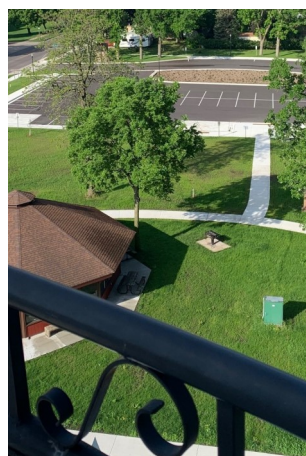




NEW ULM
Minnesota



ANNUAL FINANCIAL REPORT



Annual Financial Report

City of New Ulm
New Ulm, Minnesota

For the Year Ended
December 31, 2020

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New Ulm, Minnesota
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For the Year Ended December 31, 2019

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New Ulm, Minnesota
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INTRODUCTORY SECTION

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of New Ulm, Minnesota
List of Principal Officials
Elected Officials

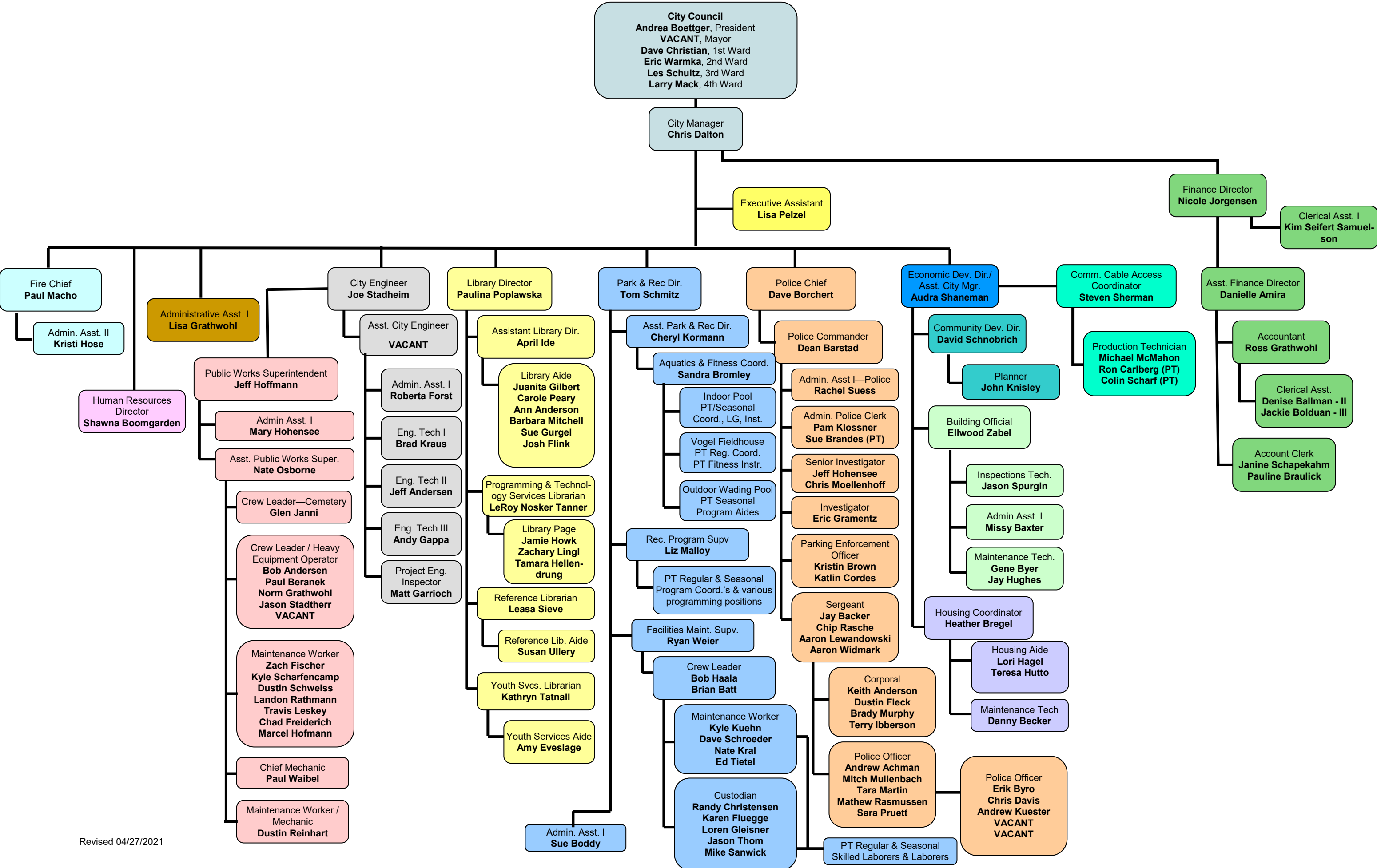
OFFICIAL	OFFICE	TERM EXPIRES
Robert J. Beussman.....	Mayor.....	December 31, 2022
Charles E. Schmitz.....	President, City Council	December 31, 2020
Dave Christian.....	Councilor, Ward 1	December 31, 2024
Eric R. Warmka.....	Councilor, Ward 2	December 31, 2022
Les P. Schultz.....	Councilor, Ward 3	December 31, 2024
Larry A. Mack.....	Councilor, Ward 4	December 31, 2022

Appointed Officials

Christopher W. Dalton	City Manager
Ellwood A. Zabel	Building Official
Roger H. Hippert.....	City Attorney
Nicole L. Jorgensen.....	Finance Director
Joseph E. Stadheim	City Engineer
David J. Schnobrich	Community Development Director
Nathan Beran	Information Technology Coordinator
Larry Botten	Electric Distribution Supervisor
Paul Macho	Fire Chief
Paulina Poplawska	Library Director
Dave O'Brien	Natural Gas Supervisor
Thomas E. Schmitz	Park & Recreation Director
Shawna Boomgarden	Personnel Officer
David L. Borchert	Police Chief
David A. Kuehn	Power Plant Chief Engineer
Jeff Hoffmann	Public Works Superintendent
Kristine M. Manderfeld.....	Utilities Director
Dan O'Connor.....	Wastewater Treatment Supervisor
George I. Brown.....	Water/District Energy Supervisor
Daniel Pirsig.....	Utility Planning & Development Engineer
Shannon Hillesheim	Public Utilities Commissioner
Seth Visser	Public Utilities Commissioner
Mary Ellen Schanus	Public Utilities Commissioner
Sean Fingland.....	Vice President Public Utilities Commission
Linda Heine.....	President Public Utilities Commission

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City of New Ulm Organizational Chart



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FINANCIAL SECTION

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of New Ulm
New Ulm, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of New Ulm, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 City'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 City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison schedules for the General fund and Park and Recreation special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 19 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, the Schedules of Employer's Contributions and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

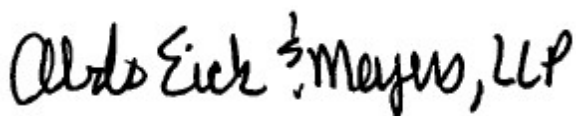
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2021

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City of New Ulm

Management's Discussion and Analysis

As management of the City of New Ulm (the City), we offer this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

The management's discussion and analysis (MD&A) is designed to be read in conjunction with the accompanying notes to the financial statements. Recommendations for further enhancement to the Annual Financial Report are welcome, and may be submitted via our website at www.ci.new-ulm.mn.us.

Financial Highlights

- The City and its component units' total net position increased \$7,009,040 (3.6 percent) in 2020. The City's total net position for governmental activities increased \$3,445,991 (49.2 percent of total) in 2020. The PUC's total net position increased \$3,427,589 (48.9 percent of total) in 2020. The EDA's total net position increased \$135,460 (1.9 percent of total) in 2020.
- Total net position of the City (including component units) is \$202,170,856, of which \$39,678,427 is unrestricted.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$29,877,294, a decrease of \$159,974 in comparison with the prior year. Of the ending balance, \$5,994,742 (20.1 percent) was unassigned (*available for spending* at the City's discretion).
- At the end of the current fiscal year the unassigned fund balance of the General fund was \$6,414,049, or 62.5 percent of total General fund expenditures.
- The City's total debt (including component units) increased by \$5,272,860, or 17.2 percent during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

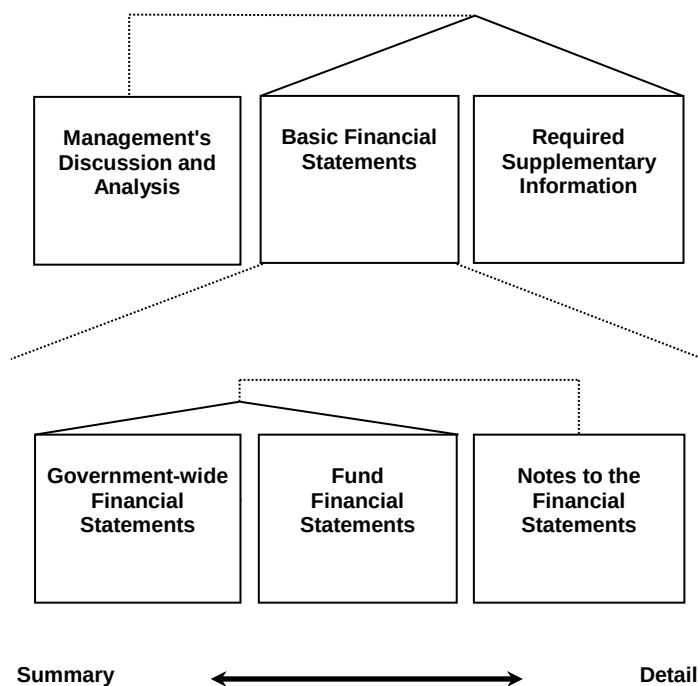


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

		Fund Financial Statements	
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base and condition of its infrastructure, should also be considered.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also focuses on both the gross and net costs of the various functions of the City, based only on direct functional revenues and expenses. This statement is designed to provide the extent to which various functions depend on general taxes and revenues for support.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highway, sanitation and waste removal, economic development, and culture and recreation. The component units which include the business-type activities of the City include an Economic Development Authority (EDA) and a Public Utilities Commission (PUC).

The City is a municipal corporation that operates under a Home Rule Charter adopted on September 30, 1952. As required by generally accepted accounting principles, the government-wide financial statements of the reporting entity include those of the City (the primary government) and its component units. The PUC and EDA are reported as component units in this financial report. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 33 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains a number of 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, Park and Recreation fund, Sales Tax Revenue fund, Bond Sinking fund, Sales Tax Referendum fund, Capital Improvement fund and 2020 Bonds fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for a number of funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found starting on page 38 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the functions presented as the component units in the government-wide financial statements. The City uses enterprise funds to account for its Public Utilities Commission operation and for the Economic Development Authority, both component units of the City. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City and PUC uses internal service funds to account for their (1) fleet of vehicles and equipment; (2) purchase, replacement, and maintenance of computer hardware and software; (3) employer and employee health insurance premiums and the associated cost of health insurance; and (4) general liability and workers compensation claims. These internal service funds have been included within either the governmental or the component unit activities depending on whether they predominantly serve the governmental or component unit activity in the government-wide financial statements.

The proprietary fund financial statements can be found starting on page 48 of this report.

Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City.

Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statement can be found starting on page 52 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 55 of this report.

Required supplementary information other than MD&A. Governments have an option of including the budgetary comparison statements for the General fund and major special revenue funds as either part of the fund financial statements within the basic financial statements, or as required supplementary information after the footnotes. The City has chosen to present these budgetary statements as part of the basic financial statements. Additionally, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees starting on page 96 of this report. The City has disclosed this information in Notes 4, 6 and 7 to the financial statements and as separate required supplementary information.

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found starting on page 110 of this report.

Government-wide Financial Analysis

The following tables, graphs and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year ended December 31, 2020.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City (not including component units), assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$105,610,642 at the close of the current year.

By far, the largest portion of the City's (not including component units) net position (74.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of New Ulm's Summary of Net Position

	Primary Government - Governmental Activities			Component Unit - Public Utilities Commission			Component Unit - Economic Development Authority		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Current and Other Assets	\$ 43,499,135	\$ 40,977,093	\$ 2,522,042	\$ 40,886,407	\$ 40,173,758	\$ 712,649	\$ 3,102,047	\$ 2,963,510	\$ 138,537
Capital assets	100,754,295	91,894,724	8,859,571	68,383,014	66,933,088	1,449,926	3,392,756	3,322,594	70,162
Total Assets	<u>144,253,430</u>	<u>132,871,817</u>	<u>11,381,613</u>	<u>109,269,421</u>	<u>107,106,846</u>	<u>2,162,575</u>	<u>6,494,803</u>	<u>6,286,104</u>	<u>208,699</u>
Deferred Outflows of Resources	<u>1,874,853</u>	<u>2,483,173</u>	<u>(608,320)</u>	<u>466,239</u>	<u>433,611</u>	<u>32,628</u>	<u>12,755</u>	<u>20,772</u>	<u>(8,017)</u>
Long-term Liabilities									
Outstanding	28,183,605	21,755,388	6,428,217	14,221,413	14,598,580	(377,167)	8,253	7,631	622
Other Liabilities	9,757,934	7,333,313	2,424,621	4,854,254	4,984,760	(130,506)	260,612	189,707	70,905
Total Liabilities	<u>37,941,539</u>	<u>29,088,701</u>	<u>8,852,838</u>	<u>19,075,667</u>	<u>19,583,340</u>	<u>(507,673)</u>	<u>268,865</u>	<u>197,338</u>	<u>71,527</u>
Deferred Inflows of Resources	<u>2,576,102</u>	<u>4,101,638</u>	<u>(1,525,536)</u>	<u>327,924</u>	<u>1,052,637</u>	<u>(724,713)</u>	<u>10,548</u>	<u>16,853</u>	<u>(6,305)</u>
Net Position									
Net Investment in Capital Assets	78,890,736	72,789,663	6,101,073	58,601,337	56,257,624	2,343,713	3,392,756	3,322,594	70,162
Restricted	16,859,675	19,319,210	(2,459,535)	4,742,702	4,432,535	310,167	5,223	-	5,223
Unrestricted	<u>9,860,231</u>	<u>10,055,778</u>	<u>(195,547)</u>	<u>26,988,030</u>	<u>26,214,321</u>	<u>773,709</u>	<u>2,830,166</u>	<u>2,770,091</u>	<u>60,075</u>
Total Net Position	<u>\$ 105,610,642</u>	<u>\$ 102,164,651</u>	<u>\$ 3,445,991</u>	<u>\$ 90,332,069</u>	<u>\$ 86,904,480</u>	<u>\$ 3,427,589</u>	<u>\$ 6,228,145</u>	<u>\$ 6,092,685</u>	<u>\$ 135,460</u>

An additional portion of the City's net position (16.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (9.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, both for the City, as well as for its separate component unit activities. The same situation held true for the prior fiscal year.

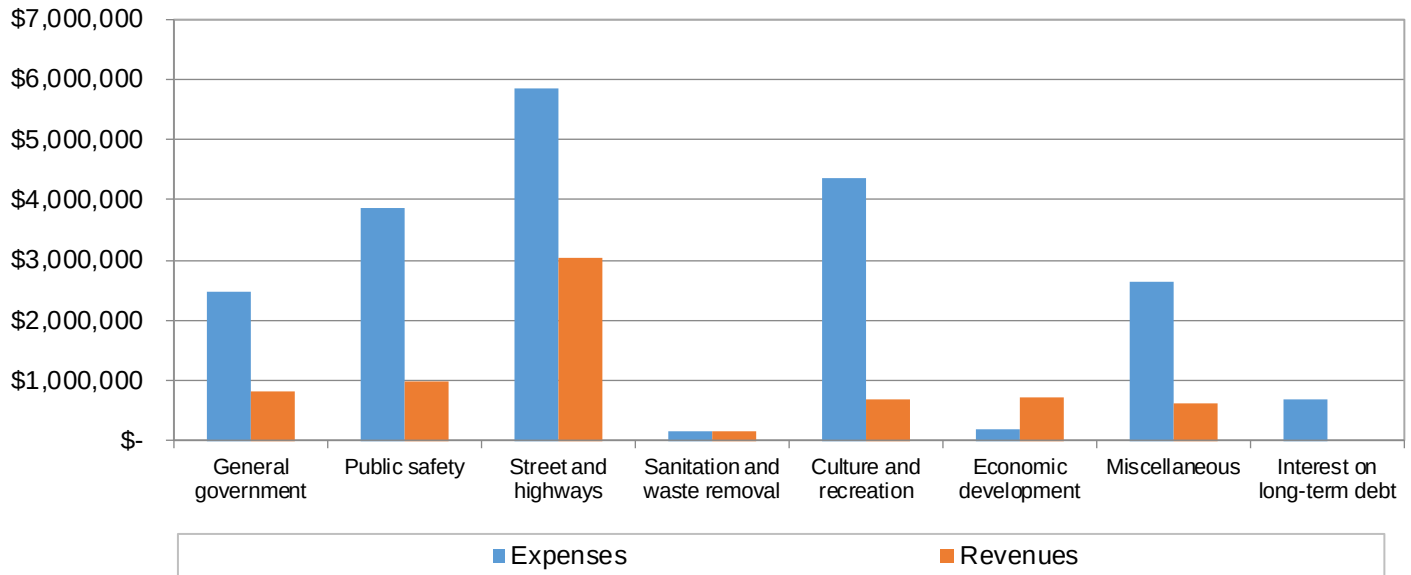
The City's net position of governmental activities increased by \$3,445,991 during the current fiscal year compared to \$2,726,775 in the previous year. A decrease in streets and highways and culture and recreation related to capital projects were major factors of this increase. Also, increases in revenues that were over budget, while keeping total expenditures under budget accounted for the majority of the increase from the previous year.

Governmental activities. Governmental activities increased the City's net position by \$3,445,991, thereby accounting for 49.2 percent of the total growth in the net position of the City (including the component units). This increase is mainly due to a decrease in spending related to streets and highways and culture and recreation. Also, this increase is due to management's planned increase of certain reserves and an increase in net capital assets.

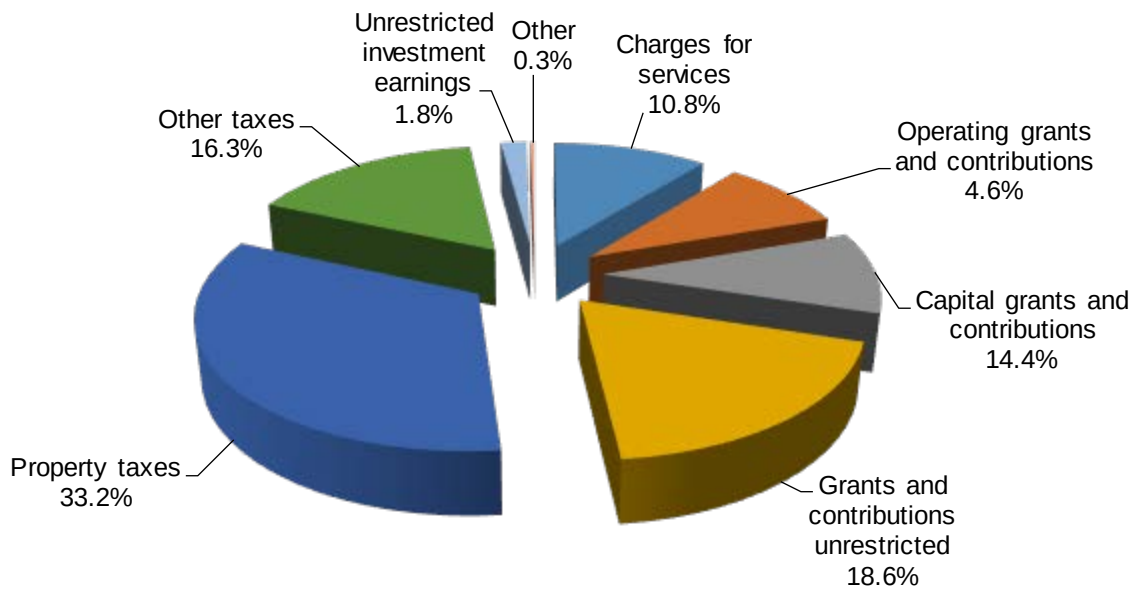
City of New Ulm’s Changes in Net Position

	Primary Government - Governmental Activities			Component Unit - Public Utilities Commission			Component Unit - Economic Development Authority		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues									
Program revenues									
Charges for Services	\$ 2,560,440	\$ 2,545,613	\$ 14,827	\$ 39,729,267	\$ 40,438,222	\$ (708,955)	\$ 1,129,856	\$ 1,077,231	\$ 52,625
Operating Grants and Contributions	2,110,765	1,079,629	1,031,136	82,431	26,877	55,554	482,563	417,297	65,266
Capital Grants and Contributions	2,387,299	4,337,827	(1,950,528)	1,460,772	1,883,998	(423,226)	198,936	15,725	183,211
General revenues									
Property Taxes	7,831,020	7,478,780	352,240	-	-	-	116,619	115,349	1,270
Other Taxes	3,865,231	3,832,407	32,824	-	-	-	-	-	-
Grants and Contributions									
Not Restricted to Specific Programs	4,410,575	4,321,448	89,127	-	-	-	195	7	188
Unrestricted Investment Earnings	429,733	1,025,152	(595,419)	541,913	1,074,661	(532,748)	46,399	66,373	(19,974)
Other	72,764	88,910	(16,146)	30,077	72,623	(42,546)	-	-	-
Total Revenues	23,667,827	24,709,766	(1,041,939)	41,844,460	43,496,381	(1,651,921)	1,974,568	1,691,982	282,586
Expenses									
General government	2,479,703	2,639,526	(159,823)	-	-	-	-	-	-
Public safety	3,850,620	3,957,111	(106,491)	-	-	-	-	-	-
Streets and highways	5,840,063	6,812,725	(972,662)	-	-	-	-	-	-
Sanitation and waste removal	161,279	139,060	22,219	-	-	-	-	-	-
Culture and recreation	4,364,258	5,290,706	(926,448)	-	-	-	-	-	-
Economic development	201,595	1,369	200,226	-	-	-	-	-	-
Miscellaneous	2,643,844	2,578,960	64,884	-	-	-	-	-	-
Interest and other costs	680,474	563,534	116,940	-	-	-	-	-	-
Electric	-	-	-	23,337,453	23,565,695	(228,242)	-	-	-
District energy	-	-	-	886,874	899,512	(12,638)	-	-	-
Natural gas	-	-	-	7,308,899	7,701,509	(392,610)	-	-	-
Water	-	-	-	2,985,320	3,056,972	(71,652)	-	-	-
Wastewater	-	-	-	3,898,325	3,875,254	23,071	-	-	-
Housing development	-	-	-	-	-	-	1,839,108	1,620,871	218,237
Total Expenses	20,221,836	21,982,991	(1,761,155)	38,416,871	39,098,942	(682,071)	1,839,108	1,620,871	218,237
Change in Net Position	3,445,991	2,726,775	719,216	3,427,589	4,397,439	(969,850)	135,460	71,111	64,349
Net Position, January 1	102,164,651	99,437,876	2,726,775	86,904,480	82,507,041	4,397,439	6,092,685	6,021,574	71,111
Net Position, December 31	\$ 105,610,642	\$ 102,164,651	\$ 3,445,991	\$ 90,332,069	\$ 86,904,480	\$ 3,427,589	\$ 6,228,145	\$ 6,092,685	\$ 135,460

Expenses and Program Revenues - Governmental Activities

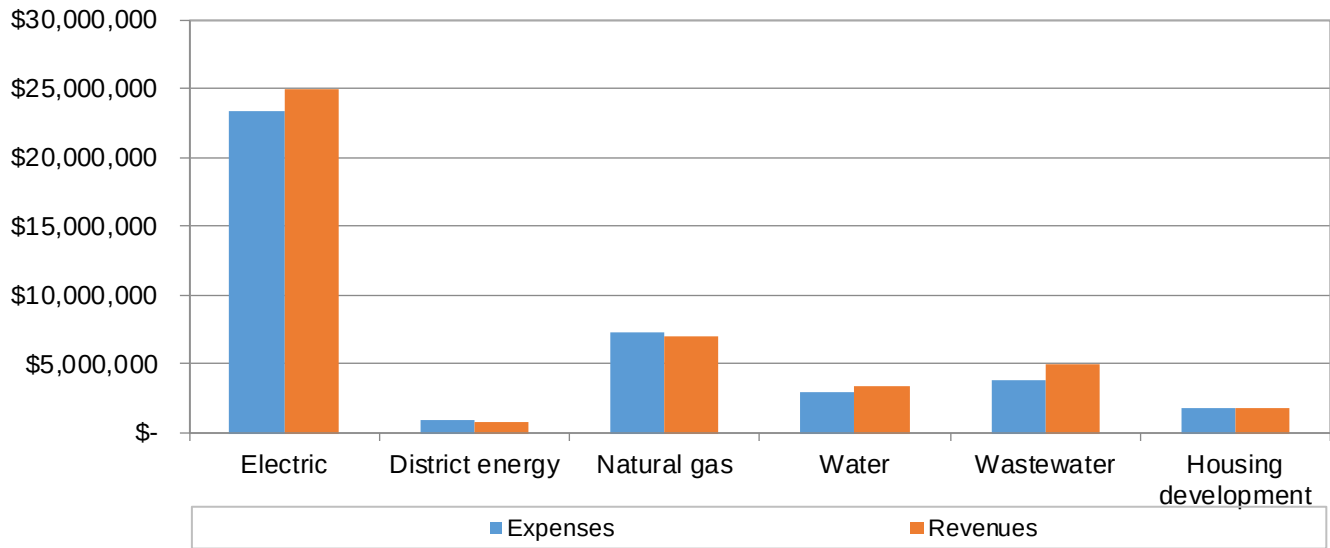


Revenues by Source - Governmental Activities

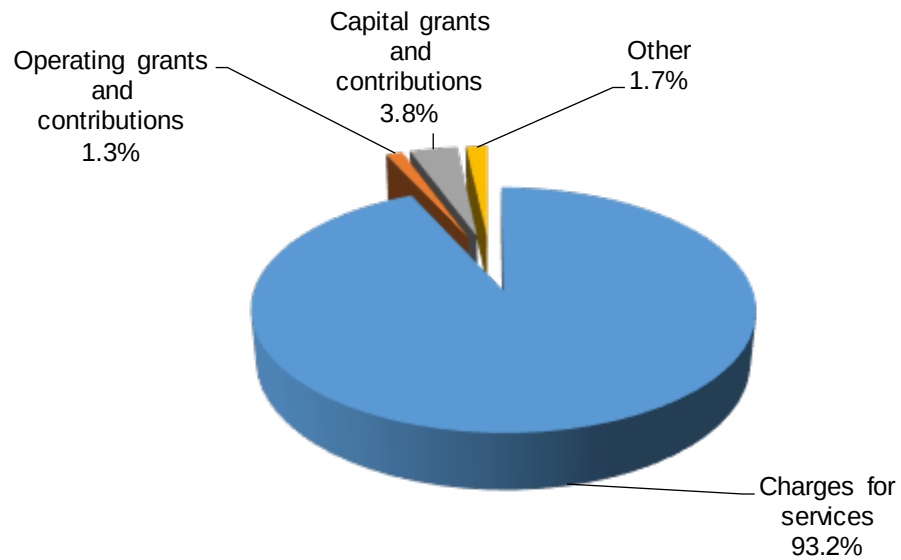


Component unit activities. Component unit (business-type) activities increased the City's net position by \$3,563,049 of which \$135,460 relates to the EDA.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. All major governmental funds are discretely presented on these financial statements, while the non-major funds are combined into a single column. Combining statements for the non-major funds may be found starting on page 110.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$29,877,294, a decrease of \$159,974 in comparison with the prior year. Approximately 20.1 percent (\$5,994,742) of this total amount constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is 1) Nonspendable (\$578,438), 2) Restricted (\$18,109,015), 3) Committed (\$3,955,943), and Assigned (\$1,239,156).

The *General fund* is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General fund was \$6,414,049, while total fund balance reached \$6,490,456. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 62.5 percent of total General fund expenditures, while total fund balance represents 63.3 percent of that same amount.

The fund balance of the City's General fund decreased by \$304,684 during the current fiscal year. The key factor in this change was:

- Budgeted decrease in fund balance of \$607,297.
- Total expenditures under budget by \$1,114,277.

The *Park and Recreation fund* (P&R) is the fund that operates all of the parks and three recreational and community activity facilities. At the end of the current year, total fund balance reached \$891,538. As a measure of the P&R fund's liquidity, it may be useful to compare fund balance to total fund expenditures. At year end fund balance represents 31.8 percent of total fund expenditures. The fund balance of the fund decreased by \$37,094 during the current fiscal year. The key factor of this decrease is the decrease of charges for services and related expenditures in 2020.

The *Sales Tax Revenue fund* has an ending fund balance of \$5,773,799, which is an increase of \$1,185,488 from the prior year due to an increase in taxes and a decrease in miscellaneous expenditures and transfers out.

The *Bond Sinking fund* has a total fund balance of \$194,577, which is all restricted for debt service. The fund had a decrease in fund balance of \$824,644. This decrease was due to the excess of transfers out to various nonmajor debt service funds to cover bond payments in excess of the collection of taxes and assessments.

The *Sales Tax Referendum fund* has an ending fund balance of \$6,598,835. The increase in fund balance of \$828,105 is mainly due to the issuance of debt and transfers in exceeding expenditures.

The *Capital Improvement fund* is the fund that accounts for funds to be used to acquire or replace buildings, equipment or other improvements for City operations. At the end of the current year, total fund balance was \$3,766,732, a decrease of \$683,425 during the current fiscal year. The key factor in this decrease was a budgeted decrease in fund balance.

The *2020 Bonds fund* had an ending fund balance of \$933,098 which is related to unspent bond proceeds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$462,167 in increases in appropriations for the General fund and can be briefly summarized as follows:

- \$310,721 increase in expenditures for consulting services at the airport.
- \$80,770 increase in capital expenditures for public safety and miscellaneous.

Any increase was funded from available fund balance due to appropriations not used in the previous year. During the year, however, revenues were over budget and expenditures were under budget resulting in a smaller use of fund balance than budgeted.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and component unit activities as of December 31, 2020, amounts to \$172,530,065 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, computer equipment, and infrastructure (roads, highways, and bridges). The total increase in the City's investment in capital assets for the current fiscal year was 6.4 percent (a 9.6 percent increase for governmental activities and a 2.2 percent increase for the component unit activities).

City of New Ulm's Capital Assets (net of accumulated depreciation)

	Governmental Activities			Component Unit Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 11,557,174	\$ 11,557,174	\$ -	\$ 1,597,317	\$ 1,597,317	\$ -
Non-exhaustible Monuments	30,000	30,000	-	-	-	-
Buildings	12,074,038	12,586,037	(511,999)	3,137,313	3,247,443	(110,130)
Improvement Other Than Buildings	3,707,706	2,176,908	1,530,798	105,468	102,977	2,491
Infrastructure/PUC Plant	60,151,379	59,237,527	913,852	62,138,992	60,901,928	1,237,064
Machinery and Equipment	3,358,271	3,475,512	(117,241)	4,278,730	4,175,674	103,056
Office Furniture and Equipment	36,749	43,875	(7,126)	274,017	155,704	118,313
Park Equipment	490,203	556,679	(66,476)	-	-	-
Construction in Progress	9,348,775	2,231,012	7,117,763	243,933	74,639	169,294
Total	<u>\$ 100,754,295</u>	<u>\$ 91,894,724</u>	<u>\$ 8,859,571</u>	<u>\$ 71,775,770</u>	<u>\$ 70,255,682</u>	<u>\$ 1,520,088</u>

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

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$36,003,544. The following is a breakdown of the debt outstanding.

City of New Ulm's Outstanding Debt

	Governmental Activities			Component Unit Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
G.O. Improvement Bonds	\$ 11,605,000	\$ 13,065,000	\$ (1,460,000)	\$ -	\$ -	\$ -
General Obligation						
Revenue Bonds	14,740,000	7,055,000	7,685,000	9,598,000	10,479,000	(881,000)
Special Assessments	60,544	131,684	(71,140)	-	-	-
Total	<u>\$ 26,405,544</u>	<u>\$ 20,251,684</u>	<u>\$ 6,153,860</u>	<u>\$ 9,598,000</u>	<u>\$10,479,000</u>	<u>\$ (881,000)</u>

The City's total debt (including component units) increased by \$5,272,860 (17.2 percent) during the current fiscal year. The key factor in this increase was debt issued exceeding debt retired.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$28,097,244 which is significantly in excess of the City's outstanding general obligation debt that fits this category.

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

Economic Factors and Next Year's Budgets and Rates

The City has a strong manufacturing segment, including Fortune 500 companies such as Kraft Foods, 3M, Firmenich Inc., Associated Milk Producers, Inc.; it is the home to Minnesota Valley Testing Laboratories, Schell's Brewery, J & R Schugel Trucking, Associated Milk Producers, Inc.'s (including AMPI's Corporate Office) and other local and regional manufacturing companies. The above noted companies have continued to have a positive impact on the community.

The New Ulm Medical Center and clinic continues to provide exceptional medical services through the Allina network.

The City has been successful in promoting tourism within the City and region. It promotes several events such as its Bavarian Blast, Oktoberfest and Fasching (traditional German "Mardi Gras" celebration), as well as its unique architecture and retail shops which focus on the City's German heritage. In addition, it hosts an annual Minnesota Music Festival sponsored by the Minnesota Music Hall of Fame.

- The unemployment rate for Brown County, where the City is located, is currently 4.8 percent, which is higher than the rate of 4.0 percent a year ago. This compares favorably to the State's average unemployment rate of 4.9 percent and to the national average rate of 6.5 percent.
- Inflationary trends in the region are comparable to national indices.
- The occupancy rate of the EDA's Public Housing and Market Rate Housing projects is at 98 to 100 percent for the past three years.
- The City issued building permits with an estimated value of approximately \$14,737,973 which was 64.5 percent lower than the valuation of building permits issued in 2019. In 2019 there were large industrial project permits issued.

The City's appointed officials considered many factors when setting the fiscal year 2021 budget, rates, and fees that will be charged, including many of the items above. The major factors considered when adopting the 2021 budget were capital expenditures and debt service requirements. Due to the changes mentioned above, the overall tax levy increased by \$369,484 for calendar year 2021.

Requests for Information

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions concerning any of the information provided in this report or requests for additional financial information, contact the Finance Director, City of New Ulm, 100 North Broadway, New Ulm, MN 56073.

BASIC FINANCIAL STATEMENTS

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of New Ulm, Minnesota
Statement of Net Position
December 31, 2020

	Primary Government	Component Units	
	Governmental Activities	Public Utilities Commission	Economic Development Authority
Assets			
Cash and investments	\$ 34,409,560	\$ 27,645,398	\$ 2,533,046
Restricted cash and investments	-	4,742,702	51,952
Receivables			
Interest	122,436	-	-
Delinquent taxes	107,067	-	1,065
Accounts, net of allowance	99,812	4,954,055	6,254
Notes, net of allowance	1,443,145	4,591	371,694
Special assessments	4,949,781	47,163	-
Intergovernmental	499,318	-	34,683
Due from component unit/primary government	309,895	494,384	-
Inventories	105,141	2,812,304	-
Prepaid items	34,963	185,810	40,585
Net pension asset	1,418,017	-	-
Assets held for resale	-	-	62,768
Capital assets			
Nondepreciable assets	20,935,949	791,512	1,049,738
Depreciable assets, net of accumulated depreciation	79,818,346	67,591,502	2,343,018
Total Assets	<u>144,253,430</u>	<u>109,269,421</u>	<u>6,494,803</u>
Deferred Outflows of Resources			
Deferred pension resources	1,781,876	435,186	12,755
Deferred other postemployment benefit resources	92,977	31,053	-
Total Deferred Outflows of Resources	<u>1,874,853</u>	<u>466,239</u>	<u>12,755</u>
Liabilities			
Accounts payable	1,952,298	2,417,040	60,239
Retainage payable	380,162	10,598	-
Due to component unit/primary government	494,384	309,895	-
Due to other governments	242	87,079	65,954
Accrued interest payable	58,349	34,995	1,309
Accrued salaries payable	120,524	343,492	8,985
Accrued items	-	19,256	-
Deposits payable	35,560	33,291	33,676
Unearned revenue	33,835	362,772	34,670
Noncurrent liabilities			
Due within one year			
Long-term liabilities	3,417,979	1,235,836	5,161
Due in more than one year			
Long-term liabilities	24,765,626	9,089,451	3,092
Net pension liability	5,993,142	4,646,479	55,779
Other postemployment benefit resources	689,438	485,483	-
Total Liabilities	<u>37,941,539</u>	<u>19,075,667</u>	<u>268,865</u>
Deferred Inflows of Resources			
Deferred pension resources	2,483,630	327,924	10,548
Deferred other postemployment benefit resources	92,472	-	-
Total Deferred Outflows of Resources	<u>2,576,102</u>	<u>327,924</u>	<u>10,548</u>
Net Position			
Net investment in capital assets	78,890,736	58,601,337	3,392,756
Restricted			
Capital improvements	2,454,949	4,551,874	-
Library programs	9,926	-	-
Culture and recreation projects	90,585	-	-
Parkland dedication	196,520	-	-
Economic development	2,529,764	-	5,223
Maintain parking areas	482,338	-	-
Sales tax projects	5,773,799	-	-
TIF activities	65,394	-	-
Debt service	5,256,400	190,828	-
Unrestricted	<u>9,860,231</u>	<u>26,988,030</u>	<u>2,830,166</u>
Total Net Position	<u>\$ 105,610,642</u>	<u>\$ 90,332,069</u>	<u>\$ 6,228,145</u>

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

City of New Ulm, Minnesota
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 2,479,703	\$ 275,417	\$ 536,042	\$ 23,890
Public safety	3,850,620	352,972	627,174	-
Streets and highways	5,840,063	704,533	73,166	2,254,906
Sanitation and waste removal	161,279	155,552	-	-
Culture and recreation	4,364,258	457,369	213,200	13,746
Economic development	201,595	329,809	405,384	-
Miscellaneous	2,643,844	284,788	255,799	94,757
Interest and other costs	680,474	-	-	-
Total Primary Government	<u>\$ 20,221,836</u>	<u>\$ 2,560,440</u>	<u>\$ 2,110,765</u>	<u>\$ 2,387,299</u>
Component Units				
Business-type activities				
Electric	\$ 23,337,453	\$ 24,681,182	\$ 47,805	\$ 173,220
District energy	886,874	801,284	602	-
Natural gas	7,308,899	7,014,915	20,055	31,121
Water	2,985,320	3,113,434	1,129	320,174
Wastewater	3,898,325	4,118,452	12,840	936,257
Housing development	1,839,108	1,129,856	482,563	198,936
Total Component Units	<u>\$ 40,255,979</u>	<u>\$ 40,859,123</u>	<u>\$ 564,994</u>	<u>\$ 1,659,708</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Special service district tax				
Tax increments				
Sales tax				
Hotel-motel taxes				
Payment in lieu of taxes				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Total General Revenues				
Change in Net Position				
Net Position, January 1				
Net Position, December 31				

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Public Utilities Commission	Economic Development Authority
\$ (1,644,354)		
(2,870,474)		
(2,807,458)		
(5,727)		
(3,679,943)		
533,598		
(2,008,500)		
(680,474)		
<u>(13,163,332)</u>		
	\$ 1,564,754	\$ -
	(84,988)	-
	(242,808)	-
	449,417	-
	1,169,224	-
	<u>-</u>	<u>(27,753)</u>
	<u>2,855,599</u>	<u>(27,753)</u>
5,837,217	-	116,619
1,993,803	-	-
37,081	-	-
202,199	-	-
1,361,784	-	-
78,762	-	-
1,941,452	-	-
243,953	-	-
4,410,575	-	195
429,733	541,913	46,399
72,764	30,077	-
<u>16,609,323</u>	<u>571,990</u>	<u>163,213</u>
3,445,991	3,427,589	135,460
<u>102,164,651</u>	<u>86,904,480</u>	<u>6,092,685</u>
<u>\$ 105,610,642</u>	<u>\$ 90,332,069</u>	<u>\$ 6,228,145</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of New Ulm, Minnesota

Balance Sheet
Governmental Funds
December 31, 2020

		Special Revenue		Debt Service
	General	Park and Recreation	Sales Tax Revenue	Bond Sinking
Assets				
Cash and investments	\$ 6,315,297	\$ 987,338	\$ 5,520,035	\$ 194,577
Receivables				
Interest	122,436	-	-	-
Delinquent taxes	41,801	11,990	-	27,245
Accounts	86,149	-	5,533	-
Notes, net of allowance	-	-	-	-
Special assessments	115,198	-	-	4,774,039
Intergovernmental	196,623	-	248,231	-
Advances to other funds	-	-	-	-
Prepaid items	24,508	6,629	-	-
Total Assets	\$ 6,902,012	\$ 1,005,957	\$ 5,773,799	\$ 4,995,861
Liabilities				
Accounts payable	\$ 117,839	\$ 75,687	\$ -	\$ -
Retainage payable	-	-	-	-
Due to other governments	-	77	-	-
Accrued salaries payable	89,648	19,408	-	-
Advances from other funds	-	-	-	-
Deposits payable	35,560	-	-	-
Unearned revenue	11,510	7,257	-	-
Total Liabilities	254,557	102,429	-	-
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	41,801	11,990	-	27,245
Special assessments	115,198	-	-	4,774,039
Total Deferred Inflows of Resources	156,999	11,990	-	4,801,284
Fund Balances				
Nonspendable				
Prepaid items	24,508	6,629	-	-
Perpetual care	-	-	-	-
Restricted				
Library programs	-	-	-	-
Culture and recreation projects	-	-	-	-
Parkland dedication	-	196,520	-	-
Economic development	-	-	-	-
Maintain parking areas	-	-	-	-
Sales tax projects	-	-	5,773,799	-
TIF activities	-	-	-	-
Debt service	-	-	-	194,577
Capital improvements	-	-	-	-
Committed				
Capital improvement	-	-	-	-
Library services	-	-	-	-
Library programs	-	-	-	-
Assigned				
Park and recreation services	-	688,389	-	-
DARE program	-	-	-	-
Library services	-	-	-	-
Library programs	-	-	-	-
Fire fighting	-	-	-	-
Employee lunchrooms	-	-	-	-
Subsequent year budgeted deficit	51,899	-	-	-
Unassigned	6,414,049	-	-	-
Total Fund Balances	6,490,456	891,538	5,773,799	194,577
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,902,012	\$ 1,005,957	\$ 5,773,799	\$ 4,995,861

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

Capital Projects			Other Governmental Funds	Total Governmental Funds
Sales Tax Referendum	Capital Improvement	2020 Bonds		
\$ 8,262,345	\$ 3,887,494	\$ 1,007,357	\$ 4,011,926	\$ 30,186,369
-	-	-	-	122,436
-	2,055	-	23,976	107,067
-	3,204	-	4,926	99,812
-	-	-	1,443,145	1,443,145
-	-	-	60,544	4,949,781
-	-	-	54,464	499,318
-	-	-	188,831	188,831
-	-	-	3,826	34,963
<u>\$ 8,262,345</u>	<u>\$ 3,892,753</u>	<u>\$ 1,007,357</u>	<u>\$ 5,791,638</u>	<u>\$ 37,631,722</u>
\$ 1,410,568	\$ 123,966	\$ -	\$ 212,431	\$ 1,940,491
252,942	-	74,259	52,961	380,162
-	-	-	165	242
-	-	-	9,403	118,459
-	-	-	188,831	188,831
-	-	-	-	35,560
-	-	-	15,068	33,835
<u>1,663,510</u>	<u>123,966</u>	<u>74,259</u>	<u>478,859</u>	<u>2,697,580</u>
-	2,055	-	23,976	107,067
-	-	-	60,544	4,949,781
-	2,055	-	84,520	5,056,848
-	-	-	3,826	34,963
-	-	-	543,475	543,475
-	-	-	9,926	9,926
-	-	-	90,585	90,585
-	-	-	-	196,520
-	-	-	2,529,764	2,529,764
-	-	-	468,146	468,146
-	-	-	-	5,773,799
-	-	-	65,394	65,394
-	-	-	258,344	452,921
6,598,835	-	933,098	990,027	8,521,960
-	3,766,732	-	-	3,766,732
-	-	-	117,670	117,670
-	-	-	71,541	71,541
-	-	-	-	688,389
-	-	-	60,444	60,444
-	-	-	404,695	404,695
-	-	-	20,656	20,656
-	-	-	3,708	3,708
-	-	-	9,365	9,365
-	-	-	-	51,899
-	-	-	(419,307)	5,994,742
<u>6,598,835</u>	<u>3,766,732</u>	<u>933,098</u>	<u>5,228,259</u>	<u>29,877,294</u>
<u>\$ 8,262,345</u>	<u>\$ 3,892,753</u>	<u>\$ 1,007,357</u>	<u>\$ 5,791,638</u>	<u>\$ 37,631,722</u>

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

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City of New Ulm, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2020

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

Total Fund Balances - Governmental Funds	\$ 29,877,294
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	98,304,659
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Severance payable	(583,035)
Other post employment benefit obligation	(689,438)
Special assessments payable	(60,544)
Bond principal payable	(26,015,000)
Notes payable	(330,000)
Net pension liability	(5,885,485)
Bond premiums, net of accumulated amortization	(1,195,026)
Certain long-term receivables are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	
Delinquent property taxes receivable	107,067
Special assessments receivable	4,949,781
Governmental funds do not report long-term amounts related to pensions and other postemployment benefits.	
Net pension asset	1,418,017
Deferred outflows of pension resources	1,768,430
Deferred inflows of pension resources	(2,478,672)
Deferred outflows of other postemployment benefits resources	92,977
Deferred inflows of other postemployment benefits resources	(92,472)
Governmental funds do not report a liability for accrued interest until due and payable.	(58,349)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	<u>6,480,438</u>
Total Net Position - Governmental Activities	<u>\$ 105,610,642</u>

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

City of New Ulm, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

		Special Revenue		Debt Service
	General	Park and Recreation	Sales Tax Revenue	Bond Sinking
Revenues				
Taxes	\$ 5,520,112	\$ 1,414,936	\$ 1,361,784	\$ 1,980,890
Special assessments	27,057	-	-	1,028,969
Licenses and permits	200,147	-	-	-
Intergovernmental	3,902,947	907,786	-	-
Charges for services	606,344	436,283	-	-
Fines and forfeitures	142,107	-	-	-
Investment earnings	98,188	12,468	84,692	5,552
Miscellaneous	64,569	26,602	-	-
Total Revenues	<u>10,561,471</u>	<u>2,798,075</u>	<u>1,446,476</u>	<u>3,015,411</u>
Expenditures				
Current				
General government	2,336,622	-	-	-
Public safety	3,591,541	-	-	-
Streets and highways	2,500,525	-	-	-
Sanitation and waste removal	170,792	-	-	-
Culture and recreation	-	2,803,313	-	-
Economic development	-	-	-	-
Miscellaneous	1,459,184	-	17,582	-
Capital outlay				
General government	-	-	-	-
Public safety	183,383	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	3,529	-	-
Miscellaneous	14,275	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs and fees	-	-	-	2,861
Total Expenditures	<u>10,256,322</u>	<u>2,806,842</u>	<u>17,582</u>	<u>2,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>305,149</u>	<u>(8,767)</u>	<u>1,428,894</u>	<u>3,012,550</u>
Other Financing Sources (Uses)				
Sales of capital assets	-	-	-	-
Transfers in	-	-	-	-
Bonds issued	-	-	-	-
Bond issuance costs	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	(609,833)	(28,327)	(243,406)	(3,837,194)
Total Other Financing Sources (Uses)	<u>(609,833)</u>	<u>(28,327)</u>	<u>(243,406)</u>	<u>(3,837,194)</u>
Net Change in Fund Balances	(304,684)	(37,094)	1,185,488	(824,644)
Fund Balances, January 1	<u>6,795,140</u>	<u>928,632</u>	<u>4,588,311</u>	<u>1,019,221</u>
Fund Balances, December 31	<u>\$ 6,490,456</u>	<u>\$ 891,538</u>	<u>\$ 5,773,799</u>	<u>\$ 194,577</u>

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

Capital Projects			Other	Total
Sales Tax Referendum	Capital Improvement	2020 Bonds	Governmental Funds	Governmental Funds
\$ -	\$ 348,541	\$ -	\$ 1,029,317	\$ 11,655,580
-	-	-	42,865	1,098,891
-	-	-	-	200,147
-	222,875	615,308	1,532,380	7,181,296
-	10,406	682,320	31,862	1,767,215
-	-	-	1,207	143,314
38,924	68,382	1,025	75,869	385,100
100,000	294,481	-	130,633	616,285
<u>138,924</u>	<u>944,685</u>	<u>1,298,653</u>	<u>2,844,133</u>	<u>23,047,828</u>
-	-	-	215,884	2,552,506
-	-	-	152,182	3,743,723
-	-	-	64,045	2,564,570
-	-	-	-	170,792
1,949	-	-	894,740	3,700,002
-	-	-	201,595	201,595
-	-	-	469,989	1,946,755
-	17,000	-	105,723	122,723
-	-	-	67,307	250,690
-	-	3,771,972	1,260,112	5,032,084
7,395,859	1,161,544	-	70,896	8,631,828
-	-	-	-	14,275
-	-	-	3,461,326	3,461,326
48,000	-	-	667,636	715,636
-	-	-	-	2,861
<u>7,445,808</u>	<u>1,178,544</u>	<u>3,771,972</u>	<u>7,631,435</u>	<u>33,111,366</u>
<u>(7,306,884)</u>	<u>(233,859)</u>	<u>(2,473,319)</u>	<u>(4,787,302)</u>	<u>(10,063,538)</u>
-	10,434	-	-	10,434
263,160	-	1,394,461	4,441,813	6,099,434
7,685,000	-	1,965,000	-	9,650,000
(57,430)	-	(46,341)	-	(103,771)
244,259	-	102,642	-	346,901
-	(460,000)	-	(920,674)	(6,099,434)
<u>8,134,989</u>	<u>(449,566)</u>	<u>3,415,762</u>	<u>3,521,139</u>	<u>9,903,564</u>
828,105	(683,425)	942,443	(1,266,163)	(159,974)
<u>5,770,730</u>	<u>4,450,157</u>	<u>(9,345)</u>	<u>6,494,422</u>	<u>30,037,268</u>
<u>\$ 6,598,835</u>	<u>\$ 3,766,732</u>	<u>\$ 933,098</u>	<u>\$ 5,228,259</u>	<u>\$ 29,877,294</u>

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

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City of New Ulm, Minnesota
Reconciliation of the Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2020

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

Net Change in Fund Balances - Governmental Funds	\$ (159,974)
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	13,814,675
Depreciation expense	(4,905,599)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	3,461,326
Debt issued or incurred	(9,650,000)
Premium on bonds issued, net of amortization	(242,797)
Debt forgiveness	34,814
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	37,690
Long-term pension activity is not reported in governmental funds.	
Pension expense	418,271
Direct aid contributions	40,387
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes/tax increments	40,671
Special assessments	59,935
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.	
Other post employment benefit amortization	(56,158)
Compensated absences	(34,629)
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	587,379
Change in Net Position - Governmental Activities	<u>\$ 3,445,991</u>

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

City of New Ulm, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General and Park and Recreation Funds
For the Year Ended December 31, 2020

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,586,403	\$ 5,586,403	\$ 5,520,112	\$ (66,291)
Special assessments	24,000	24,000	27,057	3,057
Licenses and permits	254,625	254,625	200,147	(54,478)
Intergovernmental	3,981,817	3,981,817	3,902,947	(78,870)
Charges for services	880,327	880,327	606,344	(273,983)
Fines and forfeitures	72,800	72,800	142,107	69,307
Investment earnings	110,550	110,550	98,188	(12,362)
Miscellaneous	47,780	47,780	64,569	16,789
Total Revenues	<u>10,958,302</u>	<u>10,958,302</u>	<u>10,561,471</u>	<u>(396,831)</u>
Expenditures				
Current				
General government	2,577,386	2,596,067	2,336,622	259,445
Public safety	3,822,555	3,831,398	3,591,541	239,857
Streets and highways	2,688,338	2,688,338	2,500,525	187,813
Sanitation and waste removal	155,754	155,754	170,792	(15,038)
Culture and recreation	-	-	-	-
Miscellaneous	1,532,535	1,886,408	1,459,184	427,224
Capital outlay	131,684	212,454	197,658	14,796
Total Expenditures	<u>10,908,252</u>	<u>11,370,419</u>	<u>10,256,322</u>	<u>1,114,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>50,050</u>	<u>(412,117)</u>	<u>305,149</u>	<u>717,266</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(195,000)	(195,000)	(609,833)	(414,833)
Total Other Financing Sources (Uses)	<u>(195,000)</u>	<u>(195,000)</u>	<u>(609,833)</u>	<u>(414,833)</u>
Net Change in Fund Balances	(144,950)	(607,117)	(304,684)	302,433
Fund Balances, January 1	<u>6,795,140</u>	<u>6,795,140</u>	<u>6,795,140</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 6,650,190</u>	<u>\$ 6,188,023</u>	<u>\$ 6,490,456</u>	<u>\$ 302,433</u>

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

Park and Recreation

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 1,429,009	\$ 1,429,009	\$ 1,414,936	\$ (14,073)
-	-	-	-
-	-	-	-
905,786	905,786	907,786	2,000
984,240	984,240	436,283	(547,957)
-	-	-	-
11,700	11,700	12,468	768
498,400	498,400	26,602	(471,798)
<u>3,829,135</u>	<u>3,829,135</u>	<u>2,798,075</u>	<u>(1,031,060)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,339,135	3,358,058	2,803,313	554,745
-	-	-	-
1,360,000	1,379,985	3,529	1,376,456
<u>4,699,135</u>	<u>4,738,043</u>	<u>2,806,842</u>	<u>1,931,201</u>
<u>(870,000)</u>	<u>(908,908)</u>	<u>(8,767)</u>	<u>900,141</u>
670,000	670,000	-	(670,000)
-	-	(28,327)	(28,327)
<u>670,000</u>	<u>670,000</u>	<u>(28,327)</u>	<u>(698,327)</u>
(200,000)	(238,908)	(37,094)	201,814
928,632	928,632	928,632	-
<u>\$ 728,632</u>	<u>\$ 689,724</u>	<u>\$ 891,538</u>	<u>\$ 201,814</u>

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

City of New Ulm, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2020

	<u>Internal Service Funds</u>
Assets	
Current assets	
Cash and investments	\$ 5,147,036
Receivables	
Accounts	8,678
Inventories	<u>105,141</u>
Total Current Assets	<u>5,260,855</u>
Noncurrent assets	
Capital assets	
Buildings and structures	1,816,748
Machinery and equipment	5,969,683
Accumulated depreciation	<u>(5,336,795)</u>
Total Noncurrent Assets	<u>2,449,636</u>
Total Assets	<u>7,710,491</u>
Deferred Outflows of Resources	
Deferred pension resources	<u>13,446</u>
Liabilities	
Current Liabilities	
Accounts payable	11,807
Accrued salaries payable	237,258
Claims incurred but not paid	<u>19,256</u>
Total Current Liabilities	268,321
Noncurrent Liabilities	
Net pension liability	<u>107,657</u>
Total Liabilities	<u>375,978</u>
Deferred Inflows of Resources	
Deferred pension resources	<u>4,958</u>
Net Position	
Investment in capital assets	2,449,636
Unrestricted	<u>4,893,365</u>
Total Net Position	<u>\$ 7,343,001</u>

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

City of New Ulm, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Internal Service Funds
Operating Revenues	
Charges for services	\$ 1,125,390
Insurance premiums	2,740,361
Insurance refunds	15,213
Other income	289
Total Operating Revenues	<u>3,881,253</u>
Operating Expenses	
Administrative and general	224,760
Insurance premiums	2,546,537
Self funded claims	199,258
Vehicle maintenance	261,332
Depreciation	461,162
Total Operating Expenses	<u>3,693,049</u>
Operating Income (Loss)	<u>188,204</u>
Non-operating Revenues (Expenses)	
Gain on sale of assets	62,330
Investment income	79,067
Miscellaneous income	356,082
Total Non-operating Revenues (Expenses)	<u>497,479</u>
Change in Net Position	685,683
Net Position, January 1	<u>6,657,318</u>
Net Position, December 31	<u><u>\$ 7,343,001</u></u>

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

City of New Ulm, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Internal Service Funds
Cash Flows from Operating Activities	
Receipts from interfund services provided	\$ 3,857,073
Payments to suppliers and interfund services provided	(311,632)
Payments to and on behalf of employees	(2,699,414)
Other receipts	371,295
Net Cash Provided (Used) by Operating Activities	<u>1,217,322</u>
Cash Flows from Non-Capital Financing Activities	
Increase (decrease) in due from other funds	<u>463</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	62,330
Acquisition of capital assets	(411,657)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(349,327)</u>
Cash Flows from Investing Activities	
Interest income received	<u>79,067</u>
Net Increase (Decrease) in Cash and Cash Equivalents	947,525
Cash and Cash Equivalents	
January 1	<u>4,199,511</u>
December 31	<u><u>\$ 5,147,036</u></u>
Reconciliation of Operating Income (Loss) to Net	
Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 188,204
Adjustments to reconcile operating income (loss) to net	
cash provided (used) by operating activities	
Other income related to operations	356,082
Depreciation	461,162
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(8,678)
Inventory	(8,718)
(Increase) decrease in deferred outflows of resources	
Deferred pension resources	(2,111)
(Decrease) increase in liabilities	
Accounts payable	(10,700)
Accrued salaries payable	230,726
Claims incurred, but not paid	12,669
Unearned revenue	-
Net pension liability	12,063
(Decrease) increase in deferred inflows of resources	
Deferred pension resources	<u>(13,377)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,217,322</u></u>

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

CUSTODIAL FUNDS

Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Brown-Lyon-Redwood-Renville (BLR) Drug Task Force Fund - accounts for moneys held for task force operations.

City of New Ulm, Minnesota
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	Custodial Fund
	<u>BLR Drug Task Force</u>
Assets	
Cash and Investments	\$ 392,569
Liabilities	
Accounts payable	<u>36,733</u>
Net Position	
Restricted	
Other	<u><u>\$ 355,836</u></u>

City of New Ulm, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2020

	Custodial Fund BLR Drug Task Force
Additions	
Intergovernmental	\$ 134,064
Dues	350,075
Fines and forfeits	22,133
Investment earnings	3,389
Miscellaneous	5,400
Total Additions	<u>515,061</u>
Deductions	
Public safety	
Personal services	318,793
Supplies	60,720
Other services and charges	40,225
Total Deductions	<u>419,738</u>
Net Increase in Fiduciary Net Position	95,323
Net Position, January 1 as Restated	<u>260,513</u>
Net Position, December 31	<u><u>\$ 355,836</u></u>

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of New Ulm, Minnesota (the City) is a municipal corporation that operates under a Home Rule Charter adopted on September 30, 1952. The City is governed by a Mayor-Council-Manager form of government; the Mayor and Council President are elected on an at-large basis and the four other Councilors are elected on a Ward basis. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The component units consist of the Public Utilities Commission (PUC) and the Economic Development Authority (EDA), which have December 31 and June 30 year ends, respectively.

Component Units:

Economic Development Authority (EDA) - The EDA was created to carry out housing and economic development activities within the City. The seven member governing board (two are City Council members) is appointed by the Council. The Council also approves tax levies and directs the activities of EDA's management. Various city employees, such as, the City Manager, Finance Director, City Attorney and the Housing Coordinator perform key management functions for the EDA. The EDA is a discretely presented component unit presented as a business-type activity as the Board makeup of the entity is not substantially the same as the City Council and does not exclusively provide services to the City.

The **Public Utilities Commission (PUC)** serves all the citizens of the City and is governed by a board appointed by the Mayor and confirmed by the Council. The PUC establishes user charges and all other policies and procedures relating to its operations except purchasing and disposing of land, and the issuance of debt. The City Manager exercises control over the PUC's operations and the Finance Director is the Chief Financial Officer for the PUC. Bond issuance authorizations are approved by the Council and the legal liability for the PUC's general obligation debt remains with the City. The PUC is reported as a discretely presented component unit as a business-type activity. The PUC is presented discretely as the Commissioner makeup of the entity is not substantially the same as the City Council and does not exclusively provide services to the City.

Complete financial statements for each of the individual component units may be obtained at the City's finance department, City of New Ulm, 100 North Broadway, New Ulm, Minnesota 56073.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from legally separate *component units* for which the primary government is financially accountable.

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

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Park and Recreation fund* accounts for the activities associated with maintaining the City's parks and for the operation of various recreation programs. Parkland dedication funds, tax levy and charges for services are committed and restricted revenue sources.

The *Sales Tax Revenue fund* was established to record sales, use and excise tax revenues and transfers to the Bond Fund for debt service associated with General Obligation Sales Tax Revenue Bonds, Series 2009 and for capital projects related to the sales tax referendum projects.

The *Bond Sinking fund* accounts for the resources accumulated for principal and interest payments on long-term general obligation debt of governmental funds.

Sales Tax Referendum fund was established to record bond funds received and the usage of those funds to complete projects that were approved by a voter approved referendum.

The *Capital Improvement fund* accounts for funds to be used to acquire or replace buildings, equipment or other improvements for City operations.

The *2020 Bonds fund* accounts for costs associated with projects that will be financed through the issuance of G.O. Improvement Bonds, Series 2020.

Additionally, the City reports the following fund types:

Internal Service funds account for information technology, fleet management and insurance services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary funds

Custodial funds are used to report fiduciary activities that are not required to be report in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The City's Custodial fund accounts for activities of the BLR Drug Task Force.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's PUC and EDA component units and of the City's 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Note 1: Summary of Significant Accounting Policies (Continued)

Investment policy: The City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. The City's investment program shall be operated in conformance with federal, state, and other legal requirements, including Minnesota statute 118A.

Safety of principal is the foremost objective of the City's investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Minnesota statute 118A
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with certain criteria
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in money market checking accounts, shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy. For investments that are not immediately needed or matched to mature with certain cash flows the City will not directly invest in securities maturing more than an average expected life of ten (10) years from the date of purchase or in accordance with state and local statutes and ordinances. Any reserve funds that have longer-term investment horizons may be invested in securities exceeding ten (10) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the legislative body.

In accordance with Minnesota statute 118A.03 on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 70 and are valued using quoted market prices (Level 1 and 2 inputs).

The City has the following recurring fair value measurements as of December 31, 2020:

- U.S. Federal governmental agency securities of \$11,502,335 are valued using quoted market prices (Level 1 inputs) which includes the PUC portion of \$4,370,887.
- Negotiable certificates of deposit of \$11,940,861 are valued using a matrix pricing model (Level 2 inputs) which includes the PUC portion of \$4,537,525.

Receivables and Payables

Property tax levies are set by the Council no later than December of each year and are certified to Brown 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, and are recorded as receivables by the City at that date. Revenue from property taxes are accrued and recognized in the year collectible.

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

Property taxes are levied as of January 1 on property values assessed on the same date. The tax levy is divided into two billings: the first billing (due on May 15) and the second billing (due on October 15). The billings are considered past due after the respective due dates at which time penalties and interest are assessed. The County provides tax settlements to cities and other taxing districts normally during the months of June, July, November and December. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable and are offset by a deferred inflow of resources in the governmental fund financial statements.

Accounts receivable include amounts billed for services provided before year end. Unbilled PUC receivables are also included for services provided in 2020. Accounts receivable are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts as of December 31, 2020, was \$124,349.

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

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

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

Inventories and Prepaid Items

The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased. The costs of the PUC inventories are valued at the lower of cost using the average cost method, or market.

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.

Restricted Assets

Certain proceeds of the PUC revenue bonds, as well as certain resources set aside for their repayment and capital improvements, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities (PUC and EDA component units) columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (primary government), \$5,000 (PUC), and \$1,000 (EDA) (amount not rounded) and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

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

Assets	Years
Land Improvements	15 to 25
Buildings and Structures	20 to 40
Roads	25 to 40
Curb and Gutter	20 to 40
Bridges	40 to 70
Sidewalks	20 to 40
Sewer Mains/Lift Stations	40 to 50
Street Lights	30
Machinery and Equipment	5 to 10
Office Equipment/Furniture and Fixtures	3 to 10
Computer Equipment/Software	3
Playground Equipment/Fencing	5 to 25
Vehicles	5 to 10
Exhaustible Monuments/Historical Landmarks	25
Non-exhaustible Monuments/Historical Landmarks	Non-depreciable

Deferred Outflows of Resources

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

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. At termination of employment, a percentage of an employee's unpaid accumulated sick leave is paid based upon the average hours of sick leave used by such employee. Compensated absence pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The total amount accrued for compensated absences at December 31, 2020 was \$583,035, \$543,610 and \$8,253 for the City, PUC and EDA, respectively. For the most part, the General, Park and Recreation and Library funds are typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 75, as of December 31, 2019. The General fund is typically used to liquidate governmental other postemployment benefits payable.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the 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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEPFP), DCP and New Ulm Fire Relief Association is as follows

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
Pension Expense	\$ 424,624	\$ 290,794	\$ 992	\$ (268,635)	\$ 447,775

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Furthermore, the City has additional items which qualify for reporting in this category on the statement of net position. The items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position and results from actuarial calculations involving net differences between projected and actual earnings on plan investments and changes in proportions.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Director.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Payment in Lieu of Taxes

Revenues include payments in lieu of property taxes paid from the PUC to the City as required in the City Charter Section 235. Five percent of the specified receipts from sources of the utilities shall be paid over to the City Treasurer monthly. Total PUC payments to the City were \$1,941,451 during the year.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund; select special revenue funds including the Library, Park and Recreation, and Parking Meter special revenue funds; and the Bond Sinking debt service fund. No budget is adopted for the Economic Development Loan Program special revenue fund because it is not legally required to do so. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

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

1. Prior to September 30, the City Manager submits to the Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted between November 20 and December 20 to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution prior to December 31.
4. The Council may authorize transfers of budgeted amounts between departments within any fund.
5. Budgetary control is maintained at the object of expenditure category level within each activity, and in compliance with City charter requirements. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the City Manager, or between departments by the Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that: (1) adequate funds were appropriated; (2) the expenditure is still necessary; and (3) funds are available.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 2: Stewardship, Compliance and Accountability (Continued)

B Deficit Fund Equity

The following is a summary of the funds with deficit fund balances as of year-end:

Fund	Amount
Special Revenue	
Nonmajor	
TIF Districts	\$ 116,893
Capital Projects	
Nonmajor	
2019 Bonds	73,049
2021 Bonds	163,971

The deficits in the TIF District funds were caused by excess expenditures over tax increment revenues. These will be eliminated through future collection of tax increment revenues.

The deficit in 2019 Bonds fund was caused by excess capital expenditures over intergovernmental revenues and investment earnings. This deficit will be eliminated through future intergovernmental revenues.

The deficit in 2021 Bonds fund was caused by excess capital expenditures over revenues. This deficit will be eliminated through future bond proceeds.

Note 3: Detailed Notes on All Funds

A. Deposits and investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds or irrevocable standby letters of credit from Federal Home Loan Banks.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$46,329,651, including \$392,569 reported in fiduciary funds. The bank balance of \$46,761,197 was covered by \$250,000 of federal depository insurance and the remaining \$46,511,197 was covered by letters of credit and other pledged securities issued by the City's agent in the City's name. The primary government and component unit's cash and investments are pooled.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2020, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Primary Government					
	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Non-pooled investments at fair value						
Governmental Agency Securities	N/A	1 to 5 years	\$ 1,241,891	\$ 1,241,891	\$ -	\$ -
Governmental Agency Securities	AAA	1 to 5 years	3,410,115	3,410,115	-	-
Governmental Agency Securities	N/A	more than 5 years	2,479,442	2,479,442		
Negotiable Certificates of Deposit	N/A	less than 1 year	4,139,006	-	4,139,006	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	3,112,304	-	3,112,304	-
Negotiable certificates of deposit	N/A	more than 5 years	152,026	-	152,026	-
Total Primary Government Investments			\$ 14,534,784	\$ 7,131,448	\$ 7,403,336	\$ -
Types of Investments	Component Unit - PUC					
	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Non-pooled investments at fair value						
Governmental Agency Securities	N/A	1 to 5 years	\$ 761,159	\$ 761,159	\$ -	\$ -
Governmental Agency Securities	AAA	1 to 5 years	2,090,070	2,090,070	-	-
Governmental Agency Securities	N/A	more than 5 years	1,519,658	1,519,658	-	-
Negotiable Certificates of Deposit	N/A	less than 1 year	2,536,809	-	2,536,809	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	1,907,540	-	1,907,540	-
Negotiable certificates of deposit	N/A	more than 5 years	93,176	-	93,176	-
Total Component Unit - PUC Investments			8,908,412	4,370,887	4,537,525	-
Total Investments			\$ 23,443,196	\$ 11,502,335	\$ 11,940,861	\$ -

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

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

N/A Indicates not applicable or available.

A reconciliation of cash and investments as shown on the statement of net position follows:

	Primary Government	Component Unit - PUC	Component Unit - EDA	Fiduciary Fund	Totals
Carrying Amount of Deposits	\$ 19,872,646	\$ 23,479,438	\$ 2,584,998	\$ 392,569	\$ 46,329,651
Investments	14,534,784	8,908,412	-	-	23,443,196
Cash on Hand	2,130	250	-	-	2,380
Total	<u>\$ 34,409,560</u>	<u>\$ 32,388,100</u>	<u>\$ 2,584,998</u>	<u>\$ 392,569</u>	<u>\$ 69,775,227</u>
Cash and Investments	\$ 34,409,560	\$ 27,645,398	\$ 2,533,046	\$ 392,569	\$ 64,980,573
Restricted Cash and Investments	-	4,742,702	51,952	-	4,794,654
Total	<u>\$ 34,409,560</u>	<u>\$ 32,388,100</u>	<u>\$ 2,584,998</u>	<u>\$ 392,569</u>	<u>\$ 69,775,227</u>

B. Receivables

Notes receivable are for property rehabilitation, economic development, employee computer purchase program and other similar items. Amounts are generally payable in monthly installments over three to ten years. Interest rates are up to 2.0 percent.

Special assessment receivables are generally payable in ten equal annual installments plus interest. Interest rates are between 3.5 percent and 6.0 percent.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Primary government

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 11,557,174	\$ -	\$ -	\$ 11,557,174
Non-exhaustible monuments	30,000	-	-	30,000
Construction in progress	2,231,012	7,624,936	(507,173)	9,348,775
Total Capital Assets not Being Depreciated	<u>13,818,186</u>	<u>7,624,936</u>	<u>(507,173)</u>	<u>20,935,949</u>
Capital Assets Being Depreciated				
Buildings	29,313,869	101,584	-	29,415,453
Improvements other than buildings	3,668,436	1,748,945	-	5,417,381
Infrastructure	106,466,999	4,634,084	-	111,101,083
Machinery and equipment	10,499,668	623,956	(288,937)	10,834,687
Office furniture and equipment	206,091	-	-	206,091
Park equipment	1,064,391	-	-	1,064,391
Total Capital Assets Being Depreciated	<u>151,219,454</u>	<u>7,108,569</u>	<u>(288,937)</u>	<u>158,039,086</u>
Less Accumulated Depreciation for				
Buildings	(16,727,832)	(613,583)	-	(17,341,415)
Improvements other than buildings	(1,491,528)	(218,147)	-	(1,709,675)
Infrastructure	(47,229,472)	(3,720,232)	-	(50,949,704)
Machinery and equipment	(7,024,156)	(741,197)	288,937	(7,476,416)
Office furniture and equipment	(162,216)	(7,126)	-	(169,342)
Park equipment	(507,712)	(66,476)	-	(574,188)
Total Accumulated Depreciation	<u>(73,142,916)</u>	<u>(5,366,761)</u>	<u>288,937</u>	<u>(78,220,740)</u>
Total Capital Assets Being Depreciated, Net	<u>78,076,538</u>	<u>1,741,808</u>	<u>-</u>	<u>79,818,346</u>
Governmental Activities Capital Assets, Net	<u>\$ 91,894,724</u>	<u>\$ 9,366,744</u>	<u>\$ (507,173)</u>	<u>\$ 100,754,295</u>

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

Governmental Activities	
General government	\$ 70,640
Public safety	292,967
Streets and highways, including depreciation of general infrastructure assets	3,154,123
Culture and recreation	660,360
Miscellaneous	709,028
Community access	18,481
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>461,162</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,366,761</u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Discretely presented component units

Capital asset activity for the PUC for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	\$ 547,579	\$ -	\$ -	\$ 547,579
Construction in progress	74,639	243,933	(74,639)	243,933
Total Capital Assets not Being Depreciated	<u>622,218</u>	<u>243,933</u>	<u>(74,639)</u>	<u>791,512</u>
Capital Assets Being Depreciated				
Buildings and structures	5,630,833	86,213	-	5,717,046
Plant in service	144,218,023	4,787,366	-	149,005,389
Machinery and equipment	17,231,071	918,503	(339,091)	17,810,483
Total Capital Assets Being Depreciated	<u>167,079,927</u>	<u>5,792,082</u>	<u>(339,091)</u>	<u>172,532,918</u>
Less Accumulated Depreciation for				
Buildings and structures	(4,456,847)	(136,612)	-	(4,593,459)
Plant in service	(83,256,813)	(3,559,391)	-	(86,816,204)
Machinery and equipment	(13,055,397)	(815,447)	339,091	(13,531,753)
Total Accumulated Depreciation	<u>(100,769,057)</u>	<u>(4,511,450)</u>	<u>339,091</u>	<u>(104,941,416)</u>
Total Capital Assets Being Depreciated, Net	<u>66,310,870</u>	<u>1,280,632</u>	<u>-</u>	<u>67,591,502</u>
Total PUC Capital Assets, Net	<u>\$ 66,933,088</u>	<u>\$ 1,524,565</u>	<u>\$ (74,639)</u>	<u>\$ 68,383,014</u>

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

Electric	\$ 1,815,698
District Energy	117,057
Natural Gas	358,590
Water	922,694
Wastewater	1,126,273
Capital Assets Held by the PUC's Internal Service Funds are Charged To the Various Functions Based on Their Usage of the Assets	<u>171,138</u>
Total Depreciation Expense - PUC	<u>\$ 4,511,450</u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Capital asset activity for the EDA for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	<u>\$1,049,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,049,738</u>
Capital Assets Being Depreciated				
Buildings	9,375,557	264,512	-	9,640,069
Improvements other than buildings	404,113	17,382	-	421,495
Furniture and equipment	<u>370,760</u>	<u>153,467</u>	<u>(11,107)</u>	<u>513,120</u>
Total Capital Assets Being Depreciated	<u>10,150,430</u>	<u>435,361</u>	<u>(11,107)</u>	<u>10,574,684</u>
Less Accumulated Depreciation for				
Buildings	(7,302,100)	(324,243)	-	(7,626,343)
Improvements other than buildings	(360,418)	(5,802)	-	(366,220)
Furniture and equipment	<u>(215,056)</u>	<u>(35,154)</u>	<u>11,107</u>	<u>(239,103)</u>
Total Accumulated Depreciation	<u>(7,877,574)</u>	<u>(365,199)</u>	<u>11,107</u>	<u>(8,231,666)</u>
Total Capital Assets Being Depreciated, Net	<u>2,272,856</u>	<u>70,162</u>	<u>-</u>	<u>2,343,018</u>
Total EDA Capital Assets, Net	<u><u>\$3,322,594</u></u>	<u><u>\$ 70,162</u></u>	<u><u>\$ -</u></u>	<u><u>\$3,392,756</u></u>

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

Housing Development	<u><u>\$ 365,199</u></u>
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Construction commitments

The City has active construction projects as of December 31, 2020. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
New Ulm Rec Center	<u><u>4,805,891</u></u>	<u><u>7,136,772</u></u>

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2020 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Economic Development Loan Program	TIF Districts	<u><u>\$ 188,831</u></u>

This advance was made to cover TIFs RD-9's, H-8's and H-9' initial costs and other costs, such as legal, application and consultation fees.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Due to/from primary government and component units:

Due from Component Units

Receivable Entity/Fund	Payable Entity/Fund	Amount
Internal service funds - primary government	Public Utilities Commission - component unit	<u>\$ 309,895</u>

Due to Component Units

Receivable Entity/Fund	Payable Entity/Fund	Amount
Public Utilities Commission - component unit	Internal service funds - primary government	<u>\$ 494,384</u>

The balance due from the component unit to the primary government results from interfund charges and the elimination of internal service fund operations.

Interfund Transfers

Interfund transfers for the year ended December 31, 2020 were as follows:

Fund	Transfers in			
	Sales Tax Referendum	2020 Bonds	Nonmajor Governmental	Total
Transfer Out				
General	\$ 234,833	\$ 375,000	\$ -	\$ 609,833
Parks and Recreation	28,327	-	-	28,327
Sales Tax Revenue	-	-	243,406	243,406
Bond Sinking	-	-	3,837,194	3,837,194
Capital Improvement	-	460,000	-	460,000
Nonmajor governmental	-	559,461	361,213	920,674
	<u>\$ 263,160</u>	<u>\$ 1,394,461</u>	<u>\$ 4,441,813</u>	<u>\$ 6,099,434</u>
Total Transfers Out				

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service funds as debt service principal and interest payments become due and 2) move unrestricted General fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. Transfers during 2020 were made for capital improvements, capital reserves, debt service payments and closing funds.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Debt

General obligation bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of infrastructure and major capital facilities. General obligation bonds have been issued for both governmental and component unit activities. In addition, general obligation bonds have been issued to refund both general obligation and general obligation revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 10-year bonds structured so that annual debt service payments are relatively constant on an annual basis. The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. The General Obligation Improvement Bonds are partially repaid from special assessments.

General obligation sales tax revenue bonds - The City issued general obligation sales tax revenue bonds to finance the construction and upgrading of recreational facilities, including a civic and community center. The bonds are general obligations of the City for which the City will pledge its full faith, credit and taxing powers for the repayment of the bonds. In addition, the City pledged revenues generated by a one half of one percent sales and use tax and an excise tax imposed by the City.

Bonds and notes outstanding are as follows:

General obligation improvement (special assessment) bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2012 G.O. PIRF Bonds	\$ 3,300,000	0.60 - 1.90 %	08/21/12	12/01/22	\$ 240,000
2015 G.O. PIRF Bonds	3,275,000	2.00 - 2.25	07/01/15	12/01/25	1,720,000
2016 G.O. PIRF Bonds	3,195,000	1.50 - 2.00	07/19/16	12/01/26	715,000
2017 G.O. PIRF Bonds	2,995,000	2.00	09/05/17	12/01/27	1,830,000
2018 G.O. PIRF Bonds	2,560,000	3.00 - 4.00	09/06/18	12/01/28	1,400,000
2019 G.O. PIRF Bonds	4,210,000	3.00 - 4.00	08/06/19	12/01/29	3,735,000
2020 G.O. PIRF Bonds	1,965,000	1.00 - 2.00	09/08/20	12/01/30	1,965,000
Total G.O. Special Assessment Bonds					<u>\$ 11,605,000</u>

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

Year Ending December 31	G.O. Special Assessment Bonds Governmental Activities		
	Principal	Interest	Total
2021	\$ 2,305,000	\$ 332,837	\$ 2,637,837
2022	1,995,000	259,737	2,254,737
2023	1,625,000	202,638	1,827,638
2024	1,350,000	158,975	1,508,975
2025	1,285,000	120,400	1,405,400
2026 - 2030	3,045,000	185,900	3,230,900
Total	<u>\$ 11,605,000</u>	<u>\$ 1,260,487</u>	<u>\$ 12,865,487</u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

General obligation sales tax revenue bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2018B Sales Tax Bonds	\$ 7,055,000	3.00 - 4.00 %	09/06/18	12/01/38	\$ 7,055,000
2020B Sales Tax Bonds	7,685,000	1.00 - 2.00	12/17/20	12/01/38	<u>7,685,000</u>
Total G.O. Revenue Bonds					<u>\$ 14,740,000</u>

The annual debt service requirements to maturity for general obligation sales tax revenue bonds are as follows:

Year Ending December 31	G.O. Sales Tax Revenue Bonds Governmental Activities		
	Principal	Interest	Total
2021	\$ 650,000	\$ 364,466	\$ 1,014,466
2022	685,000	351,096	1,036,096
2023	695,000	331,196	1,026,196
2024	715,000	310,996	1,025,996
2025	730,000	290,196	1,020,196
2026 - 2030	3,935,000	1,141,781	5,076,781
2031 - 2035	4,410,000	682,228	5,092,228
2036 - 2038	2,920,000	152,510	3,072,510
Total	<u>\$ 14,740,000</u>	<u>\$ 3,624,469</u>	<u>\$ 18,364,469</u>

Special assessments payable

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Special Assessments of 2008	\$ 438,944	6.00 %	12/31/08	12/31/22	<u>\$ 60,544</u>

The annual debt service requirements to maturity for special assessments payable are as follows:

Year Ending December 31	Special Assessments Governmental Activities		
	Principal	Interest	Total
2021	\$ 30,272	\$ 3,633	\$ 33,905
2022	30,272	1,816	\$ 32,088
Total	<u>\$ 60,544</u>	<u>\$ 5,449</u>	<u>\$ 65,993</u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Changes in long-term liabilities

Long-term liability activity for the primary government for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
General obligation special assessment bonds	\$ 13,065,000	\$ 1,965,000	\$ (3,425,000)	\$ 11,605,000	\$2,305,000
General obligation sales tax revenue bonds	7,055,000	7,685,000	-	14,740,000	650,000
Bond premiums	<u>952,229</u>	<u>346,901</u>	<u>(104,104)</u>	<u>1,195,026</u>	<u>-</u>
Total Bonds Payable	<u>21,072,229</u>	<u>9,996,901</u>	<u>(3,529,104)</u>	<u>27,540,026</u>	<u>2,955,000</u>
Special Assessments Payable	131,684	-	(71,140)	60,544	30,272
Compensated Absences Payable	<u>551,475</u>	<u>530,110</u>	<u>(498,550)</u>	<u>583,035</u>	<u>432,707</u>
Governmental Activity Long-term Liabilities	<u><u>\$ 21,755,388</u></u>	<u><u>\$ 10,527,011</u></u>	<u><u>\$ (4,098,794)</u></u>	<u><u>\$ 28,183,605</u></u>	<u><u>\$3,417,979</u></u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Public Utilities Commission

General obligation revenue bonds - The PUC issues general obligation revenue bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation revenue refunding bonds have been issued to refund general obligation revenue bonds.

General obligation revenue bonds are direct obligations of the PUC and pledge the revenues from the fund acquiring or constructing the asset financed by the debt, as well as all other PUC revenue and the full faith and credit of the City.

General obligation revenue bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Fund					
2011B G.O. Revenue Bonds	\$ 3,000,000	2.00 - 2.625 %	12/29/11	12/01/26	\$ 1,455,000
Water Fund					
2013B G.O. Revenue Bonds	2,950,000	2.00 - 3.00	07/15/13	12/01/28	1,680,000
Wastewater Treatment Fund					
2007 G.O. Revenue Note (PFA)	4,002,900	2.65	06/27/07	08/20/26	1,553,000
2017A G.O. Revenue Bonds	5,560,000	2.00 - 3.00	09/05/17	12/01/36	4,910,000
Total G.O. Revenue Bonds Payable					9,598,000
Unamortized Bond Discounts/Premiums					183,677
Net PUC Bonds Payable					<u>\$ 9,781,677</u>

Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Electric	Water	Wastewater
Revenues	\$ 23,016,463	\$ 2,965,704	\$ 3,960,795
Principal and Interest	284,139	236,513	663,109
Percentage of Revenues	1.2%	8.0%	16.7%

Annual requirements to maturity for PUC bonds payable are as follows:

Year Ending December 31	G.O. Revenue Bonds Component Unit Activities		
	Principal	Interest	Total
2021	\$ 902,000	\$ 255,324	\$ 1,157,324
2022	924,000	233,311	1,157,311
2023	955,000	210,474	1,165,474
2024	977,000	186,259	1,163,259
2025	1,004,000	160,867	1,164,867
2026 - 2030	2,676,000	486,039	3,162,039
2031 - 2035	1,765,000	219,325	1,984,325
2036	395,000	11,850	406,850
Total	<u>\$ 9,598,000</u>	<u>\$ 1,763,449</u>	<u>\$ 11,361,449</u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Changes in long-term liabilities

Long-term liability activity for the PUC for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Utilities Commission Activities					
Bonds Payable					
General obligation revenue bonds	\$ 10,479,000	\$ -	\$ (881,000)	\$ 9,598,000	\$ 902,000
Bond discounts	(14,539)	-	2,102	(12,437)	-
Bond premiums	211,003	-	(14,889)	196,114	-
Total Bonds Payable	10,675,464	-	(893,787)	9,781,677	902,000
Compensated Absences Payable	521,630	396,633	(374,653)	543,610	333,836
Public Utilities Commission Long-term Liabilities	<u>\$ 11,197,094</u>	<u>\$ 396,633</u>	<u>\$ (1,268,440)</u>	<u>\$ 10,325,287</u>	<u>\$ 1,235,836</u>

Economic Development Authority

Changes in long-term liabilities

Long-term liability activity for the EDA for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Economic Development Authority Activities					
Compensated Absences Payable	<u>\$ 7,631</u>	<u>\$ 8,344</u>	<u>\$ (7,722)</u>	<u>\$ 8,253</u>	<u>\$ 5,161</u>

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Conduit debt obligations - From time to time, the City issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

<u>Issued to</u>	<u>Issue Date</u>	<u>Amount Issued</u>	<u>Balance at Year End</u>
HADC Ridgeway on German (Refinanced)	08/20/14	<u>\$ 10,335,000</u>	<u>\$ 9,260,000</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with *Minnesota statutes*, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

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

General Employee Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Police and Fire Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ending December 31, 2020, 2019 and 2018 were \$348,323, \$341,437 and \$319,833, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the years ending December 31, 2020, 2019 and 2018 were \$335,854, \$302,295 and \$295,210, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City of New Ulm reported a liability of \$3,903,043 for its proportionate share of the General Employees Fund's net pension liability of which the EDA's portion was calculated at \$55,779. The EDA's pension liability was reported as \$55,779 due to a timing difference which exists due to the EDA having a June 30 year-end. At December 31, 2020, the PUC reported a liability of \$4,646,479 for its proportionate share of the GERF'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 \$120,343 of which the EDA's portion was \$1,733. The State of Minnesota's proportionate share of the net pension liability associated with the PUC totaled \$143,299. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The EDA's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of New Ulm'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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City of New Ulm's proportionate share was 0.0641 percent which was no change from its proportion measured as of June 30, 2019. The EDA's proportionate share was calculated at 0.0010 percent at June 30, 2020 a 0.0000 percent decrease from June 30, 2019. The PUC's proportionate share was 0.0775 percent which was a 0.0021 percent increase from its proportion measured as of June 30, 2019.

City's proportionate share of the net pension liability	\$ 8,549,522
State of Minnesota's proportionate share of the net pension liability associated with the City	<u>263,642</u>
Total	<u><u>\$ 8,813,164</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$248,948 for its proportionate share of General Employees Plan's pension expense of which the EDA's portion was calculated at \$6,320. The PUC recognized pension expense of \$152,732 for its proportionate share of General Employee Plan's pension expense. In addition, the City recognized an additional \$10,473 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 of which the EDA's portion was calculated at \$130. In addition, the PUC recognized an additional \$12,471 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 New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

At December 31, 2020, 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:

	Primary Government		Component Unit - PUC		Component Unit - EDA	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 35,489	\$ 14,957	\$ 54,043	\$ 19,048	\$ 1,559	\$ 153
Changes in Actuarial Assumptions	1,055	132,673	6,233	176,891	399	4,423
Net Difference Between Projected and Actual Earnings on Plan Investments	91,053	-	56,186	-	-	5,783
Changes in Proportion	181,476	21,590	97,712	131,985	5,163	189
Contributions Paid to PERA Subsequent to the Measurement Date	165,656	-	221,012	-	5,634	-
Total	<u>\$ 474,729</u>	<u>\$ 169,220</u>	<u>\$ 435,186</u>	<u>\$ 327,924</u>	<u>\$ 12,755</u>	<u>\$ 10,548</u>

The \$392,302 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to GERP pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit - PUC	Component Unit - EDA
2021	\$ (105,694)	\$ (323,037)	\$ 216
2022	32,778	(23,698)	(2,557)
2023	118,567	120,724	(1,183)
2024	94,202	112,261	97

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$2,145,878 for its proportionate share of the Police and Fire fund's net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1628 percent which was a 0.0048 percent decrease from its proportionate share measured as of June 30, 2019.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 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, 2020, the City recognized pension expense of \$275,244 for its proportionate share of the Police and Fire Plan's pension expense.

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 fire state aid. The City also recognized \$15,550 for the year ended December 31, 2020 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 New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

At December 31, 2020, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 114,520	\$ 117,433
Changes in Actuarial Assumptions	836,565	1,474,906
Net Difference Between Projected and Actual Earnings on Plan Investments	50,414	-
Changes in Proportion	38,656	146,704
Contributions Paid to PERA Subsequent to the Measurement Date	171,027	-
	<u>171,027</u>	<u>-</u>
Total	<u>\$ 1,211,182</u>	<u>\$ 1,739,043</u>

The \$171,027 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (184,703)
2022	(650,029)
2023	82,411
2024	65,492
2025	(12,059)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for General Employees Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

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

The following changes in actuarial assumptions and plan provisions occurred in 2020:

General Employees Fund

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.
- 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.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

Police and Fire Fund

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.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	35.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	20.0	0.75
International Stocks	17.5	5.30
Cash	2.0	-
	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were 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.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund			
Primary government	\$ 6,163,525	\$ 3,847,264	\$ 1,936,561
Component unit - PUC	7,446,694	4,646,479	2,336,527
Component unit - EDA	91,698	55,779	26,121
Police and Fire Fund	4,277,044	2,145,878	382,712

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

H. 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.

Note 5: Defined Contribution Plan

Five Council members and one Mayor of the City New Ulm are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 992	\$ 992	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were \$992, \$925 and \$925, respectively.

Note 6: Defined Benefit Pension Plans - Fire Relief Benefit Association

A. Plan Description

All members of the New Ulm Fire Department (the Department) are covered by a defined benefit plan administered by the New Ulm Fire Department Relief Association (the Association). As of December 31, 2020, the plan covered 40 active firefighters, eight inactive members entitled to future benefits and seven vested terminated fire fighters whose pension benefits are deferred.

The Association is a single-employer defined benefit pension plan that operates under the provisions of Minnesota statutes, section 69 and 424, as amended. It is governed by a board of trustees made up of six members elected by the members of the Association for three-year terms. The Council President, Finance Director and Fire Chief of the City are ex officio, voting members of the Board.

B. Benefits Provided

A fire fighter who completes at least 20 years as an active member of the New Ulm Fire Department (the Department) is entitled, after age 50, to a full service pension upon retirement. The service pension prescribed by the Association's bylaws is a monthly benefit of \$25.50 for each year of service completed by the individual, or \$5,000 per year of service lump-sum.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid.

A member of the Association who has completed 20 or more years of active service with the Fire Department but has not reached age 50 shall have the right to retire from the department without forfeiting the right to a service pension. The member shall be entitled to a deferred service pension and upon attaining the age of 50, the Association shall, upon application thereof, pay the member's pension from the date the application is approved.

A member is also entitled to disability benefits of \$25.50 per month for the monthly plan, or \$5,000 lump sum for each year of service as an active member of the New Ulm Fire Department in the event the member becomes totally disabled.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$100,167 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2020, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2020 were \$100,167. The City made voluntary contributions of \$35,833 to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

D. Pension Costs

At December 31, 2020, the City reported a net pension asset of \$1,418,017 for the plan. The net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2020. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Beginning Balance January 1, 2020	\$ 2,188,517	\$ 3,198,942	\$ (1,010,425)
Changes for the Year			
Service cost	76,791	-	76,791
Interest on pension liability (asset)	140,472	-	140,472
Actuarial experience (gains)/losses	(51,817)	-	(51,817)
Changes in assumptions	31,541	-	31,541
Net investment return	-	482,800	(482,800)
Contributions (state and local)	-	136,000	(136,000)
Benefit payments	(208,390)	(208,390)	-
Administrative expenses	-	(14,221)	14,221
Total Net Changes	<u>(11,403)</u>	<u>396,189</u>	<u>(407,592)</u>
Ending Balance December 31, 2020	<u>\$ 2,177,114</u>	<u>\$ 3,595,131</u>	<u>\$ (1,418,017)</u>

For the year ended December 31, 2020, the City recognized negative pension expense of \$268,635.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

At December 31, 2020, the City reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 134,976
Changes in Actuarial Assumptions	95,965	17,614
Net Difference Between Projected and Actual Earnings on Plan Investments	<u>-</u>	<u>422,777</u>
Total	<u><u>\$ 95,965</u></u>	<u><u>\$ 575,367</u></u>

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2021	\$ (152,652)
2022	(95,896)
2023	(159,763)
2024	(69,551)
2025	(645)
Thereafter	(895)

E. Actuarial Assumptions

The total pension liability at December 31, 2020 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at Later of Age 50 and 20 Years of Service	
Salary Increases	N/A
Inflation Rate	2.25%
Investment Rate of Return	6.25%
20 Year Municipal Bond Yield	2.00%
Discount Rate	6.25%

Changes in actuarial assumptions in 2020 are as follows:

- The expected investment return and discount rate decreased from 6.50% to 6.25% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.50% to 2.25%.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	67.97 %	4.90 %
International Stocks	14.93	5.32
Bonds (Fixed Income)	7.05	1.40
Alternative Assets (Private Markets)	0.52	4.43
Cash and Equivalents	9.53	0.01
	<u>100.00 %</u>	
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension asset was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate one percent lower or one percent higher than the current discount rate:

	1 Percent Decrease (5.25%)	Current (6.25%)	1 Percent Increase (7.25%)
Defined Benefit Plan	\$ (1,320,913)	\$ (1,418,017)	\$ (1,509,364)

H. Pension Plan Fiduciary Net Position

For financial reporting purposes, the Association's financial statements are not included in the City's financial statements because the Association is not a component unit of the City. The Association issues an annual financial statement and is available at the Finance Director's Office, 100 North Broadway, New Ulm, Minnesota, 56073.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 7: Postemployment Benefits Other Than Pensions

Plan Description. The City of New Ulm (the City) and the New Ulm Public Utilities Commission (PUC) administer single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the City and the union representing City employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

At December 31, 2020, the following employees were covered by the benefit terms:

City	
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	2
Active Plan Members	86
Total Plan Members	88
PUC	
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	7
Active Plan Members	78
Total Plan Members	85

Funding policy. Contribution requirements also are negotiated between the City and union representatives. The City does not contribute any of the current-year premiums for eligible retired plan members and their spouses. For the year ended 2020, implicit contributions for the City and PUC totaled \$8,337 and \$31,053, respectively.

Actuarial Methods and Assumptions. The City's and PUC's total OPEB liability of \$689,438 and \$485,483, respectively, were measured as of December 31, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2018. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability for the City and PUC in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.75%
20-Year Municipal Bond Yield	2.75%
Inflation Rate	2.50%
Medical Trend Rate	6.40% in 2019 gradually decreasing to an ultimate rate of 4.00% in 2075 and later years

The discount rate used to measure the total OPEB liability was 2.75 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.

The actuarial assumptions used in the December 31, 2020 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 7: Postemployment Benefits Other Than Pensions (Continued)

Changes in the Total OPEB Liability

	Primary Government Total OPEB Liability (a)	Component Unit - PUC Total OPEB Liability (a)
Balances at December 31, 2019	\$ 588,128	\$ 440,712
Changes for the Year:		
Service cost	56,110	30,238
Interest	23,597	16,831
Differences between expected and actual experience	38,027	-
Changes in assumptions or other inputs	(16,424)	32,257
Employer contributions	(34,555)	(34,555)
Net Changes	101,310	44,771
Balances at December 31, 2020	\$ 689,438	\$ 485,483

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

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

Sensitivity of the Total OPEB Liability. The following presents the total OPEB liability of the City and PUC, as well as what the City's and PUC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate:

	1 Percent Decrease (1.75%)	Current (2.75%)	1 Percent Decrease (3.75%)
City	\$ 727,991	\$ 689,438	\$ 649,818
PUC	521,326	485,483	451,929

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 7: Postemployment Benefits Other Than Pensions (Continued)

The following presents the total OPEB liability of the City and PUC, as well as what the City's and PUC's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.40 percent decreasing to 3.00 percent) or 1-percentage-point higher (7.40 percent increasing to 5.00 percent) than the current discount rate:

	1 Percent Decrease (5.4% decreasing to 3%)	Healthcare Cost Trend Rates (6.4% decreasing to 4%)	1 Percent Increase (7.4% decreasing to 5%)
City	\$ 602,167	\$ 689,438	\$ 792,701
PUC	434,248	485,483	546,503

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended 2020, the City and PUC recognized OPEB expense of \$59,228 and \$48,272, respectively. At December 31, 2020, the City and PUC reported deferred outflows of resources from the following sources:

	Primary Government		Component Unit - PUC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected actual experience	\$ 49,503	\$ -	\$ -	\$ -
Changes in Actuarial Assumptions	35,137	92,472	-	-
Contributions to OPEB Subsequent to the Measurement Date	8,337	-	31,053	-
Total	<u>\$ 92,977</u>	<u>\$ 92,472</u>	<u>\$ 31,053</u>	<u>\$ -</u>

Deferred outflows of resources totaling \$8,337 and \$31,053, from the City and PUC respectively, are related contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:	Primary Government	Component Unit - PUC
2021	\$ (2,311)	\$ -
2022	(2,311)	-
2023	(2,311)	-
2024	(2,311)	-
2025	(2,470)	-
Thereafter	3,882	-

Note 8: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates in a public entity risk pool. There were no significant reductions in insurance coverage from the prior year. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. In addition, settlements have not exceeded insurance coverage in any of the past three years.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 8: Other Information (Continued)

The City and the PUC maintain an Insurance Trust Fund to cover claims not covered by insurance and a Health Insurance Trust Fund to self-fund a percentage of employees' deductibles. Changes in the Funds' claims liability amount in fiscal years 2020 and 2019 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
Insurance Trust Fund				
2020	\$ -	\$ 2,029	\$ (2,029)	\$ -
2019	-	2,085	(2,085)	-
Health Insurance Trust Fund				
2020	6,587	2,760,196	(2,747,527)	19,256
2019	24,466	2,904,988	(2,922,867)	6,587

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An insurance policy covers individual general liability claims to a maximum of \$1,500,000. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Management's estimated IBNR at year end is \$0 in the Insurance Trust Fund. The Health Insurance Trust maintains a premium deposit account with the South Central Service Cooperative. Under the provisions of this account the risk of loss is only to the extent of premiums paid. A factor cannot be determined for claims incurred, but not reported. Management elects to reserve all funds in excess of liabilities for future claims. Management's estimated claims incurred, but not paid at year end is \$19,256 in the Health Insurance Trust Fund.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, or expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Joint Services

In 1992, the City agreed to participate in the construction of a combined law enforcement center. Under the terms of the agreement, a Brown County Housing and Redevelopment Authority (*a component unit of Brown County*) was established which constructed the facility and made the required debt service payments. The County appoints the Authority's board, however, a group of City/County officials had input into the management of the facility. The City and County have a joint powers agreement to manage the facility. The City can occupy its allocated space into perpetuity; however, once it relinquishes its space, it has no rights to compensation or future occupancy. The City's share of operating costs for 2020 was \$73,453.

Note 8: Other Information (Continued)

D. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the participant or beneficiary) solely the property of the City subject only 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 the fair market value of the unearned account for each participant.

The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

E. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota via the Local Government Aid (LGA) program. The amount received in 2020 was \$3,314,964, which accounted for 31 percent of General fund revenues.

Note 9: Major Customer

Two industrial customers of the PUC represent approximately 21.5 percent of the total utility revenue excluding municipal sales of the PUC and approximately 21.4 percent of outstanding utility receivables at December 31, 2020.

Note 10: Tax Abatements

As of December 31, 2020, the City has three agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax increment financing agreement on November 18, 1997 with a developer in which the developer incurs costs for development of a 50 unit senior housing project. In return, the City will reimburse the developer for some costs as the City collects future tax increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$764,600 plus interest at a rate of 6% per annum over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.176) the maximum duration of 25 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on March 20, 2013 with Frontier Labs MN, LLC in which the developer incurs costs to expand an existing agriculture laboratory and testing facility. The City agreed to relieve property taxes as the tax burden would not otherwise be economically feasible within the foreseeable future. The agreement has a maximum return to the developer of \$59,392 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812 through 469.1815) and has a maximum duration of 15 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

City of New Ulm, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 10: Tax Abatements (Continued)

The City entered into a tax abatement agreement on June 21, 2016 with Laboratory Instrument Leasing/Minnesota Valley Testing Lab in which the developer incurs costs for the construction of a new agricultural laboratory and testing facility building. The City agreed to relieve property taxes as the tax burden would not otherwise be economically feasible within the foreseeable future. The agreement has a maximum return to the developer of \$400,000 over the life of the agreement not to exceed \$26,693 in any given year. The agreement was negotiated under state law (Minnesota Statute 469.1812 through 469.1815) and has a maximum duration of 15 years. The calculation of taxes abated during the fiscal year is noted in the chart below.

Lost revenue as it relates to tax abatements for the year ended December 31, 2020 was as follows:

haha	<u>City Tax Rate (Year of Establishment)</u>	<u>District Tax Capacity</u>	<u>Amount of Taxes Abated During the Year</u>
Tax Abatement Agreements			
Frontier Labs MN, LLC			\$ 4,114
LIL/MVTL			4,303
Tax Increment Districts (PAYGO)			
TIF District #2-2	34.605%	\$ 30,390	<u>10,516</u>
Total			<u><u>\$ 18,933</u></u>

Note 11: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus ("COVID-19") and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City's financial condition, liquidity, and future results of its revenue collections is uncertain.

REQUIRED SUPPLEMENTARY
INFORMATION

City of New Ulm
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of New Ulm, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	Primary Government's Proportion of the Net Pension Liability *	Primary Government's Proportionate Share of the Net Pension Liability (a) *	State's Proportionate Share of the Net Pension Liability Associated with the Primary Government (b)	Total (a+b)	Primary Government's Covered Payroll (c) *	Primary Government's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.0641 %	\$ 3,847,264	\$ 118,610	\$ 3,965,874	\$ 4,567,987	84.2 %	79.0 %
06/30/19	0.0613	3,388,229	105,151	3,493,380	4,340,109	78.1	80.2
06/30/18	0.0586	3,436,756	112,857	3,549,613	4,178,395	82.3	79.5
06/30/17	0.0586	3,725,903	47,002	3,772,905	3,772,144	98.8	75.9
06/30/16	0.0581	4,717,969	61,546	4,779,515	3,573,925	132.0	68.9
06/30/15	0.0596	3,087,544	-	3,087,544	3,502,371	88.2	78.2

* Excludes EDA activity reported at 6/30

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

Fiscal Year Ending	Component Unit - PUC's Proportion of the Net Pension Liability	Component Unit - PUC's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Component Unit - PUC (b)	Total (a+b)	Component Unit - PUC's Covered Payroll (c)	Component Unit - PUC's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2020	0.0775 %	\$ 4,646,479	\$ 143,299	\$ 4,789,778	\$ 5,524,206	84.1 %	79.0 %
6/30/2019	0.0754	4,168,697	129,661	4,298,358	5,339,490	78.1	80.2
6/30/2018	0.0784	4,349,311	142,715	4,492,026	5,271,840	82.5	79.5
6/30/2017	0.0808	5,158,219	64,829	5,223,048	5,202,783	99.1	75.9
6/30/2016	0.0791	6,422,528	83,846	6,506,374	4,907,096	130.9	68.9
6/30/2015	0.0826	4,280,761	-	4,280,761	4,852,536	88.2	78.2

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

City of New Ulm, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund (Continued)

Fiscal Year Ending	Component Unit - EDA's Proportion of the Net Pension Liability	Component Unit - EDA's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Component Unit - EDA (b)	Total (a+b)	Component Unit - EDA's Covered Payroll (c)	Component Unit - EDA's Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/19	0.0010 %	\$ 55,779	\$ 1,733	\$ 57,512	\$ 70,827	78.8 %	80.2 %
06/30/18	0.0010	56,198	1,844	58,042	64,813	86.7	79.5
06/30/17	0.0009	58,226	732	58,958	49,760	117.0	75.9
06/30/16	0.0008	62,206	812	63,018	48,745	127.6	68.9
06/30/15	0.0010	50,843	-	50,843	58,690	86.6	78.2
06/30/14	0.0011	52,590	-	52,590	58,731	89.5	78.7

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a) *	Contributions in Relation to the Statutorily Required Contribution (b) *	Contribution Deficiency (Excess) (a-b)	Primary Government's Covered Payroll (c) *	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 342,689	\$ 342,689	\$ -	\$ 4,569,191	7.5 %
12/31/19	336,125	336,125	-	4,481,663	7.5
12/31/18	314,972	314,972	-	4,199,631	7.5
12/31/17	303,233	303,233	-	4,042,123	7.5
12/31/16	269,142	269,142	-	3,608,776	7.5
12/31/15	263,996	263,996	-	3,519,946	7.5

* Excludes EDA activity reported at 6/30

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Component Unit - PUC's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2020	\$ 435,952	\$ 435,952	\$ -	\$ 5,812,694	7.5 %
12/31/2019	401,679	401,679	-	5,355,726	7.5
12/31/2018	390,905	390,905	-	5,212,064	7.5
12/31/2017	403,498	403,498	-	5,379,971	7.5
12/31/2016	372,980	372,980	-	4,973,067	7.5
12/31/2015	366,133	366,133	-	4,881,779	7.5

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

City of New Ulm, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

Schedule of Employer's PERA Contributions - General Employees Fund (Continued)

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Component Unit - EDA's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/20	\$ 5,634	\$ 5,634	\$ -	\$ 75,121	7.5 %
06/30/19	5,312	5,312	-	70,829	7.5
06/30/18	4,861	4,861	-	64,813	7.5
06/30/17	3,732	3,732	-	49,760	7.5
06/30/16	4,421	4,421	-	58,947	7.5
06/30/15	4,255	4,255	-	58,690	7.2

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employees Fund

Changes in actuarial assumptions

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

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

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

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

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

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

Changes in plan provisions

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

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

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

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

2016 – No changes noted

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.1628 %	\$ 2,145,878	\$ 50,542	\$ 2,196,420	\$ 2,196,420	97.7 %	87.2 %
06/30/19	0.1676	1,784,271	-	1,784,271	1,768,710	100.9	89.3
06/30/18	0.1725	1,838,672	-	1,838,672	1,817,727	101.2	88.8
06/30/17	0.1690	2,281,701	-	2,281,701	1,736,069	131.4	85.4
06/30/16	0.1730	6,942,791	-	6,942,791	1,664,857	417.0	63.9
06/30/15	0.1700	1,931,598	-	1,931,598	1,527,767	126.4	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 335,854	\$ 335,854	\$ -	\$ 1,897,480	17.70 %
12/31/19	302,295	302,295	-	1,783,450	16.95
12/31/18	295,210	295,210	-	1,822,284	16.20
12/31/17	289,480	289,480	-	1,786,912	16.20
12/31/16	274,764	274,764	-	1,696,077	16.20
12/31/15	260,582	260,582	-	1,608,531	16.20

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in actuarial assumptions

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

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

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

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

Changes in plan provisions

2020 – No changes noted

2019 – No changes noted

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

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

2016 – No changes noted

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 76,791	\$ 68,044	\$ 63,733	\$ 58,047	\$ 65,792	\$ 62,284
Interest	140,472	128,323	135,398	139,590	132,000	124,754
Changes of benefit terms	-	-	-	-	117,530	-
Differences between expected and actual experience	(51,817)	-	(27,341)	-	(151,303)	-
Changes of assumptions	31,541	-	66,804	41,094	(19,793)	(21,961)
Changes in benefit terms	-	148,739	-	-	-	-
Benefit payments	(208,390)	(125,505)	(280,410)	(62,305)	(129,632)	(262,579)
Net Change in Total Pension Liability	(11,403)	219,601	(41,816)	176,426	14,594	(97,502)
Total Pension Liability - January 1	2,188,517	1,968,916	2,010,732	1,834,306	1,819,712	1,917,214
Total Pension Liability - December 31 (A)	\$ 2,177,114	\$ 2,188,517	\$ 1,968,916	\$ 2,010,732	\$ 1,834,306	\$ 1,819,712
Plan Fiduciary Net Position						
Municipal contributions	\$ 136,000	\$ 131,000	\$ 137,103	\$ 133,557	\$ 125,286	\$ 142,880
Projected investment return	482,800	617,935	(122,742)	462,875	203,866	10,372
Benefit payments, including refunds of employee contributions	(208,390)	(125,505)	(280,410)	(62,305)	(129,632)	(262,579)
Administrative expenses	(14,221)	(18,109)	(16,468)	(18,693)	(13,143)	(17,929)
Net Change in Plan Fiduciary Net Position	396,189	605,321	(282,517)	515,434	186,377	(127,256)
Plan Fiduciary Net Position - January 1	3,198,942	2,593,621	2,876,138	2,360,704	2,174,327	2,301,583
Plan Fiduciary Net Position - December 31 (B)	\$ 3,595,131	\$ 3,198,942	\$ 2,593,621	\$ 2,876,138	\$ 2,360,704	\$ 2,174,327
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (1,418,017)	\$ (1,010,425)	\$ (624,705)	\$ (865,406)	\$ (526,398)	\$ (354,615)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	165.13%	146.17%	131.73%	143.04%	128.70%	119.49%
Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to the Required Supplementary Information - Fire Relief Association

Changes in actuarial assumptions

2020 - The expected investment return and discount rate decreased from 6.50% to 6.25% to reflect updated capital market assumptions. The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.50% to 2.25%.

2018 - Mortality, termination, and disability rates were changed to those used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation. The expected investment return and discount rate decreased from 7.00% to 6.50% to reflect updated capital market assumptions. The inflation assumption was updated from 2.75% to 2.50%.

2017 - The expected investment return and discount rate decreased from 7.50 percent to 7.00 percent to reflect updated capital market assumptions.

2016 - Expected investment return and discount rate were updated from 7.25 percent to 7.50 percent to reflect updated capital market models and investment expenses.

Changes in plan provisions

2020 - None.

2019 - The lump sum benefit amount was increased from \$4,500 to \$5,000.

2018 - None.

2017 - None.

2016 - Lump sum benefit amounts were updated to \$4,250, \$4,375 and \$4,500 effective in 2017, 2018 and 2019, respectively. The monthly pension was increased from \$24.50 to \$25.50.

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Required Supplementary Information		
	Actuarial Determined Contribution	Actual Contributions Paid	Contribution Deficiency (Excess)
	(a)	(b)	(a-b)
12/31/20	\$ 100,167	\$ 136,000	\$ (35,833)
12/31/19	95,920	134,000	(38,080)
12/31/18	137,103	149,103	(12,000)
12/31/17	133,557	134,557	(1,000)
12/31/16	125,286	126,286	(1,000)
12/31/15	142,880	140,895	1,985

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

Schedule of Changes in the OPEB Liability and Related Ratios

City	2020	2019	2018
Total OPEB liability			
Service cost	\$ 56,110	\$ 84,988	\$ 75,603
Interest	23,597	20,994	20,399
Differences between expected and actual experience	-	67,703	-
Changes in assumptions	38,027	(126,468)	3,649
Benefit payments	-	(16,751)	(3,587)
Employer contributions	(16,424)	-	-
Net change in total OPEB liability	101,310	30,466	96,064
Total OPEB liability - beginning	588,128	557,662	461,598
Total OPEB liability - ending	<u>\$ 689,438</u>	<u>\$ 588,128</u>	<u>\$ 557,662</u>
Covered - employee payroll	\$ 6,006,530	\$ 5,898,055	\$ 5,289,106
City's total OPEB liability as a percentage of covered employee payroll	11.48 %	9.97 %	10.54 %

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Benefit Changes:

In 2020, the following changes occurred:

None

In 2019, the following changes occurred:

None

In 2018, the following changes occurred:

None

Changes in Assumptions:

In 2020, the following assumptions changed:

The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

In 2019, the following assumptions changed:

The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capital claims costs were updated to reflect recent experience.

Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2018 PERA General Employees Retirement Plan valuation.

The percent of future regular retirees eligible for benefits assumed to elect coverage at retirement changed from 42% to 20% to reflect recent plan experience.

The percent of future non Medicare eligible retirees electing each medical plan changed to reflect recent experience and plan offerings.

The inflation rate assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

In 2018, the following assumptions changed:

The discount rate changed from 3.81% to 3.31% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capital claims costs were updated to reflect recent experience.

Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2017 PERA General Employees Retirement Plan valuation.

The salary scale assumption was changed from a flat rate of 3.25 percent to the rates used in the 7/1/2017 PERA General Employees Retirement Plan valuation.

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

PUC	2020	2019	2018
Total OPEB liability			
Service cost	\$ 30,238	\$ 39,871	\$ 35,278
Interest	16,831	21,586	23,487
Changes in benefit terms			-
Differences between expected and actual experience			-
Changes in assumptions	-	(203,455)	19,883
Benefit payments	32,257	(4,653)	(45,268)
Employer contributions	(34,555)	(49,827)	
Net change in total OPEB liability	44,771	(196,478)	33,380
Total OPEB liability - beginning	440,712	637,190	603,810
Total OPEB liability - ending	<u>\$ 485,483</u>	<u>\$ 440,712</u>	<u>\$ 637,190</u>
Covered - employee payroll	\$ 5,379,213	\$ 5,245,396	\$ 5,591,440
PUC's total OPEB liability as a percentage of covered employee payroll	9.03 %	8.40 %	11.40 %

Benefit Changes:

In 2020, the following changes occurred:

None

In 2019, the following changes occurred:

None

In 2018, the following changes occurred:

None

Changes in Assumptions:

In 2020, the following assumptions changed:

The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

In 2019, the following assumptions changed:

The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capital claims costs were updated to reflect recent experience.

Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2018 PERA General Employees Retirement Plan valuation.

The inflation rate assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

In 2018, the following assumptions changed:

The discount rate changed from 3.81% to 3.31% based on updated 20-year municipal bond rates.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capital claims costs were updated to reflect recent experience.

Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2017 PERA General Employees Retirement Plan valuation.

The salary scale assumption was changed from a flat rate of 3.25 percent to the rates used in the 7/1/2017 PERA General Employees Retirement Plan valuation.

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

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

City of New Ulm
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of New Ulm, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2020

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 2,280,941	\$ 258,344	\$ 930,543	\$ 542,098	\$ 4,011,926
Receivables					
Delinquent taxes	23,976	-	-	-	23,976
Accounts	3,549	-	-	1,377	4,926
Notes, net of allowance	1,443,145	-	-	-	1,443,145
Special assessments	-	60,544	-	-	60,544
Intergovernmental	-	-	54,464	-	54,464
Advances to other funds	188,831	-	-	-	188,831
Prepaid items	3,826	-	-	-	3,826
Total Assets	\$ 3,944,268	\$ 318,888	\$ 985,007	\$ 543,475	\$ 5,791,638
Liabilities					
Accounts payable	\$ 48,460	\$ -	\$ 163,971	\$ -	\$ 212,431
Retainage payable	-	-	52,961	-	52,961
Due to other governments	165	-	-	-	165
Accrued salaries payable	9,403	-	-	-	9,403
Advances from other funds	188,831	-	-	-	188,831
Unearned revenue	-	-	15,068	-	15,068
Total Liabilities	246,859	-	232,000	-	478,859
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	23,976	-	-	-	23,976
Special assessments	-	60,544	-	-	60,544
Total Deferred Inflows of Resources	23,976	60,544	-	-	84,520
Fund Balances					
Nonspendable					
Prepaid items	3,826	-	-	-	3,826
Perpetual care	-	-	-	543,475	543,475
Restricted					
Library programs	9,926	-	-	-	9,926
Culture and recreation projects	90,585	-	-	-	90,585
Economic development	2,529,764	-	-	-	2,529,764
Maintain parking areas	468,146	-	-	-	468,146
TIF activities	65,394	-	-	-	65,394
Debt service	-	258,344	-	-	258,344
Capital improvements	-	-	990,027	-	990,027
Committed					
Library services	117,670	-	-	-	117,670
Library programs	71,541	-	-	-	71,541
Assigned					
DARE program	60,444	-	-	-	60,444
Library services	404,695	-	-	-	404,695
Library programs	20,656	-	-	-	20,656
Fire fighting	3,708	-	-	-	3,708
Employee lunchrooms	9,365	-	-	-	9,365
Unassigned	(182,287)	-	(237,020)	-	(419,307)
Total Fund Balances	3,673,433	258,344	753,007	543,475	5,228,259
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,944,268	\$ 318,888	\$ 985,007	\$ 543,475	\$ 5,791,638

City of New Ulm, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
Revenues					
Taxes					
General	\$ 788,330	\$ -	\$ -	\$ -	\$ 788,330
Delinquent	3,840	-	-	-	3,840
Captured TIF	202,199	-	-	-	202,199
Mobile home	1,871	-	-	-	1,871
Special service district	33,077	-	-	-	33,077
Intergovernmental					
Federal	1,028,018	-	-	-	1,028,018
State					
Other aid	325,000	-	162,662	-	487,662
County					
Library aid	16,300	-	-	-	16,300
Local					
Other	400	-	-	-	400
Charges for services					
Culture and recreation	6,390	-	-	-	6,390
Miscellaneous	25,472	-	-	-	25,472
Fines and forfeitures	1,207	-	-	-	1,207
Special assessments	-	42,865	-	-	42,865
Investment earnings	59,927	1,509	12,756	1,677	75,869
Miscellaneous					
Donations	26,463	-	-	-	26,463
Other	61,287	-	10,129	32,754	104,170
Total Revenues	<u>2,579,781</u>	<u>44,374</u>	<u>185,547</u>	<u>34,431</u>	<u>2,844,133</u>
Expenditures					
Current					
General government	215,884	-	-	-	215,884
Public safety					
Police	125,571	-	-	-	125,571
Fire	26,611	-	-	-	26,611
Public works					
Streets and highways	32,226	-	31,819	-	64,045
Culture and recreation					
Library	812,256	-	-	-	812,256
Other	82,484	-	-	-	82,484
Economic development	201,595	-	-	-	201,595
Miscellaneous					
Other	454,325	-	-	15,664	469,989
Capital outlay					
General government	105,723	-	-	-	105,723
Public safety	67,307	-	-	-	67,307
Streets and highways	-	-	1,260,112	-	1,260,112
Culture and recreation	70,896	-	-	-	70,896
Debt service					
Principal	36,326	3,425,000	-	-	3,461,326
Interest	12,036	655,600	-	-	667,636
Total Expenditures	<u>2,243,240</u>	<u>4,080,600</u>	<u>1,291,931</u>	<u>15,664</u>	<u>7,631,435</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>336,541</u>	<u>(4,036,226)</u>	<u>(1,106,384)</u>	<u>18,767</u>	<u>(4,787,302)</u>
Other Financing Sources (Uses)					
Transfers in	-	4,080,600	361,213	-	4,441,813
Transfers out	-	-	(920,674)	-	(920,674)
Total Other Financing Sources (Uses)	<u>-</u>	<u>4,080,600</u>	<u>(559,461)</u>	<u>-</u>	<u>3,521,139</u>
Net Change in Fund Balances	336,541	44,374	(1,665,845)	18,767	(1,266,163)
Fund Balances, January 1	<u>3,336,892</u>	<u>213,970</u>	<u>2,418,852</u>	<u>524,708</u>	<u>6,494,422</u>
Fund Balances, December 31	<u>\$ 3,673,433</u>	<u>\$ 258,344</u>	<u>\$ 753,007</u>	<u>\$ 543,475</u>	<u>\$ 5,228,259</u>

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SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenues from specific sources. They are usually required by statute, ordinance or administrative action or finance particular activities of government.

Park and Recreation Fund - a major fund which accounts for the activities associated with maintaining the City's parks and for the operation of various recreation programs.

The Sales Tax Revenue Fund - a major fund which was established to record sales, use and excise tax revenues and transfers to Bond Sinking and Bond Interest Funds for debt service associated with General Obligation Sales Tax Revenue Bonds, Series 2001 and 2002, and for capital projects related to the sales tax referendum projects.

Economic Development Loan Program Fund - a nonmajor fund which accounts for funds dedicated to providing financial assistance to businesses for economic development within the City.

The TIF District Funds are nonmajor funds which were established to account for project improvements and captured property tax increments received that are associated with various Tax Increment Districts and the debt service relating to such Districts. The Tax Increment Districts are as follows:

- ◆ **TIF RD-9 Eagle Dvlp**
- ◆ **TIF H-2 Ridgeway on German #1**
- ◆ **TIF H-5 Milford Heights #1**
- ◆ **TIF H-7 Winkleman #3**
- ◆ **TIF H-9 Middle School**

Community Development Block Grant Fund - a nonmajor fund which accounts for funds dedicated to providing financial assistance to a business for economic development within the City.

Library Fund - a nonmajor fund which accounts for the operation of a City library.

Library Board Fund - a nonmajor fund which accounts for donations and memorials to the library to be used at the discretion of the library Board to supplement library appropriations.

Parking Meter Fund - a nonmajor fund which accounts for activities associated with the special tax district for downtown parking and the City's parking lots.

State MIF Grant Fund - a nonmajor fund which accounts for funds loaned to businesses under the State MIF grant program.

Rehabilitation Loan Program Fund - a nonmajor fund which accounts for funds loaned to residents for rehabilitation of their property.

Character Counts Fund - a nonmajor fund which accounts for donations received for the operation of "Drug Abuse Resistance Education" program at local schools through the police department.

Firefighters Fund - a nonmajor fund which accounts for firefighter expense reimbursement by truck company.

Small Cities Fund - a nonmajor fund which accounts for funds dedicated to providing financial assistance for business and individuals.

Miscellaneous Affiliated Groups Fund - accounts for moneys held for the various groups.

Employee Lunchrooms Fund - accounts for moneys held for the various lunchrooms.

COVID Relief Fund - a temporary fund used to account for funds received from the State/Federal government to provide relief from the pandemic expenses.

City of New Ulm, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2020

	Economic Development Loan Program	TIF Districts	Community Development Block Grant	Library	Library Board	Parking Meter
Assets						
Cash and investments	\$ 362,296	\$ 114,438	\$ 460,452	\$ 535,762	\$ 102,123	\$ 466,918
Receivables						
Delinquent taxes	-	-	-	9,784	-	14,192
Accounts	-	-	-	243	-	3,106
Notes, net of allowance	608,773	-	2,859	-	-	-
Advances to other funds	188,831	-	-	-	-	-
Prepaid items	-	-	-	264	-	3,562
Total Assets	\$ 1,159,900	\$ 114,438	\$ 463,311	\$ 546,053	\$ 102,123	\$ 487,778
Liabilities						
Accounts payable	\$ -	\$ 42,500	\$ -	\$ 5,557	\$ -	\$ 393
Due to other governments	-	-	-	-	-	165
Accrued salaries payable	-	-	-	8,083	-	1,320
Advances from other funds	-	188,831	-	-	-	-
Total Liabilities	-	231,331	-	13,640	-	1,878
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	-	-	-	9,784	-	14,192
Fund Balances						
Nonspendable						
Prepaid items	-	-	-	264	-	3,562
Restricted						
Library programs	-	-	-	-	9,926	-
Culture and recreation projects	-	-	-	-	-	-
Economic development	1,159,900	-	463,311	-	-	-
Maintain parking areas	-	-	-	-	-	468,146
TIF activities	-	65,394	-	-	-	-
Committed						
Library services	-	-	-	117,670	-	-
Library programs	-	-	-	-	71,541	-
Assigned						
DARE program	-	-	-	-	-	-
Library services	-	-	-	404,695	-	-
Library programs	-	-	-	-	20,656	-
Fire fighting	-	-	-	-	-	-
Employee lunchrooms	-	-	-	-	-	-
Unassigned	-	(182,287)	-	-	-	-
Total Fund Balances	1,159,900	(116,893)	463,311	522,629	102,123	471,708
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,159,900	\$ 114,438	\$ 463,311	\$ 546,053	\$ 102,123	\$ 487,778

State MIF Grant	Rehabilitation Loan Program	Character Counts	Firefighters	Small Cities	Miscellaneous Affiliated Groups	Employee Lunchrooms	COVID Relief Fund	Total Nonmajor
\$ (2,121)	\$ 17,034	\$ 60,444	\$ 3,708	\$ 60,127	\$ 90,385	\$ 9,375	\$ -	\$ 2,280,941
-	-	-	-	-	-	-	-	23,976
-	-	-	-	-	200	-	-	3,549
210,016	621,497	-	-	-	-	-	-	1,443,145
-	-	-	-	-	-	-	-	188,831
-	-	-	-	-	-	-	-	3,826
<u>\$ 207,895</u>	<u>\$ 638,531</u>	<u>\$ 60,444</u>	<u>\$ 3,708</u>	<u>\$ 60,127</u>	<u>\$ 90,585</u>	<u>\$ 9,375</u>	<u>\$ -</u>	<u>\$ 3,944,268</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ -	\$ 48,460
-	-	-	-	-	-	-	-	165
-	-	-	-	-	-	-	-	9,403
-	-	-	-	-	-	-	-	188,831
-	-	-	-	-	-	10	-	246,859
-	-	-	-	-	-	-	-	23,976
-	-	-	-	-	-	-	-	3,826
-	-	-	-	-	-	-	-	9,926
-	-	-	-	-	90,585	-	-	90,585
207,895	638,531	-	-	60,127	-	-	-	2,529,764
-	-	-	-	-	-	-	-	468,146
-	-	-	-	-	-	-	-	65,394
-	-	-	-	-	-	-	-	117,670
-	-	-	-	-	-	-	-	71,541
-	-	60,444	-	-	-	-	-	60,444
-	-	-	-	-	-	-	-	404,695
-	-	-	-	-	-	-	-	20,656
-	-	-	3,708	-	-	-	-	3,708
-	-	-	-	-	-	9,365	-	9,365
-	-	-	-	-	-	-	-	(182,287)
<u>207,895</u>	<u>638,531</u>	<u>60,444</u>	<u>3,708</u>	<u>60,127</u>	<u>90,585</u>	<u>9,365</u>	<u>-</u>	<u>3,673,433</u>
<u>\$ 207,895</u>	<u>\$ 638,531</u>	<u>\$ 60,444</u>	<u>\$ 3,708</u>	<u>\$ 60,127</u>	<u>\$ 90,585</u>	<u>\$ 9,375</u>	<u>\$ -</u>	<u>\$ 3,944,268</u>

City of New Ulm, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	Economic Development Loan Program	TIF Districts	Community Development Block Grant	Library	Library Board	Parking Meter
Revenues						
Taxes						
General	\$ -	\$ -	\$ -	\$ 788,330	\$ -	\$ -
Delinquent	-	-	-	3,840	-	-
Captured TIF	-	202,199	-	-	-	-
Mobile home	-	-	-	1,871	-	-
Special service district	-	-	-	-	-	33,077
Intergovernmental						
Federal						
CARES	-	-	-	-	-	-
State						
Other aid	-	-	-	-	-	-
County						
Library aid	-	-	-	16,300	-	-
Local						
Other	-	-	-	400	-	-
Charges for services						
Culture and recreation	-	-	-	6,390	-	-
Miscellaneous	-	-	-	-	-	23,412
Fines and forfeitures	-	-	-	792	-	415
Investment earnings	21,830	666	7,770	6,779	1,690	7,821
Miscellaneous						
Donations	-	-	-	-	4,349	-
Other	-	200	-	942	106	-
Total Revenues	<u>21,830</u>	<u>203,065</u>	<u>7,770</u>	<u>825,644</u>	<u>6,145</u>	<u>64,725</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Public works						
Streets and highways	-	-	-	-	-	-
Culture and recreation						
Library	-	-	-	775,773	5,129	-
Other	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Miscellaneous						
Other	-	158,895	-	-	-	74,927
Capital outlay						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	14,641	-	-
Debt service						
Principal	-	36,326	-	-	-	-
Interest	-	12,036	-	-	-	-
Total Expenditures	<u>-</u>	<u>207,257</u>	<u>-</u>	<u>790,414</u>	<u>5,129</u>	<u>74,927</u>
Net Change in Fund Balances	21,830	(4,192)	7,770	35,230	1,016	(10,202)
Fund Balances, January 1	<u>1,138,070</u>	<u>(112,701)</u>	<u>455,541</u>	<u>487,399</u>	<u>101,107</u>	<u>481,910</u>
Fund Balances, December 31	<u>\$ 1,159,900</u>	<u>\$ (116,893)</u>	<u>\$ 463,311</u>	<u>\$ 522,629</u>	<u>\$ 102,123</u>	<u>\$ 471,708</u>

State MIF Grant	Rehabilitation Loan Program	Character Counts	Firefighters	Small Cities	Miscellaneous Affiliated Groups	Employee Lunchrooms	COVID Relief Fund	Total Nonmajor
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 788,330
-	-	-	-	-	-	-	-	3,840
-	-	-	-	-	-	-	-	202,199
-	-	-	-	-	-	-	-	1,871
-	-	-	-	-	-	-	-	33,077
-	-	-	-	-	-	-	1,028,018	1,028,018
\$ 325,000	-	-	-	-	-	-	-	325,000
-	-	-	-	-	-	-	-	16,300
-	-	-	-	-	-	-	-	400
-	-	-	-	-	-	-	-	6,390
-	-	-	-	-	-	2,060	-	25,472
-	-	-	-	-	-	-	-	1,207
4,106	6,930	-	67	1,005	1,135	128	-	59,927
-	-	-	-	-	22,114	-	-	26,463
-	60,000	-	-	-	-	39	-	61,287
329,106	66,930	-	67	1,005	23,249	2,227	1,028,018	2,579,781
-	-	-	-	-	-	-	215,884	215,884
-	-	-	-	-	-	-	125,571	125,571
-	-	-	10,091	-	-	-	16,520	26,611
-	-	-	-	-	-	-	32,226	32,226
-	-	-	-	-	-	-	31,354	812,256
121,211	-	-	-	-	4,056	-	78,428	82,484
-	-	-	-	-	-	-	80,384	201,595
-	-	-	-	-	-	2,137	218,366	454,325
-	-	-	-	-	-	-	105,723	105,723
-	-	-	-	-	-	-	67,307	67,307
-	-	-	-	-	-	-	56,255	70,896
-	-	-	-	-	-	-	-	36,326
-	-	-	-	-	-	-	-	12,036
121,211	-	-	10,091	-	4,056	2,137	1,028,018	2,243,240
207,895	66,930	-	(10,024)	1,005	19,193	90	-	336,541
-	571,601	60,444	13,732	59,122	71,392	9,275	-	3,336,892
\$ 207,895	\$ 638,531	\$ 60,444	\$ 3,708	\$ 60,127	\$ 90,585	\$ 9,365	\$ -	\$ 3,673,433

City of New Ulm, Minnesota
Library Special Revenue Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Taxes				
General	\$ 789,098	\$ 789,098	\$ 788,330	\$ 801,536
Delinquent	-	-	3,840	1,875
Mobile home	-	-	1,871	1,725
Intergovernmental				
State				
Other aid	1,280	1,280	-	1,280
County	15,540	15,540	16,300	16,360
Local	-	-	400	694
Charges for services	9,500	9,500	6,390	8,557
Fines and forfeitures	1,000	1,000	792	4,228
Investment earnings	5,700	5,700	6,779	10,220
Miscellaneous				
Donations	-	-	-	7
Other	2,750	2,750	942	2,499
Total Revenues	<u>824,868</u>	<u>824,868</u>	<u>825,644</u>	<u>848,981</u>
Expenditures				
Current				
Culture and recreation				
Personal services	622,599	622,599	564,459	581,681
Supplies	79,500	79,500	76,961	72,864
Contractual services	67,469	67,469	88,519	58,776
Other services and charges	55,300	55,300	45,834	50,563
Total Current	<u>824,868</u>	<u>824,868</u>	<u>775,773</u>	<u>763,884</u>
Capital outlay				
Culture and recreation	15,000	15,000	14,641	-
Total Expenditures	<u>839,868</u>	<u>839,868</u>	<u>790,414</u>	<u>763,884</u>
Net Change in Fund Balances	(15,000)	(15,000)	35,230	85,097
Fund Balances, January 1	<u>487,399</u>	<u>487,399</u>	<u>487,399</u>	<u>402,302</u>
Fund Balance, December 31	<u>\$ 472,399</u>	<u>\$ 472,399</u>	<u>\$ 522,629</u>	<u>\$ 487,399</u>

City of New Ulm, Minnesota
Parking Meter Special Revenue Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Revenues				
Taxes				
Delinquent	\$ -	\$ -	\$ -	\$ 4,531
Special service district	40,000	40,000	33,077	33,500
Penalties and interest	-	-	-	2,385
Intergovernmental				
State				
Other aid	135	135	-	135
Charges for services	21,000	21,000	23,412	23,321
Fines and forfeitures	15,000	15,000	415	16,620
Investment earnings	9,400	9,400	7,821	16,873
Total Revenues	<u>85,535</u>	<u>85,535</u>	<u>64,725</u>	<u>97,365</u>
Expenditures				
Current				
Miscellaneous				
Personal services	57,248	57,248	52,262	55,311
Supplies	3,650	15,890	6,078	34,887
Contractual services	15,000	15,000	15,793	16,963
Other services and charges	900	900	794	1,137
Total Expenditures	<u>76,798</u>	<u>89,038</u>	<u>74,927</u>	<u>108,298</u>
Net Change in Fund Balances	8,737	(3,503)	(10,202)	(10,933)
Fund Balances, January 1	<u>481,910</u>	<u>481,910</u>	<u>481,910</u>	<u>492,843</u>
Fund Balances, December 31	<u>\$ 490,647</u>	<u>\$ 478,407</u>	<u>\$ 471,708</u>	<u>\$ 481,910</u>

City of New Ulm, Minnesota
Park and Recreation Special Revenue Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General	\$ 1,013,908	\$ 1,013,908	\$ 1,012,958	\$ (950)	\$ 1,003,811
Delinquent	-	-	4,821	4,821	2,224
Mobile home	-	-	2,396	2,396	2,174
Payment in lieu of taxes	415,101	415,101	394,761	(20,340)	433,410
Intergovernmental					
State					
Local governmental aid	902,687	902,687	903,786	1,099	930,800
Other aid	3,099	3,099	-	(3,099)	25,460
Local					
Other aid	-	-	4,000	4,000	-
Charges for services	984,240	984,240	436,283	(547,957)	1,030,610
Investment earnings	11,700	11,700	12,468	768	17,187
Miscellaneous					
Donations	486,000	486,000	5,586	(480,414)	162,091
Other	12,400	12,400	21,016	8,616	24,442
Total Revenues	<u>3,829,135</u>	<u>3,829,135</u>	<u>2,798,075</u>	<u>(1,031,060)</u>	<u>3,632,209</u>
Expenditures					
Current					
Culture and recreation					
Administration					
Personal services	416,270	416,270	332,971	83,299	376,929
Supplies	7,000	7,000	6,988	12	6,531
Contractual services	33,587	33,587	16,471	17,116	27,258
Other services and charges	47,431	47,431	28,081	19,350	50,962
Total	<u>504,288</u>	<u>504,288</u>	<u>384,511</u>	<u>119,777</u>	<u>461,680</u>
Park					
Personal services	530,761	530,761	491,933	38,828	542,798
Supplies	130,600	143,008	140,739	2,269	107,446
Contractual services	228,862	235,377	238,693	(3,316)	233,986
Other services and charges	91,200	91,200	110,216	(19,016)	74,751
Total	<u>981,423</u>	<u>1,000,346</u>	<u>981,581</u>	<u>18,765</u>	<u>958,981</u>
Outdoor pool					
Personal services	22,155	22,155	23,841	(1,686)	23,836
Supplies	8,600	8,600	7,097	1,503	10,528
Contractual services	10,500	10,500	825	9,675	12,914
Other services and charges	8,975	8,975	5,201	3,774	9,475
Total	<u>50,230</u>	<u>50,230</u>	<u>36,964</u>	<u>13,266</u>	<u>56,753</u>

City of New Ulm, Minnesota
Park and Recreation Special Revenue Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Recreation center					
Personal services	\$ 635,583	\$ 635,583	\$ 477,905	\$ 157,678	\$ 589,255
Supplies	119,800	119,800	56,700	63,100	72,974
Contractual services	62,890	62,890	42,089	20,801	41,935
Other services and charges	214,400	214,400	122,622	91,778	187,888
Total	1,032,673	1,032,673	699,316	333,357	892,052
Civic center					
Personal services	177,420	177,420	153,427	23,993	166,615
Supplies	38,500	38,500	41,018	(2,518)	32,692
Contractual services	78,530	78,530	89,416	(10,886)	87,189
Other services and charges	291,900	291,900	262,261	29,639	280,658
Total	586,350	586,350	546,122	40,228	567,154
Community center					
Personal services	99,758	99,758	92,495	7,263	88,553
Supplies	22,900	22,900	15,648	7,252	8,154
Contractual services	26,013	26,013	18,262	7,751	19,577
Other services and charges	35,500	35,500	28,414	7,086	33,603
Total	184,171	184,171	154,819	29,352	149,887
Total Current	3,339,135	3,358,058	2,803,313	554,745	3,086,507
Capital outlay					
Culture and recreation					
Park	1,360,000	1,379,985	3,529	1,376,456	366,994
Total Expenditures	4,699,135	4,738,043	2,806,842	1,931,201	3,453,501
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(870,000)	(908,908)	(8,767)	900,141	178,708
Other Financing Sources (Uses)					
Transfers in	670,000	670,000	-	(670,000)	-
Transfers out	-	-	(28,327)	(28,327)	-
Total Other Financing Sources (Uses)	670,000	670,000	(28,327)	(698,327)	-
Net Change in Fund Balances	(200,000)	(238,908)	(37,094)	201,814	178,708
Fund Balances, January 1	928,632	928,632	928,632	-	749,924
Fund Balances, December 31	\$ 728,632	\$ 689,724	\$ 891,538	\$ 201,814	\$ 928,632

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DEBT SERVICE FUNDS

Debt Service funds are used to account for the payment of principal and interest on various types of general obligation and special assessment debt excluding those payable from proprietary funds.

The Bond Sinking Fund is a major fund which was established to account for special assessments and tax levies used to retire G.O. Bonds issued in accordance with Minnesota statutes section 429.

The G.O. Improvement Bonds Debt Service Funds are nonmajor funds which were established to record transfers from the Bond Sinking Fund for debt service associated with General Obligation Improvement Bonds, Series 2009 through 2019.

City of New Ulm, Minnesota
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2020

	2013 G.O. PIRF Fund	2012 G.O. PIRF Bonds	2015 G.O. PIRF Bonds	2016 G.O. PIRF Bonds
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 258,344
Receivables				
Special assessments				
Delinquent	-	-	-	60,544
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,888</u>
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	\$ -	\$ -	\$ -	\$ 60,544
Fund Balances				
Restricted				
Debt service	-	-	-	258,344
Total Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,888</u>

2017 G.O. PIRF Bonds	2018 G.O. PIRF Bonds	2018B Sales Tax Revenue Bonds	2019 G.O. PIRF Bonds	Total Nonmajor
\$ -	\$ -	\$ -	\$ -	\$ 258,344
-	-	-	-	60,544
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,888</u>
\$ -	\$ -	\$ -	\$ -	\$ 60,544
-	-	-	-	258,344
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,888</u>

City of New Ulm, Minnesota
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	2013 G.O. PIRF Fund	2012 G.O. PIRF Bonds	2015 G.O. PIRF Bonds	2016 G.O. PIRF Bonds
Revenues				
Special assessments	\$ -	\$ -	\$ -	\$ 42,865
Investment earnings	-	-	-	1,509
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,374</u>
Expenditures				
Debt service				
Principal	1,215,000	235,000	320,000	305,000
Interest	<u>22,995</u>	<u>7,370</u>	<u>43,438</u>	<u>20,400</u>
Total Expenditures	<u>1,237,995</u>	<u>242,370</u>	<u>363,438</u>	<u>325,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,237,995)	(242,370)	(363,438)	(281,026)
Other Financing Sources (Uses)				
Transfers in	<u>1,237,995</u>	<u>242,370</u>	<u>363,438</u>	<u>325,400</u>
Net Change in Fund Balances	-	-	-	44,374
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,970</u>
Fund Balances, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 258,344</u></u>

2017 G.O. PIRF Bonds	2018 G.O. PIRF Bonds	2018B Sales Tax Revenue Bonds	2019 G.O. PIRF Bonds	Total Nonmajor
\$ -	\$ -	\$ -	\$ -	\$ 42,865
-	-	-	-	1,509
-	-	-	-	44,374
235,000	640,000	-	475,000	3,425,000
41,300	78,650	243,406	198,041	655,600
276,300	718,650	243,406	673,041	4,080,600
(276,300)	(718,650)	(243,406)	(673,041)	(4,036,226)
276,300	718,650	243,406	673,041	4,080,600
-	-	-	-	44,374
-	-	-	-	213,970
\$ -	\$ -	\$ -	\$ -	\$ 258,344

City of New Ulm, Minnesota
Debt Service Funds
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - Bond Sinking Fund
For the Year Ended December 31, 2020

	Bond Sinking			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
General	\$ 1,967,820	\$ 1,967,820	\$ 1,965,991	\$ (1,829)
Delinquent	-	-	10,128	10,128
Mobile home	-	-	4,771	4,771
Total taxes	1,967,820	1,967,820	1,980,890	13,070
Special assessments	1,000,000	1,000,000	1,028,969	28,969
Investment earnings	41,800	41,800	5,552	(36,248)
Total Revenues	<u>3,009,620</u>	<u>3,009,620</u>	<u>3,015,411</u>	<u>5,791</u>
Expenditures				
Debt service				
Bond issuance costs and fees	<u>3,000</u>	<u>3,000</u>	<u>2,861</u>	<u>139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,006,620	3,006,620	3,012,550	5,930
Other Financing Sources (Uses)				
Transfers out	<u>(2,863,448)</u>	<u>(2,863,448)</u>	<u>(3,837,194)</u>	<u>(973,746)</u>
Net Change in Fund Balances	143,172	143,172	(824,644)	(967,816)
Fund Balances, January 1	<u>1,019,221</u>	<u>1,019,221</u>	<u>1,019,221</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,162,393</u>	<u>\$ 1,162,393</u>	<u>\$ 194,577</u>	<u>\$ (967,816)</u>

CAPITAL PROJECTS FUNDS

The Capital Projects funds are funds which account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

Sales Tax Referendum Fund – a major fund that was established to record bond funds received and the usage of those funds to complete projects that were approved by a voter approved referendum.

Capital Improvement Fund - a major fund which accounts for funds to be used to acquire or replace buildings, equipment or other improvements for City operations.

2018 Bonds Fund - a major fund which accounts for costs associated with projects that will be financed through the issuance of G.O. improvement Bonds, Series 2018.

2020 Bonds Fund - a major fund which accounts for costs associated with projects financed through the issuance of G.O. improvement Bonds, Series 2020.

2017 Bonds Fund - a nonmajor fund which accounts for costs associated with projects financed through the issuance of G.O. improvement Bonds, Series 2017.

2019 Bonds Fund - a nonmajor fund which accounts for costs associated with projects that will be financed through the issuance of G.O. improvement Bonds, Series 2019.

2021 Bonds Fund - a nonmajor fund which accounts for costs associated with projects that will be financed through the issuance of G.O. improvement Bonds, Series 2021.

City of New Ulm, Minnesota
Nonmajor Capital Project Funds
Combining Balance Sheets
December 31, 2020

	2017 Bonds	2018 Bonds	2019 Bonds	2021 Bonds	Total Nonmajor Capital Projects
Assets					
Cash and investments	\$ -	\$ 935,563	\$ (5,020)	\$ -	\$ 930,543
Receivables					
Intergovernmental	-	54,464	-	-	54,464
Total Assets	<u>\$ -</u>	<u>\$ 990,027</u>	<u>\$ (5,020)</u>	<u>\$ -</u>	<u>\$ 985,007</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 163,971	\$ 163,971
Retainage payable	-	-	52,961	-	52,961
Unearned revenue	-	-	15,068	-	15,068
Total liabilities	<u>-</u>	<u>-</u>	<u>68,029</u>	<u>163,971</u>	<u>232,000</u>
Fund Balances					
Restricted					
Capital improvements	-	990,027	-	-	990,027
Unassigned	-	-	(73,049)	(163,971)	(237,020)
Total Fund Balances	<u>-</u>	<u>990,027</u>	<u>(73,049)</u>	<u>(163,971)</u>	<u>753,007</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 990,027</u>	<u>\$ (5,020)</u>	<u>\$ -</u>	<u>\$ 985,007</u>

City of New Ulm, Minnesota
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	2017 Bonds	2018 Bonds	2019 Bonds	2021 Bonds	Total Nonmajor Capital Projects
Revenues					
Intergovernmental					
Other State aids	\$ -	\$ 48,422	\$ 114,240	\$ -	\$ 162,662
Investment earnings (loss)	12,132	(1,918)	2,542	-	12,756
Miscellaneous	-	10,129	-	-	10,129
Total Revenues	<u>12,132</u>	<u>56,633</u>	<u>116,782</u>	<u>-</u>	<u>185,547</u>
Expenditures					
Current					
Streets and highways	-	-	31,819	-	31,819
Capital outlay					
Streets and highways	<u>10,847</u>	<u>29,612</u>	<u>1,055,682</u>	<u>163,971</u>	<u>1,260,112</u>
Total expenditures	<u>10,847</u>	<u>29,612</u>	<u>1,087,501</u>	<u>163,971</u>	<u>1,291,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,285</u>	<u>27,021</u>	<u>(970,719)</u>	<u>(163,971)</u>	<u>(1,106,384)</u>
Other Financing Sources (Uses)					
Transfers in	-	-	361,213	-	361,213
Transfers out	<u>(920,674)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(920,674)</u>
Total other financing sources (uses)	<u>(920,674)</u>	<u>-</u>	<u>361,213</u>	<u>-</u>	<u>(559,461)</u>
Net Change in Fund Balances	(919,389)	27,021	(609,506)	(163,971)	(1,665,845)
Fund Balances, January 1	<u>919,389</u>	<u>963,006</u>	<u>536,457</u>	<u>-</u>	<u>2,418,852</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 990,027</u>	<u>\$ (73,049)</u>	<u>\$ (163,971)</u>	<u>\$ 753,007</u>

City of New Ulm, Minnesota
Special Revenue Tax Increment Financing Funds
Combining TIF Balance Sheet
December 31, 2020

	TIF RD-9	TIF H - 2	TIF H - 5	TIF H - 7	TIF H - 9	Totals
Assets						
Cash and investments	<u>\$ 6,420</u>	<u>\$ 43,050</u>	<u>\$ 143</u>	<u>\$ 64,701</u>	<u>\$ 124</u>	<u>\$ 114,438</u>
Liabilities						
Accounts payable	\$ -	\$ 42,500	\$ -	\$ -	\$ -	\$ 42,500
Advances from other funds	163,231	-	-	-	25,600	188,831
Total Liabilities	<u>163,231</u>	<u>42,500</u>	<u>-</u>	<u>-</u>	<u>25,600</u>	<u>231,331</u>
Fund Balances						
Restricted						
TIF activities	-	550	143	64,701	-	65,394
Unassigned	(156,811)	-	-	-	(25,476)	(182,287)
Total Fund Balances	<u>(156,811)</u>	<u>550</u>	<u>143</u>	<u>64,701</u>	<u>(25,476)</u>	<u>(116,893)</u>
Total Liabilities and Fund Balances	<u>\$ 6,420</u>	<u>\$ 43,050</u>	<u>\$ 143</u>	<u>\$ 64,701</u>	<u>\$ 124</u>	<u>\$ 114,438</u>

City of New Ulm, Minnesota
Special Revenue Tax Incrementing Financing Funds
Combining TIF Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	TIF RD-9	TIF H - 2	TIF H - 5	TIF H - 7	TIF H - 9	Totals
Revenues						
Taxes						
Captured TIF	\$ 57,386	\$ 42,498	\$ 38,135	\$ 64,180	\$ -	\$ 202,199
Investment earnings	18	201	-	446	1	666
Miscellaneous	-	-	200	-	-	200
Total Revenues	<u>57,404</u>	<u>42,699</u>	<u>38,335</u>	<u>64,626</u>	<u>1</u>	<u>203,065</u>
Expenditures						
Current						
Miscellaneous	51,042	42,651	151	65,051	-	158,895
Debt service						
Principal	-	-	36,326	-	-	36,326
Interest	4,753	-	6,539	-	744	12,036
Total Expenditures	<u>55,795</u>	<u>42,651</u>	<u>43,016</u>	<u>65,051</u>	<u>744</u>	<u>207,257</u>
Net Change in Fund Balances	1,609	48	(4,681)	(425)	(743)	(4,192)
Fund Balances, January 1	<u>(158,420)</u>	<u>502</u>	<u>4,824</u>	<u>65,126</u>	<u>(24,733)</u>	<u>(112,701)</u>
Fund Balances, December 31	<u>\$ (156,811)</u>	<u>\$ 550</u>	<u>\$ 143</u>	<u>\$ 64,701</u>	<u>\$ (25,476)</u>	<u>\$ (116,893)</u>

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PERMANENT FUNDS

Permanent funds account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes of that support the City's programs.

Cemetery Permanent Fund - accounts for amounts received and related interest income to be used for various cemetery activities.

City of New Ulm, Minnesota
Cemetery Permanent Fund
Comparative Balance Sheets
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and investments	\$ 542,098	\$ 524,708
Receivables		
Accounts	<u>1,377</u>	<u>-</u>
Total Assets	<u>\$ 543,475</u>	<u>\$ 524,708</u>
Fund Balances		
Nonspendable		
Perpetual care	<u>\$ 543,475</u>	<u>\$ 524,708</u>

City of New Ulm, Minnesota
Cemetery Permanent Fund
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Investment earnings (loss)	\$ 1,677	\$ 7,735
Miscellaneous		
Other	<u>32,754</u>	<u>19,348</u>
Total Revenues	<u>34,431</u>	<u>27,083</u>
Expenditures		
Miscellaneous	<u>15,664</u>	<u>65,360</u>
Net Change in Fund Balances	18,767	(38,277)
Fund Balances, January 1	<u>524,708</u>	<u>562,985</u>
Fund Balances, December 31	<u><u>\$ 543,475</u></u>	<u><u>\$ 524,708</u></u>

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THE GENERAL FUND

The General fund is a major fund which was established to account for the revenue and expenditures to carry out basic governmental activities of the City such as general government, public safety and public works. Revenue is recorded by source; such as property taxes, licenses and permits, fines and forfeits, charges for services and state-shared taxes. General fund expenditures are made primarily for current day-to-day operations and are recorded by functional classifications and by operating departments. This fund accounts for all financial transactions not properly accounted for in another fund.

City of New Ulm, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Cash and investments	\$ 6,315,297	\$ 6,760,506
Receivables		
Interest	122,436	162,217
Delinquent taxes	41,801	26,307
Accounts	86,149	131,284
Special assessments	115,198	137,995
Intergovernmental	196,623	98,369
Prepaid items	24,508	27,645
	<u>24,508</u>	<u>27,645</u>
Total Assets	<u>\$ 6,902,012</u>	<u>\$ 7,344,323</u>
Liabilities		
Accounts payable	\$ 117,839	\$ 92,121
Due to other funds	-	463
Accrued salaries payable	89,648	253,465
Deposits payable	35,560	24,625
Unearned revenue	11,510	14,207
Total Liabilities	<u>254,557</u>	<u>384,881</u>
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	41,801	26,307
Special assessments	115,198	137,995
Total Deferred Inflows of Resources	<u>156,999</u>	<u>164,302</u>
Fund Balances		
Nonspendable		
Prepaid items	24,508	27,645
Assigned		
Subsequent year budgeted deficit	51,899	144,950
Unassigned	6,414,049	6,622,545
Total Fund Balances	<u>6,490,456</u>	<u>6,795,140</u>
	<u>6,490,456</u>	<u>6,795,140</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,902,012</u>	<u>\$ 7,344,323</u>

City of New Ulm, Minnesota
General Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
General	\$ 3,718,868	\$ 3,718,868	\$ 3,721,871	\$ 3,003	\$ 3,460,480
Delinquent	-	-	16,295	16,295	7,407
Mobile home	-	-	8,604	8,604	7,389
Franchise	215,000	215,000	243,953	28,953	240,862
Hotel/motel	130,000	130,000	78,762	(51,238)	136,139
Payment in lieu of taxes	1,522,535	1,522,535	1,449,343	(73,192)	1,492,254
Penalties and interest on delinquent taxes	-	-	1,284	1,284	5,719
Total Taxes	5,586,403	5,586,403	5,520,112	(66,291)	5,350,250
Special assessments	24,000	24,000	27,057	3,057	20,664
Licenses and permits					
Business	69,325	69,325	50,940	(18,385)	70,732
Nonbusiness	185,300	185,300	149,207	(36,093)	252,244
Total Licenses and Permits	254,625	254,625	200,147	(54,478)	322,976
Intergovernmental					
Federal					
Airport improvement grant	175,500	175,500	74,883	(100,617)	96,061
Other federal grants	-	-	50,835	50,835	23,440
State					
Local government aid	3,310,932	3,310,932	3,314,964	4,032	3,204,791
Property tax credits and aids	-	-	121	121	189
Police amortization aid	180,000	180,000	193,746	13,746	189,297
Fire aid	94,000	94,000	100,167	6,167	95,920
Street maintenance aid	27,000	27,000	27,015	15	27,015
Other aid	182,385	182,385	127,291	(55,094)	106,993
County					
Highways	12,000	12,000	13,925	1,925	13,213
Local					
Other local	-	-	-	-	21,523
Total Intergovernmental	3,981,817	3,981,817	3,902,947	(78,870)	3,778,442
Charges for services					
General government	66,495	66,495	72,374	5,879	145,702
Public safety	146,600	146,600	159,100	12,500	149,946
Public works	6,660	6,660	7,826	1,166	8,745
Miscellaneous	155,020	155,020	145,661	(9,359)	147,961
Charges to other funds	505,552	505,552	221,383	(284,169)	467,405
Total Charges For Services	880,327	880,327	606,344	(273,983)	919,759
Fines and forfeitures					
Court fines and forfeitures	72,800	72,800	142,107	69,307	86,272
Investment earnings	110,550	110,550	98,188	(12,362)	199,956
Miscellaneous					
Other	47,780	47,780	64,569	16,789	24,105
Total Revenues	10,958,302	10,958,302	10,561,471	(396,831)	10,702,424

City of New Ulm, Minnesota
General Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Personal services	\$ 1,278,046	\$ 1,278,046	\$ 1,113,721	\$ 164,325	\$ 1,203,441
Supplies	86,600	86,600	82,094	4,506	124,817
Contractual services	518,119	518,119	526,629	(8,510)	548,304
Insurance	245,900	245,900	275,844	(29,944)	237,000
Other services and charges	448,721	467,402	338,334	129,068	401,566
Total general government	2,577,386	2,596,067	2,336,622	259,445	2,515,128
Public safety					
Fire					
Personal services	456,872	458,561	417,971	40,590	402,333
Supplies	45,000	52,154	58,186	(6,032)	43,129
Contractual services	29,738	29,738	33,644	(3,906)	44,494
Other services and charges	53,400	53,400	50,865	2,535	52,126
Total fire	585,010	593,853	560,666	33,187	542,082
Police					
Personal services	2,859,870	2,859,870	2,616,842	243,028	2,598,885
Supplies	118,470	118,470	125,393	(6,923)	161,853
Contractual services	78,548	78,548	84,703	(6,155)	49,232
Other services and charges	180,657	180,657	203,937	(23,280)	166,197
Total police	3,237,545	3,237,545	3,030,875	206,670	2,976,167
Total public safety	3,822,555	3,831,398	3,591,541	239,857	3,518,249
Streets and highways					
Personal services	1,259,248	1,259,248	1,135,892	123,356	1,228,744
Supplies	628,000	628,000	562,439	65,561	573,436
Contractual services	790,490	790,490	792,695	(2,205)	784,631
Other services and charges	10,600	10,600	9,499	1,101	12,215
Total streets and highways	2,688,338	2,688,338	2,500,525	187,813	2,599,026
Sanitation and waste removal					
Personal services	82,590	82,590	110,007	(27,417)	81,281
Supplies	8,950	8,950	739	8,211	2,747
Contractual services	60,414	60,414	56,474	3,940	60,225
Other services and charges	3,800	3,800	3,572	228	2,999
Total sanitation and waste removal	155,754	155,754	170,792	(15,038)	147,252
Miscellaneous					
Airport					
Personal services	4,516	4,516	14,333	(9,817)	4,588
Supplies	1,500	1,500	11,407	(9,907)	-
Contractual services	102,321	102,321	104,487	(2,166)	97,043
Insurance	8,650	8,650	9,263	(613)	8,406
Other services and charges	27,249	337,970	103,269	234,701	107,507
Total airport	144,236	454,957	242,759	212,198	217,544
Cemetery					
Personal services	179,095	179,095	187,667	(8,572)	174,676
Supplies	13,400	13,400	8,785	4,615	8,797
Contractual services	38,477	38,477	36,476	2,001	33,499
Other services and charges	4,400	4,400	4,067	333	3,791
Total cemetery	235,372	235,372	236,995	(1,623)	220,763

City of New Ulm, Minnesota
General Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for Year Ended December 31, 2019)

	2020				2019
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Miscellaneous (continued)					
Engineering					
Personal services	\$ 719,309	\$ 719,309	\$ 654,990	\$ 64,319	\$ 708,185
Supplies	30,320	30,320	26,004	4,316	35,233
Contractual services	147,517	190,669	82,591	108,078	110,016
Other services and charges	20,300	20,300	13,797	6,503	17,608
Total engineering	<u>917,446</u>	<u>960,598</u>	<u>777,382</u>	<u>183,216</u>	<u>871,042</u>
Community access					
Personal services	198,968	198,968	192,097	6,871	185,787
Supplies	26,100	26,100	329	25,771	2,013
Other services and charges	10,413	10,413	9,622	791	17,281
Total community access	<u>235,481</u>	<u>235,481</u>	<u>202,048</u>	<u>33,433</u>	<u>205,081</u>
Total miscellaneous	<u>1,532,535</u>	<u>1,886,408</u>	<u>1,459,184</u>	<u>427,224</u>	<u>1,514,430</u>
Total current	<u>10,776,568</u>	<u>11,157,965</u>	<u>10,058,664</u>	<u>1,099,301</u>	<u>10,294,085</u>
Capital outlay					
General government	-	-	-	-	11,227
Public safety	81,984	148,484	183,383	(34,899)	-
Miscellaneous	49,700	63,970	14,275	49,695	39,387
Total capital outlay	<u>131,684</u>	<u>212,454</u>	<u>197,658</u>	<u>14,796</u>	<u>50,614</u>
Total Expenditures	<u>10,908,252</u>	<u>11,370,419</u>	<u>10,256,322</u>	<u>1,114,097</u>	<u>10,344,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>50,050</u>	<u>(412,117)</u>	<u>305,149</u>	<u>717,266</u>	<u>357,725</u>
Other Financing Sources (Uses)					
Sales of capital assets	-	-	-	-	5,348
Transfers out	(195,000)	(195,000)	(609,833)	(414,833)	(135,406)
Total Other Financing Sources (Uses)	<u>(195,000)</u>	<u>(195,000)</u>	<u>(609,833)</u>	<u>(414,833)</u>	<u>(130,058)</u>
Net Change in Fund Balances	(144,950)	(607,117)	(304,684)	302,433	227,667
Fund Balances, January 1	<u>6,795,140</u>	<u>6,795,140</u>	<u>6,795,140</u>	-	<u>6,567,473</u>
Fund Balances, December 31	<u>\$ 6,650,190</u>	<u>\$ 6,188,023</u>	<u>\$ 6,490,456</u>	<u>\$ 302,433</u>	<u>\$ 6,795,140</u>

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INTERNAL SERVICE FUNDS

The Internal Service funds are used to account for the financing of goods or services provided by one department for other departments of the City/PUC on a cost-reimbursement basis.

Equipment Revolving Fund - accounts for the purchase and replacement of vehicles and equipment for general government functions.

Health Insurance Service Fund - accounts for the collection from the City and its employees for health insurance premiums and the associated cost of the health insurance purchased and self-funding claims incurred.

Insurance Service Fund - accounts for general liability and workers compensation claims incurred that are outside the City's insurance coverage.

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2020
(With Comparative Totals for December 31, 2019)

	Equipment Revolving	Health Insurance	Insurance	Totals	
				2020	2019
Assets					
Current Assets					
Cash and investments	\$ 2,374,457	\$ 923,845	\$ 1,848,734	\$ 5,147,036	\$ 4,199,511
Receivables					
Accounts	-	8,678	-	8,678	-
Due from other funds	-	-	-	-	463
Inventories	105,141	-	-	105,141	96,423
Total Current Assets	2,479,598	932,523	1,848,734	5,260,855	4,296,397
Noncurrent Assets					
Capital assets					
Buildings and structures	1,816,748	-	-	1,816,748	1,816,748
Machinery and equipment	5,969,683	-	-	5,969,683	5,846,963
Accumulated depreciation	(5,336,795)	-	-	(5,336,795)	(5,164,570)
Total Noncurrent Assets	2,449,636	-	-	2,449,636	2,499,141
Total Assets	4,929,234	932,523	1,848,734	7,710,491	6,795,538
Deferred Outflows of Resources					
Deferred pension resources	13,446	-	-	13,446	11,335
Liabilities					
Current Liabilities					
Accounts payable	11,512	-	295	11,807	22,507
Accrued salaries payable	2,065	235,193	-	237,258	6,532
Claims incurred but not paid	-	19,256	-	19,256	6,587
Total Current Liabilities	13,577	254,449	295	268,321	35,626
Noncurrent liabilities					
Net pension liability	107,657	-	-	107,657	95,594
Total Liabilities	121,234	254,449	295	375,978	131,220
Deferred Inflows of Resources					
Deferred pension resources	4,958	-	-	4,958	18,335
Net Position					
Investment in capital assets	2,449,636	-	-	2,449,636	2,499,141
Unrestricted	2,366,852	678,074	1,848,439	4,893,365	4,158,177
Total Net Position	\$ 4,816,488	\$ 678,074	\$ 1,848,439	\$ 7,343,001	\$ 6,657,318

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Equipment Revolving	Health Insurance	Insurance	Totals	
				2020	2019
Operating Revenues					
Charges for services	\$ 1,125,390	\$ -	\$ -	\$ 1,125,390	\$ 1,124,060
Pension revenue	289	-	-	289	223
Insurance premiums	-	2,740,361	-	2,740,361	2,914,163
Insurance refunds	-	15,213	-	15,213	9,169
Total Operating Revenues	<u>1,125,679</u>	<u>2,755,574</u>	<u>-</u>	<u>3,881,253</u>	<u>4,047,615</u>
Operating Expenses					
Administrative and general	208,330	16,430	-	224,760	234,526
Insurance premiums	-	2,546,537	-	2,546,537	2,744,126
Self funded claims	-	197,229	2,029	199,258	145,763
Vehicle maintenance	261,332	-	-	261,332	319,245
Depreciation	461,162	-	-	461,162	423,774
Total Operating Expenses	<u>930,824</u>	<u>2,760,196</u>	<u>2,029</u>	<u>3,693,049</u>	<u>3,867,434</u>
Operating Income (Loss)	<u>194,855</u>	<u>(4,622)</u>	<u>(2,029)</u>	<u>188,204</u>	<u>180,181</u>
Non-Operating Revenues (Expenses)					
Other state aid	-	-	-	-	337
Gain on sale of capital assets	62,330	-	-	62,330	68,313
Investment income	36,104	14,825	28,138	79,067	141,492
Miscellaneous income	1,437	-	354,645	356,082	119,232
Total Non-Operating Revenues (Expenses)	<u>99,871</u>	<u>14,825</u>	<u>382,783</u>	<u>497,479</u>	<u>329,374</u>
Change in Net Position	294,726	10,203	380,754	685,683	509,555
Net Position, January 1	<u>4,521,762</u>	<u>667,871</u>	<u>1,467,685</u>	<u>6,657,318</u>	<u>6,147,763</u>
Net Position, December 31	<u>\$ 4,816,488</u>	<u>\$ 678,074</u>	<u>\$ 1,848,439</u>	<u>\$ 7,343,001</u>	<u>\$ 6,657,318</u>

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Equipment Revolving	Health Insurance	Insurance	Totals	
				2020	2019
Cash Flows from Operating Activities					
Receipts from interfund services provided	\$ 1,125,390	\$ 2,731,683	\$ -	\$ 3,857,073	\$ 3,798,502
Grant receipts	-	-	-	-	337
Payments to suppliers and interfund services used	(304,438)	(5,200)	(1,994)	(311,632)	(330,600)
Payments to and on behalf of employees	(187,080)	(2,512,334)	-	(2,699,414)	(3,103,881)
Other receipts	1,437	15,213	354,645	371,295	128,401
Net Cash Provided (Used) by Operating Activities	635,309	229,362	352,651	1,217,322	492,759
Cash Flows from Non-Capital Financing Activities					
Increase (decrease) in due from other funds	463	-	-	463	(53)
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	62,330	-	-	62,330	68,313
Acquisition of capital assets	(411,657)	-	-	(411,657)	(374,960)
Net Cash Provided (Used) by Capital and Related Financing Activities	(349,327)	-	-	(349,327)	(306,647)
Cash Flows from Investing Activities					
Interest income received	36,104	14,825	28,138	79,067	141,492
Net Increase (Decrease) in Cash and Cash Equivalents	322,549	244,187	380,789	947,525	327,551
Cash and Cash Equivalents, January 1	2,051,908	679,658	1,467,945	4,199,511	3,871,960
Cash and Cash Equivalents, December 31	<u>\$ 2,374,457</u>	<u>\$ 923,845</u>	<u>\$ 1,848,734</u>	<u>\$ 5,147,036</u>	<u>\$ 4,199,511</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ 194,855	\$ (4,622)	\$ (2,029)	\$ 188,204	\$ 180,181
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	1,437	-	354,645	356,082	119,569
Depreciation	461,162	-	-	461,162	423,774
Changes in assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	-	(8,678)	-	(8,678)	-
Inventories	(8,718)	-	-	(8,718)	13,988
(Increase) decrease in deferred outflows of resources					
Deferred pension resources	(2,111)	-	-	(2,111)	10,773
(Decrease) increase in liabilities					
Accounts payable	(5,535)	(5,200)	35	(10,700)	11,882
Accrued salaries payable	(4,467)	235,193	-	230,726	650
Claims incurred, but not paid	-	12,669	-	12,669	(17,879)
Unearned revenue	-	-	-	-	(239,721)
Net pension liability	12,063	-	-	12,063	(3,854)
(Decrease) increase in deferred inflows of resources					
Deferred pension resources	(13,377)	-	-	(13,377)	(6,604)
Net Cash Provided (Used) by Operating Activities	<u>\$ 635,309</u>	<u>\$ 229,362</u>	<u>\$ 352,651</u>	<u>\$ 1,217,322</u>	<u>\$ 492,759</u>

City of New Ulm, Minnesota
Equipment Revolving Internal Service Fund
Comparative Schedules of Revenues, Expenses
and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019	(Decrease) and Increase	
			Amount	Percent
Operating Revenues				
Charges for services	\$ 1,125,390	\$ 1,124,060	\$ 1,330	0.12%
Pension revenue	289	223	66	29.60%
Total Operating Revenues	<u>1,125,679</u>	<u>1,124,283</u>	<u>1,396</u>	0.12%
Operating Expenses				
Administrative and general				
Employer paid benefits	56,373	61,719	(5,346)	-8.66%
Miscellaneous	6,032	9,871	(3,839)	-38.89%
Salaries	126,240	124,174	2,066	1.66%
Utilities	19,685	21,578	(1,893)	-8.77%
Total Administrative and General	<u>208,330</u>	<u>217,342</u>	<u>(9,012)</u>	-4.15%
Vehicle maintenance				
Gas, oil and grease	75,060	111,221	(36,161)	-32.51%
Miscellaneous	11,076	10,879	197	1.81%
Repairs	164,577	182,460	(17,883)	-9.80%
Supplies	10,619	14,685	(4,066)	-27.69%
Total Vehicle Maintenance	<u>261,332</u>	<u>319,245</u>	<u>(57,913)</u>	-18.14%
Depreciation	<u>461,162</u>	<u>423,774</u>	<u>37,388</u>	8.82%
Total Operating Expenses	<u>930,824</u>	<u>960,361</u>	<u>(29,537)</u>	-3.08%
Operating Income (Loss)	<u>194,855</u>	<u>163,922</u>	<u>30,933</u>	-18.87%
Non-Operating Revenues (Expenses)				
State other aid	-	337	(337)	-100.00%
Gain on sale of assets	62,330	68,313	(5,983)	-8.76%
Investment income	36,104	61,992	(25,888)	-41.76%
Miscellaneous revenue	1,437	471	966	205.10%
Total Non-Operating Revenues (Expenses)	<u>99,871</u>	<u>131,113</u>	<u>(31,242)</u>	-23.83%
Change in Net Position	294,726	295,035	<u>\$ (309)</u>	0.10%
Net Position, January 1	<u>4,521,762</u>	<u>4,226,727</u>		
Net Position, December 31	<u>\$ 4,816,488</u>	<u>\$ 4,521,762</u>		

City of New Ulm, Minnesota
Health Insurance Internal Service Fund
Comparative Schedules of Revenues, Expenses
and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019	(Decrease) and Increase	
			Amount	Percent
Operating Revenues				
Insurance premiums	\$ 2,740,361	\$ 2,914,163	\$ (173,802)	-5.96%
Insurance refunds	15,213	9,169	6,044	65.92%
Total Operating Revenues	<u>2,755,574</u>	<u>2,923,332</u>	<u>(167,758)</u>	-5.74%
Operating Expenses				
Administration	16,430	17,184	(754)	-4.39%
Insurance premiums	2,546,537	2,744,126	(197,589)	-7.20%
Self funded claims	<u>197,229</u>	<u>143,678</u>	<u>53,551</u>	37.27%
Total Operating Expenses	<u>2,760,196</u>	<u>2,904,988</u>	<u>(144,792)</u>	-4.98%
Operating Income (Loss)	(4,622)	18,344	(22,966)	125.20%
Non-Operating Revenues (Expenses)				
Investment income	<u>14,825</u>	<u>30,676</u>	<u>(15,851)</u>	-51.67%
Change in Net Position	10,203	49,020	<u>\$ (38,817)</u>	79.19%
Net Position, January 1	<u>667,871</u>	<u>618,851</u>		
Net Position, December 31	<u>\$ 678,074</u>	<u>\$ 667,871</u>		

City of New Ulm, Minnesota
Insurance Internal Service Fund
Comparative Schedules of Revenues, Expenses
and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019	(Decrease) and Increase	
			Amount	Percent
Operating Expenses				
Self funded claims	\$ 2,029	\$ 2,085	\$ (56)	-2.69%
Non-Operating Revenues (Expenses)				
Investment income	28,138	48,824	(20,686)	-42.37%
Miscellaneous	354,645	118,761	235,884	198.62%
Total Non-Operating Revenues (Expenses)	382,783	167,585	215,198	128.41%
Change in Net Position	380,754	165,500	\$ 215,254	-130.06%
Net Position, January 1	1,467,685	1,302,185		
Net Position, December 31	\$ 1,848,439	\$ 1,467,685		

City of New Ulm, Minnesota
Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)	
	2020	2019		
Revenues				
Taxes	\$ 11,655,580	\$ 11,385,538	2.37	%
Special assessments	1,098,891	1,460,757	(24.77)	
Licenses and permits	200,147	322,976	(38.03)	
Intergovernmental	7,181,296	7,105,948	1.06	
Charges for services	1,767,215	1,997,327	(11.52)	
Fines and forfeits	143,314	107,120	33.79	
Investment earnings	385,100	931,236	(58.65)	
Miscellaneous	616,285	1,454,078	(57.62)	
Total Revenues	<u>\$ 23,047,828</u>	<u>\$ 24,764,980</u>	(6.93)	%
Per Capita	<u>\$ 1,699</u>	<u>\$ 1,815</u>	(6.36)	%
Expenditures				
Current				
General government	\$ 2,552,506	\$ 2,515,128	1.49	%
Public safety	3,743,723	3,522,794	6.27	
Streets and highways	2,564,570	2,688,720	(4.62)	
Sanitation and waste removal	170,792	147,252	15.99	
Culture and recreation	3,700,002	4,545,433	(18.60)	
Economic development	201,595	1,369	14,625.71	
Miscellaneous	1,946,755	1,855,668	4.91	
Capital outlay				
General government	122,723	11,227	993.11	
Public safety	250,690	558,491	(55.11)	
Streets and highways	5,032,084	7,058,938	(28.71)	
Culture and recreation	8,631,828	2,073,500	316.29	
Miscellaneous	14,275	163,228	(91.25)	
Debt service				
Principal	3,461,326	4,043,894	(14.41)	
Interest and other charges	718,497	680,709	5.55	
Total Expenditures	<u>\$ 33,111,366</u>	<u>\$ 29,866,351</u>	10.87	%
Per Capita	<u>\$ 2,441</u>	<u>\$ 2,189</u>	11.54	%
Total Long-term Indebtedness	\$ 26,405,544	\$ 20,251,684	30.39	%
Per Capita	1,947	1,484	31.18	
General Fund Balance - December 31	\$ 6,490,456	\$ 6,795,140	(4.48)	%
Per Capita	479	498	(3.90)	

The purpose of this report is to provide a summary of financial information concerning the City of New Ulm to interested citizens. The complete financial statements may be examined at the City's finance office at 100 North Broadway, New Ulm, MN 56073. Questions about this report should be directed to Nicole Jorgensen, Finance Director at 507-359-8259.

OTHER REQUIRED REPORTS

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of New Ulm
New Ulm, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of New Ulm, Minnesota (the City) as of and for the year ended December 31, 2020, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2021.

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

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

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2021



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

Honorable Mayor and City Council
City of New Ulm
New Ulm, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of New Ulm, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

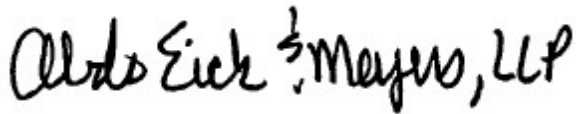
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2021



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

Honorable Mayor and City Council
City of New Ulm
New Ulm, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of New Ulm's, New Ulm, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

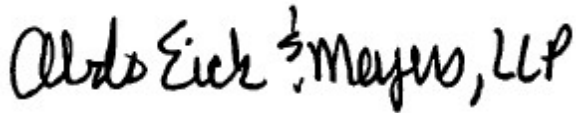
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2021

City of New Ulm, Minnesota
Schedule of Expenditure of Federal Award Programs
For the Year Ended December 31, 2020

Federal Funding Source	Administering Department/Entity	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	TMNFAA00701620	\$ 74,883	\$ -
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction Cluster	20.205	SP 148-102-004	106	-
U.S. Department of Treasury	Minnesota Department of Revenue	Coronavirus Relief Fund	21.019	G90CARESIST	1,028,018	141,807
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	EMGP-20200513-2695	50,835	-
Total Federal Expenditures					<u>\$ 1,153,842</u>	<u>\$ 141,807</u>

City of New Ulm, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December, 2020

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Ulm, Minnesota (the City) for the year ended December 31, 2020. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

Expenditures reported on this schedule are reported on the modified accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

There were federal expenditures presented in this schedule provided to subrecipients in the amount of \$141,807.

Note 5: Indirect Cost Rate

During the year ended December 31, 2020, the City did not elect to use the 10% de minimis indirect cost rate.

City of New Ulm, Minnesota
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No

Identification of Major Programs/Clusters

	<u>CFDA No.</u>
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None.

Section III - Major Federal Award Findings and Questioned Costs

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

Section IV - Schedule of Prior Year Audit Findings

There were no prior year audit findings.

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under 2CFR section 200.516(a).



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Minnesota



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