

AUSTIN PORT AUTHORITY
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019

**AUSTIN PORT AUTHORITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

INTRODUCTION SECTION

ORGANIZATION SCHEDULE

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT 1

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS 4

BASIC FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION 10

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 12

STATEMENTS OF CASH FLOWS 13

NOTES TO FINANCIAL STATEMENTS 14

SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF NET POSITION 21

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 23

PROPERTY MANAGEMENT FUND

SUPPLEMENTARY COMBINING STATEMENTS OF NET POSITION 25

GENERAL

SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 27

WALKER BUILDING

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

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 29

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE 31

INTRODUCTORY SECTION

**AUSTIN PORT AUTHORITY
ORGANIZATION SCHEDULE
DECEMBER 31, 2020 AND 2019**

BOARD OF COMMISSIONERS

		<u>Term Expires</u>
Jerry McCarthy	President	December 31, 2020
Jeff Austin	Vice-President	December 31, 2022
Lee Bjorndal	Treasurer	December 31, 2023
Jerry Mohrfeld	Commissioner	December 31, 2024
Michael Bednar	Commissioner	December 31, 2025
Laura Helle	Commissioner	December 31, 2023
Chuck Moline	Commissioner	December 31, 2021

OFFICERS

Craig Clark	Executive Director	Appointed
Tom Dankert	Secretary	Appointed

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, state of Minnesota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Austin Port Authority, a component unit of the City of Austin, state of Minnesota as of December 31, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

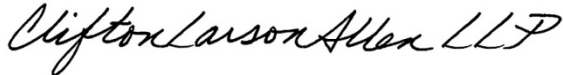
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Austin Port Authority, a component unit of the City of Austin, state of Minnesota's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Board of Commissioners
The Port Authority of the City of Austin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2021, on our consideration of the Austin Port Authority, a component unit of the City of Austin, state of Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Austin Port Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Austin Port Authority, a component unit of the City of Austin, state of Minnesota's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
April 23, 2021

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

As management of the Austin Port Authority, we offer readers of the Austin Port Authority's financial statements this narrative overview and analysis of the financial activities of the Austin Port Authority for the fiscal years ended December 31, 2020 and 2019. The information presented should be read in conjunction with the financial statements and the accompanying notes to the financial statements. The Austin Port Authority is considered part of the reporting entity of the City of Austin, Minnesota, and is included in the City's financial statements as a discretely presented component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The basic financial statements can be found on pages 10-13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 14-20 of this report.

Supplemental information. The combining and individual account statements and schedules can be found on pages 21-28 of this report.

FINANCIAL HIGHLIGHTS

The largest portion of the Austin Port Authority's net position (86 percent) is the investment in capital assets at December 31, 2020. There were no capital asset additions or retirements during 2020. However, the depreciation charge (primarily on the Hormel Institute Building) drove the net investment in capital assets down from the prior year. During 2020 the Austin Port Authority sold a portion of the land that was held for resale to a developer for redevelopment into rental property. Additionally, the Port Authority transferred the former Gold Cross Ambulance Building to the Housing and Redevelopment Authority of Austin for their use.

The third tax increment payment was received from the primary government in 2020. This \$70,000 annual payment is considered a Pay-As-You-Go tax increment district whereby if Hy-Vee makes the required annual tax payments, the Austin Port Authority will receive the first \$70,000 annually to reduce the outstanding balance that has been recorded to cover some of the costs that were associated with the demolition of the former Oak Park Mall facility. From the 2020 tax increment receipt, a \$5,000 payment was made to the Housing and Redevelopment Authority of Austin for funds they advanced for the Oak Park Mall demolition project.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

AUSTIN PORT AUTHORITY'S NET POSITION

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

Condensed Statement of Net Position

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

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

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

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2019 and 2018:

Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,939,877	\$ 2,559,425	\$ 380,452	14.86%
Noncurrent Assets	1,471,000	1,352,971	118,029	8.72%
Net Capital Assets	<u>22,974,969</u>	<u>23,752,589</u>	<u>(777,620)</u>	<u>(3.27%)</u>
Total Assets	<u>\$ 27,385,846</u>	<u>\$ 27,664,985</u>	<u>\$ (279,139)</u>	<u>(1.01%)</u>
Current Liabilities	\$ 5,218	\$ 17,259	\$ (12,041)	(69.77%)
Noncurrent Liabilities	<u>769,046</u>	<u>831,336</u>	<u>(62,290)</u>	<u>(7.49%)</u>
Total Liabilities	<u>\$ 774,264</u>	<u>\$ 848,595</u>	<u>\$ (74,331)</u>	<u>(8.76%)</u>
Net Position:				
Investment in Capital Assets	\$ 22,974,969	\$ 23,752,589	\$ (777,620)	(3.27%)
Restricted	227,973	280,711	(52,738)	(18.79%)
Unrestricted	<u>3,408,640</u>	<u>2,783,090</u>	<u>625,550</u>	<u>22.48%</u>
Total Net Position	<u>\$ 26,611,582</u>	<u>\$ 26,816,390</u>	<u>\$ (204,808)</u>	<u>(0.76%)</u>
Total Liabilities and Net Position	<u>\$ 27,385,846</u>	<u>\$ 27,664,985</u>	<u>\$ (279,139)</u>	<u>(1.01%)</u>

Condensed statement of net position highlights are as follows for the year ended December 31, 2019:

- The assets of the Austin Port Authority exceeded liabilities by \$26,611,582 (Net Position). This is a decrease of \$204,808 over the net position at the close of 2018.
- Current assets increased by \$380,452, primarily due to the sale of a vacant parcel the Port Authority acquired years ago as part of the Oak Park Mall acquisition. A private developer acquired the lot and is currently building a new hotel on the site. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes receivable.
- Noncurrent assets increased by \$118,029 due to the donation of the former Gold Cross ambulance building. This parcel will be added to the inventory of land that the Austin Port Authority has available for private development.
- Net capital assets decreased by \$777,620 due to the depreciation taken on all of our depreciable property. There were two capital additions and one capital retirement made during 2019.
- Current liabilities have a slight decrease of \$12,041 primarily based on the unearned rent payment made by the tenant of our Walker Building in 2018 that no longer exists.
- Noncurrent liabilities decreased by \$62,290 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

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

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

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Property Taxes	\$ 50,887	\$ 40,286	\$ 10,601	26.31%
Intergovernmental Revenues	2	3	(1)	(33.33%)
Lease Revenues	93,030	93,496	(466)	(0.50%)
Total Operating Revenues	<u>\$ 143,919</u>	<u>\$ 133,785</u>	<u>\$ 10,134</u>	7.57%
Operating Expenses:				
Administrative and General	\$ 131,077	\$ 91,401	\$ 39,676	43.41%
Depreciation and Amortization	800,779	798,449	2,330	0.29%
Total Operating Expense	<u>\$ 931,856</u>	<u>\$ 889,850</u>	<u>\$ 42,006</u>	4.72%
Operating Loss	<u>\$ (787,937)</u>	<u>\$ (756,065)</u>	<u>\$ (31,872)</u>	4.22%
Non-Operating Revenues (Expenses)	<u>(186,325)</u>	<u>491,346</u>	<u>(677,671)</u>	(137.92%)
Change in Net Position before				
Capital Contributions	(974,262)	(264,719)	(709,543)	268.04%
Capital Contributions	-	59,911	(59,911)	(100.00%)
Change in Net Position	<u>\$ (974,262)</u>	<u>\$ (204,808)</u>	<u>\$ (769,454)</u>	375.70%
Beginning Net Position	\$ 26,611,582	\$ 26,816,390	\$ (204,808)	(0.76%)
Change in Net Position	<u>(974,262)</u>	<u>(204,808)</u>	<u>(769,454)</u>	375.70%
Ending Net Position	<u>\$ 25,637,320</u>	<u>\$ 26,611,582</u>	<u>\$ (974,262)</u>	(3.66%)

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

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy increase of \$10,000 for a total levy of \$50,000 for 2020, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses increased by \$39,676 primarily as the result of some costs associated with repairing some owned properties as part of a sales agreement.
- Nonoperating revenues (expenses) decreased by \$677,671 for 2020. In 2020 the Austin Port Authority realized a loss of over \$187,861 as two buildings were sold for a total of \$100 and donated Building and Land to HRA that had a cost of \$118,500. This large loss in 2020 coupled with a nice gain in 2019 on the sale of a parcel of owned land created the large decrease.
- Capital contributions from the primary government occurred in 2019, but not 2020. During 2019 the City of Austin acquired a downtown site for redevelopment however a portion of the site (a parking lot) was not needed for the redevelopment project and was, therefore, transferred over to the Austin Port Authority.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

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

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Property Taxes	\$ 40,286	\$ 40,155	\$ 131	0.33%
Intergovernmental Revenues	3	2	1	50.00%
Lease Revenues	93,496	90,772	2,724	3.00%
Total Operating Revenues	<u>\$ 133,785</u>	<u>\$ 130,929</u>	<u>\$ 2,856</u>	2.18%
Operating Expenses:				
Administrative and General	\$ 91,401	\$ 179,044	\$ (87,643)	(48.95%)
Depreciation and Amortization	798,449	799,356	(907)	(0.11%)
Total Operating Expense	<u>\$ 889,850</u>	<u>\$ 978,400</u>	<u>\$ (88,550)</u>	(9.05%)
Operating Loss	<u>\$ (756,065)</u>	<u>\$ (847,471)</u>	<u>\$ 91,406</u>	(10.79%)
Non-Operating Revenues (Expenses)	491,346	525,580	(34,234)	(6.51%)
Change in Net Position before				
Capital Contributions	(264,719)	(321,891)	57,172	(17.76%)
Capital Contributions	59,911	30,500	29,411	96.43%
Change in Net Position	<u>\$ (204,808)</u>	<u>\$ (291,391)</u>	<u>\$ 86,583</u>	(29.71%)
Beginning Net Position	\$ 26,816,390	\$ 27,107,781	\$ (291,391)	(1.07%)
Change in Net Position	<u>(204,808)</u>	<u>(291,391)</u>	<u>86,583</u>	(29.71%)
Ending Net Position	<u>\$ 26,611,582</u>	<u>\$ 26,816,390</u>	<u>\$ (204,808)</u>	(0.76%)

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2019:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy of \$40,000 for both 2019 and 2018, respectively, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses decreased by \$87,643 primarily as the result of lower costs associated with some downtown redevelopment projects to improve storefronts.
- Nonoperating revenues (expenses) decreased by \$34,234 for 2019. Increases in 2019 of investment earnings and private contributions were offset by a large decrease in the gain on sale of land. In 2018 the majority of the former Hy-Vee grocery store redevelopment site was sold to a developer for a large gain.
- Capital contributions from the primary government occurred in both 2019 and 2018. During 2019 the City of Austin acquired a downtown site for redevelopment, however a portion of the site (a parking lot) was not needed for the redevelopment project and was, therefore, transferred over to the Austin Port Authority.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020 AND 2019**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Austin Port Authority's investment in capital assets for its business-type activities as of December 31, 2020, amounts to \$22,174,190 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements other than buildings, and machinery and equipment. The total decrease in the Austin Port Authority's investment in capital assets (net of accumulated depreciation) was 3.49 percent and was totally attributable to the depreciation charge related to the Hormel Institute and Walker buildings.

AUSTIN PORT AUTHORITY'S CAPITAL ASSETS

	2020	2019
Buildings	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Buildings	538,739	538,739
Machinery and Equipment	2,108,645	2,108,645
Total	\$ 26,101,851	\$ 26,101,851
Less: Accumulated Depreciation	(3,927,661)	(3,126,882)
Net Capital Assets	\$ 22,174,190	\$ 22,974,969

Additional information on the Austin Port Authority's capital assets can be found in Note 4 on page 18 of this report.

Long-term debt. At the end of the current fiscal year, the Austin Port Authority had total debt outstanding of \$671,180. The outstanding balance represents an advance from the primary government related to the acquisition and demolition of the former Oak Park Mall shopping center.

The Austin Port Authority's total debt decreased by \$57,866 (7.94 percent) during the current fiscal year. A payment on the advance from the primary government was made in 2020 upon the receipt of the tax increment rebate.

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

Additional information on the Austin Port Authority's long-term debt can be found in Note 5 on page 19 of this report.

NEXT YEAR'S RATES

The Walker Building is leased to International Paper for 2021 and 2022 with an annual 1.5% increase in the lease rate from 2020.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**AUSTIN PORT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,951,254	\$ 2,895,302
Taxes Receivable	1,721	1,367
Due From Other Governments	576	422
Interest Receivable	397	441
Notes Receivable, Current Portion	35,548	42,345
Total Current Assets	\$ 2,989,496	\$ 2,939,877
NONCURRENT ASSETS		
Land Held for Resale	\$ 917,286	\$ 1,223,447
Notes Receivable	262,548	247,553
Total Noncurrent Assets	\$ 1,179,834	\$ 1,471,000
CAPITAL ASSETS		
Buildings	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Building	538,739	538,739
Machinery and Equipment	2,108,645	2,108,645
Total	\$ 26,101,851	\$ 26,101,851
Less: Accumulated Depreciation	(3,927,661)	(3,126,882)
Net Capital Assets	\$ 22,174,190	\$ 22,974,969
Total Assets	\$ 26,343,520	\$ 27,385,846

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019**

LIABILITIES AND NET POSITION	<u>2020</u>	<u>2019</u>
LIABILITIES		
CURRENT LIABILITIES		
Vouchers Payable	\$ 20	\$ 5,218
Total Current Liabilities	<u>\$ 20</u>	<u>\$ 5,218</u>
NONCURRENT LIABILITIES		
Advances from Primary Government	\$ 671,180	\$ 729,046
Due to Other Governments	35,000	40,000
Total Noncurrent Liabilities	<u>\$ 706,180</u>	<u>\$ 769,046</u>
Total Liabilities	<u>\$ 706,200</u>	<u>\$ 774,264</u>
NET POSITION		
Net Position:		
Investment in Capital Assets	\$ 22,174,191	\$ 22,974,969
Restricted	238,411	227,973
Unrestricted	3,224,718	3,408,640
Total Net Position	<u>\$ 25,637,320</u>	<u>\$ 26,611,582</u>
Total Liabilities and Net Position	<u>\$ 26,343,520</u>	<u>\$ 27,385,846</u>

**AUSTIN PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Property Taxes	\$ 50,887	\$ 40,286
Intergovernmental Revenues	2	3
Lease Revenues	93,030	93,496
Total Operating Revenues	<u>\$ 143,919</u>	<u>\$ 133,785</u>
OPERATING EXPENSES		
Administrative and General	\$ 131,077	\$ 91,401
Depreciation	800,779	798,449
Total Operating Expenses	<u>\$ 931,856</u>	<u>\$ 889,850</u>
OPERATING LOSS	<u>\$ (787,937)</u>	<u>\$ (756,065)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	\$ 48,922	\$ 93,812
Interest Earnings on Loans	5,011	5,535
Private Contributions	-	118,200
Gain (Loss) on Sale of Land Held for Resale	(187,861)	213,953
Building and Land Donated to HRA	(118,200)	-
Miscellaneous Revenues	72,937	70,035
Interest Expense and Fiscal Agent Fees	(7,134)	(7,710)
Loss On Disposal of Capital Assets	-	(2,479)
Total Non-Operating Revenues (Expenses)	<u>\$ (186,325)</u>	<u>\$ 491,346</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	<u>\$ (974,262)</u>	<u>\$ (264,719)</u>
Capital Contribution from Primary Government	<u>-</u>	<u>59,911</u>
CHANGE IN NET POSITION	<u>\$ (974,262)</u>	<u>\$ (204,808)</u>
NET POSITION, BEGINNING	<u>26,611,582</u>	<u>26,816,390</u>
NET POSITION, ENDING	<u>\$ 25,637,320</u>	<u>\$ 26,611,582</u>

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 213,411	\$ 197,367
Cash Paid to Suppliers for Goods and Services	(132,638)	(94,461)
Cash Paid to Employees	(700)	(1,155)
Net Cash Provided by Operating Activities	\$ 80,073	\$ 101,751
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interest Paid on Bonds and Notes	\$ (7,134)	\$ (7,710)
Advances from Primary Government	7,134	7,710
Repayment of Advances from Primary Government	(65,000)	(65,000)
Repayment of Advances from Other Government	(5,000)	(5,000)
Net Cash Used by Non-Capital Financing Activities	\$ (70,000)	\$ (70,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Asset Acquisitions	\$ -	\$ (23,308)
Net Cash Used by Capital and Related Financing Activities	\$ -	\$ (23,308)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	\$ 53,977	\$ 99,390
Purchase of Land Held for Resale	-	(3,689)
Sale of Land Held for Resale	100	450,000
Payments from Issuance of Notes Receivable	(46,261)	-
Principal Received on Note Receivable	38,063	44,724
Net Cash Provided by Investing Activities	\$ 45,879	\$ 590,425
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 55,952	\$ 598,868
Cash and Cash Equivalents - Beginning	2,895,302	2,296,434
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,951,254	\$ 2,895,302
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	\$ (787,937)	\$ (756,065)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities		
Depreciation	800,779	798,449
Miscellaneous Revenue	72,937	70,035
(Increase) Decrease in:		
Taxes Receivable	(354)	445
Due From Other Governments	(154)	928
Increase (Decrease) in:		
Vouchers Payable	(5,198)	(4,250)
Unearned Revenue	-	(7,791)
Net Cash Provided by Operating Activities	\$ 80,073	\$ 101,751
NONCASH TRANSACTIONS		
Capital Contribution of Land Held for Resale	\$ -	\$ 118,200
Capital Contribution from Primary Government	-	59,911
Building and Land Donated to HRA	(118,200)	-
Noncash Investing, Capital, and Financing Activities	\$ (118,200)	\$ 178,111

See accompanying Notes to Financial Statements.

(This page intentionally left blank)

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999, as amended.

B. Financial Reporting Entity

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

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

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues are recognized when earned. Expenses are recorded when the related liability is incurred. The principal operating revenues are rental and lease income, while the principal operating expenses are for the operations of the facilities that are being leased.

D. Cash and Cash Equivalents

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

E. Land Held for Resale

Land held for resale represents 161.5 acres of land located in the Cook Farm site in the northwest area of Austin, 13.55 acres located on I-90 at the 11th Drive NE exit, 1.05 acres located along 18th Avenue NE (behind former Hy-Vee grocery store), and 25 acres on 14th Street NE. The land is available for purchase for commercial development. Land held for resale is valued at the lower of cost or net realizable value.

F. Capital Assets

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

G. Advances to/from Primary Government

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

H. Net Position

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

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 CASH AND INVESTMENTS

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

NOTE 3 NOTES RECEIVABLE

Development Corporation of Austin

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

Grove Street, LLC #3

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

Downtown Revitalization Loans

Salon Azteca

On April 26, 2014, the Authority issued a note receivable in the amount of \$21,400 to Juan Maldonado, Fabiola Vazquez, Cira Maldonado, and Alfredo Hernandez to assist in the exterior renovation of their building. The note is secured by the building. The note is at zero percent, and \$4,280 will be forgiven annually as long as during the preceding year, the property has been occupied by the business. If the forgiveness does not occur, then the balance shall be carried forward to the next year, or it may be paid off by Juan Maldonado, Fabiola Vazquez, Cira Maldonado, and Alfredo Hernandez.

Nemitz Building Interior (Randall and Tamela Fett)

On September 15, 2010, the Authority issued a note receivable in the amount of \$16,600 to Randall J. Fett and Tamela B. Fett to assist in the interior renovation of a downtown building. The note is secured by the building. The note is at zero percent, and \$2,372 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. Fett and Tamela B. Fett.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Downtown Revitalization Loans (Continued)

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

On October 14, 2020, the Port Authority issued a note receivable in the amount of \$185,000 to HPW, LLC to assist in the interior renovation of a downtown building. The note is secured by the building. The note is at zero percent, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years. Only \$46,261 of the loan has been accessed as of December 31, 2020.

Additionally, the Port Authority has authorized a \$60,000 loan at zero percent interest to install a sprinkler system in the buildings. The note is at zero percent, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years. The loan has not been accessed as of December 31, 2020.

The Port Authority has also approved an easement purchase of \$142,500 of exterior renovations to the building. The exterior renovations have not been started as of December 31, 2020.

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

	Salon Azteca	Nemitz Building Interior	HPW, LLC	Downtown Revitalization Loans
2021	\$ 4,280	\$ 2,371	\$ -	\$ 6,651
2022	4,280	-	8,685	12,965
2023	1,798	-	2,316	4,114
2024	-	-	2,316	2,316
2025	-	-	2,316	2,316
2026-2028	-	-	30,628	30,628
Total Note Principal	\$ 10,358	\$ 2,371	\$ 46,261	\$ 58,990
Less: Current Portion	(4,280)	(2,371)	-	(6,651)
Long-Term Portion	\$ 6,078	\$ -	\$ 46,261	\$ 52,339

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Downtown Revitalization Loans (Continued)

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

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

	DCA Loan #1	Grove Street LLC #3	Downtown Revitalization Loans	Total
2021	\$ 18,408	\$ 15,000	\$ 6,651	\$ 40,059
2022	18,408	15,000	12,965	46,373
2023	18,408	18,000	4,114	40,522
2024	18,408	21,000	2,316	41,724
2025	18,408	24,000	2,316	44,724
2026-2028	45,943	27,000	30,628	103,571
Total Payments	137,983	120,000	58,990	316,973
Less Interest	18,877	-	-	18,877
Total Note Principal	\$ 119,106	\$ 120,000	\$ 58,990	\$ 298,096
Less: Current Portion	(13,897)	(15,000)	(6,651)	(35,548)
Long-Term Portion	\$ 105,209	\$ 105,000	\$ 52,339	\$ 262,548

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2020 and 2019:

	12/31/19	Additions	Deletions	12/31/20
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements Other Than Building	538,739	-	-	538,739
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,101,851	-	-	26,101,851
Less: Accumulated Depreciation	3,126,882	800,779	-	3,927,661
Total Capital Assets, Being Depreciated	22,974,969	(800,779)	-	22,174,190
Total Capital Assets, Net of Accumulated Depreciation	\$ 22,974,969	\$ (800,779)	\$ -	\$ 22,174,190
	12/31/18	Additions	Deletions	12/31/19
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Capital Assets, Being Depreciated:				
Buildings	\$ 23,460,425	\$ 9,283	\$ 15,241	\$ 23,454,467
Improvements Other Than Building	524,714	14,025	-	538,739
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,093,784	23,308	15,241	26,101,851
Less: Accumulated Depreciation	2,341,195	798,449	12,762	3,126,882
Total Capital Assets, Being Depreciated	23,752,589	(775,141)	2,479	22,974,969
Total Capital Assets, Net of Accumulated Depreciation	\$ 23,752,589	\$ (775,141)	\$ 2,479	\$ 22,974,969

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 LONG-TERM DEBT

Changes in long-term liabilities are as follows for the years ended December 31, 2020 and 2019:

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

	12/31/18	Increases	Decreases	12/31/19	Due Within One Year
Advances with City of Austin	\$ 786,336	\$ 7,710	\$ 65,000	\$ 729,046	\$ -
Long-Term Liabilities	<u>\$ 786,336</u>	<u>\$ 7,710</u>	<u>\$ 65,000</u>	<u>\$ 729,046</u>	<u>\$ -</u>

Advances

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

NOTE 6 OPERATING LEASE

Walker Building

The Authority leases space in an industrial building to International Paper. The Authority receives \$7,908 per month, or \$94,896 annually, for the building under the terms of a lease agreement that is in effect through December 31, 2022. Under the terms of the existing three-year lease agreement, International Paper will pay annual rent with an annual 1.5% increase in the lease rate from 2021-2022.

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

<u>Year Ended December 31,</u>	<u>Walker Building</u>
2021	\$ 96,321
2022	97,766
Total Future Minimum Rentals	<u>\$ 194,087</u>

NOTE 7 RESTRICTED NET POSITION

There is restricted net position in the Property Management Fund for downtown revitalization, as stipulated by the primary government. The balances of the restricted net position are \$238,411 and \$227,973 at December 31, 2020 and 2019, respectively.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 8 RISK MANAGEMENT

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

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

**AUSTIN PORT AUTHORITY
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	Oak Park Mall		Property Management	
	2020	2019	2020	2019
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 950,798	\$ 940,161	\$ 2,000,456	\$ 1,955,141
Taxes Receivable	-	-	1,721	1,367
Due From Other Governments	-	-	576	422
Interest Receivable	-	-	397	441
Notes Receivable, Current Portion	-	-	35,548	42,345
Total Current Assets	<u>\$ 950,798</u>	<u>\$ 940,161</u>	<u>\$ 2,038,698</u>	<u>\$ 1,999,716</u>
NONCURRENT ASSETS				
Land Held for Resale	\$ 23,656	\$ 23,656	\$ 893,630	\$ 1,199,791
Notes Receivable	-	-	262,548	247,553
Total Noncurrent Assets	<u>\$ 23,656</u>	<u>\$ 23,656</u>	<u>\$ 1,156,178</u>	<u>\$ 1,447,344</u>
CAPITAL ASSETS				
Buildings	\$ -	\$ -	\$ 23,454,467	\$ 23,454,467
Improvements Other Than Building	-	-	538,739	538,739
Machinery and Equipment	-	-	2,108,645	2,108,645
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,101,851</u>	<u>\$ 26,101,851</u>
Less: Accumulated Depreciation	-	-	(3,927,661)	(3,126,882)
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,174,190</u>	<u>\$ 22,974,969</u>
Total Assets	<u>\$ 974,454</u>	<u>\$ 963,817</u>	<u>\$ 25,369,066</u>	<u>\$ 26,422,029</u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current				
Vouchers Payable	\$ -	\$ 5,000	\$ 20	\$ 218
Total Current Liabilities	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 20</u>	<u>\$ 218</u>
NONCURRENT LIABILITIES				
Advances from Primary Government	\$ 671,180	\$ 729,046	\$ -	\$ -
Due to Other Governments	35,000	40,000	-	-
Total Noncurrent Liabilities	<u>\$ 706,180</u>	<u>\$ 769,046</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 706,180</u>	<u>\$ 774,046</u>	<u>\$ 20</u>	<u>\$ 218</u>
NET POSITION				
Investment in Capital Assets	\$ -	\$ -	\$ 22,174,191	\$ 22,974,969
Restricted	-	-	238,411	227,973
Unrestricted	268,274	189,771	2,956,444	3,218,869
Total Net Position	<u>\$ 268,274</u>	<u>\$ 189,771</u>	<u>\$ 25,369,046</u>	<u>\$ 26,421,811</u>
Total Liabilities and Net Position	<u>\$ 974,454</u>	<u>\$ 963,817</u>	<u>\$ 25,369,066</u>	<u>\$ 26,422,029</u>

**AUSTIN PORT AUTHORITY
COMBINING STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019**

Total	
2020	2019
\$ 2,951,254	\$ 2,895,302
1,721	1,367
576	422
397	441
35,548	42,345
\$ 2,989,496	\$ 2,939,877
\$ 917,286	\$ 1,223,447
262,548	247,553
\$ 1,179,834	\$ 1,471,000
\$ 23,454,467	\$ 23,454,467
538,739	538,739
2,108,645	2,108,645
\$ 26,101,851	\$ 26,101,851
(3,927,661)	(3,126,882)
\$ 22,174,190	\$ 22,974,969
\$ 26,343,520	\$ 27,385,846
\$ 20	\$ 5,218
\$ 20	\$ 5,218
\$ 671,180	\$ 729,046
35,000	40,000
\$ 706,180	\$ 769,046
\$ 706,200	\$ 774,264
\$ 22,174,191	\$ 22,974,969
238,411	227,973
3,224,718	3,408,640
\$ 25,637,320	\$ 26,611,582
\$ 26,343,520	\$ 27,385,846

**AUSTIN PORT AUTHORITY
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Oak Park Mall		Property Management	
	2020	2019	2020	2019
OPERATING REVENUES				
Property Taxes	\$ -	\$ -	\$ 50,887	\$ 40,286
Intergovernmental Revenues	-	-	2	3
Lease Revenues	-	-	93,030	93,496
Total Operating Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,919</u>	<u>\$ 133,785</u>
OPERATING EXPENSES				
Administrative and General	\$ -	\$ 1,677	\$ 131,077	\$ 89,724
Depreciation	-	-	800,779	798,449
Total Operating Expenses	<u>\$ -</u>	<u>\$ 1,677</u>	<u>\$ 931,856</u>	<u>\$ 888,173</u>
OPERATING LOSS	<u>\$ -</u>	<u>\$ (1,677)</u>	<u>\$ (787,937)</u>	<u>\$ (754,388)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Earnings	\$ 15,637	\$ 23,561	\$ 33,285	\$ 70,251
Interest Earnings on Loans	-	-	5,011	5,535
Private Contributions	-	-	-	118,200
Gain (Loss) on Sale of Land				
Held for Resale	-	213,953	(187,861)	-
Building and Land Donated to HRA	-	-	(118,200)	-
Miscellaneous Revenues	70,000	70,000	2,937	35
Interest Expense and Fiscal Agent Fees	(7,134)	(7,710)	-	-
Loss on Disposal of Capital Assets	-	-	-	(2,479)
Total Non-Operating Revenues (Expenses)	<u>\$ 78,503</u>	<u>\$ 299,804</u>	<u>\$ (264,828)</u>	<u>\$ 191,542</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	\$ 78,503	\$ 298,127	\$ (1,052,765)	\$ (562,846)
Capital Contribution from Primary Government	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,911</u>
CHANGE IN NET POSITION	\$ 78,503	\$ 298,127	\$ (1,052,765)	\$ (502,935)
Net Position - Beginning of Year	<u>189,771</u>	<u>(108,356)</u>	<u>26,421,811</u>	<u>26,924,746</u>
NET POSITION - END OF YEAR	<u>\$ 268,274</u>	<u>\$ 189,771</u>	<u>\$ 25,369,046</u>	<u>\$ 26,421,811</u>

**AUSTIN PORT AUTHORITY
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION (CONTINUED)
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

Total	
2020	2019
\$ 50,887	\$ 40,286
2	3
93,030	93,496
\$ 143,919	\$ 133,785
\$ 131,077	\$ 91,401
800,779	798,449
\$ 931,856	\$ 889,850
\$ (787,937)	\$ (756,065)
\$ 48,922	\$ 93,812
5,011	5,535
-	118,200
(187,861)	213,953
(118,200)	-
72,937	70,035
(7,134)	(7,710)
-	(2,479)
\$ (186,325)	\$ 491,346
\$ (974,262)	\$ (264,719)
-	59,911
\$ (974,262)	\$ (204,808)
26,611,582	26,816,390
\$ 25,637,320	\$ 26,611,582

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
SUPPLEMENTARY COMBINING STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

ASSETS	General		Walker Building	
	2020	2019	2020	2019
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,474,473	\$ 1,501,169	\$ 525,983	\$ 453,972
Taxes Receivable	1,721	1,367	-	-
Due From Other Governments	576	422	-	-
Interest Receivable	397	441	-	-
Notes Receivable, Current Portion	35,548	42,345	-	-
Total Current Assets	\$ 1,512,715	\$ 1,545,744	\$ 525,983	\$ 453,972
NONCURRENT ASSETS				
Land Held for Resale	\$ 893,630	\$ 1,199,791	\$ -	\$ -
Notes Receivable	262,548	247,553	-	-
Total Noncurrent Assets	\$ 1,156,178	\$ 1,447,344	\$ -	\$ -
CAPITAL ASSETS				
Buildings	\$ 23,201,871	\$ 23,201,871	\$ 252,596	\$ 252,596
Improvements Other Than Building	517,098	517,098	21,641	21,641
Machinery and Equipment	2,108,645	2,108,645	-	-
Total	\$ 25,827,614	\$ 25,827,614	\$ 274,237	\$ 274,237
Less: Accumulated Depreciation	(3,745,108)	(2,951,969)	(182,553)	(174,913)
Net Capital Assets	\$ 22,082,506	\$ 22,875,645	\$ 91,684	\$ 99,324
Total Assets	\$ 24,751,399	\$ 25,868,733	\$ 617,667	\$ 553,296
LIABILITIES AND NET POSITION				
LIABILITIES				
Current				
Vouchers Payable	\$ 6	\$ 175	\$ 14	\$ 43
Total Current Liabilities	\$ 6	\$ 175	\$ 14	\$ 43
NET POSITION				
Investment in Capital Assets	\$ 22,082,507	\$ 22,875,645	\$ 91,684	\$ 99,324
Restricted	238,411	227,973	-	-
Unrestricted	2,430,475	2,764,940	525,969	453,929
Total Net Position	\$ 24,751,393	\$ 25,868,558	\$ 617,653	\$ 553,253
Total Liabilities and Net Position	\$ 24,751,399	\$ 25,868,733	\$ 617,667	\$ 553,296

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
SUPPLEMENTARY COMBINING STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2020 AND 2019**

Total	
2020	2019
\$ 2,000,456	\$ 1,955,141
1,721	1,367
576	422
397	441
35,548	42,345
\$ 2,038,698	\$ 1,999,716
\$ 893,630	\$ 1,199,791
262,548	247,553
\$ 1,156,178	\$ 1,447,344
\$ 23,454,467	\$ 23,454,467
538,739	538,739
2,108,645	2,108,645
\$ 26,101,851	\$ 26,101,851
(3,927,661)	(3,126,882)
\$ 22,174,190	\$ 22,974,969
\$ 25,369,066	\$ 26,422,029
\$ 20	\$ 218
\$ 20	\$ 218
\$ 22,174,191	\$ 22,974,969
238,411	227,973
2,956,444	3,218,869
\$ 25,369,046	\$ 26,421,811
\$ 25,369,066	\$ 26,422,029

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
GENERAL
SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Property Taxes	\$ 50,887	\$ 40,286
Intergovernmental Revenues	2	3
Total Operating Revenues	<u>\$ 50,889</u>	<u>\$ 40,289</u>
OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL		
Board Member Compensation	\$ 700	\$ 1,155
Professional Services and Consulting	9,588	10,289
Legal and Appraisals	6,039	1,225
Insurance	2,280	288
Improvements Other Than Buildings	82,711	60,555
Miscellaneous	118	127
Total Administrative and General	<u>\$ 101,436</u>	<u>\$ 73,639</u>
Depreciation	<u>794,135</u>	<u>791,559</u>
Total Operating Expenses	<u>\$ 895,571</u>	<u>\$ 865,198</u>
OPERATING LOSS	<u>\$ (844,682)</u>	<u>\$ (824,909)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Earnings	\$ 25,630	\$ 55,498
Interest Earnings on Loans	5,011	5,535
Private Contributions	-	118,200
Loss on Sale of Land Held for Resale	(306,061)	-
Miscellaneous Revenue	2,937	35
Total Non-Operating Revenues Expenses	<u>\$ (272,483)</u>	<u>\$ 179,268</u>
CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTION	<u>\$ (1,117,165)</u>	<u>\$ (645,641)</u>
Capital Contributions from Primary Government	<u>-</u>	<u>59,911</u>
CHANGE IN NET POSITION	<u>\$ (1,117,165)</u>	<u>\$ (585,730)</u>
Net Position - Beginning of Year	<u>25,868,558</u>	<u>26,454,288</u>
NET POSITION - END OF YEAR	<u>\$ 24,751,393</u>	<u>\$ 25,868,558</u>

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
WALKER BUILDING
SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Lease Revenues	\$ 93,030	\$ 93,496
OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL		
Maintenance and Repair of Building	\$ 17,800	\$ 3,362
Legal and Appraisals	87	125
Insurance	732	1,650
Property Taxes	11,022	10,948
Total Administrative and General Expenses	<u>\$ 29,641</u>	<u>\$ 16,085</u>
Depreciation	<u>6,644</u>	<u>6,890</u>
Total Operating Expenses	<u>\$ 36,285</u>	<u>\$ 22,975</u>
OPERATING INCOME	<u>\$ 56,745</u>	<u>\$ 70,521</u>
NON-OPERATING REVENUES		
Interest Earnings	\$ 7,655	\$ 14,753
Loss on Disposal of Capital Assets	-	(2,479)
Total Non-Operating Revenues	<u>\$ 7,655</u>	<u>\$ 12,274</u>
CHANGE IN NET POSITION	\$ 64,400	\$ 82,795
Net Position - Beginning of Year	<u>553,253</u>	<u>470,458</u>
NET POSITION - END OF YEAR	<u><u>\$ 617,653</u></u>	<u><u>\$ 553,253</u></u>

(This page intentionally left blank)

OTHER REQUIRED REPORTS

(This page intentionally left blank)



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Austin Port Authority, a component unit of the City of Austin, state of Minnesota, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 23, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Austin, Minnesota
April 23, 2021



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, the financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, State of Minnesota, as of and for the year ended December 31, 2020 and the related notes to the financial statements and have issued our report thereon dated April 23, 2021.

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

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

CliftonLarsonAllen LLP

Austin, Minnesota
April 23, 2021

