<u>\$ 3,401,844</u>	<u>\$ 8,729,582</u>
Business-type activities:				
Sewer user	\$ 6,193,741	\$ 8,199,238	\$ -	\$ 5,509,701
Waste transfer station	49,369	43,262	-	-
Storm water utility	413,216	921,075	-	51,582
Electric	34,240,215	35,714,495	-	154,511
Water	5,830,345	5,715,809	-	18,728
Gas	24,117,796	23,594,800	-	55,697
Total business-type activities	<u>\$ 70,844,682</u>	<u>\$ 74,188,679</u>	<u>\$ -</u>	<u>\$ 5,790,219</u>
Total primary government	<u>\$ 98,556,769</u>	<u>\$ 76,761,590</u>	<u>\$ 3,401,844</u>	<u>\$ 14,519,801</u>
Component units:				
Housing and Redevelopment Authority	\$ 5,222,292	\$ 3,312,482	\$ 1,369,842	\$ 664,133
Port Authority	973,541	95,304	-	-
Total component units	<u>\$ 6,195,833</u>	<u>\$ 3,407,786</u>	<u>\$ 1,369,842</u>	<u>\$ 664,133</u>

General revenues:
Property taxes
Tax increment collections
Sales Tax
Nonproperty taxes
Grants and contributions not restricted to certain programs
Unrestricted investment earnings
Miscellaneous
Gain on sale of capital assets
Transfers
Total general revenues and transfers

Change in net position

Net position - beginning

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
\$ (2,231,044)	\$ -	\$ (2,231,044)	\$ -	\$ -
(5,764,914)	-	(5,764,914)	-	-
(1,882,699)	-	(1,882,699)	-	-
(2,138,424)	-	(2,138,424)	-	-
314,372	-	314,372	-	-
(596,351)	-	(596,351)	-	-
(700,569)	-	(700,569)	-	-
(8,121)	-	(8,121)	-	-
<u>\$ (13,007,750)</u>	<u>\$ -</u>	<u>\$ (13,007,750)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 7,515,198	\$ 7,515,198	\$ -	\$ -
-	(6,107)	(6,107)	-	-
-	559,441	559,441	-	-
-	1,628,791	1,628,791	-	-
-	(95,808)	(95,808)	-	-
-	(467,299)	(467,299)	-	-
<u>\$ -</u>	<u>\$ 9,134,216</u>	<u>\$ 9,134,216</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (13,007,750)</u>	<u>\$ 9,134,216</u>	<u>\$ (3,873,534)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 124,165	\$ -
-	-	-	-	(878,237)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,165</u>	<u>\$ (878,237)</u>
\$ 8,222,517	\$ -	\$ 8,222,517	\$ 222,480	\$ 50,751
389,958	-	389,958	-	-
1,747,973	-	1,747,973	-	-
480,094	-	480,094	-	-
8,763,647	-	8,763,647	-	-
(1,097,226)	(2,352,895)	(3,450,121)	(72,983)	(56,100)
13,179	47,483	60,662	795,381	70,060
-	18,542	18,542	64,204	-
1,673,324	(1,673,324)	-	-	-
<u>\$ 20,193,466</u>	<u>\$ (3,960,194)</u>	<u>\$ 16,233,272</u>	<u>\$ 1,009,082</u>	<u>\$ 64,711</u>
\$ 7,185,716	\$ 5,174,022	\$ 12,359,738	\$ 1,133,247	\$ (813,526)
<u>204,265,263</u>	<u>120,607,645</u>	<u>324,872,908</u>	<u>16,928,285</u>	<u>24,858,360</u>
<u>\$ 211,450,979</u>	<u>\$ 125,781,667</u>	<u>\$ 337,232,646</u>	<u>\$ 18,061,532</u>	<u>\$ 24,044,834</u>

**City of Austin, Minnesota
Balance Sheet
Governmental Funds
December 31, 2022**

	General	Local Option Sales Tax	State Aid Street
Assets			
Cash and investments	\$ 10,613,689	\$ 5,069,808	\$ 2,190,072
Taxes receivable	123,159	-	-
Accounts receivable	197,008	-	-
Notes receivable, net of allowance for uncollectibles	114,035	-	-
Special assessments receivable	315,071	-	412,531
Accrued interest receivable	180,247	-	-
Due from other funds	605,057	-	-
Due from other governments	286,276	385,636	3,934,868
Leases receivable	144,108	-	-
Prepaid items	12,234	-	-
Advances to component unit	-	-	-
Total assets	\$ 12,590,884	\$ 5,455,444	\$ 6,537,471
Liabilities			
Vouchers payable	\$ 196,260	\$ 24,785	\$ 165
Contractors' retained percentage	-	-	53,802
Deposits	110,776	-	-
Accrued expenditures	473,553	-	-
Due to other funds	57,675	-	-
Due to other governments	113,899	-	778
Unearned revenues	540	-	-
Total liabilities	\$ 952,703	\$ 24,785	\$ 54,745
Deferred inflows of resources			
Unavailable revenue	\$ 552,264	\$ -	\$ 4,346,779
Leases receivable related	144,108	-	-
Total deferred inflows of resources	\$ 696,372	\$ -	\$ 4,346,779
Fund balance			
Nonspendable:			
Prepaid amounts	\$ 12,234	\$ -	\$ -
Permanent fund principal	-	-	-
Restricted for:			
Police - operations	37,052	-	-
Fire - operations	11,124	-	-
Parks and recreation	12,718	-	-
Other capital projects	41,017	5,430,659	-
Library - programming	218	-	-
Committed to:			
Other capital projects	76,123	-	-
Library - programming	-	-	-
Parks and recreation - programming	-	-	-
Assigned to:			
Police - capital projects	-	-	-
Streets and highways - capital projects	-	-	2,135,947
Other capital projects	-	-	-
Library - programming	-	-	-
Unassigned:	10,751,323	-	-
Total fund balance	\$ 10,941,809	\$ 5,430,659	\$ 2,135,947
Total liabilities, deferred inflows of resources, and fund balance	\$ 12,590,884	\$ 5,455,444	\$ 6,537,471

See accompanying Notes to Financial Statements.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 10,100,265	\$ 27,973,834
55,861	179,020
404,536	601,544
70,800	184,835
2,514,464	3,242,066
9,642	189,889
1,874	606,931
510,544	5,117,324
-	144,108
-	12,234
553,670	553,670
<u>\$ 14,221,656</u>	<u>\$ 38,805,455</u>
\$ 717,241	\$ 938,451
482,247	536,049
-	110,776
32,393	505,946
336,463	394,138
75,369	190,046
25,000	25,540
<u>\$ 1,668,713</u>	<u>\$ 2,700,946</u>
\$ 2,574,725	\$ 7,473,768
-	144,108
<u>\$ 2,574,725</u>	<u>\$ 7,617,876</u>
\$ -	\$ 12,234
136,052	136,052
-	37,052
245,213	256,337
-	12,718
-	5,471,676
1,003,849	1,004,067
23,121	99,244
894,054	894,054
148,696	148,696
723	723
-	2,135,947
7,555,799	7,555,799
20,918	20,918
(50,207)	10,701,116
<u>\$ 9,978,218</u>	<u>\$ 28,486,633</u>
<u>\$ 14,221,656</u>	<u>\$ 38,805,455</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, 2022**

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

Total governmental fund balances (page 23)		\$ 28,486,633
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the funds.		
Cost of capital assets	238,520,041	
Less accumulated depreciation	<u>(70,045,315)</u>	168,474,726
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences payable	(2,128,091)	
Total OPEB liability	(939,364)	
Net pension liability	<u>(19,997,497)</u>	(23,064,952)
Some receivables are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
		7,473,766
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		
		18,380,941
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future reporting periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions	12,225,873	
Deferred outflows related to OPEB	137,152	
Deferred inflows related to pensions	(181,989)	
Deferred inflows related to OPEB	<u>(481,171)</u>	11,699,865
Net position of governmental activities (page 19)		<u><u>\$ 211,450,979</u></u>

See accompanying Notes to Financial Statements.

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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, 2022

	General	Local Option Sales Tax	State Aid Street
Revenues			
Taxes	\$ 5,992,280	\$ 1,747,974	\$ -
Special assessments	66,252	-	171,935
Licenses and permits	732,122	-	-
Intergovernmental	11,174,346	2,661	1,191,366
Charges for services	742,322	-	-
Fines and forfeits	127,020	-	-
Miscellaneous	360,162	(191,508)	(80,540)
Total revenues	<u>\$ 19,194,504</u>	<u>\$ 1,559,127</u>	<u>\$ 1,282,761</u>
Expenditures			
Current			
General government	\$ 2,434,688	\$ -	\$ -
Public safety	8,283,139	-	-
Streets and highways	3,798,091	-	-
Culture and recreation	3,910,445	-	-
Public service	121,718	-	-
Economic development	299,263	-	-
Community development	8,343	-	-
Capital outlay	-	86,103	1,249,161
Debt service			
Interest and fiscal charges	-	-	-
Total expenditures	<u>\$ 18,855,687</u>	<u>\$ 86,103</u>	<u>\$ 1,249,161</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 338,817</u>	<u>\$ 1,473,024</u>	<u>\$ 33,600</u>
Other financing sources (uses)			
Transfers in	\$ 1,658,906	\$ -	\$ -
Transfers out	(2,239,250)	-	-
Total other financing sources (uses)	<u>\$ (580,344)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ (241,527)	\$ 1,473,024	\$ 33,600
Fund balance - beginning	<u>11,183,336</u>	<u>3,957,635</u>	<u>2,102,347</u>
Fund balance - ending	<u>\$ 10,941,809</u>	<u>\$ 5,430,659</u>	<u>\$ 2,135,947</u>

See accompanying Notes to Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ 2,894,851	\$ 10,635,105
867,725	1,105,912
-	732,122
3,089,843	15,458,216
133,480	875,802
693	127,713
2,385,325	2,473,439
<u>\$ 9,371,917</u>	<u>\$ 31,408,309</u>

\$ -	\$ 2,434,688
-	8,283,139
-	3,798,091
1,297,400	5,207,845
-	121,718
-	299,263
325,000	333,343
8,404,625	9,739,889
331,909	331,909
<u>\$ 10,358,934</u>	<u>\$ 30,549,885</u>

<u>\$ (987,017)</u>	<u>\$ 858,424</u>
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\$ 2,887,715	\$ 4,546,621
(752,465)	(2,991,715)
<u>\$ 2,135,250</u>	<u>\$ 1,554,906</u>

\$ 1,148,233	\$ 2,413,330
8,829,985	26,073,303
<u>\$ 9,978,218</u>	<u>\$ 28,486,633</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, 2022

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

Net change in fund balances - total governmental funds (page 27)	\$ 2,413,330
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 \$10,157,841 exceeded depreciation (\$5,748,914) in the current period.	4,408,927
The net effect of various miscellaneous transactions involving capital assets (i.e., donations, sales, trade-ins, and disposals) is to increase net position. This consists of donations of capital assets \$582,254 less disposal of capital assets (\$107,551).	474,703
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	1,300,892
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.	(855,970)
Internal service funds are used by management to charge the costs of fleet management, management information systems, and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(556,166)</u>
Change in net position of governmental activities (page 21)	<u><u>\$ 7,185,716</u></u>

See accompanying Notes to Financial Statements.

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City of Austin, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise		
	Sewer User	Utilities	Other Enterprise Funds
Assets			
Current assets			
Cash and investments	\$ 12,242,735	\$ 25,535,750	\$ 1,151,133
Accounts receivable, net	1,555,122	6,943,246	3,120
Accrued interest receivable	457	-	787
Special assessments receivable, current portion	105,446	-	-
Due from other funds	672,521	196,583	114,839
Due from other governments	156,188	-	-
Lease receivable, current portion	15,628	33,738	45,797
Inventory	-	2,323,032	-
Prepaid items	-	299,303	-
Total current assets	<u>\$ 14,748,097</u>	<u>\$ 35,331,652</u>	<u>\$ 1,315,676</u>
Noncurrent assets			
Restricted investments	\$ -	\$ 1,851,968	\$ -
Special assessments receivable, noncurrent portion	835,792	-	-
Other assets	-	51,877	-
Lease receivable, noncurrent portion	167,176	199,056	240,270
Capital assets:			
Capital assets	\$ 58,786,532	\$ 123,500,052	\$ 7,576,329
Accumulated depreciation	(22,658,869)	(53,608,131)	(1,412,483)
Net	<u>\$ 36,127,663</u>	<u>\$ 69,891,921</u>	<u>\$ 6,163,846</u>
Construction in progress	8,649,819	13,579	1,071,030
Net capital assets	<u>\$ 44,777,482</u>	<u>\$ 69,905,500</u>	<u>\$ 7,234,876</u>
Total noncurrent assets	<u>\$ 45,780,450</u>	<u>\$ 72,008,401</u>	<u>\$ 7,475,146</u>
Total assets	<u>\$ 60,528,547</u>	<u>\$ 107,340,053</u>	<u>\$ 8,790,822</u>
Deferred outflows of resources			
Pension related	\$ 559,259	\$ 2,381,714	\$ 52,402
OPEB related	23,561	3,127,679	2,234
Total deferred outflows of resources	<u>\$ 582,820</u>	<u>\$ 5,509,393</u>	<u>\$ 54,636</u>
Total assets and deferred outflows of resources	<u>\$ 61,111,367</u>	<u>\$ 112,849,446</u>	<u>\$ 8,845,458</u>

See accompanying Notes to Financial Statements.

<u>Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>Totals</u>	
\$ 38,929,618	\$ 11,187,798
8,501,488	914
1,244	-
105,446	-
983,943	-
156,188	-
95,163	-
2,323,032	82,946
299,303	210,893
<u>\$ 51,395,425</u>	<u>\$ 11,482,551</u>
\$ 1,851,968	\$ -
835,792	-
51,877	-
606,502	-
\$ 189,862,913	\$ 17,712,576
(77,679,483)	(9,787,554)
<u>\$ 112,183,430</u>	<u>\$ 7,925,022</u>
9,734,428	-
<u>\$ 121,917,858</u>	<u>\$ 7,925,022</u>
<u>\$ 125,263,997</u>	<u>\$ 7,925,022</u>
<u>\$ 176,659,422</u>	<u>\$ 19,407,573</u>
\$ 2,993,375	\$ 163,741
3,153,474	7,165
<u>\$ 6,146,849</u>	<u>\$ 170,906</u>
<u>\$ 182,806,271</u>	<u>\$ 19,578,479</u>

(continued)

City of Austin, Minnesota
Statement of Net Position (continued)
Proprietary Funds
December 31, 2022

	Business-type Activities - Enterprise		
	Sewer User	Utilities	Other Enterprise Funds
Liabilities			
Current liabilities			
Vouchers payable	\$ 238,246	\$ 5,564,042	\$ 10,217
Contractors' retained percentage	119,234	-	1,881
Accrued expenses	80,601	1,443,484	5,816
Lease payable, current portion	-	16,525	-
Bonds payable, current portion	-	1,150,000	-
Compensated absences, current portion	129,266	175,000	2,905
Other postemployment benefits payable, current portion	7,918	1,128,157	749
Due to other funds	125,363	1,061,870	3,586
Other current liabilities	-	507,989	-
Total current liabilities	<u>\$ 700,628</u>	<u>\$ 11,047,067</u>	<u>\$ 25,154</u>
Noncurrent liabilities			
Lease payable	\$ -	\$ 18,378	\$ -
Bonds payable	-	14,491,290	-
Net pension liability	1,647,497	7,539,871	154,370
Other postemployment benefits payable	153,455	18,633,805	14,549
Compensated absences	9,747	1,832,543	-
Total noncurrent liabilities	<u>\$ 1,810,699</u>	<u>\$ 42,515,887</u>	<u>\$ 168,919</u>
Total liabilities	<u>\$ 2,511,327</u>	<u>\$ 53,562,954</u>	<u>\$ 194,073</u>
Deferred inflows of resources			
Community Solar Program Related	\$ -	\$ 19,717	\$ -
Pension related	24,300	111,210	2,277
OPEB related	82,660	60,608	7,836
Lease receivable related	182,804	232,794	286,067
Total deferred inflows of resources	<u>\$ 289,764</u>	<u>\$ 424,329</u>	<u>\$ 296,180</u>
Net position			
Net investment in capital assets	\$ 44,664,695	\$ 54,229,307	\$ 7,232,995
Unrestricted	13,645,581	4,632,856	1,122,210
Total net position	<u>\$ 58,310,276</u>	<u>\$ 58,862,163</u>	<u>\$ 8,355,205</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 61,111,367</u>	<u>\$ 112,849,446</u>	<u>\$ 8,845,458</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>	
\$ 5,812,505	\$ 239,685
121,115	-
1,529,901	135,817
16,525	-
1,150,000	-
307,171	-
1,136,824	2,407
1,190,819	5,917
507,989	-
<u>\$ 11,772,849</u>	<u>\$ 383,826</u>
\$ 18,378	\$ -
14,491,290	-
9,341,738	482,355
18,801,809	46,660
1,842,290	-
<u>\$ 44,495,505</u>	<u>\$ 529,015</u>
<u>\$ 56,268,354</u>	<u>\$ 912,841</u>
\$ 19,717	\$ -
137,787	7,114
151,104	25,134
701,665	-
<u>\$ 1,010,273</u>	<u>\$ 32,248</u>
\$ 106,126,997	\$ 7,925,022
19,400,647	10,708,368
<u>\$ 125,527,644</u>	<u>\$ 18,633,390</u>
	<u>\$ 19,578,479</u>
<u>254,023</u>	
<u>\$ 125,781,667</u>	

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

	Business-type Activities - Enterprise		
	Sewer User	Utilities	Other Enterprise Funds
Operating revenues			
Charges for services	\$ 8,199,239	\$ 64,281,317	\$ 952,658
Other operating revenues	-	743,787	43,262
Total operating revenues	<u>\$ 8,199,239</u>	<u>\$ 65,025,104</u>	<u>\$ 995,920</u>
Operating expenses			
Salaries and benefits	\$ 2,111,925	\$ -	\$ 180,699
Supplies and maintenance	2,606,280	-	124,172
Administrative and general	223,098	-	88,307
Claims	-	-	-
Retirement benefits	-	-	-
Insurance premiums	-	-	-
Utilities expense	-	60,791,918	-
Total operating expenses, excluding depreciation	<u>\$ 4,941,303</u>	<u>\$ 60,791,918</u>	<u>\$ 393,178</u>
Depreciation	1,249,639	2,972,943	119,053
Total operating expenses	<u>\$ 6,190,942</u>	<u>\$ 63,764,861</u>	<u>\$ 512,231</u>
Operating income (loss)	<u>\$ 2,008,297</u>	<u>\$ 1,260,243</u>	<u>\$ 483,689</u>
Non-operating revenues (expenses)			
Investment income (loss)	\$ (466,518)	\$ (1,853,444)	\$ (39,110)
Interest earnings on note	6,176	-	-
Interest expense	-	(423,495)	-
Gain on disposal of capital assets	-	18,542	-
Miscellaneous revenues	44,363	-	3,120
Total non-operating revenues (expenses)	<u>\$ (415,979)</u>	<u>\$ (2,258,397)</u>	<u>\$ (35,990)</u>
Net income (loss) before contributions and transfers	<u>\$ 1,592,318</u>	<u>\$ (998,154)</u>	<u>\$ 447,699</u>
Capital contributions	\$ 5,509,701	\$ 228,936	\$ 51,582
Transfers in	-	-	-
Transfers out	-	(1,654,906)	-
Change in net position	\$ 7,102,019	\$ (2,424,124)	\$ 499,281
Total net position - beginning	<u>51,208,257</u>	<u>61,286,287</u>	<u>7,855,924</u>
Total net position - ending	<u>\$ 58,310,276</u>	<u>\$ 58,862,163</u>	<u>\$ 8,355,205</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>	
\$ 73,433,214	\$ 4,323,049
787,049	-
<u>\$ 74,220,263</u>	<u>\$ 4,323,049</u>
\$ 2,292,624	\$ 656,917
2,730,452	632,180
311,405	191,251
-	177,000
-	236,542
-	2,047,756
60,791,918	-
<u>\$ 66,126,399</u>	<u>\$ 3,941,646</u>
4,341,635	767,913
<u>\$ 70,468,034</u>	<u>\$ 4,709,559</u>
<u>\$ 3,752,229</u>	<u>\$ (386,510)</u>
\$ (2,359,072)	\$ (401,375)
6,176	-
(423,495)	-
18,542	462
47,483	127,784
<u>\$ (2,710,366)</u>	<u>\$ (273,129)</u>
<u>\$ 1,041,863</u>	<u>\$ (659,639)</u>
\$ 5,790,219	\$ -
-	100,000
<u>(1,654,906)</u>	-
\$ 5,177,176	\$ (559,639)
	<u>19,193,029</u>
	<u>\$ 18,633,390</u>
<u>(3,154)</u>	
<u>\$ 5,174,022</u>	

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

	<u>Business-type Activities</u>	
	<u>Sewer User</u>	<u>Utilities</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 7,012,575	\$ 63,366,819
Payments to suppliers	(2,504,880)	(51,348,567)
Payments to employees	(2,000,334)	(4,559,235)
Payments to retirees	-	-
Other receipts	44,363	-
Other expenses	-	(1,205,265)
Net cash provided by operating activities	<u>\$ 2,551,724</u>	<u>\$ 6,253,752</u>
Cash flows from non-capital financing activities		
Transfers to other funds	\$ -	\$ (1,654,906)
Transfers from other funds	-	-
Net cash provided (used) by non-capital financing activities	<u>\$ -</u>	<u>\$ (1,654,906)</u>
Cash flows from capital and related financing activities		
Capital asset acquisitions	\$ (4,187,079)	\$ (3,100,785)
Capital contributions	5,472,430	228,936
Proceeds from the sales of capital assets	-	18,542
Reduction of long-term debt	-	(1,146,147)
Interest paid on bonds and notes	-	(520,819)
Net cash provided (used) by capital and related financing activities	<u>\$ 1,285,351</u>	<u>\$ (4,520,273)</u>
Cash flows from investing activities		
Investment income (loss)	\$ (466,975)	\$ 216,572
Principal and interest received on note receivable	6,176	-
Purchases of other investments and special funds	-	(4,021,888)
Sales of other investments and special funds	-	1,502,112
Net cash flows used by investing activities	<u>\$ (460,799)</u>	<u>\$ (2,303,204)</u>
Net increase (decrease) in cash and cash equivalents	\$ 3,376,276	\$ (2,224,631)
Cash and cash equivalents - beginning	<u>8,866,459</u>	<u>6,823,397</u>
Cash and cash equivalents - ending	<u>\$ 12,242,735</u>	<u>\$ 4,598,766</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>		
\$ 970,685	\$ 71,350,079	\$ 4,323,085	
(205,734)	(54,059,181)	(2,782,741)	
(183,019)	(6,742,588)	(596,051)	
-	-	(236,542)	
3,120	47,483	127,784	
-	(1,205,265)	-	
<u>\$ 585,052</u>	<u>\$ 9,390,528</u>	<u>\$ 835,535</u>	
\$ -	\$ (1,654,906)	\$ -	
-	-	100,000	
<u>\$ -</u>	<u>\$ (1,654,906)</u>	<u>\$ 100,000</u>	
\$ (256,549)	\$ (7,544,413)	\$ (1,123,660)	
-	5,701,366	-	
-	18,542	462	
-	(1,146,147)	-	
-	(520,819)	-	
<u>\$ (256,549)</u>	<u>\$ (3,491,471)</u>	<u>\$ (1,123,198)</u>	
\$ (39,897)	\$ (290,300)	\$ (401,375)	
-	6,176	-	
-	(4,021,888)	-	
-	1,502,112	-	
<u>\$ (39,897)</u>	<u>\$ (2,803,900)</u>	<u>\$ (401,375)</u>	
\$ 288,606	\$ 1,440,251	\$ (589,038)	
862,527	16,552,383	11,776,836	
<u>\$ 1,151,133</u>	<u>\$ 17,992,634</u>	<u>\$ 11,187,798</u>	

(continued)

City of Austin, Minnesota
Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended December 31, 2022

	Business-type Activities	
	Sewer User	Utilities
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 2,008,297	\$ 1,260,243
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,249,639	2,972,943
Miscellaneous revenues	44,363	-
Miscellaneous expenses	-	(1,679)
Change in net pension liability	763,429	3,564,084
Change in deferred inflows of resources - pension related	(791,374)	(3,589,833)
Change in deferred inflows of resources - OPEB related	25,678	60,608
Change in deferred outflows of resources - pension related	135,416	540,479
Change in deferred outflows of resources - OPEB related	7,224	(710,721)
Change in deferred inflows of resources - community solar related	-	(10,318)
Change in other postemployment benefits payable	(43,812)	2,670,423
(Increase) decrease in assets:		
Accounts receivable	(992,956)	(1,188,621)
Due from other funds	(81,353)	(34,204)
Due from other governments	(112,355)	-
Inventory	-	(541,947)
Prepaid items	-	(126,038)
Other assets	-	75,850
Increase (decrease) in liabilities:		
Vouchers payable	185,227	974,777
Contractors' retained percentage	110,479	-
Accrued expenses	15,030	245,229
Due to other funds	28,792	89,691
Other current liabilities	-	2,786
Net cash provided by operating activities	\$ 2,551,724	\$ 6,253,752
Noncash investing, capital, and financing activities:		
Change in fair value of investments	\$ -	\$ (2,102,196)
Receipt of contributed capital assets	\$ 65,000	\$ -
Reconciliation of total cash and cash equivalents to cash and investments:		
Cash and cash equivalents	\$ 12,242,735	\$ 4,598,766
Other unrestricted investments	-	20,936,984
Total cash and investments	\$ 12,242,735	\$ 25,535,750

See accompanying Notes to Financial Statements.

<u>- Enterprise Funds</u>		<u>Governmental</u>	
<u>Other</u>		<u>Activities -</u>	
<u>Enterprise</u>	<u>Totals</u>	<u>Internal Service</u>	
<u>Funds</u>		<u>Funds</u>	
\$ 483,689	\$ 3,752,229	\$ (386,510)	
119,053	4,341,635	767,913	
3,120	47,483	127,784	
-	(1,679)	-	
62,347	4,389,860	209,499	
(82,627)	(4,463,834)	(244,632)	
1,823	88,109	25,134	
19,907	695,802	50,661	
1,015	(702,482)	(7,165)	
-	(10,318)	-	
(6,354)	2,620,257	49,067	
(3,120)	(2,184,697)	36	
(22,115)	(137,672)	-	
-	(112,355)	-	
-	(541,947)	6,880	
-	(126,038)	93,802	
-	75,850	-	
4,460	1,164,464	154,743	
1,881	112,360	-	
1,598	261,857	(12,252)	
375	118,858	575	
-	2,786	-	
<u>\$ 585,052</u>	<u>\$ 9,390,528</u>	<u>\$ 835,535</u>	
\$ -	\$ (2,102,196)	\$ -	
\$ 51,582	\$ 116,582	\$ -	
\$ 1,151,133	\$ 17,992,634	\$ 11,187,798	
-	20,936,984	-	
<u>\$ 1,151,133</u>	<u>\$ 38,929,618</u>	<u>\$ 11,187,798</u>	

**City of Austin, Minnesota
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2022**

	Custodial Fund
Assets	
Cash and cash equivalents	\$ 362,566
Receivables	
Loans receivable, net of allowance of \$15,000	259,554
Accrued interest	466
Total assets	\$ 622,586
Liabilities	
Accounts payable	\$ 6,220
Total liabilities	\$ 6,220
Net Position	
Restricted for other governments	\$ 616,366
Total net position	\$ 616,366

See accompanying Notes to Financial Statements.

City of Austin, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022

	Custodial Fund
Additions	
Investment income	
Interest earned on loans	\$ 5,843
Interest earned on investments	3,690
Miscellaneous	40
Total additions	\$ 9,573
 Deductions	
Administration	\$ 15,713
Total deductions	\$ 15,713
Net decrease	\$ (6,140)
Net position - beginning	622,506
Net position - ending	\$ 616,366

See accompanying Notes to Financial Statements.

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Notes to the Financial Statements

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

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 nonfiduciary 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, 2022. 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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 *state aid street fund* accounts for the financial resources to be used directly for improvements to streets financed with the Municipal State Aid Street account.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

Additionally, the City reports the following fiduciary fund:

The *Custodial Fund* accounts activities related to a joint-powers agreement between the City of Austin and Mower County to provide home ownership opportunities to low-and-moderate income families in Mower County, Minnesota. The City of Austin does have control over the assets of this jointly governed organization.

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. 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 90 days of the end of the current period, except for property taxes, which must be collected within 60 days. 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 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 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 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.

2. Excess of Expenditures over Appropriations

For the year ended December 31, 2022, the Recreation Programs Fund had expenditures over budget by \$15,417 as a result of some unexpected operational costs due to additional program participation. This expenditure in excess of the 2022 budget was funded by excess revenues collected in those programs, plus fund balance.

3. Deficit Fund Balance

For the year ended December 31, 2022, the Tax Increment Revenue Pool Fund has a deficit fund balance. The deficit is the result of a debt issuance that was paid off in prior years, using an advance from the General Fund. The fund balance will turn positive as future tax increments are collected by the Tax Increment Revenue Pool Fund.

F. 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

3. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using specific account analysis. The allowance at December 31, 2022 is composed of the following:

Governmental Funds:	
Notes Receivable	\$ 2,614,149
Total Allowance for Uncollectible Accounts	<u>\$ 2,614,149</u>

The Utilities fund records allowances of \$400,000 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.

4. Inventories and Prepaid Items

All inventories of supplies are valued at the lower of cost or net realizable value on a FIFO basis, 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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:

	Useful Life <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, 2022

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*, represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two 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.

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*, represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has five 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 this reporting is lease related. The fifth 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 three sources: property taxes, special assessments, and grants. 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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.

14. Leases

The City determines if an arrangement is a lease at inception. Leases are included in lease assets in the statement of net position and fund financial statements.

Lease assets represent the City's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction.

Lease assets are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Interest revenue is recognized ratably over the contract term.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

15. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning period of adoption.

G. 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Revenues and Expenditures/Expenses (continued)

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, utilities fund, 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, 2022

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, 2022 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.
- d. Bankers acceptances of the United States banks eligible for purchase by the Federal Reserve System.

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

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

A. Deposits and investments (continued)

Investments (continued)

- 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, 2022 are as follows:

Investments Held at Amortized Cost

Investments Held at Amortized Cost

Bankers Acceptances	\$ 335,077
Mutual Funds (4M Fund)	8,628,973
Total	\$ 8,964,050

Investments Held at Fair Value

Investments Held at Fair Value

Federal Home Loan Bank Notes	\$ 36,079,197
Federal National Mortgage Association Notes	1,647,834
Federal Home Loan Mortgage Corporate Discount Notes	10,020,754
Federal Farm Credit Bank Notes	3,903,321
U.S. Treasury Securities	95,799
Development Bonds	3,656,765
USB Select Treasury Institutional Fund	509,373
Total	\$ 55,913,043

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

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, 2022 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	\$ 36,079,197	\$ 3,699,859	\$ 31,093,248	\$ 1,286,090	\$ -
Federal National Mortgage Association Notes	1,647,834	750,924	896,910	-	-
Federal Home Loan Mortgage Corporate Discount Notes	10,020,754	-	478,004	8,750,440	792,310
Federal Farm Credit Bank Notes	3,903,321	975,665	2,927,656	-	-
U.S. Treasury Securities	95,799	95,799	-	-	-
Development Bonds	3,656,765	204,860	3,451,905	-	-
Bankers Acceptances	335,077	335,077	-	-	-
USB Select Treasury Institutional Fund	509,373	509,373	-	-	-
Mutual Funds (4M Fund)	8,628,973	8,628,973	-	-	-
	<u>\$ 64,877,093</u>	<u>\$ 15,200,530</u>	<u>\$ 38,847,723</u>	<u>\$ 10,036,530</u>	<u>\$ 792,310</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 56-57 of these notes. As of December 31, 2022, 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; 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. The City's investments in bankers acceptances is not rated.

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

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

A. Deposits and investments (continued)

Investments (continued)

Credit Risk (continued)

As of December 31, 2022, the City had invested \$8,628,973 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 \$509,373 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 Home Loan Mortgage Corporate Discount Notes, Federal Farm Credit Bank Notes, and Development Bonds. These investments are 55.61%, 15.45%, 6.02%, and 5.64%, 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, 2022 all investments and collateral were listed in the name of the City.

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

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

A. Deposits and investments (continued)

Balance Sheet Presentation

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

Deposits	\$	15,064,326
Petty Cash		1,800
Investments		64,877,093
Total	\$	79,943,219
Statement of Net Position:		
Cash and Investments – Primary Government	\$	76,423,194
Restricted Cash and Investments – Primary Government		3,520,025
Total	\$	79,943,219

Fair Value Measurement

Fair value measurements are determined utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specific (contractual) term, Level 2 input must be observable for substantially the full term of the asset or liability. U.S. Agency securities and municipal bonds classified in Level 2 are valued using quoted prices for similar securities and interest rates. The level of fair value measurement is based on the lowest level of significant input for the security type in its entirety. There are no Level 1 or Level 3 security classifications to report.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

A. Deposits and investments (continued)

Fair Value Measurement (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The City's investments within the fair value hierarchy at December 31, 2022 are as follows:

As of December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal Home Loan Bank Notes	\$ -	\$ 36,079,197	\$ -	\$ 36,079,197
Federal National Mortgage Association Notes	-	1,647,834	-	1,647,834
Federal Home Loan Mortgage Corporate Discount Notes	-	10,020,754	-	10,020,754
Federal Farm Credit Bank Notes	-	3,903,321	-	3,903,321
U.S. Treasury Securities	-	95,799	-	95,799
Development Bonds	-	3,656,765	-	3,656,765
	<u>\$ -</u>	<u>\$ 55,403,670</u>	<u>\$ -</u>	
Investments measured at Net Asset Value (NAV)				<u>509,373</u>
Total				<u>\$ 55,913,043</u>

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, 2022

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 \$400,000. Notes receivable balances for the City of Austin as of December 31, 2022 can be summarized as follows:

Governmental Activities:

General Fund

Murphy Creek Townhomes of Austin Limited Partnership	\$ 2,289,149
Murphy's Creek Homes, LLC	114,035
Less: allowance for uncollectibles	(2,289,149)
Subtotal General Fund	\$ 114,035

Other Nonmajor Governmental Funds

Fett Properties (Nemitz's interior)	\$ 66,400
Nu-Tek BioSciences, LLC	325,000
Marcusen Park Baseball Association	4,400
Less: allowance for uncollectibles	(325,000)
Subtotal Other Nonmajor Governmental Funds	\$ 70,800
Total Notes Receivable, net of allowance	\$ 184,835

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 March 7, 2018. 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 March 1, 2048.

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.

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.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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

B. Receivables (continued)

Nu-Tek BioSciences, LLC.

On March 1, 2022 the City issued a note receivable in the amount of \$325,000 to Nu-Tek BioSciences, LLC for the development of their project at the Creekside Business Park. The note receivable will be forgiven if certain job goals are created within the first three years after construction. 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 one payment remains for \$4,400 in 2022.

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, 2022, and descriptions are as follows:

Governmental activities

Fire PERA	\$	243,903
Prepaid Items		12,234
Other purposes - expendable		90,998
Other police purposes - nonexpendable		13,156
Library purposes – expendable		1,075,975
Library purposes – Nonexpendable		155,668
Senior Citizens Center		76,123
Total governmental activities	\$	1,668,057

Business-type activities

Utilities employee sick pay benefits fund	\$	1,851,968
Total business-type activities	\$	1,851,968

Total Restricted Assets	\$	3,520,025
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City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022

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

E. Capital Assets

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

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 27,183,798	\$ 460,856	\$ 75,000	\$ 27,569,654
Construction in progress	12,211,319	8,954,360	11,123,625	10,042,054
Total capital assets, not being depreciated	<u>\$ 39,395,117</u>	<u>\$ 9,415,216</u>	<u>\$ 11,198,625</u>	<u>\$ 37,611,708</u>
Capital assets, being depreciated:				
Buildings	\$ 53,641,031	\$ 4,023,305	\$ 39,570	\$ 57,624,766
Improvements other than buildings	41,279,589	1,412,302	39,361	42,652,530
Infrastructure	87,226,799	6,325,822	-	93,552,621
Machinery and Equipment	23,875,828	1,634,658	719,494	24,790,992
Total capital assets, being depreciated	<u>\$ 206,023,247</u>	<u>\$ 13,396,087</u>	<u>\$ 798,425</u>	<u>\$ 218,620,909</u>
Less accumulated depreciation for:				
Buildings	\$ 13,869,651	\$ 1,387,446	\$ 26,385	\$ 15,230,712
Improvements other than buildings	7,793,772	1,308,020	28,783	9,073,009
Infrastructure	39,093,515	2,464,502	-	41,558,017
Machinery and Equipment	13,301,055	1,356,861	686,785	13,971,131
Total accumulated depreciation	<u>\$ 74,057,993</u>	<u>\$ 6,516,829</u>	<u>\$ 741,953</u>	<u>\$ 79,832,869</u>
Total capital assets, being depreciated, net	<u>\$ 131,965,254</u>	<u>\$ 6,879,258</u>	<u>\$ 56,472</u>	<u>\$ 138,788,040</u>
Governmental activities capital assets, net	<u>\$ 171,360,371</u>	<u>\$ 16,294,474</u>	<u>\$ 11,255,097</u>	<u>\$ 176,399,748</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 781,210	\$ -	\$ -	\$ 781,210
Construction in progress	6,328,445	4,402,792	996,809	9,734,428
Total capital assets, not being depreciated	<u>\$ 7,109,655</u>	<u>\$ 4,402,792</u>	<u>\$ 996,809</u>	<u>\$ 10,515,638</u>
Capital assets, being depreciated:				
Buildings	\$ 60,064,787	\$ 10,585	\$ 2,376,720	\$ 57,698,652
Improvements other than buildings	1,923,690	-	-	1,923,690
Infrastructure	23,006,628	1,114,982	-	24,121,610
Machinery and Equipment	109,894,984	3,129,445	7,738,025	105,286,404
Right-to-use asset - equipment	51,347	-	-	51,347
Total capital assets, being depreciated	<u>\$ 194,941,436</u>	<u>\$ 4,255,012</u>	<u>\$ 10,114,745</u>	<u>\$ 189,081,703</u>
Less accumulated depreciation for:				
Buildings	\$ 22,585,759	\$ 1,261,759	\$ 2,376,720	\$ 21,470,798
Improvements other than buildings	930,273	50,112	-	980,385
Infrastructure	2,560,070	387,118	-	2,947,188
Machinery and Equipment	57,376,491	2,626,431	7,738,025	52,264,897
Right-to-use asset - equipment	-	16,215	-	16,215
Total accumulated depreciation	<u>\$ 83,452,593</u>	<u>\$ 4,341,635</u>	<u>\$ 10,114,745</u>	<u>\$ 77,679,483</u>
Total capital assets, being depreciated, net	<u>\$ 111,488,843</u>	<u>\$ (86,623)</u>	<u>\$ -</u>	<u>\$ 111,402,220</u>
Business-type activities capital assets, net	<u>\$ 118,598,498</u>	<u>\$ 4,316,169</u>	<u>\$ 996,809</u>	<u>\$ 121,917,858</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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	\$	219,264
Public safety		313,648
Streets and highways		2,194,701
Culture and recreation		2,015,068
Public Service		316,990
Community development		689,245
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets		767,913
Total depreciation expense – governmental activities	\$	6,516,829
Business-type activities:		
Sewer	\$	1,249,639
Waste Transfer Station		11,860
Storm Water		107,193
Utilities		2,972,943
Total depreciation expense – business-type activities	\$	4,341,635

Construction Commitments

The City has active construction projects as of December 31, 2022. The projects include street improvements, airport improvements, building improvements, storm water 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	\$ 9,453,146	\$ 1,055,899
Airport Improvements	\$ 298,457	\$ 26,463
Building Improvements	\$ 2,788,777	\$ 1,405,073
Storm Water System improvements	\$ 3,664,589	\$ 98,471,930
Sewer System improvements	37,627	2,178
Total	\$ 16,242,596	\$ 100,961,543

The commitment for street, airport, and building improvements are being funded primarily by fund balance and by State and Federal grants. The storm water system improvements are being financed by the use of fund balance. The sewer system improvements are being financed partially by a 1.912% loan from the Minnesota Public Facilities Authority (PFA) that is in process of approval, and cash contributions by the major industrial user of the wastewater treatment plant.

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

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

E. Capital Assets (continued)

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

Discretely presented component units

	Beginning Balance	Increases	Decreases	Ending Balance
Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 2,550,941	\$ -	\$ 1	\$ 2,550,940
Construction in progress	12,332	487,526	499,858	-
Total capital assets, not being depreciated	<u>\$ 2,563,273</u>	<u>\$ 487,526</u>	<u>\$ 499,859</u>	<u>\$ 2,550,940</u>
Capital assets, being depreciated:				
Buildings and Improvements	\$ 34,806,350	\$ 539,285	\$ 85,958	\$ 35,259,677
Equipment	1,453,815	88,277	127,824	1,414,268
Total capital assets, being depreciated	<u>\$ 36,260,165</u>	<u>\$ 627,562</u>	<u>\$ 213,782</u>	<u>\$ 36,673,945</u>
Less accumulated depreciation for:				
Buildings and Improvements	\$ 22,670,060	\$ 1,161,063	\$ 85,958	\$ 23,745,165
Equipment	980,055	103,746	127,825	955,976
Total accumulated depreciation	<u>\$ 23,650,115</u>	<u>\$ 1,264,809</u>	<u>\$ 213,783</u>	<u>\$ 24,701,141</u>
Total capital assets, being depreciated, net	<u>\$ 12,610,050</u>	<u>\$ (637,247)</u>	<u>\$ (1)</u>	<u>\$ 11,972,804</u>
Housing Authority capital assets, net	<u>\$ 15,173,323</u>	<u>\$ (149,721)</u>	<u>\$ 499,858</u>	<u>\$ 14,523,744</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Port Authority:				
Capital assets, being depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements other than buildings	553,784	-	-	553,784
Machinery and Equipment	2,108,645	-	-	2,108,645
Total capital assets, being depreciated	<u>\$ 26,116,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,116,896</u>
Less accumulated depreciation for:				
Buildings	\$ 3,504,534	\$ 585,859	\$ -	\$ 4,090,393
Improvements other than buildings	163,674	27,110	\$ -	190,784
Machinery and Equipment	989,817	94,905	-	1,084,722
Total accumulated depreciation	<u>\$ 4,658,025</u>	<u>\$ 707,874</u>	<u>\$ -</u>	<u>\$ 5,365,899</u>
Port Authority capital assets, net	<u>\$ 21,458,871</u>	<u>\$ (707,874)</u>	<u>\$ -</u>	<u>\$ 20,750,997</u>

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

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

F. Leases Receivable:

The City, acting as lessor, leases land, towers, and antenna space under long-term lease agreements. The leases expire at various dates through 2040 and provide renewal options for up to five years.

The total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 15,618	\$ 5,484	\$ 95,163	\$ 20,508
2024	13,828	4,919	100,465	17,504
2025	11,495	4,394	105,993	14,331
2026	14,042	3,943	100,664	11,065
2027	14,641	3,390	95,227	8,026
2028 - 2032	52,659	8,400	204,153	11,653
2033 - 2037	14,776	2,839	-	-
2038 - 2039	7,049	373	-	-
Total	<u>\$ 144,108</u>	<u>\$ 33,742</u>	<u>\$ 701,665</u>	<u>\$ 83,087</u>

Discretely presented component units

The total future minimum lease payments to be received under lease agreements are as follows:

Housing Authority:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 41,942	\$ 17,460
2024	45,763	16,370
2025	51,178	15,155
2026	54,395	13,828
2027	55,771	12,452
2028 - 2032	248,279	42,370
2033 - 2037	149,655	17,601
2038 - 2040	75,504	2,454
Total	<u>\$ 722,487</u>	<u>\$ 137,690</u>

Port Authority:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 100,671	\$ 1,983
2024	103,489	1,219
2025	106,369	433
Total	<u>\$ 310,529</u>	<u>\$ 3,635</u>

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

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

G. Interfund Balances and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Utilities	\$ 272,636
General	Nonmajor Governmental Funds	332,421
Sewer User	Utilities	672,521
Utilities	General	57,675
Utilities	Sewer User	125,363
Utilities	Nonmajor Enterprise Funds	3,586
Utilities	Nonmajor Internal Service Funds	5,917
Utilities	Nonmajor Governmental Funds	4,042
Nonmajor Enterprise Funds	Utilities	114,839
Nonmajor Governmental Funds	Utilities	1,874
Total		\$ 1,590,874

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	\$ 553,670

Advances were made to component units to finance various projects. The amount reported as advances to component units is \$555,244. This amount varies from the amount listed above because the allocation of the profit/loss 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, 2022 is as follows:

<u>Transfers to (Fund):</u>	<u>Transfers Out (Fund)</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Utilities</u>	
General	\$ -	\$ 4,000	\$ 1,654,906	\$ 1,658,906
Nonmajor Governmental	2,139,250	748,465	-	2,887,715
Internal Service Funds	100,000	-	-	100,000
Total	\$ 2,239,250	\$ 752,465	\$ 1,654,906	\$ 4,646,621

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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

G. Interfund Balances and Transfers (continued)

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.

H. Long-term debt

Primary Government

Revenue Bonds

The City has pledged future net revenues from the water utility to repay the remaining outstanding principal and interest of the Water Revenue Bonds, Series 2012A, through their maturity date in 2027. Net revenues (losses) of the water utility for 2022 were (\$73,999), and principal and interest paid on the 2012A bonds in 2022 were \$385,000 and \$53,706, respectively. These bonds are recorded in the fund according to the purpose for which they were issued. 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>
Water Revenue Bonds, Series 2012A	2027	2.00 - 2.50%	\$ 2,040,000
Total			<u>\$ 2,040,000</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>
2023	\$ 390,000	\$ 46,006
2024	400,000	38,207
2025	410,000	29,706
2026	415,000	20,482
2027	425,000	10,625
Total	<u>\$ 2,040,000</u>	<u>\$ 145,026</u>

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.

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

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

H. Long-term debt (continued)

Primary Government (continued)

General Obligation Capital Improvement Bonds (continued)

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%	\$ 13,415,000
Total			<u>\$ 13,415,000</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>
2023	\$ 760,000	\$ 448,263
2024	785,000	425,087
2025	810,000	393,062
2026	850,000	355,813
2027	885,000	325,538
2028 - 2032	4,840,000	1,191,658
2033 - 2036	4,485,000	325,185
Total	<u>\$ 13,415,000</u>	<u>\$ 3,464,606</u>

Lease Payable

The Utilities entered into a lease for the use of equipment. Due to the implementation of GASB 87 in the fiscal year ended December 31, 2022, this asset was capitalized as an intangible right-to-use asset.

The following is a schedule of the future long-term minimum lease payments required under the lease and the present value of the minimum lease payments as of December 31, 2022:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>
2023	\$ 15,828
2024	15,828
2025	3,991
Total	<u>\$ 35,647</u>
Less amount representing interest	(744)
Present value of net minimum lease payments	<u>\$ 34,903</u>

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

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

H. Long-term debt (continued)

Primary Government (continued)

Long-term Liability Activity (continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities:					
Compensated Absences	\$ 2,186,093	\$ 1,558,627	\$ 1,616,629	\$ 2,128,091	\$ 794,046
Governmental activities Long-term liabilities	<u>\$ 2,132,172</u>	<u>\$ 1,558,627</u>	<u>\$ 1,616,629</u>	<u>\$ 2,128,091</u>	<u>\$ 794,046</u>
Business-type activities:					
Revenue Bonds	\$ 2,425,000	\$ -	\$ 385,000	\$ 2,040,000	\$ 390,000
Capital Improvement Plan Bonds	14,160,000	-	745,000	13,415,000	760,000
Lease Payable	51,050	-	16,147	34,903	16,525
Bond Premium	278,478	-	92,188	186,290	-
Compensated Absences	1,981,013	438,189	269,741	2,149,461	307,171
Business-type activities Long-term liabilities	<u>\$ 18,895,541</u>	<u>\$ 438,189</u>	<u>\$ 1,508,076</u>	<u>\$ 17,825,654</u>	<u>\$ 1,473,696</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, 2022, there was one series of Industrial Revenue Bonds outstanding, with original issue amounts of \$13,335,000 and an aggregate principal amount outstanding of \$12,850,000.

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

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

H. Long-term debt (continued)

Primary Government (continued)

Tax Abatement Disclosure

The City provides tax abatements under a program to encourage home construction. The program is established under Minnesota Statute 469.1813. The abatement equals 100% of the additional property tax resulting from the increase in the assessed value as a result of the construction. Abatements are obtained through application by the property owner prior to commencing the construction. Because taxes are not abated until after the construction has been completed, there are no provisions for recapturing the abated taxes. No other commitments were made by the City as part of those agreements. The amount abated during 2022 was \$87,106 for thirty-nine properties.

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. 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.

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.

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

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

H. Long-term debt (continued)

Primary Government (continued)

Tax Increment District Disclosure (continued)

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.

Tax Increment District No. 15, Nu-Tek Project, is located within Municipal Development District No. 1. This economic development district was established in 2021 pursuant to Minnesota Statutes Chapter 469. The first tax increment is estimated to be received in 2023, and the duration of the district is through the year 2031. The agreement calls for 100% 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. 12</u>
Original net tax capacity	\$ 686	\$ 16,963	\$ 2,261
Current net tax capacity	\$ 16,387	\$ 58,580	\$ 48,536
Captured net tax capacity:			
Retained by authority	\$ 15,701	\$ 41,617	\$ 46,275
Shared with other taxing districts	\$ -	\$ -	\$ -
<u>Tax Increment returned to developers</u>	\$ -	\$ -	\$ 48,091
 <u>Bonds Outstanding:</u>			
General obligation tax increment bonds issued	\$ -	\$ 1,405,000	\$ -
Bond principal retired	-	1,405,000	-
Bonds outstanding 12/31/22	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>No. 13</u>	<u>No. 14</u>	<u>No. 15</u>
Original net tax capacity	\$ 29,757	\$ 1,988	\$ 780
Current net tax capacity	\$ 180,016	\$ 24,219	\$ 780
Captured net tax capacity:			
Retained by authority	\$ 150,259	\$ 22,231	\$ -
Shared with other taxing districts	\$ -	\$ -	\$ -
<u>Tax Increment returned to developers</u>	\$ 167,179	\$ 28,700	\$ -
 <u>Bonds Outstanding:</u>			
General obligation tax increment bonds issued	\$ -	\$ -	\$ -
Bond principal retired	-	-	-
Bonds outstanding 12/31/22	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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

H. 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>
General Obligation Refunding Bonds	2013 - 2023	0.30 - 2.70%	\$ 200,000	\$ 200,000
General Obligation Refunding Bonds	2016 - 2023	0.85 - 1.55%	150,000	150,000
Gross Revenue Refunding Bonds	2018 - 2029	3.15%	417,000	2,919,000
			<u>\$ 767,000</u>	<u>\$ 3,269,000</u>

Notes from Direct Borrowing:

Publicly Owned Housing Program Loan Agreement	-	1,270,129
Deferred Loan Agreement	-	35,000
PTO Payable	56,171	56,171
Banked PTO Payable	-	64,487
	<u>\$ 823,171</u>	<u>\$ 4,694,787</u>
Gain on Bond Refunding	-	47,775
Total Long-Term Liabilities	<u>\$ 823,171</u>	<u>\$ 4,742,562</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>
2023	\$ 767,000	\$ 92,551
2024	430,000	75,458
2025	447,000	61,772
2026	462,000	47,581
2027	476,000	32,933
2028-2029	687,000	21,011
	<u>\$ 3,269,000</u>	<u>\$ 331,306</u>

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

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

H. 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 November 28, 2018, the HRA issued \$4,733,000 of Governmental Housing Revenue Refunding Bonds, Series 2018A. The proceeds of the issue were used for a current refunding of the Governmental Housing Gross Revenue Bonds, Series 2010A. Revenues generated from the rental of the Chauncey Apartment units are dedicated to the retirement of these bonds. The cash flow savings is \$85,023 and the net present value benefit is \$84,410.

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.

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, 2022**

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

H. Long-term debt (continued)

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

Deferred Loan Repayment Agreement (continued)

On May 2, 2018, the HRA entered into a publicly owned housing program deferred loan repayment agreement with MHFA for \$340,300 and an additional \$71,431 in 2021 for the purpose of completing several repairs to the Scattered Sites Building. The HRA started drawing on the loan during 2018. The total outstanding as of September 30, 2022 was \$392,443. 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.

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, 2022.

Changes in Long-Term Debt

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Notes from Direct Borrowing:					
Deferred Loan Agreement	\$ 35,000	\$ -	\$ -	\$ 35,000	\$ -
POHP Loan Agreement	1,446,737	-	176,608	1,270,129	-
Bonds	4,529,000	-	1,260,000	3,269,000	767,000
Gain On Bond Refunding	55,419	-	7,644	47,775	-
Loss on Bond Refunding	(2,391)	-	(2,391)	-	-
	<u>\$ 6,063,765</u>	<u>\$ -</u>	<u>\$ 1,441,861</u>	<u>\$ 4,621,904</u>	<u>\$ 767,000</u>
PTO Payable	48,142	73,002	64,973	56,171	56,171
Banked PTO Payable	60,719	3,768	-	64,487	-
Total discretely-presented component unit	<u>\$ 6,172,626</u>	<u>\$ 76,770</u>	<u>\$ 1,506,834</u>	<u>\$ 4,742,562</u>	<u>\$ 823,171</u>

Port Authority

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Port Authority:					
Advances with City of Austin	\$ 612,733	\$ 5,937	\$ 65,000	\$ 553,670	\$ -
Long-Term Liabilities	<u>\$ 612,733</u>	<u>\$ 5,937</u>	<u>\$ 65,000</u>	<u>\$ 553,670</u>	<u>\$ -</u>

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

NOTE 3 OTHER INFORMATION

A. Commitments and 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 City has signed purchase agreements for the acquisition of two fire trucks, making a \$200,000 advance payment in 2022 on one of the trucks. The outstanding commitment is \$100,000 on one of the fire trucks, and \$1,645,000 on the second one.

The Austin Utilities purchases power from Southern Minnesota Municipal Power Agency (SMMPA) 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.

The Austin Utilities has entered into forward contracts to purchase a portion of its natural gas at a specified time in the future at a guaranteed price. The Utilities enters into these contracts to help plan its natural gas costs for the year and to protect itself against an increase in the market price of the commodity.

It is possible the market price before or at the specified time to purchase natural gas may be lower than the price at which the Utilities is committed to buy. This would reduce the value of the contract. The Utilities is committed to purchase 1,285,444 thousand cubic feet of natural gas through October 2026 for a total commitment of \$4,432,281 at December 31, 2022.

During the year ended December 31, 2022, net sales to Hormel Foods Corporation amounted to \$22,917,102. Sales to this customer accounted for 36% of the total revenue of the Utilities in 2022.

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

NOTE 3 OTHER INFORMATION (CONTINUED)

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 Plan

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

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to 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 are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefit's for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Benefits Provided (continued)

1. General Employees Plan Benefits (continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989 or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. The postretirement increase will be fixed at 1.0%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2022, were \$1,088,731. 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, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Contributions (continued)

2. Police and Fire Fund Contributions

Police and Fire members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% of Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2022 were \$737,655. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022 the City reported a liability of \$15,269,823 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$447,773.

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0976% at the end of the measurement period and 0.0941% for the beginning of the period. At June 30, 2022, the Austin Utilities' proportionate share was 0.0952% at the end of the measurement period and 0.0931% for the beginning of the period.

<u>Description</u>	<u>Amount</u>
Citys' Proportionate Share of the PERA Net Pension Liability	\$ 15,269,823
State's Proportionate Share of the PERA Net Pension Liability Associated with the City	\$ 447,773
	<u>\$ 15,717,596</u>

For the year ended December 31, 2022, the City recognized pension expense of \$2,277,650 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$66,745 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, 2022

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 127,546	\$ 163,118
Changes in Actuarial Assumptions	3,455,838	62,105
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	264,863	-
Changes in Proportion	592,930	-
City Contributions Subsequent to the Measurement Date	564,546	-
	<u>\$ 5,005,723</u>	<u>\$ 225,223</u>

Pension
Expense

The \$564,546 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, 2023. 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>
2023	\$ 1,665,409
2024	1,578,390
2025	(408,771)
2026	1,380,926

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

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

2. Police and Fire Fund Pension Costs

At December 31, 2022 the City reported a liability of \$14,551,767 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.3344% at the end of the measurement period and 0.3284% for the beginning of the period.

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

The State of Minnesota is included as a non-member contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements.

For the year ended December 31, 2022, the City recognized pension expense of \$1,170,219 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$123,307 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City also recognized \$30,096 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and the total portion of net pension liability that was associated with the City were as follows:

<u>Description</u>	<u>Amount</u>
Citys' Proportionate Share of the PERA Net Pension Liability	\$ 14,551,767
State's Proportionate Share of the PERA Net Pension Liability Associated with the City	635,687
Total	<u>\$ 15,187,454</u>

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources 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	\$ 888,798	\$ -
Changes in Actuarial Assumptions	8,565,958	87,478
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	195,042	-
Changes in Proportion	336,169	14,189
City Contributions Subsequent to the Measurement Date	391,299	-
	<u>\$ 10,377,266</u>	<u>\$ 101,667</u>

The \$391,299 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, 2023. 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>
2023	\$ 1,916,253
2024	1,930,449
2025	1,737,046
2026	3,075,932
2027	1,224,620

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Pension Costs (continued)

At December 31, 2022, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Pension Liability	\$ 20,479,852	\$ 9,341,738	\$ 29,821,590
Deferred Outflow of Resources	12,389,614	2,993,375	15,382,989
Deferred Inflow of Resources	189,103	137,787	326,890
Pension Expense	2,241,607	1,396,314	3,637,921

Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of 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 Stocks	33.5%	5.10%
International Equity	16.5%	5.30%
Fixed Income	25.0%	0.75%
Private Markets	25.0%	5.90%
	<u>100%</u>	

Actuarial Assumptions

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

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

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Actuarial Assumptions (continued)

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

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

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

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

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

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

Actuarial Assumptions (continued)

Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50%. 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 positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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	5.5%	6.5%	7.5%
City's Proportionate share of the General Employees Fund Net Pension Liability	\$ 24,119,486	\$ 15,269,823	\$ 8,011,735
Discount Rate	4.4%	5.4%	6.4%
City's Proportionate share of the Police and Fire Fund Net Pension Liability	\$ 22,022,233	\$ 14,551,767	\$ 8,512,343

Typically, the General Fund and Library Fund are used to liquidate pension liabilities in the governmental funds.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Retirement systems (continued)

Defined Benefit Pension Plans – Statewide (continued)

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. The City has no assets accumulated in a trust that meets the criteria in GASB 75.

Benefits Provided

The CRBP provides health benefits to eligible employees and their dependents through Public Employees Insurance Program (PEIP) health plans administered by the State of Minnesota. Benefits-eligible employees may continue in the City's group plans at termination if they are receiving a disability benefit or an annuity from a Minnesota public pension plan other than a volunteer firefighter plan, or have met age and service requirements necessary to receive an annuity from such a plan. Retiree's must elect continuation of coverage for themselves and their dependents before the date of retirement. Coverage extends for the life of the retiree, the retiree's spouse or surviving spouse. Retiree's must contribute 100% of the PEIP premium, except for public safety members disabled in the line of duty, in which the City contributes \$425 per month for single coverage (\$1,100 for family coverage).

Employees Covered by Benefit Terms

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

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefit Payments	4
 Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	 -
 Active Plan Members	 135
	<hr style="border-top: 1px solid black;"/> 139

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Total OPEB Liability

The Citys' total OPEB liability for the year ended December 31, 2022, was determined by an actuarial valuation dated December 31, 2021 with a measurement date of December 31, 2022.

Actuarial assumptions

The total OPEB liability on the December 31, 2022 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	Range from 11.75% down to 3.40% over an 19-year period.
Healthcare Cost Trend Rates	10.00% as of December 31, 2022 grading to 3.94% over 19 years.

Mortality rates were based on the Pub-2010 General Employee Mortality Tables and Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020 (RP-2014 Employee Mortality Table using projection scale MP-2018 at the prior measurement date).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.72% (2.06% at the prior measurement date), which reflects the index rate for a 20-year high quality, tax-exempt general obligation municipal bond as of the measurement date.

Changes in Total OPEB Liability

	<u>2022</u>
Balance at December 31, 2021	\$ 1,379,172
Changes for the year:	
Service Cost	116,539
Interest on the Total OPEB Liability	26,391
Changes in Assumptions	(188,101)
Difference between Projected and Actual Experience	(128,831)
Benefit Payments	(40,068)
Balance at December 31, 2022	<u>\$ 1,165,102</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. 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 and 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 a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.72%)	Current (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 1,242,946	\$ 1,165,102	\$ 1,090,472

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 or 1-percentage-point higher than the current healthcare cost rates:

	1% Decrease (9.00% decreasing to 2.94%)	Current (10.00% decreasing to 3.94%)	1% Increase (11.00% decreasing to 4.94%)
Total OPEB Liability	\$ 1,054,030	\$ 1,165,102	\$ 1,294,405

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

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, 2022, the City recognized OPEB expense of \$76,603. At December 31, 2022, 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	\$ 147,163	\$ 187,404
Differences between Expected and Actual Experience	22,949	409,397
	<u>\$ 170,112</u>	<u>\$ 596,801</u>

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>
2023	\$ (66,327)
2024	(66,327)
2025	(61,950)
2026	(64,806)
2027	(76,320)
2028	(58,006)
2029	(32,953)

Typically, the General Fund and Library Fund are used to liquidate OPEB liabilities in the governmental funds.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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.

Funding Policy

The Utilities has no assets accumulated in a trust that meets criteria in GASB 75. Contribution requirements are negotiated between the Utilities and union representatives. The eligibility for, amount of, duration of, and Utilities' contribution to the cost of the benefits provided varies by contract and date of retirement. The Utilities is funding this liability on a pay-as-you-go basis. For plan year 2022 the Utilities did not contribute to the plan.

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, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefit Payments	90
 Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	 -
 Active Plan Members	 74
	<u>164</u>

Total OPEB Liability

The Utilities' total OPEB liability for the year ended December 31, 2022, was measured as of January 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

Total OPEB Liability (continued)

Actuarial assumptions

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

Inflation	2.00%
Investment Rate of Return	2.90%
Medical Trend Rate	6.50% in 2022 grading to 4.00% over the 54 years.

Mortality rates for the January 1, 2022 actuarial valuation were based on the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale (MP-2019 Generational Improvement Scale at prior measurement date).

Discount Rate

The discount rate used to measure the total OPEB liability at January 1, 2022 was 2.00%, which reflects the index rate for 20-year high quality, tax-exempt general obligation municipal bonds as of the measurement date.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at December 31, 2021	\$ 17,091,539
Changes for the year:	
Service Cost	109,549
Interest Cost on the Total OPEB Liability	334,330
Changes of Benefit Terms	1,021,013
Differences between Projected and Actual Experience	2,270,409
Changes in Assumptions	(90,912)
Benefit Payments	(973,966)
Balance at December 31, 2022	<u>\$ 19,761,962</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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 and 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 a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (1.00%)	Current (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$ 22,005,351	\$ 19,761,962	\$ 17,868,829

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 or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.00%)	Current (6.50% decreasing to 4.00%)	1% Increase (7.50% decreasing to 5.00%)
Total OPEB Liability	\$ 19,197,188	\$ 19,761,962	\$ 20,398,467

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

For the year ended December 31, 2022, the Utilities recognized OPEB expense of \$3,148,467. At December 31, 2022, 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>
Changes in Actuarial Assumptions	\$ 485,916	\$ 60,608
Differences between Expected and Actual Experience	1,513,606	-
Contributions Subsequent to the Measurement Date	1,128,157	-
	<u>\$ 3,127,679</u>	<u>\$ 60,608</u>

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

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 (continued)

\$1,128,157 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, 2023.

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

Year Ended December 31,	Pension Expense Amount
2022	\$ 1,212,415
2023	726,499

At December 31, 2022, the City reported the following aggregate amounts related to OPEB for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Total OPEB Liability	\$ 988,431	\$ 19,938,633	\$ 20,927,064
Deferred Outflow of Resources	144,317	3,153,474	3,297,791
Deferred Inflow of Resources	506,305	151,104	657,409
OPEB Expense	61,765	3,163,305	3,225,070

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, 2022 for governmental and business-type activities are \$687,417 and \$122,415 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 \$90,468 and \$19,503 for business-type activities.

**City of Austin, Minnesota
Notes to the Financial Statements
December 31, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits (continued)

Other Postemployment Benefit Plan (continued)

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 \$1,350,206.

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, 2022, the total accumulated sick pay of \$2,007,543 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, 2022, the Utilities has specifically restricted investments equal to 92% 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 \$2,250 to \$3,750 per part-time firefighter, depending on years of service within the organization. Total City contributions were \$53,875 for the year ended December 31, 2022.

Defined Contribution Plan

The City provides eligible employees future retirement benefits through the City's 457 Plan (the Plan). Employees of the City are eligible to participate in the Plan commencing on the date of their employment. Eligible employees may elect to have a percentage of their pay contributed to the Plan. Contributions are invested in tax-deferred annuities selected and owned by Plan participants. The employee contributions were \$372,575 (City) and \$441,106 (Utilities) for the year ended December 31, 2022.

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

NOTE 3 OTHER INFORMATION (CONTINUED)

C. Other Employee Benefits

Flexible Benefit Plan

The City has a flexible benefit plan that is classified as a “cafeteria plan” under Section 125 of the Internal revenue Code. All employee groups of the City are eligible if and when the collective bargaining agreement or contract with their group allows eligibility. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the plan for health care and dependent care benefits.

Before the beginning of the plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the plan during the year. At June 30, the City is contingently liable for claims against the total amount of participants’ annual contributions for the health care portion of the plan, whether or not such contributions have been made.

Payments of health insurance premiums are made by the City directly to the designated insurance companies. These payments are made on a monthly basis and are accounted for in the City’s financial statements.

Payments for amounts withheld for medical reimbursement and dependent care are made to participating employees upon submitting a request for reimbursement of eligible expenses.

All plan property and income attributable to that property is solely the property of the City, subject to the claims of the City’s general creditors. Participants’ rights under the plan are equal to those of general creditors of the City in an amount equal to eligible health care and dependent care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

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 2022 were based on expected costs as set by the Public Employees Insurance Program (PEIP), a program created by special legislation to make a comprehensive package of medical, dental and life insurance benefits available to Minnesota cities, townships, counties, school districts and other units of local government. During the year 2022, 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.

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

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Risk Management (continued)

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.

The Utilities has purchased commercial insurance for its personal property claims. Coverage is provided on building and contents up to \$66,234,007.

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 provides the group with additional funds for protection from losses not covered by the specific excess.

In addition, per occurrence coverage for claims has been purchased. Each member 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, 2022.

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.

Required Supplementary Information

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 5,933,466	\$ 5,933,466	\$ 5,992,280	\$ 58,814
Special assessments	45,000	45,000	66,252	21,252
Licenses and permits	642,705	642,705	732,122	89,417
Intergovernmental	9,715,896	11,094,655	11,174,346	79,691
Charges for services	688,011	688,011	742,322	54,311
Fines and forfeits	158,600	158,600	127,020	(31,580)
Miscellaneous	514,459	579,459	360,162	(219,297)
Total revenues	<u>\$ 17,698,137</u>	<u>\$ 19,141,896</u>	<u>\$ 19,194,504</u>	<u>\$ 52,608</u>
Expenditures				
Current				
General government	\$ 2,429,185	\$ 2,497,403	\$ 2,434,688	\$ 62,715
Public safety	8,503,584	8,549,700	8,283,139	266,561
Streets and highways	3,950,451	3,987,360	3,798,091	189,269
Culture and recreation	4,033,601	4,353,058	3,910,445	442,613
Public service	105,042	105,042	121,718	(16,676)
Economic development	305,059	305,059	299,263	5,796
Community development	7,215	7,215	8,343	(1,128)
Total expenditures	<u>\$ 19,334,137</u>	<u>\$ 19,804,837</u>	<u>\$ 18,855,687</u>	<u>\$ 949,150</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,636,000)</u>	<u>\$ (662,941)</u>	<u>\$ 338,817</u>	<u>\$ 1,001,758</u>
Other financing sources (uses)				
Transfers in	\$ 1,714,000	\$ 1,714,000	\$ 1,658,906	\$ (55,094)
Transfers out	(78,000)	(2,239,250)	(2,239,250)	-
Total other financing sources (uses)	<u>\$ 1,636,000</u>	<u>\$ (525,250)</u>	<u>\$ (580,344)</u>	<u>\$ (55,094)</u>
Net change in fund balance	\$ -	\$ (1,188,191)	\$ (241,527)	\$ 946,664
Fund balance - beginning	<u>11,183,336</u>	<u>11,183,336</u>	<u>11,183,336</u>	<u>-</u>
Fund balance - ending	<u>\$ 11,183,336</u>	<u>\$ 9,995,145</u>	<u>\$ 10,941,809</u>	<u>\$ 946,664</u>

See accompanying Notes to Financial Statements.

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund.

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.

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.

City of Austin, Minnesota
Schedule of Changes in Total OPEB Liability and Related Ratios
December 31, 2022

	<u>2022</u>	<u>2021</u>
City:		
Measurement Date	December 31, 2022	December 31, 2021
Total OPEB Liability		
Service Cost	\$ 116,539	\$ 102,521
Interest	26,391	28,292
Differences Between Expected and Actual Experience	(128,831)	30,217
Changes in Assumptions	(188,101)	5,926
Benefit Payments	(40,068)	(39,426)
Net Change in Total OPEB Liability	<u>\$ (214,070)</u>	<u>\$ 127,530</u>
Total OPEB Liability - Beginning	<u>1,379,172</u>	<u>1,251,642</u>
Total OPEB Liability - Ending	<u><u>1,165,102</u></u>	<u><u>1,379,172</u></u>
Covered Employee Payroll	\$ 10,144,797	\$ 9,233,870
Cities' Net OPEB Liability as a Percentage of the Covered Employee Payroll	11%	15%

Utilities:

	January 1, 2022	January 1, 2021
Measurement Date		
Total OPEB Liability		
Service Cost	\$ 109,549	\$ 119,093
Interest	334,330	454,111
Changes of Benefit Terms	1,021,013	-
Differences Between Expected and Actual Experience	2,270,409	-
Changes in Assumptions	(90,912)	1,457,748
Benefit Payments	(973,966)	(951,811)
Net Change in Total OPEB Liability	<u>\$ 2,670,423</u>	<u>\$ 1,079,141</u>
Total OPEB Liability - Beginning	<u>17,091,539</u>	<u>16,012,398</u>
Total OPEB Liability - Ending	<u><u>19,761,962</u></u>	<u><u>17,091,539</u></u>
Covered Employee Payroll	\$ 6,642,709	\$ 6,543,875
Utilities' Net OPEB Liability as a Percentage of the Covered Employee Payroll	297%	261%

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.

<u>2020</u>	<u>2019</u>	<u>2018</u>
December 31, 2020	December 31, 2019	December 31, 2018
\$ 94,835	\$ 72,289	\$ 81,174
32,649	55,347	47,189
(457,640)	-	-
113,309	145,733	(69,335)
(37,915)	(81,822)	(68,989)
<u>\$ (254,762)</u>	<u>\$ 191,547</u>	<u>\$ (9,961)</u>
1,506,404	1,314,857	1,324,818
<u>1,251,642</u>	<u>1,506,404</u>	<u>1,314,857</u>
\$ 9,901,406	\$ 8,727,287	\$ 9,100,343
13%	17%	14%

January 1, 2020	January 1, 2019	January 1, 2018
\$ 91,618	\$ 88,177	\$ 98,046
553,743	516,175	525,521
(77,857)	-	-
857,955	-	-
555,524	(793,300)	-
(889,990)	(879,159)	(914,365)
<u>\$ 1,090,993</u>	<u>\$ (1,068,107)</u>	<u>\$ (290,798)</u>
14,921,405	15,989,512	16,280,310
<u>16,012,398</u>	<u>14,921,405</u>	<u>15,989,512</u>
\$ 6,337,893	\$ 5,779,485	\$ 5,611,150
253%	258%	285%

City of Austin, Minnesota
Schedule of Citys' Proportionate Share of the Net Pension Liability
December 31, 2022

Fiscal Year	<u>2022</u>	<u>2021</u>	<u>2020</u>
Measurement Date	6/30/2022	6/30/2021	6/30/2020
General Employees Plan			
Citys' Proportion of the Net Pension Liability	0.0976%	0.0941%	0.0878%
Citys' Proportionate Share of the Net Pension Liability	\$ 7,729,952	\$ 4,018,491	\$ 5,264,011
State's Proportionate Share of the Net Pension Liability			
Associated with the City	226,706	122,623	162,489
Total	<u>\$ 7,956,658</u>	<u>\$ 4,141,114</u>	<u>\$ 5,426,500</u>
Citys' Covered Payroll	\$ 7,350,148	\$ 6,792,254	\$ 6,284,120
Citys' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	105.17%	59.16%	83.77%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	76.70%	87.00%	79.10%
Utilities' Proportion of the Net Pension Liability	0.0952%	0.0931%	0.0924%
Utilities' Proportionate Share of the Net Pension Liability	\$ 7,539,871	\$ 3,975,787	\$ 5,539,802
State's Proportionate Share of the Net Pension Liability			
Associated with the Utilities	221,067	121,358	170,919
Total	<u>\$ 7,760,938</u>	<u>\$ 4,097,145</u>	<u>\$ 5,710,721</u>
Utilities' Covered Payroll	\$ 7,130,573	\$ 6,702,333	\$ 6,593,067
Utilities' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	105.74%	59.32%	84.02%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	76.70%	87.00%	79.10%
Police and Fire Plan			
Citys' Proportion of the Net Pension Liability	0.3344%	0.3284%	0.3058%
Citys' Proportionate Share of the Net Pension Liability	\$ 14,551,767	\$ 2,534,900	\$ 4,030,771
State's Proportionate Share of the Net Pension Liability	\$ 635,687	\$ 113,974	\$ 94,957
Citys' Covered Payroll	\$ 4,062,639	\$ 3,881,706	\$ 3,447,336
Citys' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	358.19%	65.30%	116.92%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	70.50%	93.70%	87.20%

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.

2019	2018	2017	2016	2015
6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
0.0843%	0.0853%	0.0874%	0.0860%	0.0876%
\$ 4,660,758	\$ 4,732,094	\$ 5,579,558	\$ 6,982,773	\$ 4,539,887
144,827	155,225	70,121	91,198	-
\$ 4,805,585	\$ 4,887,319	\$ 5,649,679	\$ 7,073,971	\$ 4,539,887
\$ 5,955,760	\$ 5,734,155	\$ 5,651,768	\$ 5,339,321	\$ 5,146,702
78.26%	82.52%	98.72%	130.78%	88.21%
80.20%	79.50%	75.90%	68.90%	78.19%
0.0867%	0.0898%	0.0937%	0.0989%	0.0989%
\$ 4,793,449	\$ 4,981,736	\$ 5,981,746	\$ 7,973,353	\$ 5,125,511
148,994	163,329	75,183	104,049	-
\$ 4,942,443	\$ 5,145,065	\$ 6,056,929	\$ 8,077,402	\$ 5,125,511
\$ 6,368,951	\$ 6,035,606	\$ 5,934,560	\$ 6,099,106	\$ 6,056,621
75.26%	82.54%	100.80%	130.73%	84.63%
80.20%	79.50%	75.90%	68.90%	78.20%
0.3052%	0.3033%	0.3080%	0.3070%	0.3170%
\$ 3,249,162	\$ 3,232,866	\$ 4,158,367	\$ 12,320,444	\$ 3,601,862
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 3,221,340	\$ 3,196,569	\$ 3,166,122	\$ 2,954,160	\$ 2,904,778
100.86%	101.14%	131.34%	417.05%	124.00%
89.30%	88.80%	85.40%	63.90%	86.61%

**City of Austin, Minnesota
Schedule of City Contributions
December 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
General Employees Plan			
<u>City</u>			
Contractually Required Contribution	\$ 553,938	\$ 515,963	\$ 517,117
Contributions in Relation to the Contractually Required Contribution	<u>(553,938)</u>	<u>(515,963)</u>	<u>(517,117)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Citys' Covered Payroll	\$ 7,385,836	\$ 6,879,507	\$ 6,894,887
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%
<u>Utilities</u>			
Contractually Required Contribution	\$ 534,793	\$ 502,675	\$ 494,480
Contributions in Relation to the Contractually Required Contribution	<u>(534,793)</u>	<u>(502,675)</u>	<u>(494,480)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Utilities' Covered Payroll	\$ 7,130,573	\$ 6,702,233	\$ 6,593,067
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%
Police and Fire Plan			
Contractually Required Contribution	\$ 737,655	\$ 680,678	\$ 610,178
Contributions in Relation to the Contractually Required Contribution	<u>(737,655)</u>	<u>(680,678)</u>	<u>(610,178)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Citys' Covered Payroll	\$ 4,167,542	\$ 3,845,638	\$ 3,447,336
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 454,419 (454,419)	\$ 436,324 (436,324)	\$ 425,940 (425,940)	\$ 413,244 (413,244)	\$ 397,511 (397,511)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,060,569 7.50%	\$ 5,817,608 7.50%	\$ 5,678,596 7.50%	\$ 5,509,921 7.50%	\$ 5,304,463 7.49%
\$ 460,156 (460,156)	\$ 448,995 (448,995)	\$ 456,619 (456,619)	\$ 456,720 (456,720)	\$ 442,817 (442,817)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,135,413 7.50%	\$ 5,986,595 7.50%	\$ 6,089,520 7.50%	\$ 6,090,354 7.50%	\$ 5,915,410 7.49%
\$ 545,741 (545,741)	\$ 527,013 (527,013)	\$ 513,690 (513,690)	\$ 498,050 (498,050)	\$ 471,481 (471,481)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,219,706 16.95%	\$ 3,253,165 16.20%	\$ 3,170,925 16.20%	\$ 3,074,385 16.20%	\$ 2,910,376 16.20%

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

The following changes were reflected in the valuation performed on behalf of the Public Employees Retirement Association for the plan year ended June 30:

A. General Employees Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

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

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2018 Changes

Changes in Actuarial Assumptions

- 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.

Changes in Plan Provisions

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

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2017 Changes

Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80 percent for active members and 60.00 percent for vested and non-vested deferred members. The revised CSA load are now 0.00 percent for active member liability, 15.00 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed annual increase rate was changed for 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

Changes in Plan Provisions

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

2016 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed annual increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

B. Police and Fire Fund

2022 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2021 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

2020 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

2018 Changes

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- Annual increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

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

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2016 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent.
- The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:

Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The annual increase to be paid after the attainment of the 90.00 percent funding threshold was changed from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

The following changes were reflected in the valuation performed for the City's OPEB Plan for the year ended December 31:

2022

- The discount rate was changed from 2.06% to 3.72%
- The general inflation rate was changed from 2.50% to 2.25%.
- Mortality rates were changed from RP-2014 Employee Generational Mortality Table using projection scale MP-2018 to Pub-2010 General Employee Mortality Tables and Public Safety Employee Mortality Table using projection scale MP-2020.
- The discount rate was changed from 2.12% to 2.06%

2020

- The discount rate was changed from 2.74% to 2.12%
- The general inflation rate was changed from 2.75% to 2.50%
- Medical trend rates were changed from RP-2014 Employee Mortality Table pre-retirement (Healthy Annuitant for post-retirement or Disabled for disabled participants) using projection scale MP-2017 to RP-2014 Employee Generational Mortality Table (Annuitant Generational for post-retirement and for disabled participants) using projection scale MP-2018.

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019

- The discount rate was changed from 4.11% to 2.74%.

2018

- The discount rate was changed from 3.25% to 4.11%
- Medical plans and premiums have been updated for the PEIP Advantage and Value plans effective as of January 1, 2019.

The following changes were reflected in the valuation performed for the Utilities' OPEB Plan for the year ended December 31:

2022 Changes

Changes in Plan Provisions

- The employer contribution towards medical premiums for AFSCME and non-contract employees was changed from \$800 per month to \$1,200 per month for single coverage beginning in 2022.

Changes in Actuarial Assumptions

- The discount rate was changed from 2.50% to 2.00%.
- Medical trend rates were changed from Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.

2021 Changes

Changes in Plan Provisions

Changes in Actuarial Assumptions

- The discount rate was changed from 2.9% to 2.00%.

2020

Changes in Plan Provisions

- The maximum monthly employer contribution for AFSCME and noncontract employees was changed from \$1,150 for either single or family coverage to \$800 for single coverage and \$1,200 for family coverage.
- The maximum monthly employer contribution for UAW and UFCW employees was changed from \$1,150 for either single or family coverage to \$800 (\$1,000 in 2021 and \$1,200 in 2022) for single coverage and will change to \$1,175 for family coverage in 2021 (\$1,200 in 2022).

2020

Changes in Actuarial Assumptions

- The discount rate was changed from 3.80% to 2.90%
- Medical trend rates were changed from RPH-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.

**CITY OF AUSTIN, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

**CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND
ASSUMPTIONS (CONTINUED)**

2019

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

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

2018

Changes in Plan Provisions

- There were no changes in plan provisions.

Changes in Actuarial Assumptions

- Medical trend rates were changed from RPH-2014 White Collar Mortality Tables with MP-2015 Generational Improvement Scale to the RPH-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale.
- The percentage of future spouses of retirees eligible for a subsidy who are assumed to continue on one of the Utilities' medical plans postemployment was reduced from 80% to 50%.
- The discount rate was changed from 3.50% to 3.30%.

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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, 2022**

	Special Revenue	Debt Service	Capital Projects
Assets			
Cash and investments	\$ 2,446,796	\$ 466,741	\$ 7,029,035
Taxes receivable	40,964	-	14,897
Accounts receivable	22,007	-	382,529
Notes receivable, net of allowance for uncollectibles	66,400	-	4,400
Special assessments receivable	-	209,172	2,305,292
Accrued interest receivable	9,642	-	-
Due from other funds	-	-	1,874
Due from other governments	17,480	-	493,064
Advances to component unit	-	-	553,670
Total assets	\$ 2,603,289	\$ 675,913	\$ 10,784,761
 Liabilities			
Vouchers payable	\$ 44,557	\$ -	\$ 672,684
Contractors' retained percentage	-	-	482,247
Accrued expenditures	32,393	-	-
Due to other funds	104,042	232,421	-
Due to other governments	66,400	-	8,969
Unearned revenues	-	-	25,000
Total liabilities	\$ 247,392	\$ 232,421	\$ 1,188,900
 Deferred inflows of resources			
Unavailable revenue	\$ 40,964	\$ 209,172	\$ 2,324,589
Total deferred inflows of resources	\$ 40,964	\$ 209,172	\$ 2,324,589
 Fund balance			
Nonspendable:			
Permanent fund principal	\$ -	\$ -	\$ -
Restricted for:			
Fire	245,213	-	-
Library	1,003,849	-	-
Committed to:			
Other capital projects	23,121	-	-
Library	894,054	-	-
Parks and recreation	148,696	-	-
Assigned to:			
Police	-	-	-
Other capital projects	-	284,527	7,271,272
Library	-	-	-
Unassigned	-	(50,207)	-
Total fund balance	\$ 2,314,933	\$ 234,320	\$ 7,271,272
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,603,289	\$ 675,913	\$ 10,784,761

Permanent	Total Nonmajor Governmental Funds
\$ 157,693	\$ 10,100,265
-	55,861
-	404,536
-	70,800
-	2,514,464
-	9,642
-	1,874
-	510,544
-	553,670
<u>\$ 157,693</u>	<u>\$ 14,221,656</u>
\$ -	\$ 717,241
-	482,247
-	32,393
-	336,463
-	75,369
-	25,000
<u>\$ -</u>	<u>\$ 1,668,713</u>
\$ -	\$ 2,574,725
<u>\$ -</u>	<u>\$ 2,574,725</u>
\$ 136,052	\$ 136,052
-	245,213
-	1,003,849
-	23,121
-	894,054
-	148,696
723	723
-	7,555,799
20,918	20,918
-	(50,207)
<u>\$ 157,693</u>	<u>\$ 9,978,218</u>
<u>\$ 157,693</u>	<u>\$ 14,221,656</u>

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

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues			
Taxes	\$ 1,069,748	\$ 389,958	\$ 1,435,145
Special assessments	-	17,090	850,635
Intergovernmental	518,642	-	2,571,201
Charges for services	133,480	-	-
Fines and forfeits	548	145	-
Miscellaneous	27,355	(14,678)	2,378,367
	<u>\$ 1,749,773</u>	<u>\$ 392,515</u>	<u>\$ 7,235,348</u>
Total revenues			
Expenditures			
Current			
Culture and recreation	\$ 1,297,400	\$ -	\$ -
Community development	325,000	-	-
Capital outlay	-	-	8,404,625
Debt service			
Interest and fiscal charges	-	331,909	-
	<u>\$ 1,622,400</u>	<u>\$ 331,909</u>	<u>\$ 8,404,625</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>\$ 127,373</u>	<u>\$ 60,606</u>	<u>\$ (1,169,277)</u>
Other financing sources (uses)			
Transfers in	\$ -	\$ -	\$ 2,887,715
Transfers out	(204,000)	(548,465)	-
	<u>\$ (204,000)</u>	<u>\$ (548,465)</u>	<u>\$ 2,887,715</u>
Total other financing sources (uses)			
Net change in fund balance	\$ (76,627)	\$ (487,859)	\$ 1,718,438
Fund balance - beginning	2,391,560	722,179	5,552,834
Fund balance - ending	<u>\$ 2,314,933</u>	<u>\$ 234,320</u>	<u>\$ 7,271,272</u>

<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 2,894,851
-	867,725
-	3,089,843
-	133,480
-	693
<u>(5,719)</u>	<u>2,385,325</u>
<u>\$ (5,719)</u>	<u>\$ 9,371,917</u>
\$ -	\$ 1,297,400
-	325,000
-	8,404,625
-	331,909
<u>-</u>	<u>10,358,934</u>
<u>\$ -</u>	<u>\$ 10,358,934</u>
\$ (5,719)	\$ (987,017)
\$ -	\$ 2,887,715
-	(752,465)
<u>-</u>	<u>2,135,250</u>
\$ (5,719)	\$ 1,148,233
163,412	8,829,985
<u>163,412</u>	<u>8,829,985</u>
<u>\$ 157,693</u>	<u>\$ 9,978,218</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.

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, 2022**

	<u>Library</u>	<u>Recreation Programs</u>	<u>Community Development</u>	<u>Fire PERA</u>
Assets				
Cash and investments	\$ 871,953	\$ 151,851	\$ 23,121	\$ 243,902
Taxes receivable	40,964	-	-	-
Accounts receivable	-	-	-	-
Notes receivable, net of allowance for uncollectibles	-	-	66,400	-
Accrued interest receivable	-	-	-	1,311
Due from other governments	17,480	-	-	-
	<u>\$ 930,397</u>	<u>\$ 151,851</u>	<u>\$ 89,521</u>	<u>\$ 245,213</u>
Total assets				
Liabilities				
Vouchers payable	\$ 40,155	\$ 2,401	\$ -	\$ -
Accrued expenditures	31,639	754	-	-
Due to other funds	4,042	-	-	-
Due to other governments	-	-	66,400	-
	<u>\$ 75,836</u>	<u>\$ 3,155</u>	<u>\$ 66,400</u>	<u>\$ -</u>
Total liabilities				
Deferred inflows of resources				
Unavailable revenue	\$ 40,964	\$ -	\$ -	\$ -
	<u>\$ 40,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred inflows of resources				
Fund balance				
Restricted for:				
Fire	\$ -	\$ -	\$ -	\$ 245,213
Library	-	-	-	-
Committed to:				
Other capital projects	-	-	23,121	-
Library	813,597	-	-	-
Parks and recreation	-	148,696	-	-
	<u>\$ 813,597</u>	<u>\$ 148,696</u>	<u>\$ 23,121</u>	<u>\$ 245,213</u>
Total fund balance				
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 930,397</u>	<u>\$ 151,851</u>	<u>\$ 89,521</u>	<u>\$ 245,213</u>

Expendable Floral Club	Expendable Memorial & Gifts	MN Foundation	Total Nonmajor Special Revenue Funds
\$ 2,513	\$ 1,136,845	\$ 16,611	\$ 2,446,796
-	-	-	40,964
-	22,007	-	22,007
-	-	-	66,400
-	8,331	-	9,642
-	-	-	17,480
<u>\$ 2,513</u>	<u>\$ 1,167,183</u>	<u>\$ 16,611</u>	<u>\$ 2,603,289</u>
\$ -	\$ 2,001	\$ -	\$ 44,557
-	-	-	32,393
-	100,000	-	104,042
-	-	-	66,400
<u>\$ -</u>	<u>\$ 102,001</u>	<u>\$ -</u>	<u>\$ 247,392</u>
\$ -	\$ -	\$ -	\$ 40,964
\$ -	\$ -	\$ -	\$ 40,964
\$ -	\$ -	\$ -	\$ 245,213
2,513	984,725	16,611	1,003,849
-	-	-	23,121
-	80,457	-	894,054
-	-	-	148,696
<u>\$ 2,513</u>	<u>\$ 1,065,182</u>	<u>\$ 16,611</u>	<u>\$ 2,314,933</u>
<u>\$ 2,513</u>	<u>\$ 1,167,183</u>	<u>\$ 16,611</u>	<u>\$ 2,603,289</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, 2022

	<u>Library</u>	<u>Recreation Programs</u>	<u>Community Development</u>	<u>Fire PERA</u>
Revenues				
Taxes	\$ 1,069,748	\$ -	\$ -	\$ -
Intergovernmental	193,642	-	325,000	-
Charges for services	9,527	123,953	-	-
Fines and forfeits	548	-	-	-
Miscellaneous	(29,576)	8,578	(806)	(3,267)
Total revenues	<u>\$ 1,243,889</u>	<u>\$ 132,531</u>	<u>\$ 324,194</u>	<u>\$ (3,267)</u>
Expenditures				
Culture and recreation	\$ 1,115,390	\$ 135,708	\$ -	\$ -
Community development	-	-	325,000	-
Total expenditures	<u>\$ 1,115,390</u>	<u>\$ 135,708</u>	<u>\$ 325,000</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 128,499</u>	<u>\$ (3,177)</u>	<u>\$ (806)</u>	<u>\$ (3,267)</u>
Other financing uses				
Transfers out	\$ (200,000)	\$ (4,000)	\$ -	\$ -
Total other financing uses	<u>\$ (200,000)</u>	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	<u>\$ (71,501)</u>	<u>\$ (7,177)</u>	<u>\$ (806)</u>	<u>\$ (3,267)</u>
Fund balance - beginning	<u>885,098</u>	<u>155,873</u>	<u>23,927</u>	<u>248,480</u>
Fund balance - ending	<u>\$ 813,597</u>	<u>\$ 148,696</u>	<u>\$ 23,121</u>	<u>\$ 245,213</u>

<u>Expendable Floral Club</u>	<u>Expendable Memorial & Gifts</u>	<u>MN Foundation</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ 1,069,748
-	-	-	518,642
-	-	-	133,480
-	-	-	548
<u>9</u>	<u>53,019</u>	<u>(602)</u>	<u>27,355</u>
<u>\$ 9</u>	<u>\$ 53,019</u>	<u>\$ (602)</u>	<u>\$ 1,749,773</u>
\$ -	\$ 46,302	\$ -	\$ 1,297,400
-	-	-	325,000
<u>-</u>	<u>46,302</u>	<u>-</u>	<u>1,622,400</u>
<u>\$ 9</u>	<u>\$ 6,717</u>	<u>\$ (602)</u>	<u>\$ 127,373</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (204,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (204,000)</u>
\$ 9	\$ 6,717	\$ (602)	\$ (76,627)
<u>2,504</u>	<u>1,058,465</u>	<u>17,213</u>	<u>2,391,560</u>
<u>\$ 2,513</u>	<u>\$ 1,065,182</u>	<u>\$ 16,611</u>	<u>\$ 2,314,933</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, 2022**

	<u>Tax Increment Revenue Pool</u>	<u>Improvement Bonds Debt Service</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets			
Cash and investments	\$ 182,214	\$ 284,527	\$ 466,741
Special assessments receivable	-	209,172	209,172
Total assets	<u>\$ 182,214</u>	<u>\$ 493,699</u>	<u>\$ 675,913</u>
 Liabilities			
Due to other funds	<u>\$ 232,421</u>	<u>\$ -</u>	<u>\$ 232,421</u>
Total liabilities	<u>\$ 232,421</u>	<u>\$ -</u>	<u>\$ 232,421</u>
 Deferred inflows of resources			
Unavailable revenue	<u>\$ -</u>	<u>\$ 209,172</u>	<u>\$ 209,172</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 209,172</u>	<u>\$ 209,172</u>
 Fund balance			
Assigned to:			
Other capital projects	\$ -	\$ 284,527	\$ 284,527
Unassigned	<u>(50,207)</u>	<u>-</u>	<u>(50,207)</u>
Total fund balance	<u>\$ (50,207)</u>	<u>\$ 284,527</u>	<u>\$ 234,320</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 182,214</u>	<u>\$ 493,699</u>	<u>\$ 675,913</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, 2022

	Tax Increment Revenue Pool	Improvement Bonds Debt Service	Total Nonmajor Debt Service Funds
Revenues			
Taxes	\$ 389,958	\$ -	\$ 389,958
Special assessments	-	17,090	17,090
Fines and forfeits	-	145	145
Miscellaneous	(4,126)	(10,552)	(14,678)
	\$ 385,832	\$ 6,683	\$ 392,515
Expenditures			
Debt service			
Interest and fiscal charges	\$ 331,909	\$ -	\$ 331,909
	\$ 331,909	\$ -	\$ 331,909
Excess of revenues over expenditures	\$ 53,923	\$ 6,683	\$ 60,606
Other financing uses			
Transfers out	\$ (548,465)	\$ -	\$ (548,465)
	\$ (548,465)	\$ -	\$ (548,465)
Net change in fund balance	\$ (494,542)	\$ 6,683	\$ (487,859)
Fund balance - beginning	444,335	277,844	722,179
Fund balance - ending	\$ (50,207)	\$ 284,527	\$ 234,320

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Nonmajor Governmental Funds

Nonmajor Capital Projects Funds

Building

Established to account for an accumulation of 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.

Capital Improvements Revolving

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

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, 2022**

	Building	Capital Improvements Revolving	Airport Improvements	Total Nonmajor Capital Project Funds
Assets				
Cash and investments	\$ 3,882,647	\$ 2,911,078	\$ 235,310	\$ 7,029,035
Taxes receivable	-	14,897	-	14,897
Accounts receivable	378,967	3,562	-	382,529
Notes receivable	4,400	-	-	4,400
Special assessments receivable	-	2,305,292	-	2,305,292
Due from other funds	-	1,874	-	1,874
Due from other governments	203,749	26,324	262,991	493,064
Advances to component unit	553,670	-	-	553,670
Total assets	\$ 5,023,433	\$ 5,263,027	\$ 498,301	\$ 10,784,761
Liabilities				
Vouchers payable	\$ 575,721	\$ 39,273	\$ 57,690	\$ 672,684
Contractors' retained percentage	17,081	450,243	14,923	482,247
Due to other governments	-	8,969	-	8,969
Unearned revenues	-	25,000	-	25,000
Total liabilities	\$ 592,802	\$ 523,485	\$ 72,613	\$ 1,188,900
Deferred inflows of resources				
Unavailable revenue	\$ 4,400	\$ 2,320,189	\$ -	\$ 2,324,589
Total deferred inflows of resources	\$ 4,400	\$ 2,320,189	\$ -	\$ 2,324,589
Fund balance				
Assigned to:				
Other capital projects	\$ 4,426,231	\$ 2,419,353	\$ 425,688	\$ 7,271,272
Total fund balance	\$ 4,426,231	\$ 2,419,353	\$ 425,688	\$ 7,271,272
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,023,433	\$ 5,263,027	\$ 498,301	\$ 10,784,761

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

	Building	Capital Improvements Revolving	Airport Improvements	Total Nonmajor Capital Projects Funds
Revenues				
Taxes	\$ -	\$ 1,435,145	\$ -	\$ 1,435,145
Special assessments	-	850,635	-	850,635
Intergovernmental revenues	1,929,008	60	642,133	2,571,201
Miscellaneous revenues				
Investment income (loss)	\$ (165,860)	\$ (101,468)	\$ -	\$ (267,328)
Miscellaneous	2,441,485	204,210	-	2,645,695
Total miscellaneous revenues	\$ 2,275,625	\$ 102,742	\$ -	\$ 2,378,367
Total revenues	\$ 4,204,633	\$ 2,388,582	\$ 642,133	\$ 7,235,348
Expenditures				
Capital outlay	\$ 4,558,542	\$ 3,160,817	\$ 685,266	\$ 8,404,625
Total expenditures	\$ 4,558,542	\$ 3,160,817	\$ 685,266	\$ 8,404,625
Deficiency of revenues over expenditures	\$ (353,909)	\$ (772,235)	\$ (43,133)	\$ (1,169,277)
Other financing sources				
Transfers in	\$ 1,388,465	\$ 1,421,250	\$ 78,000	\$ 2,887,715
Total other financing sources	\$ 1,388,465	\$ 1,421,250	\$ 78,000	\$ 2,887,715
Net change in fund balance	\$ 1,034,556	\$ 649,015	\$ 34,867	\$ 1,718,438
Fund balance - beginning	3,391,675	1,770,338	390,821	5,552,834
Fund balance - ending	\$ 4,426,231	\$ 2,419,353	\$ 425,688	\$ 7,271,272

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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, 2022**

	Non-Expendable Memorial and Gift	Non-Expendable Floral Club	Junior Police Program	Total
Assets				
Cash and investments	\$ 135,105	\$ 20,563	\$ 2,025	\$ 157,693
Total assets	\$ 135,105	\$ 20,563	\$ 2,025	\$ 157,693
 Fund balance				
Nonspendable:				
Permanent fund principal	\$ 122,750	\$ 12,000	\$ 1,302	\$ 136,052
Assigned to:				
Police	-	-	723	723
Library	12,355	8,563	-	20,918
Total fund balance	\$ 135,105	\$ 20,563	\$ 2,025	\$ 157,693

City of Austin, Minnesota
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended December 31, 2022

	<u>Non-Expendable Memorial and Gift</u>	<u>Non-Expendable Floral Club</u>	<u>Junior Police Program</u>	<u>Total</u>
Revenues				
Investment income (loss)	\$ (4,901)	\$ (746)	\$ (72)	\$ (5,719)
Total revenues	<u>\$ (4,901)</u>	<u>\$ (746)</u>	<u>\$ (72)</u>	<u>\$ (5,719)</u>
Net change in fund balance	\$ (4,901)	\$ (746)	\$ (72)	\$ (5,719)
Fund balance - beginning	<u>140,006</u>	<u>21,309</u>	<u>2,097</u>	<u>163,412</u>
Fund balance - ending	<u><u>\$ 135,105</u></u>	<u><u>\$ 20,563</u></u>	<u><u>\$ 2,025</u></u>	<u><u>\$ 157,693</u></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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property, current	\$ 5,420,466	\$ 5,420,466	\$ 5,416,200	\$ (4,266)
General property, delinquent	30,000	30,000	73,195	43,195
Penalty and interest on delinquent	8,000	8,000	9,539	1,539
Mobile home	5,000	5,000	13,254	8,254
Hotel - Motel tax	190,000	190,000	183,524	(6,476)
Cablevision franchise fee	275,000	275,000	284,834	9,834
Lawful gaming tax	5,000	5,000	11,734	6,734
Total taxes	\$ 5,933,466	\$ 5,933,466	\$ 5,992,280	\$ 58,814
Special assessments	\$ 45,000	\$ 45,000	\$ 66,252	\$ 21,252
Licenses and permits				
Business licenses and permits	\$ 75,455	\$ 75,455	\$ 113,882	\$ 38,427
Non-Business licenses and permits	397,250	397,250	449,382	52,132
Rental housing licenses and permits	170,000	170,000	168,858	(1,142)
Total licenses and permits	\$ 642,705	\$ 642,705	\$ 732,122	\$ 89,417
Intergovernmental revenues				
State				
Local government aid	\$ 8,755,992	\$ 8,755,992	\$ 8,755,992	\$ -
Fire relief association amortization aid	142,326	142,326	158,641	16,315
PERA Aid	-	-	30,096	30,096
Highway maintenance	55,000	55,000	55,911	911
Police training reimbursement	30,000	30,000	30,445	445
Airport maintenance	51,075	51,075	53,530	2,455
Mobile home homestead credit	-	-	230	230
State and federal grants	178,085	1,556,844	1,550,847	(5,997)
Police insurance premium aid	300,000	300,000	325,534	25,534
School district liaison aid	203,418	203,418	213,120	9,702
Total intergovernmental revenues	\$ 9,715,896	\$ 11,094,655	\$ 11,174,346	\$ 79,691
Charges for services				
License late fees	\$ 810	\$ 810	\$ 1,035	\$ 225
Booklet and map sales	500	500	694	194
Plans and specifications	250	250	-	(250)
Photocopies and accident copies	25	25	5	(20)
Special services, police	4,500	4,500	5,636	1,136
Autopawn system revenues	2,000	2,000	1,454	(546)
Special services, fire	4,000	4,000	3,667	(333)
Rural fire fees	125,000	125,000	141,700	16,700
Fire Hydrant fees	108,000	108,000	109,682	1,682
Impounding and adoption fee	1,500	1,500	1,915	415
Plat and changes of use fees	3,000	3,000	100	(2,900)
Zoning review and variance fees	1,500	1,500	1,505	5
Investigation fees	1,200	1,200	810	(390)
Interest earnings on loan	-	-	8,272	8,272
Satisfaction fees	4,200	4,200	5,208	1,008
School crossing guards	18,525	18,525	17,899	(626)

City of Austin, Minnesota
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges for services (continued)				
Assessment searches	13,000	13,000	17,770	4,770
Building investigation fees	500	500	239	(261)
Building seminar program fees	4,000	4,000	4,200	200
Parking lot lease revenues	5,500	5,500	4,736	(764)
Airport hangar rental	16,500	16,500	17,923	1,423
Swimming pool	93,000	93,000	104,778	11,778
Park and recreation facilities	13,201	13,201	19,935	6,734
Nature center public school rentals	5,000	5,000	10,172	5,172
Ruby Rupner Auditorium rentals	12,000	12,000	19,283	7,283
Riverside and Packer Arena	250,300	250,300	243,704	(6,596)
Total charges for services	\$ 688,011	\$ 688,011	\$ 742,322	\$ 54,311
Fines and forfeits				
Court fines	\$ 110,000	\$ 110,000	\$ 95,952	\$ (14,048)
Other fines	28,600	28,600	24,684	(3,916)
Parking violations	20,000	20,000	6,384	(13,616)
Total fines and forfeits	\$ 158,600	\$ 158,600	\$ 127,020	\$ (31,580)
Miscellaneous revenues				
Investment income (loss)	\$ -	\$ -	\$ (404,982)	\$ (404,982)
Contributions, private sources	155,533	155,533	261,677	106,144
County Contribution, Senior Center	40,000	40,000	40,000	-
Other miscellaneous revenues	106,726	171,726	207,324	35,598
Administration fees	150,000	150,000	136,723	(13,277)
Accounting fees	62,200	62,200	61,420	(780)
Sale of capital assets	-	-	58,000	58,000
Total miscellaneous revenues	\$ 514,459	\$ 579,459	\$ 360,162	\$ (219,297)
Total revenues	\$ 17,698,137	\$ 19,141,896	\$ 19,194,504	\$ 52,608
Other financing sources				
Transfers in	\$ 1,714,000	\$ 1,714,000	\$ 1,658,906	\$ (55,094)
Total other financing sources	\$ 1,714,000	\$ 1,714,000	\$ 1,658,906	\$ (55,094)
Total revenues and other sources	\$ 19,412,137	\$ 20,855,896	\$ 20,853,410	\$ (2,486)

**City of Austin, Minnesota
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General government				
Council	\$ 263,610	\$ 263,610	\$ 295,806	\$ (32,196)
Mayor	17,544	17,544	16,437	1,107
Administrator	287,678	287,678	272,796	14,882
Clerk	249,653	249,653	239,250	10,403
Finance	540,510	540,510	542,411	(1,901)
Assessor	250	250	-	250
Attorney	169,929	169,929	160,377	9,552
Prosecuting attorney	190,468	190,468	186,719	3,749
Human resources	140,543	140,543	140,727	(184)
Planner	267,950	267,950	263,703	4,247
City hall	177,096	177,096	174,200	2,896
Cable TV access channel	8,100	8,100	38,501	(30,401)
Contingency	14,201	14,201	19,797	(5,596)
Capital outlay	101,653	169,871	83,964	85,907
Total general government	<u>\$ 2,429,185</u>	<u>\$ 2,497,403</u>	<u>\$ 2,434,688</u>	<u>\$ 62,715</u>
Public safety				
Police	\$ 4,657,374	\$ 4,657,374	\$ 4,568,769	\$ 88,605
Law enforcement center	830,200	830,200	700,000	130,200
Canine program	3,400	3,400	2,501	899
Crossing guards	18,525	18,525	17,899	626
Police explorer	1,200	1,200	-	1,200
Community service officers	199,898	199,898	186,451	13,447
Ellis School Liaison	114,433	114,433	116,444	(2,011)
Fire	1,975,473	1,975,473	1,982,918	(7,445)
Building inspection	362,056	362,056	368,388	(6,332)
Rental housing inspection	175,883	175,883	178,026	(2,143)
Civil defense	34,792	34,792	36,676	(1,884)
Capital outlay	68,719	114,835	56,761	58,074
Contingency	61,631	61,631	68,306	(6,675)
Total public safety	<u>\$ 8,503,584</u>	<u>\$ 8,549,700</u>	<u>\$ 8,283,139</u>	<u>\$ 266,561</u>
Streets and highways				
Engineering	\$ 731,565	\$ 731,565	\$ 738,753	\$ (7,188)
Streets and highways	2,798,119	2,798,119	2,726,683	71,436
Sidewalk, curb and gutter	16,000	16,000	15,694	306
Highway lighting	205,000	205,000	170,738	34,262
Sign shop	117,710	117,710	75,928	41,782
Parking lots	22,500	22,500	17,765	4,735
Capital outlay	54,998	91,907	45,428	46,479
Contingency	4,559	4,559	7,102	(2,543)
Total streets and highways	<u>\$ 3,950,451</u>	<u>\$ 3,987,360</u>	<u>\$ 3,798,091</u>	<u>\$ 189,269</u>

**City of Austin, Minnesota
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation				
Park and recreation				
Recreation and nature center	\$ 1,144,196	\$ 1,144,196	\$ 1,115,837	\$ 28,359
Swimming pool	215,462	215,462	185,810	29,652
Recreation facilities	177,842	177,842	177,700	142
Park maintenance	1,232,539	1,232,539	1,251,513	(18,974)
Weed control	53,000	53,000	43,964	9,036
Contingency	36,894	36,894	47,951	(11,057)
Capital outlay	476,030	795,487	393,194	402,293
Downtown flowers	47,289	47,289	55,607	(8,318)
Total park and recreation	<u>\$ 3,383,252</u>	<u>\$ 3,702,709</u>	<u>\$ 3,271,576</u>	<u>\$ 431,133</u>
Arenas				
Riverside and Packer Arena	<u>\$ 570,349</u>	<u>\$ 570,349</u>	<u>\$ 561,923</u>	<u>\$ 8,426</u>
Senior citizen's activities				
Senior Citizen's Center	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 76,946</u>	<u>\$ 3,054</u>
Total culture and recreation	<u>\$ 4,033,601</u>	<u>\$ 4,353,058</u>	<u>\$ 3,910,445</u>	<u>\$ 442,613</u>
Public service				
Airport maintenance	<u>\$ 105,042</u>	<u>\$ 105,042</u>	<u>\$ 121,718</u>	<u>\$ (16,676)</u>
Total public service	<u>\$ 105,042</u>	<u>\$ 105,042</u>	<u>\$ 121,718</u>	<u>\$ (16,676)</u>
Economic development	<u>\$ 305,059</u>	<u>\$ 305,059</u>	<u>\$ 299,263</u>	<u>\$ 5,796</u>
Community development	<u>\$ 7,215</u>	<u>\$ 7,215</u>	<u>\$ 8,343</u>	<u>\$ (1,128)</u>
Total expenditures	<u>\$ 19,334,137</u>	<u>\$ 19,804,837</u>	<u>\$ 18,855,687</u>	<u>\$ 949,150</u>
Other financing uses				
Transfers out	<u>\$ 78,000</u>	<u>\$ 2,239,250</u>	<u>\$ 2,239,250</u>	<u>\$ -</u>
Total other financing uses	<u>\$ 78,000</u>	<u>\$ 2,239,250</u>	<u>\$ 2,239,250</u>	<u>\$ -</u>
Total expenditures and other uses	<u>\$ 19,412,137</u>	<u>\$ 22,044,087</u>	<u>\$ 21,094,937</u>	<u>\$ 949,150</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
General property, current	\$ 1,053,534	\$ 1,053,534	\$ 1,052,705	\$ (829)
Delinquent property taxes	10,000	10,000	14,467	4,467
Mobile home	-	-	2,576	2,576
Total taxes	<u>\$ 1,063,534</u>	<u>\$ 1,063,534</u>	<u>\$ 1,069,748</u>	<u>\$ 6,214</u>
Intergovernmental revenues				
State				
Mobile home homestead credit	\$ -	\$ -	\$ 45	\$ 45
County				
Apportionment	\$ 191,500	\$ 191,500	\$ 193,597	\$ 2,097
Total intergovernmental revenues	<u>\$ 191,500</u>	<u>\$ 191,500</u>	<u>\$ 193,642</u>	<u>\$ 2,142</u>
Charges for services				
Room and picture rentals	\$ -	\$ -	\$ 240	\$ 240
Photocopies	2,000	2,000	3,794	1,794
Book sales	250	250	5,493	5,243
Total charges for services	<u>\$ 2,250</u>	<u>\$ 2,250</u>	<u>\$ 9,527</u>	<u>\$ 7,277</u>
Fines and forfeits				
Book fines	\$ 2,250	\$ 2,250	\$ 548	\$ (1,702)
Miscellaneous revenues				
Investment income (loss)	\$ -	\$ -	\$ (32,085)	\$ (32,085)
Revenue from other sources	-	-	2,509	2,509
Total miscellaneous revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,576)</u>	<u>\$ (29,576)</u>
Total revenues	<u>\$ 1,259,534</u>	<u>\$ 1,259,534</u>	<u>\$ 1,243,889</u>	<u>\$ (15,645)</u>
Expenditures				
Culture and recreation				
Library	\$ 1,259,534	\$ 1,259,534	\$ 1,115,390	\$ 144,144
Total expenditures	<u>\$ 1,259,534</u>	<u>\$ 1,259,534</u>	<u>\$ 1,115,390</u>	<u>\$ 144,144</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,499</u>	<u>\$ 128,499</u>
Other financing uses				
Transfers out	\$ -	\$ (200,000)	\$ (200,000)	\$ -
Total other financing uses	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ -</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ (71,501)</u>	<u>\$ 128,499</u>
Fund balance - beginning	885,098	885,098	885,098	-
Fund balance - ending	<u>\$ 885,098</u>	<u>\$ 685,098</u>	<u>\$ 813,597</u>	<u>\$ 128,499</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services				
Adult softball	\$ 16,324	\$ 16,324	\$ 12,620	\$ (3,704)
Adult volleyball	3,000	3,000	1,769	(1,231)
Community gardens	2,000	2,000	2,637	637
Disc golf	1,050	1,050	6,205	5,155
Horseshoe club	1,000	1,000	95	(905)
Farmers Market	17,526	17,526	14,531	(2,995)
Player fees	6,000	6,000	3,036	(2,964)
Youth basketball camp fees	1,346	1,346	10,800	9,454
Summer programs	15,082	15,082	25,886	10,804
Austin Area Volleyball Club	10,000	10,000	15,235	5,235
Youth wrestling	5,000	5,000	4,163	(837)
Bike club	2,000	2,000	5,680	3,680
Canoe rental	1,000	1,000	1,090	90
Crafts program	1,200	1,200	1,400	200
Cross country skiing	4,263	4,263	1,797	(2,466)
Special events	9,000	9,000	17,009	8,009
Total charges for services	<u>\$ 95,791</u>	<u>\$ 95,791</u>	<u>\$ 123,953</u>	<u>\$ 28,162</u>
Miscellaneous Revenues				
Investment income	\$ -	\$ -	\$ (5,464)	\$ (5,464)
Concessions commissions	20,000	20,000	11,042	(8,958)
Nature Center donations	2,500	2,500	3,000	500
Total miscellaneous	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 8,578</u>	<u>\$ (13,922)</u>
 Total revenues	 <u>\$ 118,291</u>	 <u>\$ 118,291</u>	 <u>\$ 132,531</u>	 <u>\$ 14,240</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures				
Culture and recreation				
Adult softball	\$ 36,324	\$ 36,324	\$ 24,663	\$ 11,661
Adult volleyball	3,000	3,000	823	2,177
Community gardens	2,000	2,000	1,530	470
Disc golf	1,050	1,050	8,653	(7,603)
Horseshoe club	1,000	1,000	-	1,000
Farmers Market	19,526	19,526	25,319	(5,793)
Player fees	6,000	6,000	6,000	-
Southern Minny fast pitch	-	-	1,565	(1,565)
Youth basketball camp fees	1,346	1,346	9,491	(8,145)
Summer programs	15,082	15,082	13,838	1,244
Austin Area Volleyball club	10,000	10,000	18,120	(8,120)
Youth wrestling	5,000	5,000	2,369	2,631
Bike club	2,000	2,000	6,198	(4,198)
Canoe rental	1,000	1,000	284	716
Crafts program	1,200	1,200	1,107	93
Cross country skiing	6,763	6,763	3,238	3,525
Special events	9,000	9,000	12,510	(3,510)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	\$ 120,291	\$ 120,291	\$ 135,708	\$ (15,417)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficiency of revenues under expenditures	\$ (2,000)	\$ (2,000)	\$ (3,177)	\$ (1,177)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other financing uses				
Transfers out	\$ -	\$ -	\$ (4,000)	\$ (4,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing uses	\$ -	\$ -	\$ (4,000)	\$ (4,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (2,000)	\$ (2,000)	\$ (7,177)	\$ (5,177)
Fund balance - beginning	155,873	155,873	155,873	-
Fund balance - ending	<u>\$ 153,873</u>	<u>\$ 153,873</u>	<u>\$ 148,696</u>	<u>\$ (5,177)</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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Investment income	\$ -	\$ -	\$ (3,267)	\$ (3,267)
Total revenues	\$ -	\$ -	\$ (3,267)	\$ (3,267)
 Net change in fund balance	 \$ -	 \$ -	 \$ (3,267)	 \$ (3,267)
Fund balance - beginning	248,480	248,480	248,480	-
Fund balance - ending	<u>\$ 248,480</u>	<u>\$ 248,480</u>	<u>\$ 245,213</u>	<u>\$ (3,267)</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, 2022

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Assets			
Current assets			
Cash and investments	\$ 441,758	\$ 709,375	\$ 1,151,133
Interest receivable	787	-	787
Accounts receivable	-	3,120	3,120
Lease receivable, current portion	45,797	-	45,797
Due from other funds	-	114,839	114,839
Total current assets	<u>\$ 488,342</u>	<u>\$ 827,334</u>	<u>\$ 1,315,676</u>
Noncurrent assets			
Lease receivable, noncurrent portion	\$ 240,270	\$ -	\$ 240,270
Total noncurrent assets	<u>\$ 240,270</u>	<u>\$ -</u>	<u>\$ 240,270</u>
Capital assets			
Capital assets	\$ 505,964	\$ 7,070,365	\$ 7,576,329
Accumulated depreciation	(338,412)	(1,074,071)	(1,412,483)
Net	<u>\$ 167,552</u>	<u>\$ 5,996,294</u>	<u>\$ 6,163,846</u>
Construction in progress	-	1,071,030	1,071,030
Net capital assets	<u>\$ 167,552</u>	<u>\$ 7,067,324</u>	<u>\$ 7,234,876</u>
Total assets	<u>\$ 896,164</u>	<u>\$ 7,894,658</u>	<u>\$ 8,790,822</u>
Deferred outflows of resources			
Pension related	\$ -	\$ 52,402	\$ 52,402
OPEB related	-	2,234	2,234
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ 54,636</u>	<u>\$ 54,636</u>
Total assets and deferred outflows of resources	<u>\$ 896,164</u>	<u>\$ 7,949,294</u>	<u>\$ 8,845,458</u>

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Liabilities			
Current liabilities			
Vouchers payable	\$ 6,624	\$ 3,593	\$ 10,217
Contractors' retained percentage	-	1,881	1,881
Accrued expenses	-	5,816	5,816
Compensated absences, current portion	-	2,905	2,905
Other postemployment benefits payable, current portion	-	749	749
Due to other funds	-	3,586	3,586
Total current liabilities	\$ 6,624	\$ 18,530	\$ 25,154
Noncurrent liabilities			
Net pension liability	\$ -	\$ 154,370	\$ 154,370
Other postemployment benefits payable	-	14,549	14,549
Total noncurrent liabilities	\$ -	\$ 168,919	\$ 168,919
Total liabilities	\$ 6,624	\$ 187,449	\$ 194,073
Deferred inflows of resources			
Pension related	\$ -	\$ 2,277	\$ 2,277
OPEB related	-	7,836	7,836
Lease receivable related	286,067	-	286,067
Total deferred inflows of resources	\$ 286,067	\$ 10,113	\$ 296,180
Net position			
Net investment in capital assets	\$ 167,552	\$ 7,065,443	\$ 7,232,995
Unrestricted	435,921	686,289	1,122,210
Total net position	\$ 603,473	\$ 7,751,732	\$ 8,355,205
Total liabilities, deferred inflows of resources, and net position	\$ 896,164	\$ 7,949,294	\$ 8,845,458

City of Austin, Minnesota
Combining Statement of Revenues, Expenses,
and Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Operating revenues			
Charges for services	\$ -	\$ 952,658	\$ 952,658
Other operating revenues	43,262	-	43,262
Total operating revenues	\$ 43,262	\$ 952,658	\$ 995,920
Operating expenses			
Salaries and benefits	\$ -	\$ 180,699	\$ 180,699
Supplies and maintenance	36,181	87,991	124,172
Administrative and general	11,279	77,028	88,307
Total operating expenses, excluding depreciation	\$ 47,460	\$ 345,718	\$ 393,178
Depreciation	11,860	107,193	119,053
Total operating expenses	\$ 59,320	\$ 452,911	\$ 512,231
Operating income (loss)	\$ (16,058)	\$ 499,747	\$ 483,689
Non-operating revenues			
Investment income (loss)	\$ (5,034)	\$ (34,076)	\$ (39,110)
Miscellaneous	-	3,120	3,120
Total non-operating revenues	\$ (5,034)	\$ (30,956)	\$ (35,990)
Net income (loss) before contributions	\$ (21,092)	\$ 468,791	\$ 447,699
Capital contributions	\$ -	\$ 51,582	\$ 51,582
Change in net position	\$ (21,092)	\$ 520,373	\$ 499,281
Total net position - beginning	624,565	7,231,359	7,855,924
Total net position - ending	\$ 603,473	\$ 7,751,732	\$ 8,355,205

City of Austin, Minnesota
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2022

	Waste Transfer Station	Storm Water Utility	Total Nonmajor Enterprise Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 43,262	\$ 927,423	\$ 970,685
Payments to suppliers	(40,836)	(164,898)	(205,734)
Payments to employees	-	(183,019)	(183,019)
Other receipts	-	3,120	3,120
Net cash provided by operating activities	\$ 2,426	\$ 582,626	\$ 585,052
Cash flows from capital and related financing activities			
Capital assets acquisitions	\$ -	\$ (256,549)	\$ (256,549)
Net cash used by capital and related financing activities	\$ -	\$ (256,549)	\$ (256,549)
Cash flows from investing activities			
Investment income (loss)	\$ (5,821)	\$ (34,076)	\$ (39,897)
Net cash flows used by investing activities	\$ (5,821)	\$ (34,076)	\$ (39,897)
Net increase (decrease) in cash and cash equivalents	\$ (3,395)	\$ 292,001	\$ 288,606
Cash and cash equivalents - beginning	445,153	417,374	862,527
Cash and cash equivalents - ending	\$ 441,758	\$ 709,375	\$ 1,151,133
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (16,058)	\$ 499,747	\$ 483,689
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	11,860	107,193	119,053
Miscellaneous revenues	-	3,120	3,120
Change in net pension liability	-	62,347	62,347
Change in deferred inflows of resources - pension related	-	(82,627)	(82,627)
Change in deferred inflows of resources - OPEB related	-	1,823	1,823
Change in deferred outflows of resources - pension related	-	19,907	19,907
Change in deferred outflows of resources - OPEB related	-	1,015	1,015
Other postemployment benefits payable	-	(6,354)	(6,354)
(Increase) decrease in assets:			
Accounts receivable	-	(3,120)	(3,120)
Due from other funds	-	(22,115)	(22,115)
Increase (decrease) in liabilities:			
Vouchers payable	6,624	(2,164)	4,460
Contractors' retained percentage	-	1,881	1,881
Accrued expenses	-	1,598	1,598
Due to other funds	-	375	375
Net cash provided by operating activities	\$ 2,426	\$ 582,626	\$ 585,052
Noncash investing, capital, and financing activities:			
Contributions of capital assets	\$ -	\$ 51,582	\$ 51,582

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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, 2022

	MIS Replacement	Central Garage	Risk Management	Total Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 197,694	\$ 6,773,238	\$ 4,216,866	\$ 11,187,798
Accounts receivable	-	-	914	914
Inventory	-	82,946	-	82,946
Prepaid items	-	200,000	10,893	210,893
Total current assets	<u>\$ 197,694</u>	<u>\$ 7,056,184</u>	<u>\$ 4,228,673</u>	<u>\$ 11,482,551</u>
Noncurrent assets				
Capital assets	\$ 131,011	\$ 17,581,565	\$ -	\$ 17,712,576
Accumulated depreciation	(53,335)	(9,734,219)	-	(9,787,554)
Total noncurrent assets	<u>\$ 77,676</u>	<u>\$ 7,847,346</u>	<u>\$ -</u>	<u>\$ 7,925,022</u>
Total assets	<u>\$ 275,370</u>	<u>\$ 14,903,530</u>	<u>\$ 4,228,673</u>	<u>\$ 19,407,573</u>
Deferred outflows of resources				
Pension related	\$ 29,715	\$ 129,374	\$ 4,652	\$ 163,741
OPEB related	1,347	5,619	199	7,165
Total deferred outflows of resources	<u>\$ 31,062</u>	<u>\$ 134,993</u>	<u>\$ 4,851</u>	<u>\$ 170,906</u>
Total assets and deferred outflows of resources	<u>\$ 306,432</u>	<u>\$ 15,038,523</u>	<u>\$ 4,233,524</u>	<u>\$ 19,578,479</u>
Liabilities				
Current liabilities				
Vouchers payable	\$ 409	\$ 232,542	\$ 6,734	\$ 239,685
Accrued expenses	7,678	41,347	86,792	135,817
Other postemployment benefits payable, current portion	452	1,887	68	2,407
Due to other funds	-	5,917	-	5,917
Total current liabilities	<u>\$ 8,539</u>	<u>\$ 281,693</u>	<u>\$ 93,594</u>	<u>\$ 383,826</u>
Noncurrent liabilities				
Net pension liability	\$ 87,535	\$ 381,117	\$ 13,703	\$ 482,355
Other postemployment benefits payable	8,772	36,596	1,292	46,660
Total noncurrent liabilities	<u>\$ 96,307</u>	<u>\$ 417,713</u>	<u>\$ 14,995</u>	<u>\$ 529,015</u>
Total liabilities	<u>\$ 104,846</u>	<u>\$ 699,406</u>	<u>\$ 108,589</u>	<u>\$ 912,841</u>
Deferred inflows of resources				
Pension related	\$ 1,291	\$ 5,621	\$ 202	\$ 7,114
OPEB related	4,725	19,712	697	25,134
Total deferred inflows of resources	<u>\$ 6,016</u>	<u>\$ 25,333</u>	<u>\$ 899</u>	<u>\$ 32,248</u>
Net position				
Net investment in capital assets	\$ 77,676	\$ 7,847,346	\$ -	\$ 7,925,022
Unrestricted	117,894	6,466,438	4,124,036	10,708,368
Total net position	<u>\$ 195,570</u>	<u>\$ 14,313,784</u>	<u>\$ 4,124,036</u>	<u>\$ 18,633,390</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 306,432</u>	<u>\$ 15,038,523</u>	<u>\$ 4,233,524</u>	<u>\$ 19,578,479</u>

City of Austin, Minnesota
Combining Statement of Revenues, Expenses, and
Changes in Net Position - Internal Service Funds
For the Year Ended December 31, 2022

	MIS Replacement	Central Garage	Risk Management	Total Internal Service Funds
Operating revenues				
Charges for services	\$ 250,020	\$ 1,866,830	\$ 2,206,199	\$ 4,323,049
Total operating revenues	<u>\$ 250,020</u>	<u>\$ 1,866,830</u>	<u>\$ 2,206,199</u>	<u>\$ 4,323,049</u>
Operating expenses				
Salaries and benefits	\$ 113,418	\$ 524,151	\$ 19,348	\$ 656,917
Supplies and maintenance	549	631,631	-	632,180
Administrative and general	118,407	28,236	44,608	191,251
Claims	-	-	177,000	177,000
Retirement benefits	-	-	236,542	236,542
Insurance premiums	-	-	2,047,756	2,047,756
Total operating expenses, excluding depreciation	<u>\$ 232,374</u>	<u>\$ 1,184,018</u>	<u>\$ 2,525,254</u>	<u>\$ 3,941,646</u>
Depreciation	5,396	762,517	-	767,913
Total operating expenses	<u>\$ 237,770</u>	<u>\$ 1,946,535</u>	<u>\$ 2,525,254</u>	<u>\$ 4,709,559</u>
Operating income (loss)	<u>\$ 12,250</u>	<u>\$ (79,705)</u>	<u>\$ (319,055)</u>	<u>\$ (386,510)</u>
Non-operating revenues				
Investment income (loss)	\$ (6,680)	\$ (246,308)	\$ (148,387)	\$ (401,375)
Gain on disposal of capital assets	-	462	-	462
Other revenues	-	-	127,784	127,784
Total non-operating revenues	<u>\$ (6,680)</u>	<u>\$ (245,846)</u>	<u>\$ (20,603)</u>	<u>\$ (273,129)</u>
Net income (loss) before transfers	<u>\$ 5,570</u>	<u>\$ (325,551)</u>	<u>\$ (339,658)</u>	<u>\$ (659,639)</u>
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Change in net position	\$ 5,570	\$ (325,551)	\$ (239,658)	\$ (559,639)
Net position - beginning	<u>190,000</u>	<u>14,639,335</u>	<u>4,363,694</u>	<u>19,193,029</u>
Net position - ending	<u>\$ 195,570</u>	<u>\$ 14,313,784</u>	<u>\$ 4,124,036</u>	<u>\$ 18,633,390</u>

City of Austin, Minnesota
Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended December 31, 2022

	MIS Replacement	Central Garage	Risk Management	Total Internal Service Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 250,020	\$ 1,866,830	\$ 2,206,235	\$ 4,323,085
Payments to suppliers	(118,547)	(503,826)	(2,160,368)	(2,782,741)
Payments to employees	(113,200)	(465,934)	(16,917)	(596,051)
Payments to retirees	-	-	(236,542)	(236,542)
Other receipts	-	-	127,784	127,784
Net cash provided (used) by operating activities	<u>\$ 18,273</u>	<u>\$ 897,070</u>	<u>\$ (79,808)</u>	<u>\$ 835,535</u>
Cash flows from noncapital financing activities				
Transfers from other funds	\$ -	\$ -	\$ 100,000	\$ 100,000
Net cash provided by noncapital financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Cash flows from capital and related financing activities				
Capital asset acquisitions	\$ (80,092)	\$ (1,043,568)	\$ -	\$ (1,123,660)
Proceeds from sale of capital assets	-	462	-	462
Net cash used by capital and related financing activities	<u>\$ (80,092)</u>	<u>\$ (1,043,106)</u>	<u>\$ -</u>	<u>\$ (1,123,198)</u>
Cash flows from investing activities				
Investment income (loss)	\$ (6,680)	\$ (246,308)	\$ (148,387)	\$ (401,375)
Net cash flows used by investing activities	<u>\$ (6,680)</u>	<u>\$ (246,308)</u>	<u>\$ (148,387)</u>	<u>\$ (401,375)</u>
Net decrease in cash and cash equivalents	\$ (68,499)	\$ (392,344)	\$ (128,195)	\$ (589,038)
Cash and cash equivalents - beginning	266,193	7,165,582	4,345,061	11,776,836
Cash and cash equivalents - ending	<u>\$ 197,694</u>	<u>\$ 6,773,238</u>	<u>\$ 4,216,866</u>	<u>\$ 11,187,798</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 12,250	\$ (79,705)	\$ (319,055)	\$ (386,510)
Depreciation	5,396	762,517	-	767,913
Miscellaneous revenues	-	-	127,784	127,784
Change in net pension liability	33,687	169,744	6,068	209,499
Change in deferred inflows of resources - pension related	(48,391)	(189,399)	(6,842)	(244,632)
Change in deferred inflows of resources - OPEB related	4,725	19,712	697	25,134
Change in deferred outflows of resources - pension related	12,597	36,717	1,347	50,661
Change in deferred outflows of resources - OPEB related	(1,347)	(5,619)	(199)	(7,165)
Other postemployment benefits payable	9,224	38,483	1,360	49,067
(Increase) Decrease in assets:				
Accounts receivable	-	-	36	36
Inventory	-	6,880	-	6,880
Prepaid items	-	-	93,802	93,802
Increase (Decrease) in liabilities:				
Vouchers payable	409	148,586	5,748	154,743
Accrued expenses	(10,277)	(11,421)	9,446	(12,252)
Due to other funds	-	575	-	575
Net cash provided (used) by operating activities	<u>\$ 18,273</u>	<u>\$ 897,070</u>	<u>\$ (79,808)</u>	<u>\$ 835,535</u>

City of Austin, Minnesota
Combining Schedule of Net Position
Internal Service Funds - Central Garage Fund
December 31, 2022

	Streets and Highways	Parks and Forestry	Fire Vehicles and Equipment	Total
Assets				
Current assets				
Cash and investments	\$ 2,306,579	\$ 1,387,554	\$ 3,079,105	\$ 6,773,238
Inventory	82,946	-	-	82,946
Prepaid items	-	-	200,000	200,000
Total current assets	\$ 2,389,525	\$ 1,387,554	\$ 3,279,105	\$ 7,056,184
Noncurrent assets				
Capital assets	\$ 12,985,084	\$ 2,182,704	\$ 2,413,777	\$ 17,581,565
Accumulated depreciation	(6,902,881)	(1,400,560)	(1,430,778)	(9,734,219)
Total noncurrent assets	\$ 6,082,203	\$ 782,144	\$ 982,999	\$ 7,847,346
Total assets	\$ 8,471,728	\$ 2,169,698	\$ 4,262,104	\$ 14,903,530
Deferred outflows of resources				
Pension related	\$ 101,959	\$ 27,415	\$ -	\$ 129,374
OPEB related	4,428	1,191	-	5,619
Total deferred outflows of resources	\$ 106,387	\$ 28,606	\$ -	\$ 134,993
Total assets and deferred outflows of resources	\$ 8,578,115	\$ 2,198,304	\$ 4,262,104	\$ 15,038,523
Liabilities				
Current liabilities				
Vouchers payable	\$ 213,654	\$ 7,291	\$ 11,597	\$ 232,542
Accrued expenses	35,269	5,769	309	41,347
Other postemployment benefits payable, current portion	1,487	400	-	1,887
Due to other funds	5,917	-	-	5,917
Total current liabilities	\$ 256,327	\$ 13,460	\$ 11,906	\$ 281,693
Noncurrent liabilities				
Net pension liability	\$ 300,358	\$ 80,759	\$ -	\$ 381,117
Other postemployment benefits payable	28,841	7,755	-	36,596
Total noncurrent liabilities	\$ 329,199	\$ 88,514	\$ -	\$ 417,713
Total liabilities	\$ 585,526	\$ 101,974	\$ 11,906	\$ 699,406
Deferred inflows of resources				
Pension related	\$ 4,430	\$ 1,191	\$ -	\$ 5,621
OPEB related	15,535	4,177	-	19,712
Total deferred inflows of resources	\$ 19,965	\$ 5,368	\$ -	\$ 25,333
Net position				
Net investment in capital assets	\$ 6,082,203	\$ 782,144	\$ 982,999	\$ 7,847,346
Unrestricted	1,890,421	1,308,818	3,267,199	6,466,438
Total net position	\$ 7,972,624	\$ 2,090,962	\$ 4,250,198	\$ 14,313,784
Total liabilities, deferred inflows of resources, and net position	\$ 8,578,115	\$ 2,198,304	\$ 4,262,104	\$ 15,038,523

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, 2022

	Streets and Highways	Parks and Forestry	Fire Vehicles and Equipment	Total Central Garage Fund
Operating revenues				
Charges for services	\$ 1,349,630	\$ 307,200	\$ 210,000	\$ 1,866,830
Total operating revenues	<u>\$ 1,349,630</u>	<u>\$ 307,200</u>	<u>\$ 210,000</u>	<u>\$ 1,866,830</u>
Operating expenses				
Salaries and benefits	\$ 414,675	\$ 109,476	\$ -	\$ 524,151
Supplies and maintenance	437,480	147,611	46,540	631,631
Administrative and general	22,116	6,120	-	28,236
Total operating expenses, excluding depreciation	<u>\$ 874,271</u>	<u>\$ 263,207</u>	<u>\$ 46,540</u>	<u>\$ 1,184,018</u>
Depreciation	545,909	127,764	88,844	762,517
Total operating expenses	<u>\$ 1,420,180</u>	<u>\$ 390,971</u>	<u>\$ 135,384</u>	<u>\$ 1,946,535</u>
Operating income (loss)	<u>\$ (70,550)</u>	<u>\$ (83,771)</u>	<u>\$ 74,616</u>	<u>\$ (79,705)</u>
Non-operating revenues				
Investment income (loss)	\$ (83,269)	\$ (51,036)	\$ (112,003)	\$ (246,308)
Gain on disposal of capital assets	462	-	-	462
Total non-operating revenues	<u>\$ (82,807)</u>	<u>\$ (51,036)</u>	<u>\$ (112,003)</u>	<u>\$ (245,846)</u>
Change in net position	\$ (153,357)	\$ (134,807)	\$ (37,387)	\$ (325,551)
Net position - beginning	<u>8,125,981</u>	<u>2,225,769</u>	<u>4,287,585</u>	<u>14,639,335</u>
Net position - ending	<u><u>\$ 7,972,624</u></u>	<u><u>\$ 2,090,962</u></u>	<u><u>\$ 4,250,198</u></u>	<u><u>\$ 14,313,784</u></u>

City of Austin, Minnesota
Combining Schedule of Net Position
Internal Service Funds - Risk Management Fund
December 31, 2022

	Health Insurance	Property and Liability	Workers' Compensation Insurance	Sick Leave Program	Total Risk Management Fund
Assets					
Current assets					
Cash and investments	\$ 594,095	\$ 1,095,181	\$ 1,221,682	\$ 1,305,908	\$ 4,216,866
Accounts receivable	914	-	-	-	914
Prepaid items	10,893	-	-	-	10,893
Total current assets	\$ 605,902	\$ 1,095,181	\$ 1,221,682	\$ 1,305,908	\$ 4,228,673
Deferred outflows of resources					
Pension related	\$ -	\$ 2,326	\$ 2,326	\$ -	\$ 4,652
OPEB related	-	99	100	-	199
Total deferred outflows of resources	\$ -	\$ 2,425	\$ 2,426	\$ -	\$ 4,851
Total assets and deferred outflows of resources	\$ 605,902	\$ 1,097,606	\$ 1,224,108	\$ 1,305,908	\$ 4,233,524
Liabilities					
Current liabilities					
Vouchers payable	\$ 3,392	\$ -	\$ 3,342	\$ -	\$ 6,734
Accrued expenses	80,727	6,065	-	-	86,792
Other postemployment benefits payable, current portion	-	34	34	-	68
Total current liabilities	\$ 84,119	\$ 6,099	\$ 3,376	\$ -	\$ 93,594
Noncurrent liabilities					
Net pension liability	\$ -	\$ 6,851	\$ 6,852	\$ -	\$ 13,703
Other postemployment benefits payable	-	646	646	-	1,292
Total noncurrent liabilities	\$ -	\$ 7,497	\$ 7,498	\$ -	\$ 14,995
Total liabilities	\$ 84,119	\$ 13,596	\$ 10,874	\$ -	\$ 108,589
Deferred inflows of resources					
Pension related	\$ -	\$ 101	\$ 101	\$ -	\$ 202
OPEB related	-	349	348	-	697
Total deferred inflows of resources	\$ -	\$ 450	\$ 449	\$ -	\$ 899
Net position					
Unrestricted	\$ 521,783	\$ 1,083,560	\$ 1,212,785	\$ 1,305,908	\$ 4,124,036
Total net position	\$ 521,783	\$ 1,083,560	\$ 1,212,785	\$ 1,305,908	\$ 4,124,036
Total liabilities, deferred inflows of resources, and net position	\$ 605,902	\$ 1,097,606	\$ 1,224,108	\$ 1,305,908	\$ 4,233,524

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, 2022

	Health Insurance	Property and Liability	Workers' Compensation Insurance	Sick Leave Program	Total Risk Management Fund
Operating revenues					
Charges for services	\$ 1,287,597	\$ 294,479	\$ 572,191	\$ 51,932	\$ 2,206,199
Total operating revenues	<u>\$ 1,287,597</u>	<u>\$ 294,479</u>	<u>\$ 572,191</u>	<u>\$ 51,932</u>	<u>\$ 2,206,199</u>
Operating expenses					
Salaries and benefits	\$ -	\$ 9,674	\$ 9,674	\$ -	\$ 19,348
Administrative and general	-	-	44,608	-	44,608
Claims	97,750	48,011	23,511	7,728	177,000
Retirement benefits	-	-	-	236,542	236,542
Insurance premiums	1,289,357	301,337	457,062	-	2,047,756
Total operating expenses	<u>\$ 1,387,107</u>	<u>\$ 359,022</u>	<u>\$ 534,855</u>	<u>\$ 244,270</u>	<u>\$ 2,525,254</u>
Operating income (loss)	<u>\$ (99,510)</u>	<u>\$ (64,543)</u>	<u>\$ 37,336</u>	<u>\$ (192,338)</u>	<u>\$ (319,055)</u>
Non-operating revenues					
Investment income (loss)	\$ (13,837)	\$ (39,952)	\$ (46,702)	\$ (47,896)	\$ (148,387)
Other revenues					
Refunds	\$ -	\$ 55,490	\$ -	\$ -	\$ 55,490
Miscellaneous	4,530	9,963	57,801	-	72,294
Total other revenues	<u>\$ 4,530</u>	<u>\$ 65,453</u>	<u>\$ 57,801</u>	<u>\$ -</u>	<u>\$ 127,784</u>
Total non-operating revenues	<u>\$ (9,307)</u>	<u>\$ 25,501</u>	<u>\$ 11,099</u>	<u>\$ (47,896)</u>	<u>\$ (20,603)</u>
Net income (loss) before transfers	<u>\$ (108,817)</u>	<u>\$ (39,042)</u>	<u>\$ 48,435</u>	<u>\$ (240,234)</u>	<u>\$ (339,658)</u>
Other financing sources					
Transfers in	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Total other financing sources	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Change in net position	<u>\$ (8,817)</u>	<u>\$ (39,042)</u>	<u>\$ 48,435</u>	<u>\$ (240,234)</u>	<u>\$ (239,658)</u>
Net position - beginning	<u>530,600</u>	<u>1,122,602</u>	<u>1,164,350</u>	<u>1,546,142</u>	<u>4,363,694</u>
Net position - ending	<u>\$ 521,783</u>	<u>\$ 1,083,560</u>	<u>\$ 1,212,785</u>	<u>\$ 1,305,908</u>	<u>\$ 4,124,036</u>

Supplementary Information

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

Year	Series 2012A		
	Principal	Interest	Total
2023	\$ 390,000	\$ 46,006	\$ 436,006
2024	400,000	38,207	438,207
2025	410,000	29,706	439,706
2026	415,000	20,482	435,482
2027	425,000	10,625	435,625
	<u>\$ 2,040,000</u>	<u>\$ 145,026</u>	<u>\$ 2,185,026</u>

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

Year	Series 2015A		
	Principal	Interest	Total
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>\$ 13,415,000</u>	<u>\$ 3,464,606</u>	<u>\$ 16,879,606</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> These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	173
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	178
<u>Debt Capacity</u> 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.	182
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	187
<u>Operating Information</u> 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.	189

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 96,714,082	\$ 112,148,907	\$ 117,139,070	\$ 122,500,058	\$ 127,073,132	\$ 128,915,686	\$ 134,177,653	\$ 169,781,438	\$ 170,898,680	\$ 175,196,908
Restricted	9,360,960	5,378,069	5,020,295	6,214,116	6,373,158	6,780,954	6,071,317	5,249,584	8,837,718	10,987,936
Unrestricted	22,120,566	22,954,462	16,144,791	13,869,061	13,899,467	15,635,079	17,566,343	21,098,059	24,528,865	25,266,135
Total governmental activities net position	\$ 128,195,608	\$ 140,481,438	\$ 138,304,156	\$ 142,583,255	\$ 147,345,757	\$ 151,331,719	\$ 157,815,313	\$ 196,129,081	\$ 204,265,263	\$ 211,450,979
Business-type activities										
Net investment in capital assets	\$ 73,028,400	\$ 76,766,362	\$ 81,663,459	\$ 80,356,144	\$ 82,148,457	\$ 84,112,732	\$ 86,989,180	\$ 96,182,961	\$ 101,683,971	\$ 106,126,997
Restricted	-	-	53,703	-	-	-	-	-	-	-
Unrestricted	27,616,551	28,628,642	22,398,144	25,793,299	25,225,837	14,580,443	20,053,799	20,623,902	18,923,674	19,654,670
Total business-type activities net position	\$ 100,644,951	\$ 105,395,004	\$ 104,115,306	\$ 106,149,443	\$ 107,374,294	\$ 98,693,175	\$ 107,042,979	\$ 116,806,863	\$ 120,607,645	\$ 125,781,667
Primary government										
Net investment in capital assets	\$ 169,742,482	\$ 188,915,269	\$ 198,802,529	\$ 202,856,202	\$ 209,221,589	\$ 213,028,418	\$ 221,166,833	\$ 265,964,399	\$ 272,582,651	\$ 281,323,905
Restricted	9,360,960	5,378,069	5,073,998	6,214,116	6,373,158	6,780,954	6,071,317	5,249,584	8,837,718	10,987,936
Unrestricted	49,737,117	51,583,104	38,542,935	39,662,380	39,125,304	30,215,522	37,620,142	41,721,961	43,452,539	44,920,805
Total primary government net position	\$ 228,840,559	\$ 245,876,442	\$ 242,419,462	\$ 248,732,698	\$ 254,720,051	\$ 250,024,894	\$ 264,858,292	\$ 312,935,944	\$ 324,872,908	\$ 337,232,646

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 1,775,118	\$ 1,431,184	\$ 2,080,195	\$ 2,644,256	\$ 2,655,024	\$ 2,887,408	\$ 2,820,702	\$ 2,751,882	\$ 2,781,455	\$ 3,090,946
Public safety	5,963,143	6,388,332	6,609,642	8,560,538	7,304,029	6,561,588	7,057,993	7,666,925	7,246,791	8,970,208
Streets and highways	4,790,336	4,831,833	5,013,859	5,580,254	5,294,742	5,270,917	5,598,910	5,479,513	5,801,837	6,260,199
Culture and recreation	4,343,675	4,443,814	4,507,566	4,929,260	5,311,447	5,213,298	5,379,956	6,233,750	6,612,618	7,291,734
Public service	453,346	89,696	383,336	382,662	375,465	387,317	618,015	475,217	376,009	439,598
Economic development	310,287	653,608	310,287	833,150	608,226	505,254	555,633	468,836	509,743	948,051
Community development	479,747	859,301	1,134,686	889,103	773,616	539,363	755,257	1,709,697	1,709,697	703,230
Interest on long-term debt	74,900	52,949	35,220	29,971	25,729	14,973	12,937	12,018	9,300	8,121
Total governmental activities expenses	\$ 18,316,940	\$ 18,407,396	\$ 20,418,112	\$ 23,849,194	\$ 22,348,278	\$ 21,380,118	\$ 22,553,843	\$ 23,843,198	\$ 25,047,730	\$ 27,712,087
Business-type activities										
Sewer user	\$ 4,767,774	\$ 5,064,346	\$ 5,183,222	\$ 4,939,927	\$ 5,315,668	\$ 5,157,970	\$ 5,557,035	\$ 5,843,790	\$ 5,724,714	\$ 6,193,741
Waste transfer station	30,147	29,689	30,751	34,849	39,856	31,342	40,938	36,949	57,931	49,369
Storm water utility	208,963	263,999	313,016	322,100	372,669	315,603	369,193	321,430	448,724	413,216
Electric	31,713,856	31,704,826	32,273,865	34,450,475	35,196,329	37,584,354	33,182,000	32,288,251	33,102,114	34,240,215
Water	3,522,146	3,747,554	3,892,185	3,968,228	4,420,292	4,112,784	4,091,664	4,788,283	4,704,995	5,830,345
Gas	16,842,327	22,717,982	15,017,991	14,999,868	16,565,068	15,609,175	14,997,279	13,497,738	24,400,289	24,117,796
Total business-type activities expenses	\$ 57,085,213	\$ 63,528,396	\$ 56,711,030	\$ 58,715,447	\$ 61,909,882	\$ 62,811,228	\$ 58,238,109	\$ 56,776,441	\$ 68,438,767	\$ 70,844,682
Total primary government expenses	\$ 75,402,153	\$ 81,935,792	\$ 77,129,142	\$ 82,564,641	\$ 84,258,160	\$ 84,191,346	\$ 80,791,952	\$ 80,619,639	\$ 93,486,497	\$ 98,556,769
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 430,416	\$ 482,969	\$ 517,579	\$ 565,466	\$ 685,001	\$ 1,120,057	\$ 697,603	\$ 737,673	\$ 913,325	\$ 769,755
Public safety	612,524	793,585	864,408	753,980	646,527	741,367	913,116	697,076	967,699	1,037,579
Streets and highways	16,036	15,041	7,126	15,914	36,096	42,281	29,263	35,412	57,753	34,091
Culture and recreation	522,905	497,992	536,192	558,708	565,917	584,877	637,366	308,262	534,675	659,479
Public service	38,480	38,437	41,346	37,671	39,218	39,161	41,096	39,974	45,242	45,307
Economic development	51,106	49,177	34,585	33,754	25,924	25,900	27,025	27,025	26,700	26,700
Operating grants and contributions	925,583	1,187,211	1,041,820	1,722,121	984,257	1,091,641	1,316,659	3,289,769	2,926,182	3,401,844
Capital grants and contributions	4,583,896	9,952,310	4,096,969	6,503,556	6,601,283	3,566,943	4,711,120	38,446,128	4,484,216	8,729,582
Total governmental activities program revenues	\$ 7,180,946	\$ 13,016,722	\$ 7,140,025	\$ 10,191,170	\$ 9,584,223	\$ 7,212,227	\$ 8,373,248	\$ 43,581,319	\$ 9,955,792	\$ 14,704,337

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	-	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	10,859	12,234
Restricted	151,172	115,975	129,924	163,374	163,810	198,825	186,361	172,423	90,321	102,129
Committed	59,267	57,122	46,815	47,122	38,221	38,167	22,472	45,930	73,069	76,123
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	6,582,477	6,869,995	7,579,428	6,397,461	6,724,890	8,272,001	8,904,380	12,206,746	11,009,087	10,751,323
Total general fund	\$ 6,792,916	\$ 7,043,092	\$ 7,756,167	\$ 6,607,957	\$ 6,926,921	\$ 8,508,993	\$ 9,113,213	\$ 12,425,099	\$ 11,183,336	\$ 10,941,809
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	531,883	886,052	961,052	970,952	136,052	136,052	865,098	807,232	136,052	136,052
Restricted	9,046,910	5,095,654	4,717,919	5,552,080	5,736,559	6,126,659	5,455,423	4,483,917	5,945,802	6,679,721
Committed	1,033,695	626,252	613,224	595,776	650,786	733,795	805,606	938,423	1,125,572	1,065,871
Assigned	4,278,476	5,403,076	5,163,858	5,754,710	5,903,651	7,122,659	6,020,209	5,817,546	7,682,541	9,713,387
Unassigned	-	-	-	-	-	-	-	-	-	(50,207)
Total all other governmental funds	\$ 14,890,964	\$ 12,011,034	\$ 11,456,053	\$ 12,873,518	\$ 12,427,048	\$ 14,119,165	\$ 13,146,336	\$ 12,047,118	\$ 14,889,967	\$ 17,544,824

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 6,723,378	\$ 6,825,763	\$ 7,014,083	\$ 7,196,533	\$ 6,976,901	\$ 8,172,728	\$ 9,484,744	\$ 9,530,235	\$ 10,115,434	\$ 10,635,105
Special assessments	762,933	808,726	846,070	705,785	988,532	801,534	755,643	845,871	1,111,190	1,105,912
Licenses and permits	346,374	455,857	586,348	467,724	405,766	476,812	630,064	512,918	675,434	732,122
Intergovernmental	11,446,161	18,120,697	10,907,846	11,633,819	11,278,358	10,967,151	13,430,725	13,310,999	14,034,419	15,458,216
Charges for services	632,923	626,056	641,566	693,694	670,218	1,043,990	701,547	392,277	839,359	875,802
Fines and forfeits	206,199	257,104	210,935	197,504	180,474	177,559	208,822	120,726	122,395	127,713
Miscellaneous	738,282	1,805,765	2,409,248	4,673,724	3,271,165	2,201,404	1,669,166	1,944,561	1,922,765	2,473,439
Total revenues	\$ 20,856,250	\$ 28,899,968	\$ 22,616,096	\$ 25,568,783	\$ 23,771,414	\$ 23,841,178	\$ 26,880,711	\$ 26,657,587	\$ 28,820,996	\$ 31,408,309

Expenditures										
Current										
General government	\$ 1,890,867	\$ 1,836,120	\$ 1,930,264	\$ 2,073,258	\$ 2,145,323	\$ 2,039,277	\$ 2,017,661	\$ 2,154,946	\$ 2,338,422	\$ 2,434,688
Public safety	6,319,790	6,196,006	6,465,704	6,676,874	6,876,792	6,467,091	7,127,871	7,789,088	8,006,195	8,283,139
Streets and highways	3,303,846	3,325,106	3,212,373	3,316,358	3,428,750	3,456,573	3,581,472	3,439,336	3,539,929	3,798,091
Culture and recreation	3,735,839	4,158,995	4,071,540	4,326,011	4,404,245	4,360,915	4,737,129	4,078,605	5,374,699	5,207,845
Public service	85,602	110,600	97,975	89,505	80,136	93,133	115,932	111,237	80,234	121,718
Economic development	300,130	217,322	206,355	231,964	519,730	270,792	278,629	194,072	246,028	299,263
Community development	13,964	44,299	60,116	287,159	2,400	-	28,632	45,573	8,515	333,343
Capital outlay	5,850,828	16,548,448	7,153,565	8,275,972	7,374,723	5,029,660	9,719,514	7,510,704	7,484,416	9,739,889
Debt service										
Principal retirement	600,000	590,000	420,000	115,000	115,000	285,000	35,000	340,000	-	-
Interest and fiscal charges	188,669	150,932	491,988	629,478	112,152	256,463	290,437	292,131	273,015	331,909
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 22,289,535	\$ 33,177,828	\$ 24,109,880	\$ 26,021,579	\$ 25,059,251	\$ 22,258,904	\$ 27,932,277	\$ 25,955,692	\$ 27,351,453	\$ 30,549,885

Excess (deficiency) of revenues over (under) expenditures	\$ (1,433,285)	\$ (4,277,860)	\$ (1,493,784)	\$ (452,796)	\$ (1,287,837)	\$ 1,582,274	\$ (1,051,566)	\$ 701,895	\$ 1,469,543	\$ 858,424
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Other financing sources (uses)										
Proceeds of bonds and loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premiums on bonds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Payments from escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	2,684,827	2,531,156	1,957,878	2,473,051	1,780,391	1,696,915	1,911,957	3,457,815	3,838,741	4,546,621
Transfers out	(1,060,000)	(883,050)	(306,000)	(1,751,000)	(620,060)	(5,000)	(1,229,000)	(1,947,042)	(3,674,000)	(2,991,715)
Total other financing sources (uses)	\$ 1,624,827	\$ 1,648,106	\$ 1,651,878	\$ 722,051	\$ 1,160,331	\$ 1,691,915	\$ 682,957	\$ 1,510,773	\$ 164,741	\$ 1,554,906

Net change in fund balance	\$ 191,542	\$ (2,629,754)	\$ 158,094	\$ 269,255	\$ (127,506)	\$ 3,274,189	\$ (368,609)	\$ 2,212,668	\$ 1,634,284	\$ 2,413,330
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Debt service as a percentage of non capital expenditures	4.91%	4.64%	5.49%	4.34%	1.32%	3.19%	1.81%	3.06%	1.36%	1.63%
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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
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
2020	9,119,854	2,919,463	769,601	12,808,918	3,574,660	1,294,218,700	1.27	55.799
2021	9,859,417	3,053,785	790,800	13,704,002	3,603,378	1,627,381,000	1.06	54.240
2022	10,917,082	3,086,156	801,987	14,805,225	3,742,792	1,482,770,000	1.25	53.385
2023	13,992,145	3,369,170	814,743	18,176,058	3,119,316	1,789,790,900	1.19	45.376

Source: Office of County Treasurer

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
Last Ten Years

Taxes Payable Year	City of Austin			School District	Mower County	Other	Total
	Operating Rate	Debt Service Rate	Total Rate				
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
2020	55.799	-	55.799	30.573	50.599	2.569	139.540
2021	54.240	-	54.240	28.060	47.335	2.632	132.267
2022	53.385	-	53.385	28.111	46.160	2.728	130.384
2023	45.376	-	45.376	23.606	39.421	2.347	110.750

Source: Office of County Treasurer

Note: Tax rates are per \$1,000 of tax capacity. Tax capacity is equal to market value multiplied by the applicable class rate (as set by the State of Minnesota) for the type of property being taxed.

City of Austin, Minnesota
Principal Property Taxpayers
December 31, 2022

Taxpayer	Type of Business	2021/2022			2012/2013		
		Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Net Tax Capacity Value
Hormel Foods	Food Processor	\$ 742,766	1	4.99 %	\$ 602,947	1	5.61 %
Walmart Stores, Inc.	Retail Complex	171,194	2	1.15	215,108	2	2.00
Exchangeright Net Leased Portfolio	Retail Complex	156,984	3	1.06	-	-	-
Austin Medical Clinic	Clinic	156,720	4	1.05	-	-	-
ATI Hotel Inc.	Hotel	92,284	5	0.62	-	-	-
Flats on 21 LLC	Apartments	64,710	6	0.44	-	-	-
Keystone Austin 15th Ave LLC	Apartments	62,787	7	0.42	-	-	-
Austin Hotel Group LLC	Hotel	61,560	8	0.41	-	-	-
Austin MN LLC	Retail Complex	58,408	9	0.39	-	-	-
Convenience Store Investments	Retail Complex	54,712	10	0.37	-	-	-
BRE Retail Residual Owner 3 LLC	Retail Complex	-	-	0.00	122,222	3	1.14
Dayton Hudson Corporation	Retail Complex	-	-	-	99,639	4	0.93
Torgerson Properties Inc.	Retail Complex	-	-	-	95,226	5	0.89
HyVee Foods, Inc.	Retail Complex	-	-	-	81,652	6	0.76
Shopko Properties SPE RE LLC	Retail Complex	-	-	-	64,678	7	0.60
Nationwide Health Properties	Retail Complex	-	-	-	85,355	8	0.79
SMMPA	Retail Complex	-	-	-	54,946	9	0.51
Oak Park Mall Limited Partnership	Apartments	-	-	-	51,519	10	0.48
Totals		\$ 1,622,125		10.9 %	\$ 1,473,292		13.7 %

Source: Office of County Treasurer

**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
2013	\$ 4,193,983	\$ 4,088,701	97.49 %	\$ 73,281	\$ 4,161,982	99.24 %
2014	4,169,870	4,052,843	97.19	116,551	4,169,394	99.99
2015	4,350,453	4,244,363	97.56	105,568	4,349,931	99.99
2016	4,944,597	4,823,818	97.56	101,225	4,925,043	99.60
2017	5,418,461	5,296,733	97.75	91,040	5,387,773	99.43
2018	5,966,633	5,830,519	97.72	126,228	5,956,747	99.83
2019	7,130,642	6,871,230	96.36	90,588	6,961,818	97.63
2020	7,259,967	7,145,250	98.42	91,504	7,236,754	99.68
2021	7,537,637	7,438,100	98.68	74,039	7,512,139	99.66
2022	8,063,351	7,933,751	98.39	-	7,933,751	98.39

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	Sewer Utility Bonds	Capital Improvement Bonds	Water Revenue Bonds	Leases Payable				
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	1.38%	981	
2018	375,000	-	1,635,000	16,593,789	3,583,854	-	22,187,643	1.15%	895	
2019	340,000	-	1,180,000	15,886,214	3,213,375	-	20,619,589	1.08%	831	
2020	-	-	-	15,158,639	2,837,895	66,863	18,063,397	0.89%	690	
2021	-	-	-	14,406,063	2,457,415	51,050	16,914,528	0.83%	646	
2022	-	-	-	13,589,693	2,051,597	34,903	15,676,193	0.71%	599	

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 2021. For purposes of this schedule, the personal income from 2020 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>
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
2019	15,605,000	-	15,605,000	126.80	629
2020	14,895,000	-	14,895,000	116.29	569
2021	14,160,000	-	14,160,000	103.33	541
2022	13,415,000	-	13,415,000	90.61	513

(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, 2022

Jurisdiction	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
School District #492	34,671,300 ⁽¹⁾	69.3% ⁽²⁾	\$ 24,027,211
Mower County	880,550 ⁽¹⁾	30.4% ⁽³⁾	<u>267,687</u>
Subtotal, overlapping debt			\$ 24,294,898
City of Austin Direct Debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 24,294,898</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 31,579,767	\$ 33,573,968	\$ 27,915,326	\$ 33,538,749	\$ 35,133,327	\$ 36,924,852	\$ 38,826,561	\$ 48,821,430	\$ 44,483,100	\$ 44,483,100
Total net debt applicable to limit	-	-	17,635,000	17,635,000	16,970,000	16,295,000	15,605,000	14,895,000	14,160,000	13,415,000
Legal debt margin	\$ 31,579,767	\$ 33,573,968	\$ 10,280,326	\$ 15,903,749	\$ 18,163,327	\$ 20,629,852	\$ 23,221,561	\$ 33,926,430	\$ 30,323,100	\$ 31,068,100
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	171.54%	110.89%	93.43%	78.99%	67.20%	43.90%	46.70%	43.18%

Legal Debt Margin Calculation for 2022

Estimated market value, 2021/2022	\$ 1,482,770,000
Debt limit, 3.0% of market value	\$ 44,483,100
Debt applicable to debt limit:	
Total bonded debt	\$ 15,455,000
Less:	
Obligations issued for revenue producing facilities	2,040,000
Total debt applicable to debt limit	13,415,000
Debt margin at December 31, 2022	\$ 31,068,100

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	
2013	\$ -	\$ -	\$ -	\$ -	\$ -	0.00 %
2014	-	-	-	-	-	0.00
2015	-	-	-	-	-	0.00
2016	-	-	-	-	-	0.00
2017	-	-	-	-	-	0.00
2018	-	-	-	-	-	0.00
2019	-	-	-	-	-	0.00
2020	-	-	-	-	-	0.00
2021	-	-	-	-	-	0.00
2022	-	-	-	-	-	0.00

Water Utility Revenue Bonds						
	Gross Revenues	Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2019	5,201,681	3,383,704	1,817,977	365,000	75,906	4.12
2020	5,661,175	4,003,417	1,657,758	370,000	68,606	3.78
2021	5,447,316	3,865,643	1,581,673	375,000	61,206	3.63
2022	5,733,975	4,994,958	739,017	385,000	53,706	1.68

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)
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	1,937,438	48,423	37.9	5,293	3.1
2019	24,800	1,900,741	47,445	38.7	5,296	3.0
2020	26,174	2,029,077	50,537	38.8	5,034	4.0
2021	26,174	2,221,525	55,320	37.9	5,182	2.4
2022	26,174	Not Available Now	Not Available Now	38.7	5,120	2.8

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	2022			2013		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Hormel Foods	Food processor	3,255	1	27.1 %	2,777	1	21.7 %
Quality Pork Processors	Meat packing plant	1,225	2	10.2	1,300	2	10.2
Mayo Clinic Health System	Health care	900	3	7.5	974	3	7.6
Independent School District 492	Public education	850	4	7.1	627	4	4.9
Walmart Stores	Retail	325	5	2.7	350	6	2.7
Hy Vee Inc.	Retail	300	6	2.5	365	5	2.9
Mower County	County government	274	7	2.3	247	7	1.9
Riverland Community College	Post-secondary education	240	8	2.0	175	10	1.4
City of Austin	Municipal government	219	9	1.8	221	9	1.7
Cedar Valley Services	Residential care	192	10	1.6	-		0.0
St. Mark's Lutheran Home	Nursing Home	-		0.0	225	8	1.8
Totals		<u>7,780</u>		<u>64.7 %</u>	<u>7,261</u>		<u>56.8 %</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

	Full-time Equivalent Employees as of December 31									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
General government	11.50	12.00	12.00	12.00	12.00	12.00	12.00	11.50	11.50	12.00
Public safety	48.00	49.00	49.00	51.00	51.50	53.00	53.00	53.00	53.00	53.00
Streets and highways	26.00	26.00	26.00	26.00	26.00	27.00	27.00	26.00	25.00	26.00
Culture and recreation	26.80	27.80	27.80	28.75	28.75	28.75	28.75	26.25	25.25	28.75
Sewer user	24.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50
Storm water utility district	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Electric	31.00	32.00	31.00	30.00	22.00	21.00	21.00	19.00	21.00	21.00
Water	10.00	9.00	9.00	9.00	14.00	13.00	14.00	13.00	12.00	12.00
Gas	20.00	19.00	20.00	20.00	22.00	21.00	21.00	21.00	21.00	21.00
Utilities administration	23.00	25.00	22.00	22.00	23.00	25.00	25.00	24.00	21.00	21.00
Total	220.80	223.30	221.30	223.25	223.75	225.25	226.25	218.25	214.25	219.25

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

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police										
Adult arrests	1,159	1,144	1,227	1,286	1,230	1,238	1,123	1,222	1,176	1,121
Juvenile arrests	395	612	450	318	429	427	314	254	110	133
Citations	4,363	4,368	4,878	4,784	4,267	4,447	2,664	2,415	1,432	1,480
Fire										
Number of calls answered	547	729	900	954	944	914	1,123	1,131	1,597	2,189
Streets and highways										
Asphalt purchases for street repairs (tons)	4,400	4,400	3,925	4,500	4,500	3,920	3,479	4,903	4,223	3,181
Culture and recreation										
Municipal pool admissions	15,976	12,951	16,661	11,555	10,779	11,762	10,078	-	16,137	12,151
Fall/Winter programs participants	78	72	136	164	156	132	196	165	121	566
Self supporting programs participants	1,085	1,219	1,166	1,654	1,530	2,163	1,855	728	933	1,204
Library annual circulation	267,394	228,045	209,693	203,303	187,368	178,293	169,011	103,622	118,108	125,341
Library-number of items held	86,190	82,834	83,415	82,875	82,604	88,756	90,718	93,051	95,750	93,846
Sewer user										
Average daily sewage treatment (thousands of gallons)	5,480	5,210	6,050	7,000	6,450	6,080	6,450	5,770	4,370	4,930
Electric										
Average daily consumption (thousands of kilowatt hours)	921	910	920	928	920	925	918	922	935	899
Water										
Average daily consumption (thousands of cubic feet)	680	724	723	700	700	650	665	692	671	690
Gas										
Average daily consumption (thousands of cubic feet)	6,720	7,238	6,411	6,155	6,364	6,675	6,992	6,614	6,508	7,146

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**

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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)	123	123	123	123	123	123	123	123	122	123
Streets - unpaved (miles)	2	2	2	2	2	2	2	2	2	2
Culture and recreation										
Nature Center acreage	507	507	518	518	518	518	529	529	529	529
Park acreage	600	600	600	600	596	596	596	596	591	591
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)	133	133	135	135	136	136	136	136	136	136
Storm sewers (miles)	76	76	77	77	77	77	78	78	79	78
Electric										
Number of substations	7	7	7	7	7	7	7	7	7	7
Water										
Water mains (miles)	135.59	135.64	137.33	138.33	138.26	138.64	138.96	138.97	139.14	139.00
Gas										
Gas services	10,281	10,269	10,260	10,255	10,260	10,300	10,303	10,304	10,307	10,330

Sources: Various city departments.

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

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