City of New Ulm
2021 Annual Financial Report






For the fiscal year ended December 31, 2021

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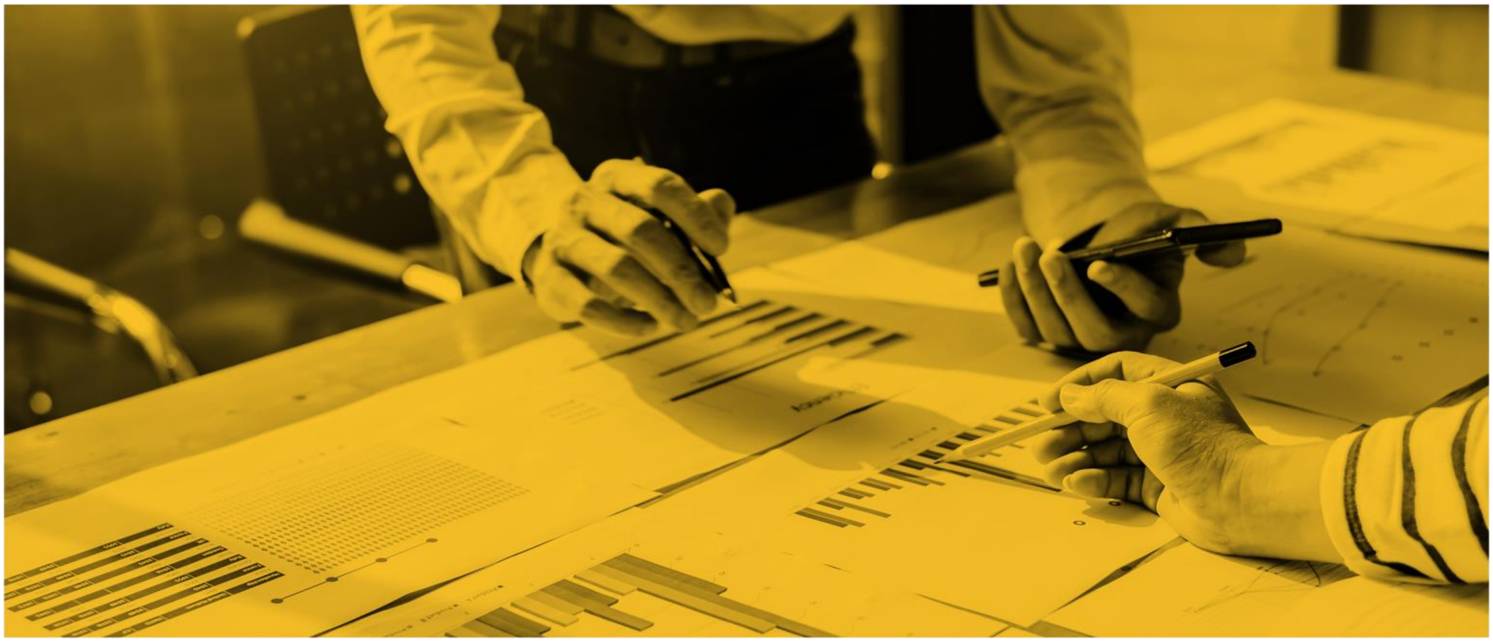

Annual Financial Report

City of New Ulm

New Ulm, Minnesota

For the year ended December 31, 2021

Lighting the path forward

Edina Office
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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, 2021

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City of New Ulm, Minnesota

List of Principal Officials

Elected Officials

OFFICIAL	OFFICE	TERM EXPIRES
Terry Sveine	Mayor	December 31, 2022
Andrea S. Boettger	President, City Council	December 31, 2024
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
April Ide	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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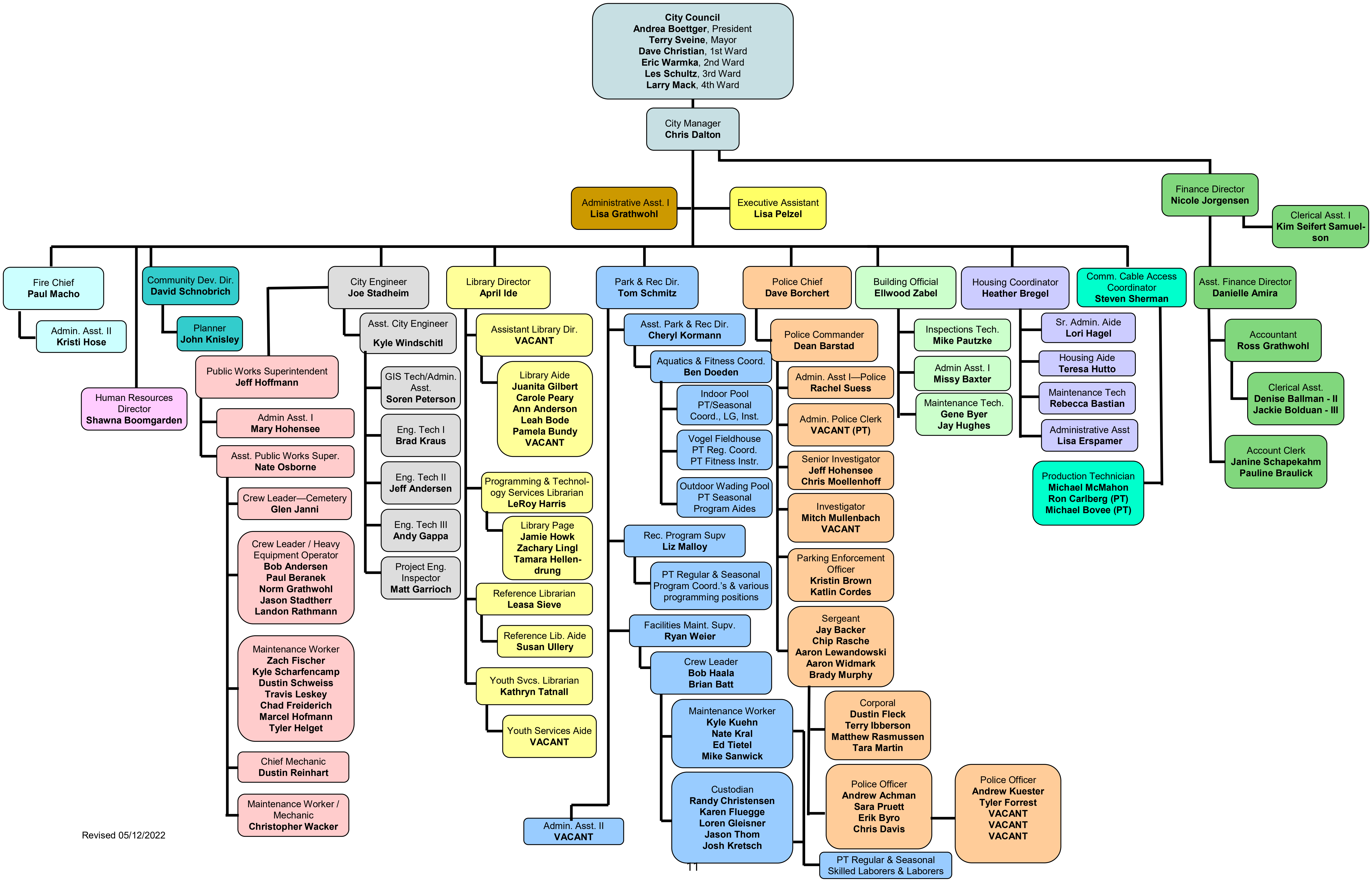
City of New Ulm Organizational Chart



Revised 05/12/2022

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FINANCIAL SECTION

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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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

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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 combining and individual fund financial statements and schedules 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 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2022, 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.

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May 17, 2022

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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, 2021. 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 $1,773,494 (0.9 percent) in 2021. The City's total net position for governmental activities increased $2,790,101 (157.3 percent of total) in 2021. The PUC's total net position decreased $906,337 (51.1 percent of total) in 2021. The EDA's total net position decreased $110,270 (6.2 percent of total) in 2021.

- Total net position of the City (including component units) is $203,944,350, of which $37,756,454 is unrestricted.

- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of $21,908,835, a decrease of $7,968,459 in comparison with the prior year. The decrease was largely driven by the spend down of bond funds issued in 2020 for the construction of the Recreation Center. Of the ending balance, $4,633,197 (21.1 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 $6,516,108, or 58.5 percent of total General fund expenditures.

- The City's total debt (including component units) decreased by $262,272, or 0.7 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

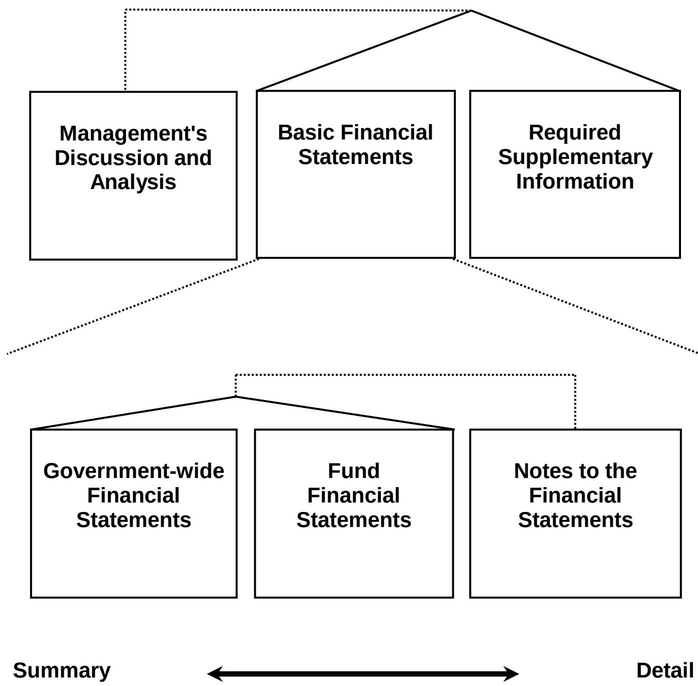


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the 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 and the Capital Improvement 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 51 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 53 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 112 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, 2021.

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 $108,400,743 at the close of the current year.

By far, the largest portion of the City's (not including component units) net position (77.4 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		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Current and									
Other Assets	$ 35,345,774	$ 43,499,135	$ (8,153,361)	$ 38,621,802	$ 40,886,407	$ (2,264,605)	$ 3,122,286	$ 3,102,047	$ 20,239
Capital assets	109,340,297	100,754,295	8,586,002	71,472,337	68,383,014	3,089,323	3,206,809	3,392,756	(185,947)
Total Assets	144,686,071	144,253,430	432,641	110,094,139	109,269,421	824,718	6,329,095	6,494,803	(165,708)
Deferred Outflows of Resources	4,526,744	1,874,853	2,651,891	2,576,154	466,239	2,109,915	8,214	12,755	(4,541)
Long-term Liabilities									
Outstanding	31,427,017	34,866,185	(3,439,168)	13,900,170	15,457,249	(1,557,079)	65,499	58,871	6,628
Other Liabilities	2,674,509	3,075,354	(400,845)	6,073,612	3,618,418	2,455,194	148,220	209,994	(61,774)
Total Liabilities	34,101,526	37,941,539	(3,840,013)	19,973,782	19,075,667	898,115	213,719	268,865	(55,146)
Deferred Inflows of Resources	6,710,546	2,576,102	4,134,444	3,270,779	327,924	2,942,855	5,715	10,548	(4,833)
Net Position									
Net Investment									
in Capital Assets	83,890,453	78,890,736	4,999,717	60,525,970	58,601,337	1,924,633	3,206,809	3,392,756	(185,947)
Restricted	13,531,593	16,859,675	(3,328,082)	5,029,075	4,742,702	286,373	3,996	5,223	(1,227)
Unrestricted	10,978,697	9,860,231	1,118,466	23,870,687	26,988,030	(3,117,343)	2,907,070	2,830,166	76,904
Total Net Position	$ 108,400,743	$ 105,610,642	$ 2,790,101	$ 89,425,732	$ 90,332,069	$ (906,337)	$ 6,117,875	$ 6,228,145	$ (110,270)

An additional portion of the City's net position (12.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (10.1 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.

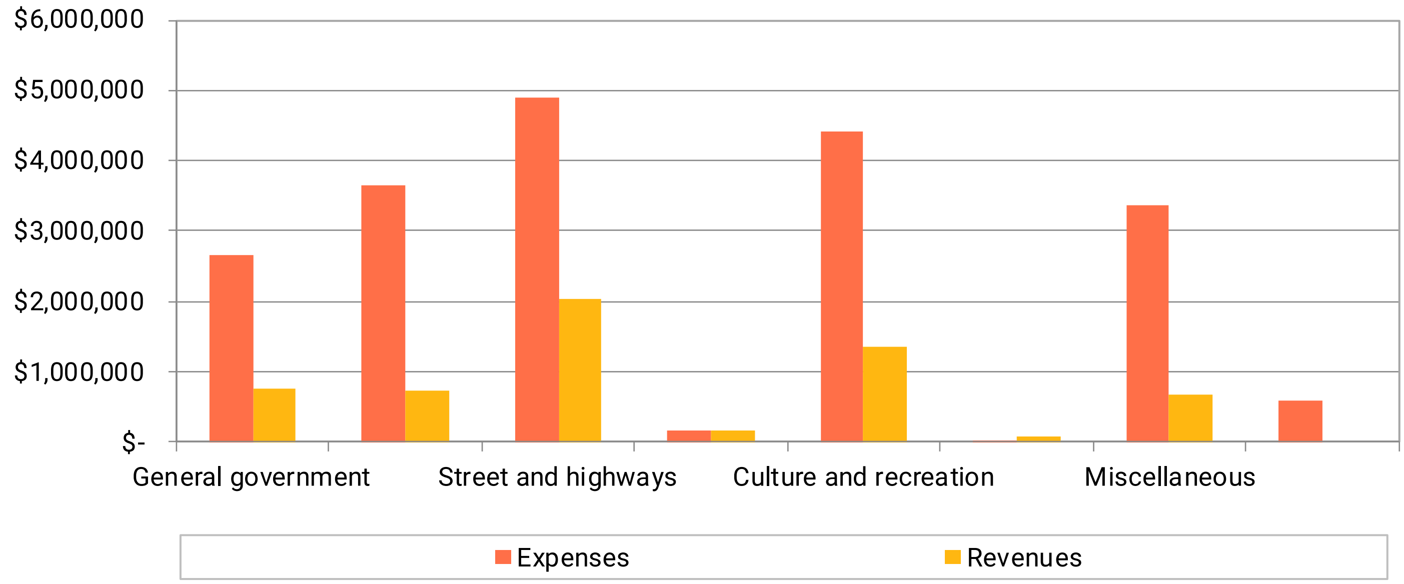
The City's net position of governmental activities increased by $2,790,101 during the current fiscal year compared to $3,445,991 in the previous year. A decrease in streets and highways and economic development expenses resulting from less capital projects during the year were major factors of this increase.

Governmental activities. Governmental activities increased the City's net position by $2,790,101, thereby accounting for 157.3 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 economic development. Also, this increase is due to management's planned increase of certain reserves and an increase in net capital assets.

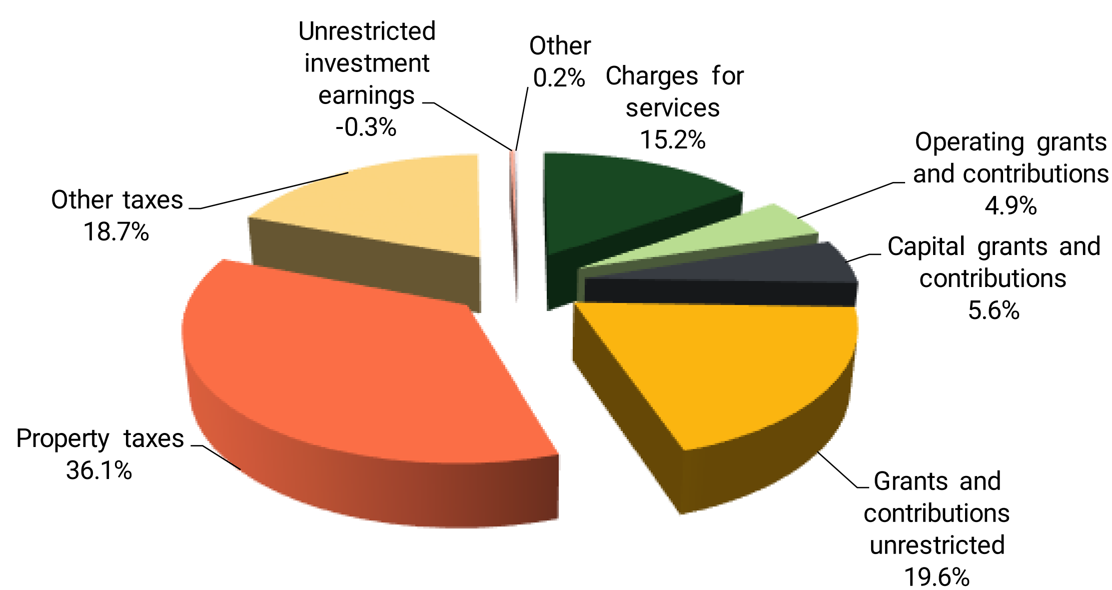
City of New Ulm's Changes in Net Position

	Primary Government - Governmental Activities			Component Unit - Public Utilities Commission			Component Unit - Economic Development Authority		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues									
Program revenues									
Charges for Services	$ 3,428,476	$ 2,560,440	$ 868,036	$ 44,462,105	$ 39,729,267	$ 4,732,838	$ 1,172,293	$ 1,129,856	$ 42,437
Operating Grants and Contributions	1,116,259	2,110,765	(994,506)	122,795	82,431	40,364	565,368	482,563	82,805
Capital Grants and Contributions	1,263,848	2,387,299	(1,123,451)	456,207	1,460,772	(1,004,565)	41,334	198,936	(157,602)
General revenues									
Property Taxes	8,132,175	7,831,020	301,155	-	-	-	118,789	116,619	2,170
Other Taxes	4,221,574	3,865,231	356,343	-	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	4,435,501	4,410,575	24,926	-	-	-	75,125	195	74,930
Unrestricted Investment Earnings	(72,793)	429,733	(502,526)	(38,326)	541,913	(580,239)	13,162	46,399	(33,237)
Other	55,397	72,764	(17,367)	166,660	30,077	136,583	38,285	-	38,285
Total Revenues	22,580,437	23,667,827	(1,087,390)	45,169,441	41,844,460	3,324,981	2,024,356	1,974,568	49,788
Expenses									
General government	2,670,037	2,479,703	190,334	-	-	-	-	-	-
Public safety	3,647,617	3,850,620	(203,003)	-	-	-	-	-	-
Streets and highways	4,896,000	5,840,063	(944,063)	-	-	-	-	-	-
Sanitation and waste removal	173,210	161,279	11,931	-	-	-	-	-	-
Culture and recreation	4,406,882	4,364,258	42,624	-	-	-	-	-	-
Economic development	25,456	201,595	(176,139)	-	-	-	-	-	-
Miscellaneous	3,367,442	2,643,844	723,598	-	-	-	-	-	-
Interest and other costs	603,692	680,474	(76,782)	-	-	-	-	-	-
Electric	-	-	-	25,915,447	23,337,453	2,577,994	-	-	-
District energy	-	-	-	1,282,835	886,874	395,961	-	-	-
Natural gas	-	-	-	11,997,059	7,308,899	4,688,160	-	-	-
Water	-	-	-	3,035,363	2,985,320	50,043	-	-	-
Wastewater	-	-	-	3,845,074	3,898,325	(53,251)	-	-	-
Housing development	-	-	-	-	-	-	2,134,626	1,839,108	295,518
Total Expenses	19,790,336	20,221,836	(431,500)	46,075,778	38,416,871	7,658,907	2,134,626	1,839,108	295,518
Change in Net Position	2,790,101	3,445,991	(655,890)	(906,337)	3,427,589	(4,333,926)	(110,270)	135,460	(245,730)
Net Position, January 1	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
Net Position, December 31	$ 108,400,743	$ 105,610,642	$ 2,790,101	$ 89,425,732	$ 90,332,069	$ (906,337)	$ 6,117,875	$ 6,228,145	$ (110,270)

Expenses and Program Revenues - Governmental Activities

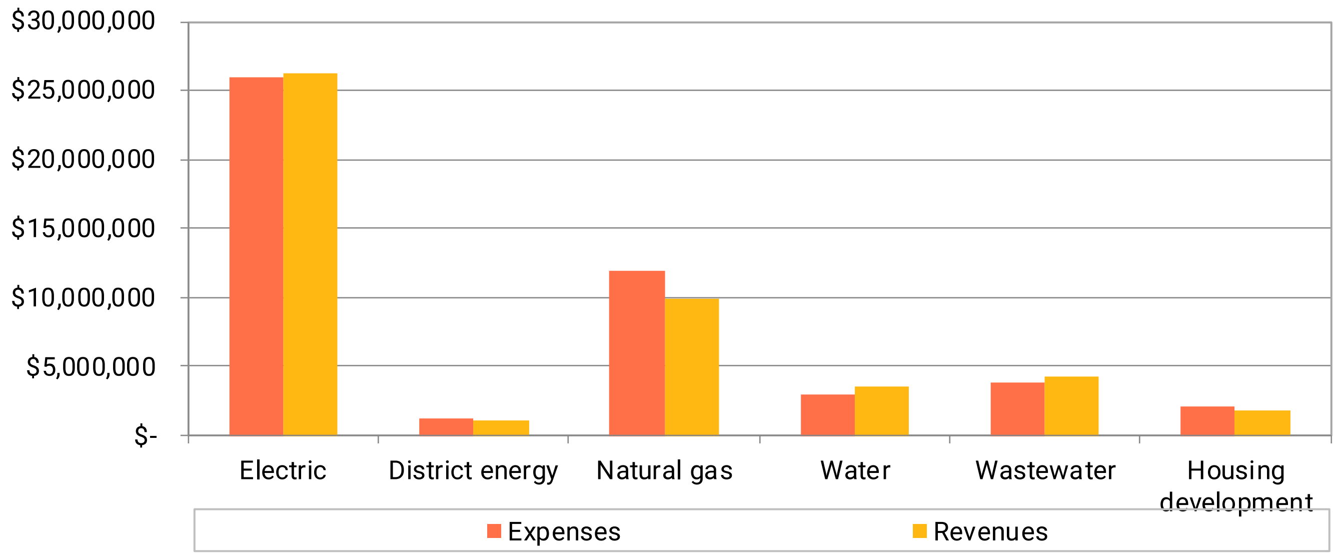


Revenues by Source - Governmental Activities

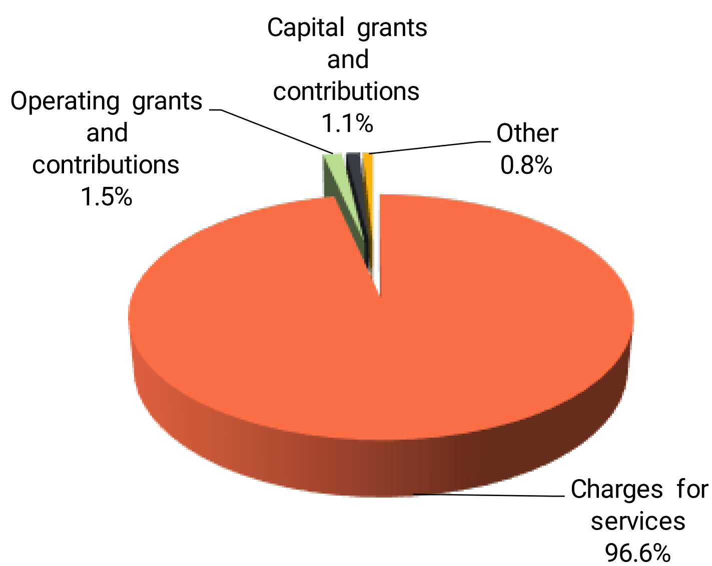


Component unit activities. Component unit (business-type) activities decreased the City's net position by $1,016,607 of which a decrease of $110,270 relates to the EDA.

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 112.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $21,908,835, a decrease of $7,968,459 in comparison with the prior year. Approximately 21.1 percent ($4,633,197) 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 ($599,551), 2) Restricted ($10,308,416), 3) Committed ($4,556,071), and Assigned ($1,811,600).

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 $6,516,108, while total fund balance reached $6,648,645. 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 58.5 percent of total General fund expenditures, while total fund balance represents 59.6 percent of that same amount.

The fund balance of the City's General fund increased by $158,189 during the current fiscal year. The key factor in this change was:

- Total revenues over budget by $205,466.

- Total expenditures under budget by $421,645.

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 $1,426,524 . 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 48.0 percent of total fund expenditures. The fund balance of the fund increased by $534,986 during the current fiscal year. The key factor of this increase is the increase of charges for services and related expenditures in 2021.

The *Sales Tax Revenue fund* has an ending fund balance of $4,950,535, which is a decrease of $823,264 from the prior year due transfers out exceeding tax revenues.

The *Bond Sinking fund* has a total fund balance of $322,815, which is all restricted for debt service. The fund had an increase in fund balance of $128,238. This increase was due to the issuance of G.O. Refunding Bonds, Series 2021B.

The *Sales Tax Referendum fund* has an ending fund balance deficit of $974,333. The decrease in fund balance of ($7,573,168) is mainly expenditures exceeding transfers in.

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 $4,375,138 , an increase of $608,406 during the current fiscal year. The key factor in this increase was less capital projects during the year resulting in less expenditures.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were $417,023 in increases in appropriations for the General fund and can be briefly summarized as follows:

- $240,539 increase in expenditures for consulting services at the airport.

- $72,453 increase in general government expenditures for the Heritage and tree commissions as well as general supplies.

- $3,018 increase in public safety expenditures for increased travel and conferences.

- $101,013 increase in expenditures for miscellaneous engineering consulting.

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, 2021, amounts to $184,019,443 (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 6.7 percent (a 8.5 percent increase for governmental activities and a 4.0 percent increase for the component unit activities).

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

	Governmental Activities			Component Unit Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	$ 11,557,174	$ 11,557,174	$ -	$ 1,597,317	$ 1,597,317	$ -
Non-exhaustible Monuments	30,000	30,000	-	-	-	-
Buildings	12,986,923	12,074,038	912,885	2,981,416	3,137,313	(155,897)
Improvement Other Than Buildings	4,984,225	3,707,706	1,276,519	91,602	105,468	(13,866)
Infrastructure/PUC Plant	61,329,120	60,151,379	1,177,741	65,794,225	62,138,992	3,655,233
Machinery and Equipment	3,278,826	3,358,271	(79,445)	3,903,102	4,278,730	(375,628)
Office Furniture and Equipment	29,623	36,749	(7,126)	309,047	274,017	35,030
Park Equipment	425,368	490,203	(64,835)	-	-	-
Construction in Progress	14,719,038	9,348,775	5,370,263	2,437	243,933	(241,496)
Total	$ 109,340,297	$ 100,754,295	$ 8,586,002	$ 74,679,146	$ 71,775,770	$ 2,903,376

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 $35,741,272. The following is a breakdown of the debt outstanding.

City of New Ulm's Outstanding Debt

	Governmental Activities			Component Unit Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
G.O. Improvement Bonds	$ 11,050,000	$ 11,605,000	$ (555,000)	$ -	$ -	$ -
General Obligation Revenue Bonds	14,090,000	14,740,000	(650,000)	10,571,000	9,598,000	973,000
Special Assessments	30,272	60,544	(30,272)	-	-	-
Total	$ 25,170,272	$ 26,405,544	$ (1,235,272)	$ 10,571,000	$ 9,598,000	$ 973,000

The City's total debt (including component units) decreased by $262,272 (0.7 percent) during the current fiscal year. The key factor in this decrease was debt retired exceeding debt issued.

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 $29,690,763 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, Octoberfest 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 3 percent, which is lower than the rate of 5.2 percent a year ago. This compares to the State's average unemployment rate of 2.6 percent and to the national average rate of 3.8 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 $48,713,973 which was 231 percent higher than the valuation of building permits issued in 2020. In 2021 there were large industrial and commercial project permits issued.

The City's appointed officials considered many factors when setting the fiscal year 2022 budget, rates, and fees that will be charged, including many of the items above. The major factors considered when adopting the 2022 budget were capital expenditures and debt service requirements. Due to the changes mentioned above, the overall tax levy increased by $483,996 for calendar year 2022.

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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of New Ulm, Minnesota
Statement of Net Position
December 31, 2021

	Primary Government	Component Units	
	Governmental Activities	Public Utilities Commission	Economic Development Authority
Assets			
Cash and investments	$ 25,633,748	$ 24,034,412	$ 2,505,129
Restricted cash and investments	-	5,029,075	42,958
Receivables			
Interest	120,026	-	-
Delinquent taxes	85,707	-	1,357
Accounts, net of allowance	445,152	5,302,231	13,098
Notes, net of allowance	1,281,620	39,885	509,412
Special assessments	4,278,295	47,163	-
Intergovernmental	1,216,481	-	-
Due from component unit/primary government	311,813	645,310	-
Inventories	109,610	3,333,516	-
Prepaid items	42,412	190,210	50,332
Net pension asset	1,820,910	-	-
Capital assets			
Nondepreciable assets	26,306,212	550,016	1,049,738
Depreciable assets, net of accumulated depreciation	83,034,085	70,922,321	2,157,071
Total Assets	144,686,071	110,094,139	6,329,095
Deferred Outflows of Resources			
Deferred pension resources	4,506,660	2,565,055	8,214
Deferred other postemployment benefit resources	20,084	11,099	-
Total Deferred Outflows of Resouces	4,526,744	2,576,154	8,214
Liabilities			
Accounts payable	942,362	3,393,217	14,532
Retainage payable	13,552	91,140	-
Due to component unit/primary government	645,310	311,813	-
Due to other governments	7,480	101,155	63,247
Accrued interest payable	55,331	34,492	1,348
Accrued salaries payable	152,830	134,588	9,367
Accrued items	-	13,835	-
Deposits payable	49,560	33,318	36,314
Unearned revenue	808,084	598,619	23,412
Noncurrent liabilities			
Due within one year			
Long-term liabilites	3,291,071	1,361,435	5,552
Due in more than one year			
Long-term liabilites	23,655,858	10,133,333	3,564
Net pension liability	3,981,205	3,493,226	56,383
Other postemployment benefit liability	498,883	273,611	-
Total Liabilities	34,101,526	19,973,782	213,719
Deferred Inflows of Resources			
Deferred pension resources	6,710,546	3,270,779	5,715
Net Position			
Net investment in capital assets	83,890,453	60,525,970	3,206,809
Restricted			
Capital improvements	421,322	4,830,832	-
Library programs	3,384	-	-
Culture and recreation projects	105,754	-	-
Parkland dedication	219,209	-	-
Economic development	2,542,163	-	3,996
Maintain parking areas	470,094	-	-
Sales tax projects	4,950,535	-	-
TIF activities	70,183		
Debt service	4,748,949	198,243	-
Unrestricted	10,978,697	23,870,687	2,907,070
Total Net Position	$ 108,400,743	$ 89,425,732	$ 6,117,875

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, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 2,670,037	$ 528,329	$ 177,437	$ 49,951
Public safety	3,647,617	370,739	362,851	-
Streets and highways	4,896,000	711,574	421,882	892,707
Sanitation and waste removal	173,210	157,277	-	-
Culture and recreation	4,406,882	1,088,236	79,384	200,546
Economic development	25,456	75,452	8,190	-
Miscellaneous	3,367,442	496,869	66,515	120,644
Interest and other costs	603,692	-	-	-
Total Primary Government	$ 19,790,336	$ 3,428,476	$ 1,116,259	$ 1,263,848
Component Units				
Business-type activities				
Electric	$ 25,915,447	$ 25,971,316	$ 72,116	$ 212,376
District energy	1,282,835	1,134,772	64	-
Natural gas	11,997,059	9,842,562	1,054	34,196
Water	3,035,363	3,259,914	48,482	209,635
Wastewater	3,845,074	4,253,541	1,079	-
Housing development	2,134,626	1,172,293	565,368	41,334
Total Component Units	$ 48,210,404	$ 45,634,398	$ 688,163	$ 497,541

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 (loss)
- Other
- 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
$ (1,914,320)		
(2,914,027)		
(2,869,837)		
(15,933)		
(3,038,716)		
58,186		
(2,683,414)		
(603,692)		
(13,981,753)		
	$ 340,361	$ -
	(147,999)	-
	(2,119,247)	-
	482,668	-
	409,546	-
	-	(355,631)
	(1,034,671)	(355,631)
6,374,024	-	118,789
1,758,151	-	-
23,979	-	-
254,787	-	-
1,526,627	-	-
130,030	-	-
2,034,993	-	-
251,158	-	-
4,435,501	-	75,125
(72,793)	(38,326)	13,162
-	-	38,285
55,397	166,660	-
16,771,854	128,334	245,361
2,790,101	(906,337)	(110,270)
105,610,642	90,332,069	6,228,145
$ 108,400,743	$ 89,425,732	$ 6,117,875

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, 2021

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City of New Ulm, Minnesota
Balance Sheet
Governmental Funds
December 31, 2021

		Special Revenue		Debt Service
	General	Park and Recreation	Sales Tax Revenue	Bond Sinking
Assets				
Cash and investments	$ 6,482,221	$ 1,443,834	$ 4,827,180	$ 322,815
Receivables				
Interest	120,026	-	-	-
Delinquent taxes	38,843	11,374	-	19,794
Accounts	263,251	162,594	3,893	-
Notes, net of allowance	-	-	-	-
Special assessments	107,404	-	-	4,140,619
Intergovernmental	294,757	-	272,622	-
Advances to other funds	-	-	-	-
Prepaid items	37,537	306	-	-
Total Assets	$ 7,344,039	$ 1,618,108	$ 5,103,695	$ 4,483,228
Liabilities				
Accounts payable	$ 181,368	$ 100,526	$ 153,160	$ -
Retainage payable	-	-	-	-
Due to other governments	-	7,334	-	-
Accrued salaries payable	107,943	31,953	-	-
Advances from other funds	-	-	-	-
Deposits payable	49,560	-	-	-
Unearned revenue	45,769	40,397	-	-
Total Liabilities	384,640	180,210	153,160	-
Deferred Inflows of Resources				
Unavailable revenue				
Pledges receivable	164,507	-	-	-
Taxes	38,843	11,374	-	19,794
Special assessments	107,404	-	-	4,140,619
Intergovernmental	-	-	-	-
Total Deferred Inflows of Resources	310,754	11,374	-	4,160,413
Fund Balances				
Nonspendable				
Prepaid items	37,537	306	-	-
Perpetual care	-	-	-	-
Restricted				
Library programs	-	-	-	-
Culture and recreation projects	-	-	-	-
Parkland dedication	-	219,209	-	-
Economic development	-	-	-	-
Maintain parking areas	-	-	-	-
Sales tax projects	-	-	4,950,535	-
TIF activities	-	-	-	-
Debt service	-	-	-	322,815
Capital improvements	-	-	-	-
Committed				
Capital improvement	-	-	-	-
Library services	-	-	-	-
Library programs	-	-	-	-
Assigned				
Park and recreation services	-	1,207,009	-	-
DARE program	-	-	-	-
Library services	-	-	-	-
Library programs	-	-	-	-
Fire fighting	-	-	-	-
Employee lunchrooms	-	-	-	-
Subsequent year budgeted deficit	95,000	-	-	-
Unassigned	6,516,108	-	-	-
Total Fund Balances	6,648,645	1,426,524	4,950,535	322,815
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,344,039	$ 1,618,108	$ 5,103,695	$ 4,483,228

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

Capital Projects: Sales Tax Referendum	Capital Projects: Capital Improvement	Other Governmental Funds	Total
$ 148,141	$ 4,383,970	$ 3,693,518	$ 21,301,679
-	-	-	120,026
-	2,696	13,000	85,707
-	-	15,414	445,152
-	-	1,281,620	1,281,620
-	-	30,272	4,278,295
-	-	649,102	1,216,481
-	-	188,831	188,831
-	-	4,569	42,412
$ 148,141	$ 4,386,666	$ 5,876,326	$ 28,960,203
$ 400,556	$ 8,832	$ 78,348	$ 922,790
-	-	13,552	13,552
-	-	146	7,480
-	-	10,738	150,634
-	-	188,831	188,831
-	-	-	49,560
721,918	-	-	808,084
1,122,474	8,832	291,615	2,140,931
-	-	-	164,507
-	2,696	13,000	85,707
-	-	30,272	4,278,295
-	-	381,928	381,928
-	2,696	425,200	4,910,437
-	-	4,569	42,412
-	-	557,139	557,139
-	-	3,384	3,384
-	-	105,754	105,754
-	-	-	219,209
-	-	2,542,163	2,542,163
-	-	465,345	465,345
-	-	-	4,950,535
-	-	70,183	70,183
-	-	290,780	613,595
-	-	1,338,248	1,338,248
-	4,375,138	-	4,375,138
-	-	109,392	109,392
-	-	71,541	71,541
-	-	-	1,207,009
-	-	60,444	60,444
-	-	414,943	414,943
-	-	20,544	20,544
-	-	3,737	3,737
-	-	9,923	9,923
-	-	-	95,000
(974,333)	-	(908,578)	4,633,197
(974,333)	4,375,138	5,159,511	21,908,835
$ 148,141	$ 4,386,666	$ 5,876,326	$ 28,960,203

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, 2021

Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	$ 21,908,835
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	106,895,080
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	(580,159)
Other postemployment benefit liability	(498,883)
Special assessments payable	(30,272)
Bond principal payable	(25,140,000)
Net pension liability	(3,904,413)
Bond premiums, net of accumulated amortization	(1,196,498)
Certain long-term receivables are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	
Pledges receivable	164,507
Delinquent property taxes receivable	85,707
Special assessments receivable	4,278,295
Intergovernmental receviable	381,928
Governmental funds do not report long-term amounts related to pensions and other postemeployment benefits.	
Net pension asset	1,820,910
Deferred outflows of pension resources	4,451,879
Deferred inflows of pension resources	(6,638,882)
Deferred outflows of other postemployment benefits resouces	20,084
Governmental funds do not report a liability for accrued interest until due and payable.	(55,331)
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.	6,437,956
Total Net Position - Governmental Activities	$ 108,400,743

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, 2021

		Special Revenue		Debt Service
	General	Park and Recreation	Sales Tax Revenue	Bond Sinking
Revenues				
Taxes	$ 5,930,549	$ 1,620,338	$ 1,526,627	$ 1,765,602
Special assessments	10,951	-	-	997,309
Licenses and permits	332,449	-	-	-
Intergovernmental	4,054,761	959,088	-	-
Charges for services	823,727	893,837	-	-
Fines and forfeitures	74,121	-	-	-
Investment earnings (loss)	(6,880)	(2,006)	(2,545)	(3,271)
Miscellaneous	182,144	35,392	-	-
Total Revenues	11,401,822	3,506,649	1,524,082	2,759,640
Expenditures				
Current				
General government	2,655,260	-	-	-
Public safety	3,984,529	-	-	-
Streets and highways	2,549,600	-	-	-
Sanitation and waste removal	177,122	-	-	-
Culture and recreation	-	2,971,663	-	-
Economic development	-	-	-	-
Miscellaneous	1,507,372	-	779,368	-
Capital outlay				
General government	-	-	-	-
Public safety	88,433	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	-	-	-
Miscellaneous	183,817	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs and fees	-	-	-	8,654
Total Expenditures	11,146,133	2,971,663	779,368	8,654
Excess (Deficiency) of Revenues Over (Under) Expenditures	255,689	534,986	744,714	2,750,986
Other Financing Sources (Uses)				
Sale of capital assets	2,500	-	-	-
Transfers in	-	-	-	-
Bonds issued	-	-	-	1,335,000
Premium on bonds issued	-	-	-	62,475
Transfers out	(100,000)	-	(1,567,978)	(4,020,223)
Total Other Financing Sources (Uses)	(97,500)	-	(1,567,978)	(2,622,748)
Net Change in Fund Balances	158,189	534,986	(823,264)	128,238
Fund Balances, January 1	6,490,456	891,538	5,773,799	194,577
Fund Balances, December 31	$ 6,648,645	$ 1,426,524	$ 4,950,535	$ 322,815

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

Capital Projects			
Sales Tax Referendum	Capital Improvement	Other Governmental Funds	Total
$ -	$ 428,169	$ 1,103,824	$ 12,375,109
-	-	33,905	1,042,165
-	-	-	332,449
-	253,503	389,576	5,656,928
-	7,853	727,490	2,452,907
-	-	9,927	84,048
(32,353)	(9,621)	11,957	(44,719)
50,000	213,348	86,862	567,746
17,647	893,252	2,363,541	22,466,633
-	-	-	2,655,260
-	-	-	3,984,529
-	-	-	2,549,600
-	-	-	177,122
-	-	874,154	3,845,817
-	-	25,456	25,456
-	-	281,860	2,568,600
-	18,143	-	18,143
-	118,320	-	206,753
-	-	4,058,629	4,058,629
8,271,645	36,066	15,645	8,323,356
-	-	-	183,817
-	-	4,375,272	4,375,272
-	-	698,884	698,884
-	-	57,467	66,121
8,271,645	172,529	10,387,367	33,737,359
(8,253,998)	720,723	(8,023,826)	(11,270,726)
-	-	-	2,500
680,830	15,000	5,212,781	5,908,611
-	-	1,805,000	3,140,000
-	-	97,292	159,767
-	(127,317)	(93,093)	(5,908,611)
680,830	(112,317)	7,021,980	3,302,267
(7,573,168)	608,406	(1,001,846)	(7,968,459)
6,598,835	3,766,732	6,161,357	29,877,294
$ (974,333)	$ 4,375,138	$ 5,159,511	$ 21,908,835

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, 2021

Amounts reported for governmental activities in the statement of activities are different because		
Net Change in Fund Balances - Governmental Funds	$	(7,968,459)
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		13,709,512
Depreciation expense		(5,119,091)
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		4,375,272
Debt issued or incurred		(3,140,000)
Premium on bonds issued, net of amortization		(1,472)
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.		3,018
Long-term pension activity is not reported in governmental funds.		
Pension expense		874,764
Direct aid contributions		32,440
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.		
Contributions and donations		164,507
Property taxes/tax increments		(21,360)
Special assessments		(671,486)
Intergovernmental		381,928
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 postemployment benefit amortization		204,434
Compensated absences		8,576
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.		(42,482)
Change in Net Position - Governmental Activities	$	2,790,101

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, 2021

	General			
	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 5,872,352	$ 5,872,352	$ 5,930,549	$ 58,197
Special assessments	18,500	18,500	10,951	(7,549)
Licenses and permits	222,375	222,375	332,449	110,074
Intergovernmental	4,058,405	4,058,405	4,054,761	(3,644)
Charges for services	849,591	849,591	823,727	(25,864)
Fines and forfeitures	72,500	72,500	74,121	1,621
Investment earnings (loss)	59,100	59,100	(6,880)	(65,980)
Miscellaneous	46,033	46,033	182,144	136,111
Total Revenues	11,198,856	11,198,856	11,401,822	202,966
Expenditures				
Current				
General government	2,595,287	2,667,740	2,655,260	12,480
Public safety	4,033,288	4,036,306	3,984,529	51,777
Streets and highways	2,661,295	2,661,295	2,549,600	111,695
Sanitation and waste removal	154,794	154,794	177,122	(22,328)
Culture and recreation	-	-	-	-
Miscellaneous	1,531,493	1,632,506	1,507,372	125,134
Capital outlay	174,598	415,137	272,250	142,887
Total Expenditures	11,150,755	11,567,778	11,146,133	421,645
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,101	(368,922)	255,689	624,611
Other Financing Sources (Uses)				
Sales of capital assets	-	-	2,500	2,500
Transfers out	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(97,500)	2,500
Net Change in Fund Balances	(51,899)	(468,922)	158,189	627,111
Fund Balances, January 1	6,490,456	6,490,456	6,490,456	-
Fund Balances, December 31	$ 6,438,557	$ 6,021,534	$ 6,648,645	$ 627,111

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

Park and Recreation			
Budgeted Amounts			
Original	Final	Actual Amounts	Variance with Final Budget
$ 1,621,145	$ 1,621,145	$ 1,620,338	$ (807)
-	-	-	-
-	-	-	-
1,259,088	1,259,088	959,088	(300,000)
728,700	728,700	893,837	165,137
-	-	-	-
6,300	6,300	(2,006)	(8,306)
17,800	17,800	35,392	17,592
3,633,033	3,633,033	3,506,649	(126,384)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,313,298	3,318,551	2,971,663	346,888
-	-	-	-
319,735	319,735	-	319,735
3,633,033	3,638,286	2,971,663	666,623
-	(5,253)	534,986	540,239
-	-	-	-
-	-	-	-
-	-	-	-
-	(5,253)	534,986	540,239
891,538	891,538	891,538	-
$ 891,538	$ 886,285	$ 1,426,524	$ 540,239

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, 2021

	Internal Service Funds
Assets	
Current assets	
Cash and investments	$ 4,980,666
Inventories	109,610
Total Current Assets	5,090,276
Noncurrent assets	
Capital assets	
Buildings and structures	1,816,748
Machinery and equipment	6,360,050
Accumulated depreciation	(5,731,581)
Total Noncurrent Assets	2,445,217
Total Assets	7,535,493
Deferred Outflows of Resources	
Deferred pension resources	54,781
Liabilities	
Current Liabilities	
Accounts payable	19,572
Accrued salaries payable	232,266
Claims incurred but not paid	13,835
Total Current Liabilities	265,673
Noncurrent Liabilities	
Net pension liability	76,792
Total Liabilities	342,465
Deferred Inflows of Resources	
Deferred pension resources	71,664
Net Position	
Investment in capital assets	2,445,217
Unrestricted	4,730,928
Total Net Position	$ 7,176,145

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, 2021

	Internal Service Funds
Operating Revenues	
Charges for services	$ 1,020,780
Insurance premiums	2,533,802
Other income	1,035
Total Operating Revenues	3,555,617
Operating Expenses	
Administrative and general	230,640
Insurance premiums	2,790,038
Self funded claims	1,572
Vehicle maintenance	275,613
Depreciation	482,755
Total Operating Expenses	3,780,618
Operating Income (Loss)	(225,001)
Non-operating Revenues (Expenses)	
Gain on sale of capital assets	52,897
Investment income (loss)	(3,314)
Miscellaneous income	8,562
Total Non-operating Revenues (Expenses)	58,145
Change in Net Position	(166,856)
Net Position, January 1	7,343,001
Net Position, December 31	$ 7,176,145

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, 2021

	Internal Service Funds
Cash Flows from Operating Activities	
Receipts from interfund services provided	$ 3,563,260
Payments to suppliers and interfund services provided	(306,889)
Payments to and on behalf of employees	(3,003,395)
Other receipts	9,407
Net Cash Provided (Used) by Operating Activities	262,383
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	52,897
Acquisition of capital assets	(478,336)
Net Cash Provided (Used) by Capital and Related Financing Activities	(425,439)
Cash Flows from Investing Activities	
Interest income (loss) received	(3,314)
Net Increase (Decrease) in Cash and Cash Equivalents	(166,370)
Cash and Cash Equivalents	
January 1	5,147,036
December 31	$ 4,980,666
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	$ (225,001)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Other income related to operations	8,562
Depreciation	482,755
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	8,678
Inventory	(4,469)
(Increase) decrease in deferred outflows of resources	
Deferred pension resources	(41,335)
(Decrease) increase in liabilities	
Accounts payable	7,765
Accrued salaries payable	(4,992)
Claims incurred, but not paid	(5,421)
Net pension liability	(30,865)
(Decrease) increase in deferred inflows of resources	
Deferred pension resources	66,706
Net Cash Provided (Used) by Operating Activities	$ 262,383

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

City of New Ulm, Minnesota
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2021

	Custodial Fund
	BLR Drug Task Force
Assets	
Cash and Investments	$ 432,208
Liabilities	
Accounts payable	50,453
Unearned revenue	24,411
Total Liabilities	74,864
Net Position	
Restricted	
Other	$ 357,344

City of New Ulm, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2021

	Custodial Fund BLR Drug Task Force
Additions	
Intergovernmental	$ 157,365
Dues	359,883
Fines and forfeits	91,218
Investment earnings	1,763
Miscellaneous	3,510
Total Additions	613,739
Deductions	
Public safety	
Personal services	471,510
Supplies	57,483
Other services and charges	48,541
Capital outlay	34,697
Total Deductions	612,231
Net Increase in Fiduciary Net Position	1,508
Net Position, January 1	355,836
Net Position, December 31	$ 357,344

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 State 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.*

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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, 2021:

- U.S. Federal governmental agency securities of $19,470,923 are valued using quoted market prices (Level 1 inputs) which includes the PUC portion of $7,983,080.

- Negotiable certificates of deposit of $7,097,964 are valued using a matrix pricing model (Level 2 inputs) which includes the PUC portion of $2,910,164.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 2021. Accounts receivable are shown net of an allowance for uncollectible accounts. The allowance for doubtful accounts as of December 31, 2021, 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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, 2021 was $580,159, $548,401 and $9,116 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 statue 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, 2020. 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)				
	GERP	PEPFP	DCP	Fire Relief Association	Total
Pension Expense	$ 204,726	$ (83,418)	$ 1,353	$ (90,661)	$ 32,000

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 four sources: taxes, special assessments, intergovernmental and pledges. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 $2,034,992 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.

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	$ 106,774
Capital Projects	
Major	
Sales Tax Referendum	974,333
Nonmajor	
2020 Bonds	731,621

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 the Sales Tax Referendum fund was caused by excess capital expenditures. This deficit will be eliminated through future sales tax collections.

The deficit in 2020 Bonds fund was caused by excess capital expenditures over intergovernmental revenues and bond issuances. This deficit will be eliminated through future intergovernmental revenues and transfers.

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.

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 $31,106,853, including $432,208 reported in fiduciary funds. The bank balance of $31,783,126 was covered by $500,000 of federal depository insurance and the remaining $31,283,126 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.

Note 3: Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2021, 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:

	Primary Government					
Types of Investments	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	$ 1,160,093	$ 1,160,093	$ -	$ -
Governmental Agency Securities	AAA	1 to 5 years	5,756,176	5,756,176	-	-
Governmental Agency Securities	N/A	more than 5 years	3,028,656	3,028,656	-	-
Governmental Agency Securities	AAA	more than 5 years	1,542,918	1,542,918	-	-
Negotiable Certificates of Deposit	N/A	less than 1 year	2,007,922	-	2,007,922	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	2,038,309	-	2,038,309	-
Negotiable Certificates of Deposit	N/A	more than 5 years	141,569	-	141,569	-
Total Primary Government Investments			$ 15,675,643	$ 11,487,843	$ 4,187,800	$ -

	Component Unit - PUC					
Types of Investments	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	$ 806,167	$ 806,167	$ -	$ -
Governmental Agency Securities	AAA	1 to 5 years	4,000,055	4,000,055	-	-
Governmental Agency Securities	N/A	more than 5 years	2,104,660	2,104,660	-	-
Governmental Agency Securities	AAA	more than 5 years	$ 1,072,198	1,072,198	-	-
Negotiable Certificates of Deposit	N/A	less than 1 year	1,395,335	-	1,395,335	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	1,416,451	-	1,416,451	-
Negotiable Certificates of Deposit	N/A	more than 5 years	98,378	-	98,378	-
Total Component Unit - PUC Investments			10,893,244	7,983,080	2,910,164	-
Total Investments			$ 26,568,887	$ 19,470,923	$ 7,097,964	$ -

(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	Total
Carrying Amount of Deposits	$ 9,956,565	$ 18,169,993	$ 2,548,087	$ 432,208	$ 31,106,853
Investments	15,675,643	10,893,244	-	-	26,568,887
Cash on Hand	1,540	250	-	-	1,790
Total	$ 25,633,748	$ 29,063,487	$ 2,548,087	$ 432,208	$ 57,677,530
Cash and Investments	$ 25,633,748	$ 24,034,412	$ 2,505,129	$ 432,208	$ 52,605,497
Restricted Cash and Investments	-	5,029,075	42,958	-	5,072,033
Total	$ 25,633,748	$ 29,063,487	$ 2,548,087	$ 432,208	$ 57,677,530

Note 3: Detailed Notes on All Funds (Continued)

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.

C. Capital Assets

Primary government

Capital asset activity for the year ended December 31, 2021 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	9,348,775	8,577,535	(3,207,272)	14,719,038
Total Capital Assets not Being Depreciated	20,935,949	8,577,535	(3,207,272)	26,306,212
Capital Assets Being Depreciated				
Buildings	29,415,453	1,549,904	-	30,965,357
Improvements other than buildings	5,417,381	1,532,079	-	6,949,460
Infrastructure	111,101,083	5,041,622	-	116,142,705
Machinery and equipment	10,834,687	693,980	(130,643)	11,398,024
Office furniture and equipment	206,091	-	-	206,091
Park equipment	1,064,391	-	-	1,064,391
Total Capital Assets Being Depreciated	158,039,086	8,817,585	(130,643)	166,726,028
Less Accumulated Depreciation for				
Buildings	(17,341,415)	(637,019)	-	(17,978,434)
Improvements other than buildings	(1,709,675)	(255,560)	-	(1,965,235)
Infrastructure	(50,949,704)	(3,863,881)	-	(54,813,585)
Machinery and equipment	(7,476,416)	(773,425)	130,643	(8,119,198)
Office furniture and equipment	(169,342)	(7,126)	-	(176,468)
Park equipment	(574,188)	(64,835)	-	(639,023)
Total Accumulated Depreciation	(78,220,740)	(5,601,846)	130,643	(83,691,943)
Total Capital Assets Being Depreciated, Net	79,818,346	3,215,739	-	83,034,085
Governmental Activities Capital Assets, Net	$ 100,754,295	$ 11,793,274	$ (3,207,272)	$ 109,340,297

Note 3: Detailed Notes on All Funds (Continued)

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

Governmental Activities	
General government	$ 70,640
Public safety	316,823
Streets and highways, including depreciation of general infrastructure assets	3,271,102
Culture and recreation	672,988
Miscellaneous	773,021
Community access	14,517
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	482,755
Total Depreciation Expense - Governmental Activities	$ 5,601,846

Discretely presented component units

Capital asset activity for the PUC for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	$ 547,579	$ -	$ -	$ 547,579
Construction in progress	243,933	2,437	(243,933)	2,437
Total Capital Assets not Being Depreciated	791,512	2,437	(243,933)	550,016
Capital Assets Being Depreciated				
Buildings and structures	5,717,046	187,431	-	5,904,477
Plant in service	149,005,389	7,344,846	-	156,350,235
Machinery and equipment	17,810,483	441,153	(277,278)	17,974,358
Total Capital Assets Being Depreciated	172,532,918	7,973,430	(277,278)	180,229,070
Less Accumulated Depreciation for				
Buildings and structures	(4,593,459)	(127,537)	-	(4,720,996)
Plant in service	(86,816,204)	(3,698,293)	-	(90,514,497)
Machinery and equipment	(13,531,753)	(816,781)	277,278	(14,071,256)
Total Accumulated Depreciation	(104,941,416)	(4,642,611)	277,278	(109,306,749)
Total Capital Assets Being Depreciated, Net	67,591,502	3,330,819	-	70,922,321
Total PUC Capital Assets, Net	$ 68,383,014	$ 3,333,256	$ (243,933)	$ 71,472,337

Note 3: Detailed Notes on All Funds (Continued)

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

Electric	$ 1,895,463
District Energy	129,126
Natural Gas	359,936
Water	984,992
Wastewater	1,116,273
Capital Assets Held by the PUC's Internal Service Funds are Charged To the Various Functions Based on Their Usage of the Assets	156,821
Total Depreciation Expense - PUC	$ 4,642,611

Capital asset activity for the EDA for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	$ 1,049,738	$ -	$ -	$ 1,049,738
Capital Assets Being Depreciated				
Buildings	9,640,069	106,949	-	9,747,018
Improvements other than buildings	421,495	-	-	421,495
Furniture and equipment	513,120	88,115	-	601,235
Total Capital Assets Being Depreciated	10,574,684	195,064	-	10,769,748
Less Accumulated Depreciation for				
Buildings	(7,626,343)	(322,740)	-	(7,949,083)
Improvements other than buildings	(366,220)	(5,186)	-	(371,406)
Furniture and equipment	(239,103)	(53,085)	-	(292,188)
Total Accumulated Depreciation	(8,231,666)	(381,011)	-	(8,612,677)
Total Capital Assets Being Depreciated, Net	2,343,018	(185,947)	-	2,157,071
Total EDA Capital Assets, Net	$ 3,392,756	$ (185,947)	$ -	$ 3,206,809

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

Housing Development	$ 381,011

Note 3: Detailed Notes on All Funds (Continued)

Construction commitments

The City has active construction projects as of December 31, 2021. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
2021 USA Improvements	$ 2,696,885	$ 294,094
New Ulm Rec Center	16,943,103	401,275
Total	$ 19,639,988	$ 695,369

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2021 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Economic Development Loan Program	TIF Districts	$ 188,831

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

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	$ 311,813

Due to Component Units

Receivable Entity/Fund	Payable Entity/Fund	Amount
Public Utilities Commission - component unit	Internal service funds - primary government	$ 645,310

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

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

Interfund transfers for the year ended December 31, 2021 were as follows:

	Transfers in			
Fund	Sales Tax Referendum	Capital Improvement	Nonmajor Governmental	Total
Transfer Out				
General	$ -	$ -	$ 100,000	$ 100,000
Sales Tax Revenue	553,513	-	1,014,465	1,567,978
Bond Sinking	-	-	4,020,223	4,020,223
Capital Improvement	127,317	-	-	127,317
Nonmajor Governmental	-	15,000	78,093	93,093
Total Transfers Out	$ 680,830	$ 15,000	$ 5,212,781	$ 5,908,611

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 2021 were made for capital improvements, capital reserves, debt service payments and closing funds.

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
2016 G.O. PIRF Bonds	$ 3,195,000	1.50 - 2.00 %	07/19/16	12/01/26	$ 560,000
2017 G.O. PIRF Bonds	2,995,000	2.00	09/05/17	12/01/27	1,590,000
2018 G.O. PIRF Bonds	2,560,000	3.00 - 4.00	09/06/18	12/01/28	945,000
2019 G.O. PIRF Bonds	4,210,000	3.00 - 4.00	08/06/19	12/01/29	3,230,000
2020 G.O. PIRF Bonds	1,965,000	1.00 - 2.00	09/08/20	12/01/30	1,585,000
2021 G.O. PIRF Bonds	1,805,000	1.00 - 2.00	09/16/21	12/01/31	1,805,000
2021 G.O. Refunding Bonds	1,335,000	1.00 - 2.00	09/16/21	12/01/25	1,335,000
Total G.O. Special Assessment Bonds					$ 11,050,000

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
2022	$ 2,140,000	$ 300,589	$ 2,440,589
2023	1,785,000	228,298	2,013,298
2024	1,505,000	182,298	1,687,298
2025	1,445,000	141,497	1,586,497
2026	1,135,000	103,597	1,238,597
2027 - 2031	3,040,000	141,637	3,181,637
Total	$ 11,050,000	$ 1,097,916	$ 12,147,916

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	$ 6,755,000
2020B Sales Tax Bonds	7,685,000	1.00 - 2.00	12/17/20	12/01/38	7,335,000
Total G.O. Revenue Bonds					$ 14,090,000

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
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	750,000	268,896	1,018,896
2027 - 2031	4,025,000	1,045,731	5,070,731
2032 - 2036	4,520,000	584,427	5,104,427
2037 - 2038	1,970,000	77,465	2,047,465
Total	$ 14,090,000	$ 3,260,003	$ 17,350,003

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	$ 30,272

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
2022	$ 30,272	$ 1,816	$ 32,088

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, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation special assessment bonds	$ 11,605,000	$ 3,140,000	$ (3,695,000)	$ 11,050,000	$ 2,140,000
General obligation sales tax revenue bonds	14,740,000	-	(650,000)	14,090,000	685,000
Bond premiums	1,195,026	159,767	(158,295)	1,196,498	-
Total Bonds Payable	27,540,026	3,299,767	(4,503,295)	26,336,498	2,825,000
Special Assessments Payable	60,544	-	(30,272)	30,272	30,272
Compensated Absences Payable	583,035	518,727	(521,603)	580,159	435,799
Governmental Activity Long-term Liabilities	$ 28,183,605	$ 3,818,494	$ (5,055,170)	$ 26,946,929	$ 3,291,071

Current Refunding Bonds

On September 16, 2021, the City issued $1,335,000 of G.O. Permanent Improvement Revolving Fund Bonds, Series 2021B. The proceeds refunded the G.O. Permanent Improvement Revolving Fund Bonds, Series 2015 on September 16, 2021. The bonds were issued a net interest cost of 0.470 percent. It is estimated that the City will obtain an economic gain of $67,232.

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.

Note 3: Detailed Notes on All Funds (Continued)

General obligation revenue bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Fund					
2021A G.O Revenue and Refunding Bonds	$ 1,230,000	1.00 - 1.40 %	06/08/21	12/01/34	$ 1,230,000
Water Fund					
2021C G.O Revenue Refunding Bonds	1,320,000	2.00 - 3.00	09/16/21	12/01/28	1,320,000
Wastewater Fund					
2007 G.O. Revenue Note (PFA)	4,002,900	2.65	06/27/07	08/20/26	1,311,000
2017A G.O. Revenue Bonds	5,560,000	2.00 - 3.00	09/05/17	12/01/36	4,670,000
2021A G.O Revenue and Refunding Bonds	2,040,000	1.00 - 1.40	06/08/21	12/01/34	2,040,000
Subtotal					8,021,000
Total G.O. Revenue Bonds Payable					10,571,000
Unamortized Bond Discounts/Premiums					375,367
Net G.O. Revenue Bonds Payable					$ 10,946,367

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	$ 23,920,763	$ 3,123,729	$ 4,107,114
Principal and Interest	270,303	237,713	671,691
Percentage of Revenues	1.1%	7.6%	16.4%

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
2022	$ 969,000	$ 263,947	$ 1,232,947
2023	1,015,000	229,448	1,244,448
2024	1,037,000	204,591	1,241,591
2025	1,064,000	179,148	1,243,148
2026	1,086,000	152,968	1,238,968
2027 - 2031	2,955,000	492,550	3,447,550
2032 - 2036	2,445,000	184,600	2,629,600
Total	$ 10,571,000	$ 1,707,252	$ 12,278,252

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, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Utilities Commission Activities					
Bonds Payable					
General obligation revenue bonds	$ 9,598,000	$ 4,590,000	$ (3,617,000)	$ 10,571,000	$ 969,000
Bond discounts	(12,437)	-	12,437	-	-
Bond premiums	196,114	241,544	(62,291)	375,367	-
Total Bonds Payable	9,781,677	4,831,544	(3,666,854)	10,946,367	969,000
Compensated Absences Payable	543,610	408,896	(404,105)	548,401	392,435
Public Utilities Commission Long-term Liabilities	$ 10,325,287	$ 5,240,440	$ (4,070,959)	$ 11,494,768	$ 1,361,435

Current Refunding Bonds

On June 8, 2021, the City issued $1,230,000 of G.O. Public Utility Revenue Refunding Bonds, Series 2021A. The proceeds refunded the G.O. Public Utility Revenue Bonds, Series 2011B on June 8, 2021. The bonds were issued a net interest cost of 1.108 percent. It is estimated that the City will obtain an economic gain of $63,533.

On September 16, 2021, the City issued $1,320,000 of G.O. Public Utility Revenue Refunding Bonds, Series 2021C. The proceeds refunded the G.O. Public Utility Revenue Bonds, Series 2013B on September 16, 2021. The bonds were issued a net interest cost of 1.108 percent. It is estimated that the City will obtain an economic gain of $104,364.

Economic Development Authority

Changes in long-term liabilities

Long-term liability activity for the EDA for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Economic Development Authority Activities					
Compensated Absences Payable	$ 8,253	$ 9,150	$ (8,287)	$ 9,116	$ 5,552

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.

Issued to	Issue Date	Amount Issued	Balance at Year End
HADC Ridgeway on German (Refinanced)	08/20/14	$ 10,335,000	$ 9,055,000

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. The postretirement is 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. 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. The postretirement increase is 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 2021 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, 2021, 2020 and 2019 were $790,980, $784,275 and $743,116, respectively. The City’s contributions were equal to the required contributions for each year as set by state statute.

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

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were $370,272, $335,854 and $302,295, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City of New Ulm reported a liability of $2,733,087 for its proportionate share of the General Employees Fund's net pension liability of which the EDA's portion was calculated at $56,383. The EDA's pension liability was reported as $56,383 due to a timing difference which exists due to the EDA having a June 30 year-end. At December 31, 2021, the PUC reported a liability of $3,493,226 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 $83,250 of which the EDA's portion was $1,739 The State of Minnesota's proportionate share of the net pension liability associated with the PUC totaled $106,678. The net pension liability was measured as of June 30, 2021, 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, 2021, 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City of New Ulm's proportionate share was 0.0641 percent which was no change from its proportion measured as of June 30, 2020. The EDA's proportionate share was calculated at 0.0009 percent at June 30, 2021 a 0.0001 percent decrease from June 30, 2020. The PUC's proportionate share was 0.0818 percent which was a 0.0043 percent increase from its proportion measured as of June 30, 2020.

City's Proportionate Share of the Net Pension Liability	$ 6,226,313
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	189,928
Total	$ 6,416,241

For the year ended December 31, 2021, the City recognized pension expense of $90,832 for its proportionate share of General Employees Plan's pension expense of which the EDA's portion was calculated at $6,426. The PUC recognized pension expense of $98,548 for its proportionate share of General Employee Plan's pension expense. In addition, the City recognized an additional $6,739 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 $151. In addition, the PUC recognized an additional $8,607 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.

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

At December 31, 2021, 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	$ 15,790	$ 83,595	$ 19,782	$ 106,252	$ 555	$ 214
Changes in Actuarial Assumptions	1,668,758	58,470	2,132,892	72,580	8	2,186
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,362,289	-	3,045,276	837	-
Changes in Proportion	84,200	40,550	194,044	46,671	1,819	3,315
Contributions Paid to PERA Subsequent to the Measurement Date	172,746	-	218,337	-	4,995	-
Total	$ 1,941,494	$ 2,544,904	$ 2,565,055	$ 3,270,779	$ 8,214	$ 5,715

The $396,078 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to GERF pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit - PUC	Component Unit - EDA
2022	$ (97,638)	$ (104,946)	$ (2,624)
2023	(11,846)	39,476	(1,252)
2024	(19,714)	(33,438)	18
2025	(646,958)	(825,153)	1,362

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of $1,304,501 for its proportionate share of the Police and Fire fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1690 percent which was a 0.0062 percent increase from its proportionate share measured as of June 30, 2020.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of $9 million in direct state aid that does meet the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state was paid on October 1, 2020. 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 supplemental 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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

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 $9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of $94,099 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional $10,681 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of $9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in state aid. The City recognized $15,210 for the year ended December 31, 2021 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.

At December 31, 2021, 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	$ 259,556	$ 4,780
Changes in Actuarial Assumptions	1,961,154	756,527
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,505,134
Changes in Proportion	75,902	107,567
Contributions Paid to PERA Subsequent to the Measurement Date	187,738	-
Total	$ 2,484,350	$ 3,374,008

The $187,738 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	$ (895,764)
2023	(163,324)
2024	(180,243)
2025	(257,794)
2026	419,729

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

Actuarial assumptions used in the June 30, 2021 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 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

<u>General Employees Fund</u>

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes.

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

Changes in Plan Provisions

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

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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 Equity	33.5 %	5.10 %
Alternative Assets (Private Markets)	25.0	5.90
Bonds (Fixed Income)	25.0	0.75
International Equity	16.5	5.30
Total	100.0 %	

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 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 (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund			
Primary government	$ 5,483,738	$ 2,676,704	$ 399,025
Component unit - PUC	7,124,399	3,493,226	513,628
Component unit - EDA	90,364	56,383	2,835
Police and Fire Fund	4,141,570	1,304,501	(1,021,193)

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.

Note 5: Defined Contribution Plan (Continued)

Total contributions made by the City during the fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 1,353	$ 1,353	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2021, 2020 and 2019 were $1,353, $991 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, 2021, 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 $26.50 per month for the monthly plan, or $5,750 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.

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

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 $103,402 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2021, 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, 2021 were $103,402. The City made voluntary contributions of $30,598 to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2021, the City reported a net pension asset of $1,820,910 for the plan. The net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined applying an actuarial formula to specific census data certified by the Department as of December 31, 2021. 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, 2021	$ 2,177,114	$ 3,595,131	$ (1,418,017)
Changes for the Year			
Service cost	75,371	-	75,371
Interest on pension liability (asset)	133,665	-	133,665
Changes in benefit terms	200,813	-	200,813
Net investment return	-	699,089	(699,089)
Contributions (state and local)	-	134,000	(134,000)
Benefit payments	(227,690)	(227,690)	-
Administrative expenses	-	(20,347)	20,347
Total Net Changes	182,159	585,052	(402,893)
Ending Balance December 31, 2021	$ 2,359,273	$ 4,180,183	$ (1,820,910)

For the year ended December 31, 2021, the City recognized negative pension expense of $90,661.

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

At December 31, 2021, 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	$ -	$ 110,299
Changes in Actuarial Assumptions	80,816	13,236
Net Difference Between Projected and Actual Earnings on Plan Investments	-	668,099
Total	$ 80,816	$ 791,634

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

2022	$ (191,913)
2023	(255,780)
2024	(165,568)
2025	(96,662)
2026	1,968
Thereafter	(2,863)

E. Actuarial Assumptions

The total pension liability at December 31, 2021 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 plan provisions in 2021 are as follows:

- The lump sum benefit amount increased from $5,000 to $5,750.
- The monthly pension was increased from $25.50 to $26.50

There were no changes in actuarial assumptions since the last valuation.

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
Total	100.00 %	

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	$ (1,717,306)	$ (1,820,910)	$ (1,918,694)

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.

Note 7: Postemployment Benefits Other Than Pensions

A. 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 and is not administered through a trust or equivalent arrangement and thus there are no assets accumulated in a GASB-compliant trust.

At December 31 2021, the following employees were covered by the benefit terms:

City	
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3
Active Plan Members	87
Total Plan Members	90
PUC	
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	3
Active Plan Members	81
Total Plan Members	84

B. 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 2021, implicit contributions for the City and PUC totaled $20,084 and $11,099, respectively.

C. Actuarial Methods and Assumptions

The City's and PUC's total OPEB liability of $498,883 and $273,611, respectively, were measured as of December 31, 2020, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of December 31, 2020.

The total OPEB liability for the City and PUC in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
20-Year Municpal Bond Yeild	2.00%
Inflation Rate	2.25%
Medical Trend Rate	6.30% in 2021 gradually decreasing to an ultimate rate of 3.80% in 2075 and later years

The discount rate used to measure the total OPEB liability was 2.0 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.

Note 7: Postemployment Benefits Other Than Pensions (Continued)

Mortality rates were based on the Pub-2010 General mortality tables with projected mortality improvements based on scale MP-2019 and other adjustments for general employees. Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2019 and other adjustments for police and fire employees.

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.

D. Changes in the Total OPEB Liability

	Primary Government Total OPEB Liability (a)	Component Unit - PUC Total OPEB Liability (a)
Balances at December 31, 2020	$ 689,438	$ 485,483
Changes for the Year		
Service cost	68,746	36,957
Interest	20,630	13,940
Differences between expected and actual experience	(229,948)	15,670
Changes in assumptions or other inputs	(33,978)	(247,386)
Employer contributions	(16,005)	(31,053)
Net Changes	(190,555)	(211,872)
Balances at December 31, 2021	$ 498,883	$ 273,611

Note 7: Postemployment Benefits Other Than Pensions (Continued)

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost insurance plans.
- Medical per capita claims costs were updated to reflect recent experience and the Alternative Measurement calculation method.
- Withdrawal, mortality and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police & Fire Plan valuations to the rates used in the 7/1/2020 valuations.
- The percent of future Police and Fire retirees eligible for benefits assumed to elect coverage at retirement changed from 20% to 10% to reflect recent plan experience.
- The percent of retirees electing spouse coverage from 100% assumed to elect single to active employees current election due to the updated valuation method.
- The percent of future non Medicare eligible retirees electing each medical plan changed from the following table to active employee's current election due to the updated valuation method

Medical Plan	*Fiscal 2020*
Blue Print Program	65%
Aware Network	15%
Blue Print HAS	20%

- The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- A disability assumption was removed for Police & Fire employees due to an updated valuation method.
- The retirement rates were updated form the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police & Fire Plan valuations to assuming a single retirement age of 62 for General employees and 55 for Police & Fire employees. This change was made due to the updated valuation method.

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

Note 7: Postemployment Benefits Other Than Pensions (Continued)

E. 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 one percentage point lower (1.0 percent) or one percentage-point higher (3.0 percent) than the current discount rate:

	1 Percent Decrease (1.0%)	Current (2.0%)	1 Percent Increase (3.0%)
City	$ 532,533	$ 498,883	$ 467,694
PUC	292,536	273,611	255,751

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 one percentage point lower (5.3 percent decreasing to 2.8 percent) or one percentage-point higher (7.3 percent increasing to 4.8 percent) than the current discount rate:

	1 Percent Decrease (5.3% Decreasing to 2.8%)	Healthcare Cost Trend Rates (6.3% Decreasing to 3.8%)	1 Percent Increase (7.3% Decreasing to 4.8%)
City	$ 461,145	$ 498,883	$ 542,056
PUC	248,223	273,611	303,701

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

For the year ended 2021, the City and PUC recognized OPEB expense of $19,579 and $19,954, respectively. At December 31, 2021, 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
Contributions to OPEB Subsequent to the Measurement Date	$ 20,084	$ -	$ 11,099	$ -

Deferred outflows of resources totaling $20,084 and $11,099, 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, 2022.

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. 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 2021 and 2020 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
Insurance Trust Fund				
2021	$ -	$ 5,569	$ (5,569)	$ -
2020	-	2,029	(2,029)	-
Health Insurance Trust Fund				
2021	19,256	2,806,492	(2,811,913)	13,835
2020	6,587	2,760,196	(2,747,527)	19,256

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 $13,835 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.

Note 8: Other Information (Continued)

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 2021 was $73,453.

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 2021 was $3,270,039, which accounted for 28.7 percent of General fund revenues.

Note 9: Major Customer

Two industrial customers of the PUC represent approximately 21.6 percent of the total utility revenue excluding municipal sales of the PUC and approximately 19.2 percent of outstanding utility receivables at December 31, 2021.

Note 10: Tax Abatements

As of December 31, 2021, 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.

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, 2021 was as follows:

	City Tax Rate (Year of Establishment)	District Tax Capacity	Amount of Taxes Abated During the Year
Tax Abatement Agreements			
Frontier Labs MN, LLC			$ 4,114
Tax Increment Districts (PAYGO)			
TIF District #2-2	34.605%	$ 30,390	10,001
TIF District #2-9	79.031%	38,377	30,330
Total			$ 44,445

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, 2021

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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
06/30/21	0.0641 %	$ 2,676,704	$ 81,511	$ 2,758,215	$ 4,534,354	59.0 %	87.0 %
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

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

Fiscal Year Ending	PUC's Proportion of the Net Pension Liability	PUC's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the PUC (b)	Total (a+b)	PUC's Covered Payroll (c)	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
06/30/21	0.0818 %	$ 3,493,226	$ 106,678	$ 3,599,904	$ 5,886,572	59.3 %	87.0 %
06/30/20	0.0775	4,646,479	143,299	4,789,778	5,524,206	84.1	79.0
06/30/19	0.0754	4,168,697	129,661	4,298,358	5,339,490	78.1	80.2
06/30/18	0.0784	4,349,311	142,715	4,492,026	5,271,840	82.5	79.5
06/30/17	0.0808	5,158,219	64,829	5,223,048	5,202,783	99.1	75.9
06/30/16	0.0791	6,422,528	83,846	6,506,374	4,907,096	130.9	68.9
06/30/15	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.

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 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
06/30/21	0.0009 %	$ 56,383	$ 1,739	$ 58,122	$ 75,121	75.1 %	79.0 %
06/30/20	0.0010	55,779	1,733	57,512	70,827	78.8	80.2
06/30/19	0.0010	56,198	1,844	58,042	64,813	86.7	79.5
06/30/18	0.0009	58,226	732	58,958	49,760	117.0	75.9
06/30/17	0.0008	62,206	812	63,018	48,745	127.6	68.9
06/30/16	0.0010	50,843	-	50,843	58,690	86.6	78.2
06/30/15	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)
12/31/21	$ 347,168	$ 347,168	$ -	$ 4,628,905	7.5 %
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.

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 - PUC's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	$ 438,818	$ 438,818	$ -	$ 5,850,913	7.5 %
12/31/20	435,952	435,952	-	5,812,694	7.5
12/31/19	401,679	401,679	-	5,355,726	7.5
12/31/18	390,905	390,905	-	5,212,064	7.5
12/31/17	403,498	403,498	-	5,379,971	7.5
12/31/16	372,980	372,980	-	4,973,067	7.5
12/31/15	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.

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)
06/30/21	$ 4,994	$ 4,994	$ -	$ 66,587	7.5 %
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.

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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.

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

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

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

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.

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	
06/30/21	0.1690	%	$ 1,304,501	$ 58,647	$ 1,363,148	$ 1,997,522	65.3	%	93.7	%
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)	
12/31/21	$ 370,272	$ 370,272	$ -	$ 2,091,933	17.70	%
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.

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

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.

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

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

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

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.

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

	2021	2020	2019	2018	2017	2016
Total Pension Liability						
Service cost	$ 75,371	$ 76,791	$ 68,044	$ 63,733	$ 58,047	$ 65,792
Interest	133,665	140,472	128,323	135,398	139,590	132,000
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)
Changes in benefit terms	200,813	-	148,739	-	-	-
Benefit payments	(227,690)	(208,390)	(125,505)	(280,410)	(62,305)	(129,632)
Net Change in Total Pension Liability	182,159	(11,403)	219,601	(41,816)	176,426	14,594
Total Pension Liability - January 1	2,177,114	2,188,517	1,968,916	2,010,732	1,834,306	1,819,712
Total Pension Liability - December 31 (A)	$ 2,359,273	$ 2,177,114	$ 2,188,517	$ 1,968,916	$ 2,010,732	$ 1,834,306
Plan Fiduciary Net Position						
Municipal contributions	$ 134,000	$ 136,000	$ 131,000	$ 137,103	$ 133,557	$ 125,286
Projected investment return	699,089	482,800	617,935	(122,742)	462,875	203,866
Benefit payments, including refunds of employee contributions	(227,690)	(208,390)	(125,505)	(280,410)	(62,305)	(129,632)
Administrative expenses	(20,347)	(14,221)	(18,109)	(16,468)	(18,693)	(13,143)
Net Change in Plan Fiduciary Net Position	585,052	396,189	605,321	(282,517)	515,434	186,377
Plan Fiduciary Net Position - January 1	3,595,131	3,198,942	2,593,621	2,876,138	2,360,704	2,174,327
Plan Fiduciary Net Position - December 31 (B)	$ 4,180,183	$ 3,595,131	$ 3,198,942	$ 2,593,621	$ 2,876,138	$ 2,360,704
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	$ (1,820,910)	$ (1,418,017)	$ (1,010,425)	$ (624,705)	$ (865,406)	$ (526,398)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	177.18%	165.13%	146.17%	131.73%	143.04%	128.70%
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

<u>Changes in Actuarial Assumptions</u>

2021 - None.

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%.

Notes to the Required Supplementary Information - Fire Relief Association (Continued)

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

2021 - The lump sum benefit amount increased form $5,000 to $5,750. The monthly pension was increased from $25.50 to $26.50

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.

Schedule of Employer's Fire Relief Association Contributions

	Required Supplementary Information		
Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/21	$ 103,402	$ 134,000	$ (30,598)
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	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 68,746	$ 56,110	$ 84,988	$ 75,603
Interest	20,630	23,597	20,994	20,399
Differences Between Expected and Actual Experience	(229,948)	-	67,703	-
Changes in Assumptions	(33,978)	38,027	(126,468)	3,649
Benefit payments	-	-	(16,751)	(3,587)
Employer Contributions	(16,005)	(16,424)	-	-
Net Change in Total OPEB Liability	(190,555)	101,310	30,466	96,064
Total OPEB Liability - Beginning	689,438	588,128	557,662	461,598
Total OPEB Liability - Ending	$ 498,883	$ 689,438	$ 588,128	$ 557,662
Covered-Employee Payroll	$ 6,517,965	$ 6,006,530	$ 5,898,055	$ 5,289,106
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.65 %	11.48 %	9.97 %	10.54 %

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available. There are no assets accumulated in a GASB-compliant trust.

<u>Benefit Changes</u>

2021 - None.

2020 - None.

2019 - None.

2018 - None.

Schedule of Changes in the OPEB Liability and Related Ratios (Continued)

Changes in Actuarial Assumptions

2021 - The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost insurance plans. Medical per capita claims costs were updated to reflect recent experience and the Alternative Measurement calculation method. Withdrawal, mortality and salary increase rates were updated from the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police & Fire Plan valuations to the rates used in the 7/1/2020 valuations. The percent of future Police and Fire retirees eligible for benefits assumed to elect coverage at retirement changed from 20% to 10% to reflect recent plan experience. The percent of retirees electing spouse coverage from 100% assumed to elect single to active employees current election due to the updated valuation method. The percent of future non Medicare eligible retirees electing each medical plan changed from the following table to active employee's current election due to the updated valuation method.

Medical Plan	*Fiscal 2020*
Blue Print Program	65%
Aware Network	15%
Blue Print HAS	20%

The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations. A disability assumption was removed for Police & Fire employees due to an updated valuation method. The retirement rates were updated form the rates used in the 7/1/2018 PERA General Employees Plan and 7/1/2018 Police & Fire Plan valuations to assuming a single retirement age of 62 for General employees and 55 for Police & Fire employees. This change was made due to the updated valuation method.

2020 - The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

2019 - 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.

Schedule of Changes in the OPEB Liability and Related Ratios (Continued)

2018 - 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.

PUC	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 36,957	$ 30,238	$ 39,871	$ 35,278
Interest	13,940	16,831	21,586	23,487
Changes in Assumptions	15,670	-	(203,455)	19,883
Benefit payments	(247,386)	32,257	(4,653)	(45,268)
Employer Contributions	(31,053)	(34,555)	(49,827)	
Net Change in Total OPEB Liability	(211,872)	44,771	(196,478)	33,380
Total OPEB Liability - Beginning	485,483	440,712	637,190	603,810
Total OPEB Liability - Ending	$ 273,611	$ 485,483	$ 440,712	$ 637,190
Covered-Employee Payroll	$ 6,062,527	$ 5,379,213	$ 5,245,396	$ 5,591,440
PUC's Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.51 %	9.03 %	8.40 %	11.40 %

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.
There are no assets accumulated in a GASB-compliant trust.

Benefit Changes

2021 - None.

2020 - None.

2019 - None.

2018 - None.

Schedule of Changes in the OPEB Liability and Related Ratios (Continued)

Changes in Actuarial Assumptions

2021 - The discount rate was changed from 2.75% to 2.00% based on updated 20-year municipal bond rates. Healthcare trend rates were reset to reflect updated cost increase expectations, including the repeal of the Affordable Care Act's Excise Tax on high-cost health insurance plans. Medical per capita claims costs were updated to reflect recent experience. Withdrawal, mortality and salary increase rates were updated form the rates used in the 7/1/2018 PERA General Employees Plan valuation to the rates used in the 7/1/2020 valuation. The percent of future retirees currently electing coverage assumed to elect coverage at retirement changed from 40% to 30% to reflect recent plan experience. The inflation assumption was changed from 2.50% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations. Expected employee retirement age was updated from 61 to 62 to reflect recent plan experience.

2020 - The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

2019 - 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.

2018 - 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.

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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, 2021

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City of New Ulm, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent	Total
Assets					
Cash and investments	$ 2,486,458	$ 290,780	$ 359,141	$ 557,139	$ 3,693,518
Receivables					
Delinquent taxes	13,000	-	-	-	13,000
Accounts	15,414	-	-	-	15,414
Notes, net of allowance	1,281,620	-	-	-	1,281,620
Special assessments	-	30,272	-	-	30,272
Intergovernmental	-	-	649,102	-	649,102
Advances to other funds	188,831	-	-	-	188,831
Prepaid items	4,569	-	-	-	4,569
Total Assets	$ 3,989,892	$ 321,052	$ 1,008,243	$ 557,139	$ 5,876,326
Liabilities					
Accounts payable	$ 72,212	$ -	$ 6,136	$ -	$ 78,348
Retainage payable	-	-	13,552	-	13,552
Due to other governments	146	-	-	-	146
Accrued salaries payable	10,738	-	-	-	10,738
Advances from other funds	188,831	-	-	-	188,831
Total Liabilities	271,927	-	19,688	-	291,615
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	13,000	-	-	-	13,000
Special assessments	-	30,272	-	-	30,272
Intergovernmental	-	-	381,928	-	381,928
Total Deferred Inflows of Resources	13,000	30,272	381,928	-	425,200
Fund Balances					
Nonspendable					
Prepaid items	4,569	-	-	-	4,569
Perpetual care	-	-	-	557,139	557,139
Restricted					
Library programs	3,384	-	-	-	3,384
Culture and recreation projects	105,754				105,754
Economic development	2,542,163	-	-	-	2,542,163
Maintain parking areas	465,345	-	-	-	465,345
TIF activities	70,183	-	-	-	70,183
Debt service	-	290,780	-	-	290,780
Capital improvements	-	-	1,338,248	-	1,338,248
Committed					
Library services	109,392	-	-	-	109,392
Library programs	71,541	-	-	-	71,541
Assigned					
DARE program	60,444	-	-	-	60,444
Library services	414,943	-	-	-	414,943
Library programs	20,544	-	-	-	20,544
Fire fighting	3,737	-	-	-	3,737
Employee lunchrooms	9,923				9,923
Unassigned	(176,957)	-	(731,621)	-	(908,578)
Total Fund Balances	3,704,965	290,780	606,627	557,139	5,159,511
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,989,892	$ 321,052	$ 1,008,243	$ 557,139	$ 5,876,326

City of New Ulm, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent	Total
Revenues					
Taxes					
General	$ 811,416	$ -	$ -	$ -	$ 811,416
Delinquent	2,646	-	-	-	2,646
Captured TIF	254,787	-	-	-	254,787
Mobile home	1,553	-	-	-	1,553
Special service district	33,291	-	-	-	33,291
Penalties and interest	131	-	-	-	131
Intergovernmental					
State					
Other aid	10,120	-	358,055	-	368,175
County					
Library aid	16,730	-	-	-	16,730
Local					
Other	4,671	-	-	-	4,671
Charges for services					
Culture and recreation	8,166	-	-	-	8,166
Miscellaneous	32,720	-	686,604	-	719,324
Fines and forfeitures	9,927	-	-	-	9,927
Special assessments	-	33,905	-	-	33,905
Investment earnings (loss)	29,529	(1,469)	(11,225)	(4,878)	11,957
Miscellaneous					
Donations	57,496	-	-	-	57,496
Other	9,932	-	892	18,542	29,366
Total Revenues	1,283,115	32,436	1,034,326	13,664	2,363,541
Expenditures					
Current					
Culture and recreation					
Library	856,378	-	-	-	856,378
Other	17,776	-	-	-	17,776
Economic development	25,456	-	-	-	25,456
Miscellaneous					
Other	281,860	-	-	-	281,860
Capital outlay					
Streets and highways	-	-	4,058,629	-	4,058,629
Culture and recreation	15,645	-	-	-	15,645
Debt service					
Principal	30,272	4,345,000	-	-	4,375,272
Interest	9,196	689,688	-	-	698,884
Bond issuance costs and fees	-	-	57,467	-	57,467
Total Expenditures	1,236,583	5,034,688	4,116,096	-	10,387,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,532	(5,002,252)	(3,081,770)	13,664	(8,023,826)
Other Financing Sources (Uses)					
Transfers in	-	5,034,688	178,093	-	5,212,781
Bonds issued	-	-	1,805,000	-	1,805,000
Premium on bonds issued	-	-	97,292	-	97,292
Transfers out	(15,000)	-	(78,093)	-	(93,093)
Total Other Financing Sources (Uses)	(15,000)	5,034,688	2,002,292	-	7,021,980
Net Change in Fund Balances	31,532	32,436	(1,079,478)	13,664	(1,001,846)
Fund Balances, January 1	3,673,433	258,344	1,686,105	543,475	6,161,357
Fund Balances, December 31	$ 3,704,965	$ 290,780	$ 606,627	$ 557,139	$ 5,159,511

City of New Ulm, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2021

	Economic Development Loan Program	TIF Districts	Community Development Block Grant	Library	Library Board	Parking Meter
Assets						
Cash and investments	$ 436,322	$ 147,875	$ 462,899	$ 537,960	$ 95,530	$ 451,660
Receivables						
Delinquent taxes	-	-	-	8,251	-	4,749
Accounts	-	-	-	258	-	14,956
Notes, net of allowance	556,555	-	-	-	-	-
Advances to other funds	188,831	-	-	-	-	-
Prepaid items	-	-	-	512	-	4,057
Total Assets	$ 1,181,708	$ 147,875	$ 462,899	$ 546,981	$ 95,530	$ 475,422
Liabilities						
Accounts payable	$ -	$ 65,818	$ -	$ 4,244	$ 61	$ 26
Due to other governments	-	-	-	-	-	146
Accrued salaries payable	-	-	-	9,639	-	1,099
Advances from other funds	-	188,831	-	-	-	-
Total Liabilities	-	254,649	-	13,883	61	1,271
Deferred Inflows of Resources						
Unavailable revenue						
Taxes	-	-	-	8,251	-	4,749
Fund Balances						
Nonspendable						
Prepaid items	-	-	-	512	-	4,057
Restricted						
Library programs	-	-	-	-	3,384	-
Culture and recreation projects	-	-	-	-	-	-
Economic development	1,181,708	-	462,899	-	-	-
Maintain parking areas	-	-	-	-	-	465,345
TIF activities	-	70,183	-	-	-	-
Committed						
Library services	-	-	-	109,392	-	-
Library programs	-	-	-	-	71,541	-
Assigned						
DARE program	-	-	-	-	-	-
Library services	-	-	-	414,943	-	-
Library programs	-	-	-	-	20,544	-
Fire fighting	-	-	-	-	-	-
Employee lunchrooms	-	-	-	-	-	-
Unassigned	-	(176,957)	-	-	-	-
Total Fund Balances	1,181,708	(106,774)	462,899	524,847	95,469	469,402
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,181,708	$ 147,875	$ 462,899	$ 546,981	$ 95,530	$ 475,422

State MIF Grant	Rehabilitation Loan Program	Character Counts	Firefighters	Small Cities	Miscellaneous Affiliated Groups	Employee Lunchrooms	Total
$ (2,121)	$ 114,542	$ 60,444	$ 3,737	$ 60,070	$ 107,602	$ 9,938	$ 2,486,458
-	-	-	-	-	-	-	13,000
-	-	-	-	-	200	-	15,414
189,587	535,478	-	-	-	-	-	1,281,620
-	-	-	-	-	-	-	188,831
-	-	-	-	-	-	-	4,569
$ 187,466	$ 650,020	$ 60,444	$ 3,737	$ 60,070	$ 107,802	$ 9,938	$ 3,989,892
$ -	$ -	$ -	$ -	$ -	$ 2,048	$ 15	$ 72,212
-	-	-	-	-	-	-	146
-	-	-	-	-	-	-	10,738
-	-	-	-	-	-	-	188,831
-	-	-	-	-	2,048	15	271,927
-	-	-	-	-	-	-	13,000
-	-	-	-	-	-	-	4,569
-	-	-	-	-	-	-	3,384
-	-	-	-	-	105,754	-	105,754
187,466	650,020	-	-	60,070	-	-	2,542,163
-	-	-	-	-	-	-	465,345
-	-	-	-	-	-	-	70,183
-	-	-	-	-	-	-	109,392
-	-	-	-	-	-	-	71,541
-	-	60,444	-	-	-	-	60,444
-	-	-	-	-	-	-	414,943
-	-	-	-	-	-	-	20,544
-	-	-	3,737	-	-	-	3,737
-	-	-	-	-	-	9,923	9,923
-	-	-	-	-	-	-	(176,957)
187,466	650,020	60,444	3,737	60,070	105,754	9,923	3,704,965
$ 187,466	$ 650,020	$ 60,444	$ 3,737	$ 60,070	$ 107,802	$ 9,938	$ 3,989,892

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, 2021

	Economic Development Loan Program	TIF Districts	Community Development Block Grant	Library	Library Board	Parking Meter
Revenues						
Taxes						
General	$ -	$ -	$ -	$ 811,416	$ -	$ -
Delinquent	-	-	-	2,646	-	-
Captured TIF	-	254,787	-	-	-	-
Mobile home	-	-	-	1,553	-	-
Special service district	-	-	-	-	-	33,291
Penalties and interest	-	-	-	-	-	131
Intergovernmental						
State						
Other aid	-	-	-	10,120	-	-
County						
Library aid	-	-	-	16,730	-	-
Local						
Other	-	-	-	4,671	-	-
Charges for services						
Culture and recreation	-	-	-	8,166	-	-
Miscellaneous	-	-	-	-	-	30,443
Fines and forfeitures	-	-	-	1,287	-	8,640
Investment earnings (loss)	13,618	584	(409)	(947)	(112)	(530)
Miscellaneous						
Donations	-	-	-	5,381	4,934	-
Other	8,190	-	-	1,742	-	-
Total Revenues	21,808	255,371	(409)	862,765	4,822	71,975
Expenditures						
Current						
Culture and recreation						
Library	-	-	-	844,902	11,476	-
Other	-	-	-	-	-	-
Economic development	-	-	3	-	-	-
Miscellaneous						
Other	-	205,784	-	-	-	74,281
Capital outlay						
Culture and recreation	-	-	-	15,645	-	-
Debt service						
Principal	-	30,272	-	-	-	-
Interest	-	9,196	-	-	-	-
Total Expenditures	-	245,252	3	860,547	11,476	74,281
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,808	10,119	(412)	2,218	(6,654)	(2,306)
Other Financing Sources (Uses)						
Transfers out	-	-	-	-	-	-
Net Change in Fund Balances	21,808	10,119	(412)	2,218	(6,654)	(2,306)
Fund Balances, January 1	1,159,900	(116,893)	463,311	522,629	102,123	471,708
Fund Balances, December 31	$ 1,181,708	$ (106,774)	$ 462,899	$ 524,847	$ 95,469	$ 469,402

State MIF Grant	Rehabilitation Loan Program	Character Counts	Firefighters	Small Cities	Miscellaneous Affiliated Groups	Employee Lunchrooms	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 811,416
-	-	-	-	-	-	-	2,646
-	-	-	-	-	-	-	254,787
-	-	-	-	-	-	-	1,553
-	-	-	-	-	-	-	33,291
-	-	-	-	-	-	-	131
-	-	-	-	-	-	-	10,120
-	-	-	-	-	-	-	16,730
-	-	-	-	-	-	-	4,671
-	-	-	-	-	-	-	8,166
-	-	-	-	-	-	2,277	32,720
-	-	-	-	-	-	-	9,927
5,024	11,489	-	29	(57)	764	76	29,529
-	-	-	-	-	47,181	-	57,496
-	-	-	-	-	-	-	9,932
5,024	11,489	-	29	(57)	47,945	2,353	1,283,115
-	-	-	-	-	-	-	856,378
	-	-	-	-	17,776	-	17,776
25,453	-	-	-	-	-	-	25,456
				-			
-	-	-	-	-	-	1,795	281,860
-	-	-	-	-	-	-	15,645
-	-	-	-	-	-	-	30,272
-	-	-	-	-	-	-	9,196
25,453	-	-	-	-	17,776	1,795	1,236,583
(20,429)	11,489	-	29	(57)	30,169	558	46,532
-	-	-	-	-	(15,000)	-	(15,000)
(20,429)	11,489	-	29	(57)	15,169	558	31,532
207,895	638,531	60,444	3,708	60,127	90,585	9,365	3,673,433
$ 187,466	$ 650,020	$ 60,444	$ 3,737	$ 60,070	$ 105,754	$ 9,923	$ 3,704,965

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 813,153	$ 813,153	$ 811,416	$ (1,737)	$ 788,330
Delinquent	-	-	2,646	2,646	3,840
Mobile home	-	-	1,553	1,553	1,871
Intergovernmental					
State					
Other aid	-	-	10,120	10,120	-
County	16,700	16,700	16,730	30	16,300
Local	-	-	4,671	4,671	400
Charges for services	9,500	9,500	8,166	(1,334)	6,390
Fines and forfeitures	1,000	1,000	1,287	287	792
Investment earnings (loss)	3,500	3,500	(947)	(4,447)	6,779
Miscellaneous					
Donations	-	-	5,381	5,381	-
Other	2,750	2,750	1,742	(1,008)	942
Total Revenues	846,603	846,603	862,765	16,162	825,644
Expenditures					
Current					
Culture and recreation					
Personal services	666,047	666,047	639,390	26,657	564,459
Supplies	67,000	67,500	72,204	(4,704)	76,961
Contractual services	63,556	63,556	80,497	(16,941)	88,519
Other services and charges	50,000	52,630	52,811	(181)	45,834
Total Current	846,603	849,733	844,902	4,831	775,773
Capital outlay					
Culture and recreation	33,000	33,000	15,645	17,355	14,641
Total Expenditures	879,603	882,733	860,547	22,186	790,414
Net Change in Fund Balances	(33,000)	(36,130)	2,218	38,348	35,230
Fund Balances, January 1	522,629	522,629	522,629	-	487,399
Fund Balance, December 31	$ 489,629	$ 486,499	$ 524,847	$ 38,348	$ 522,629

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Special service district	$ 40,000	$ 40,000	$ 33,291	$ (6,709)	$ 33,077
Penalties and interest	-	-	131	131	-
Charges for services	21,000	21,000	30,443	9,443	23,412
Fines and forfeitures	21,000	21,000	8,640	(12,360)	415
Investment earnings (loss)	4,600	4,600	(530)	(5,130)	7,821
Total Revenues	86,600	86,600	71,975	(14,625)	64,725
Expenditures					
Current					
Miscellaneous					
Personal services	61,625	61,625	57,284	4,341	52,262
Supplies	3,850	3,850	6,011	(2,161)	6,078
Contractual services	15,000	15,000	10,323	4,677	15,793
Other services and charges	900	900	663	237	794
Total Expenditures	81,375	81,375	74,281	7,094	74,927
Net Change in Fund Balances	5,225	5,225	(2,306)	(7,531)	(10,202)
Fund Balances, January 1	471,708	471,708	471,708	-	481,910
Fund Balances, December 31	$ 476,933	$ 476,933	$ 469,402	$ (7,531)	$ 471,708

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 1,184,674	$ 1,184,674	$ 1,182,119	$ (2,555)	$ 1,012,958
Delinquent	-	-	3,386	3,386	4,821
Mobile home	-	-	2,060	2,060	2,396
Payment in lieu of taxes	436,471	436,471	432,773	(3,698)	394,761
Intergovernmental					
State					
Local governmental aid	959,088	959,088	959,088	-	903,786
Other aid	300,000	300,000	-	(300,000)	-
Local					
Other aid	-	-	-	-	4,000
Charges for services	728,700	728,700	893,837	165,137	436,283
Investment earnings (loss)	6,300	6,300	(2,006)	(8,306)	12,468
Miscellaneous					
Donations	10,000	10,000	18,121	8,121	5,586
Other	7,800	7,800	17,271	9,471	21,016
Total Revenues	3,633,033	3,633,033	3,506,649	(126,384)	2,798,075
Expenditures					
Current					
Culture and recreation					
Administration					
Personal services	415,230	415,230	395,885	19,345	332,971
Supplies	6,700	6,700	1,725	4,975	6,988
Contractual services	35,567	35,567	32,747	2,820	16,471
Other services and charges	47,531	47,531	39,751	7,780	28,081
Total	505,028	505,028	470,108	34,920	384,511
Park					
Personal services	567,018	567,018	581,961	(14,943)	491,933
Supplies	120,300	123,553	99,864	23,689	140,739
Contractual services	209,502	211,502	191,853	19,649	238,693
Other services and charges	99,100	99,100	107,674	(8,574)	110,216
Total	995,920	1,001,173	981,352	19,821	981,581
Outdoor pool					
Personal services	22,176	22,176	27,522	(5,346)	23,841
Supplies	8,800	8,800	11,903	(3,103)	7,097
Contractual services	8,600	8,600	681	7,919	825
Other services and charges	8,975	8,975	6,839	2,136	5,201
Total	48,551	48,551	46,945	1,606	36,964

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Recreation center					
Personal services	$ 634,755	$ 634,755	$ 527,091	$ 107,664	$ 477,905
Supplies	95,800	95,800	59,085	36,715	56,700
Contractual services	50,627	50,627	38,603	12,024	42,089
Other services and charges	212,600	212,600	92,260	120,340	122,622
Total	993,782	993,782	717,039	276,743	699,316
Civic center					
Personal services	184,101	184,101	161,025	23,076	153,427
Supplies	35,200	35,200	33,496	1,704	41,018
Contractual services	74,971	74,971	83,756	(8,785)	89,416
Other services and charges	299,350	299,350	333,043	(33,693)	262,261
Total	593,622	593,622	611,320	(17,698)	546,122
Community center					
Personal services	95,339	95,339	84,630	10,709	92,495
Supplies	19,200	19,200	11,154	8,046	15,648
Contractual services	26,406	26,406	13,669	12,737	18,262
Other services and charges	35,450	35,450	35,446	4	28,414
Total	176,395	176,395	144,899	31,496	154,819
Total Current	3,313,298	3,318,551	2,971,663	346,888	2,803,313
Capital outlay					
General government					
Administration	11,000	11,000	-	11,000	-
Culture and recreation					
Park	300,000	300,000	-	300,000	3,529
Recreation center	8,735	8,735	-	8,735	-
Total Capital Outlay	319,735	319,735	-	319,735	3,529
Total Expenditures	3,633,033	3,638,286	2,971,663	666,623	2,806,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(5,253)	534,986	540,239	(8,767)
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	(28,327)
Net Change in Fund Balances	-	(5,253)	534,986	540,239	(37,094)
Fund Balances, January 1	891,538	891,538	891,538	-	928,632
Fund Balances, December 31	$ 891,538	$ 886,285	$ 1,426,524	$ 540,239	$ 891,538

City of New Ulm, Minnesota
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2021

	2012 G.O. PIRF Bonds	2015 G.O. PIRF Bonds	2016 G.O. PIRF Bonds
Assets			
Cash and investments	$ -	$ -	$ 290,780
Receivables			
Special assessments			
Delinquent	-	-	30,272
Total Assets	$ -	$ -	$ 321,052
Deferred Inflows of Resources			
Unavailable revenue			
Special assessments	$ -	$ -	$ 30,272
Fund Balances			
Restricted			
Debt service	-	-	290,780
Total Deferred Inflows of Resources and Fund Balances	$ -	$ -	$ 321,052

2017 G.O. PIRF Bonds	2018 G.O. PIRF Bonds	2018B Sales Tax Revenue Bonds	2019 G.O. PIRF Bonds	2020 G.O. PIRF Bonds	2020B Sales Tax Revenue Bonds	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 290,780
-	-	-	-	-	-	30,272
$ -	$ -	$ -	$ -	$ -	$ -	$ 321,052
$ -	$ -	$ -	$ -	$ -	$ -	$ 30,272
-	-	-	-	-	-	290,780
$ -	$ -	$ -	$ -	$ -	$ -	$ 321,052

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, 2021

	2012 G.O. PIRF Bonds	2015 G.O. PIRF Bonds	2016 G.O. PIRF Bonds
Revenues			
Special assessments	$ -	$ -	$ 33,905
Investment earnings (loss)	-	-	(1,469)
Total Revenues	-	-	32,436
Expenditures			
Debt service			
Principal	240,000	1,720,000	155,000
Interest	4,080	29,424	14,300
Total Expenditures	244,080	1,749,424	169,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	(244,080)	(1,749,424)	(136,864)
Other Financing Sources (Uses)			
Transfers in	244,080	1,749,424	169,300
Net Change in Fund Balances	-	-	32,436
Fund Balances, January 1	-	-	258,344
Fund Balances, December 31	$ -	$ -	$ 290,780

2017 G.O. PIRF Bonds	2018 G.O. PIRF Bonds	2018B Sales Tax Revenue Bonds	2019 G.O. PIRF Bonds	2020 G.O. PIRF Bonds	2020B Sales Tax Revenue Bonds	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 33,905
-	-	-	-	-	-	(1,469)
-	-	-	-	-	-	32,436
240,000	455,000	300,000	505,000	380,000	350,000	4,345,000
36,600	53,050	243,406	142,300	45,469	121,059	689,688
276,600	508,050	543,406	647,300	425,469	471,059	5,034,688
(276,600)	(508,050)	(543,406)	(647,300)	(425,469)	(471,059)	(5,002,252)
276,600	508,050	543,406	647,300	425,469	471,059	5,034,688
-	-	-	-	-	-	32,436
-	-	-	-	-	-	258,344
$ -	$ -	$ -	$ -	$ -	$ -	$ 290,780

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, 2021

	Bond Sinking			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
General	$ 1,759,063	$ 1,759,063	$ 1,755,330	$ (3,733)
Delinquent	-	-	6,774	6,774
Mobile home	-	-	3,498	3,498
Total taxes	1,759,063	1,759,063	1,765,602	6,539
Special assessments	950,000	950,000	997,309	47,309
Investment earnings	3,500	3,500	(3,271)	(6,771)
Total Revenues	2,712,563	2,712,563	2,759,640	47,077
Expenditures				
Debt service				
Bond issuance costs and fees	3,000	3,000	8,654	(5,654)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,709,563	2,709,563	2,750,986	41,423
Other Financing Sources (Uses)				
Bonds issued	-	-	1,335,000	1,335,000
Premium on bonds issued	-	-	62,475	62,475
Transfers out	(2,580,537)	(2,580,537)	(4,020,223)	(1,439,686)
Total Other Financing Sources (Uses)	(2,580,537)	(2,580,537)	(2,622,748)	(42,211)
Net Change in Fund Balances	129,026	129,026	128,238	(788)
Fund Balances, January 1	194,577	194,577	194,577	-
Fund Balances, December 31	$ 323,603	$ 323,603	$ 322,815	$ (788)

City of New Ulm, Minnesota
Nonmajor Capital Project Funds
Combining Balance Sheets
December 31, 2021

	Airport Runway Extension	2018 Bonds	2019 Bonds	2020 Bonds	2021 Bonds	Total
Assets						
Cash and investments	$ 26,366	$ 909,708	$ -	$ (828,255)	$ 251,322	$ 359,141
Receivables						
Intergovernmental	-	6,569	-	96,634	545,899	649,102
Total Assets	$ 26,366	$ 916,277	$ -	$ (731,621)	$ 797,221	$ 1,008,243
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ 6,136	$ 6,136
Retainage payable	-	-	-	-	13,552	13,552
Total liabilities	-	-	-	-	19,688	19,688
Deferred Inflows of Resources						
Intergovernmental	-	-	-	-	381,928	381,928
Fund Balances						
Restricted						
Capital improvements	26,366	916,277	-	-	395,605	1,338,248
Unassigned	-	-		(731,621)	-	(731,621)
Total Fund Balances	26,366	916,277	-	(731,621)	395,605	606,627
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 26,366	$ 916,277	$ -	$ (731,621)	$ 797,221	$ 1,008,243

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, 2021

	Airport Runway Extension	2018 Bonds	2019 Bonds	2020 Bonds	2021 Bonds	Total
Revenues						
Intergovernmental						
Other State aids	$ 26,386	$ 17,213	$ -	$ 150,279	$ 164,177	$ 358,055
Investment earnings (loss)	(20)	(5,217)	(3,532)	(2,885)	429	(11,225)
Infrastructure fees	-	-	-	-	686,604	686,604
Miscellaneous	-	892	-	-	-	892
Total Revenues	26,366	12,888	(3,532)	147,394	851,210	1,034,326
Expenditures						
Capital outlay						
Streets and highways	-	-	1,512	1,812,113	2,245,004	4,058,629
Debt service						
Bond issuance costs and fees	-	8,545	-	-	48,922	57,467
Total expenditures	-	8,545	1,512	1,812,113	2,293,926	4,116,096
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	26,366	4,343	(5,044)	(1,664,719)	(1,442,716)	(3,081,770)
Other Financing Sources (Uses)						
Bonds issued	-	-	-	-	1,805,000	1,805,000
Premium on bonds issued	-	-	-	-	97,292	97,292
Transfers in	-	-	78,093	-	100,000	178,093
Transfers out	-	(78,093)	-	-	-	(78,093)
Total other financing sources (uses)	-	(78,093)	78,093	-	2,002,292	2,002,292
Net Change in Fund Balances	26,366	(73,750)	73,049	(1,664,719)	559,576	(1,079,478)
Fund Balances, January 1	-	990,027	(73,049)	933,098	(163,971)	1,686,105
Fund Balances, December 31	$ 26,366	$ 916,277	$ -	$ (731,621)	$ 395,605	$ 606,627

City of New Ulm, Minnesota
Special Revenue Tax Increment Financing Funds
Combining TIF Balance Sheet
December 31, 2021

	TIF RD-9	TIF H - 2	TIF H - 5	TIF H - 7	TIF H - 9	Total
Assets						
Cash and investments	$ 9,936	$ 40,989	$ 4,827	$ 64,767	$ 27,356	$ 147,875
Liabilities						
Accounts payable	$ -	$ 40,400	$ -	$ -	$ 25,418	$ 65,818
Advances from other funds	163,231	-	-	-	25,600	188,831
Total Liabilities	163,231	40,400	-	-	51,018	254,649
Fund Balances						
Restricted						
TIF activities	-	589	4,827	64,767	-	70,183
Unassigned	(153,295)	-	-	-	(23,662)	(176,957)
Total Fund Balances	(153,295)	589	4,827	64,767	(23,662)	(106,774)
Total Liabilities and Fund Balances	$ 9,936	$ 40,989	$ 4,827	$ 64,767	$ 27,356	$ 147,875

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, 2021

	TIF RD-9	TIF H - 2	TIF H - 5	TIF H - 7	TIF H - 9	Total
Revenues						
Taxes						
Captured TIF	$ 57,796	$ 40,449	$ 38,760	$ 64,271	$ 53,511	$ 254,787
Investment earnings (loss)	69	140	(11)	345	41	584
Total Revenues	57,865	40,589	38,749	64,616	53,552	255,371
Expenditures						
Current						
Miscellaneous	49,548	40,550	150	64,550	50,986	205,784
Debt service						
Principal	-	-	30,272	-	-	30,272
Interest	4,801	-	3,643	-	752	9,196
Total Expenditures	54,349	40,550	34,065	64,550	51,738	245,252
Net Change in Fund Balances	3,516	39	4,684	66	1,814	10,119
Fund Balances, January 1	(156,811)	550	143	64,701	(25,476)	(116,893)
Fund Balances, December 31	$ (153,295)	$ 589	$ 4,827	$ 64,767	$ (23,662)	$ (106,774)

City of New Ulm, Minnesota
Cemetery Permanent Fund
Comparative Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and investments	$ 557,139	$ 542,098
Receivables		
Accounts	-	1,377
Total Assets	$ 557,139	$ 543,475
Fund Balances		
Nonspendable		
Perpetual care	$ 557,139	$ 543,475

City of New Ulm, Minnesota
Cemetery Permanent Fund
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2021 and 2020

	2021	2020
Revenues		
Investment earnings (loss)	$ (4,878)	$ 1,677
Miscellaneous		
Other	18,542	32,754
Total Revenues	13,664	34,431
Expenditures		
Miscellaneous	-	15,664
Net Change in Fund Balances	13,664	18,767
Fund Balances, January 1	543,475	524,708
Fund Balances, December 31	$ 557,139	$ 543,475

City of New Ulm, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and investments	$ 6,482,221	$ 6,315,297
Receivables		
Interest	120,026	122,436
Delinquent taxes	38,843	41,801
Accounts	263,251	86,149
Special assessments	107,404	115,198
Intergovernmental	294,757	196,623
Prepaid items	37,537	24,508
Total Assets	$ 7,344,039	$ 6,902,012
Liabilities		
Accounts payable	$ 181,368	$ 117,839
Accrued salaries payable	107,943	89,648
Deposits payable	49,560	35,560
Unearned revenue	45,769	11,510
Total Liabilities	384,640	254,557
Deferred Inflows of Resources		
Unavailable revenue		
Pledges receivable	164,507	-
Taxes	38,843	41,801
Special assessments	107,404	115,198
Total Deferred Inflows of Resources	310,754	156,999
Fund Balances		
Nonspendable		
Prepaid items	37,537	24,508
Assigned		
Subsequent year budgeted deficit	95,000	51,899
Unassigned	6,516,108	6,414,049
Total Fund Balances	6,648,645	6,490,456
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,344,039	$ 6,902,012

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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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 4,039,189	$ 4,039,189	$ 4,040,191	$ 1,002	$ 3,721,871
Delinquent	-	-	12,170	12,170	16,295
Mobile home	-	-	7,104	7,104	8,604
Franchise	220,000	220,000	251,158	31,158	243,953
Hotel/motel	125,000	125,000	130,030	5,030	78,762
Payment in lieu of taxes	1,488,163	1,488,163	1,487,831	(332)	1,449,343
Penalties and interest on delinquent taxes	-	-	2,065	2,065	1,284
Total Taxes	5,872,352	5,872,352	5,930,549	58,197	5,520,112
Special assessments	18,500	18,500	10,951	(7,549)	27,057
Licenses and permits					
Business	68,975	68,975	58,107	(10,868)	50,940
Nonbusiness	153,400	153,400	274,342	120,942	149,207
Total Licenses and Permits	222,375	222,375	332,449	110,074	200,147
Intergovernmental					
Federal					
Airport improvement grant	167,892	167,892	81,821	(86,071)	74,883
Other federal grants	-	-	59,739	59,739	50,835
State					
Local government aid	3,270,039	3,270,039	3,270,039	-	3,314,964
Property tax credits and aids	-	-	225	225	121
Police amortization aid	180,000	180,000	193,044	13,044	193,746
Fire aid	94,000	94,000	103,402	9,402	100,167
Street maintenance aid	27,000	27,000	27,015	15	27,015
Other aid	306,474	306,474	306,743	269	127,291
County					
Highways	13,000	13,000	12,733	(267)	13,925
Total Intergovernmental	4,058,405	4,058,405	4,054,761	(3,644)	3,902,947
Charges for services					
General government	68,107	68,107	83,471	15,364	72,374
Public safety	146,100	146,100	139,225	(6,875)	159,100
Public works	5,660	5,660	21,350	15,690	7,826
Miscellaneous	124,930	124,930	149,404	24,474	145,661
Charges to other funds	504,794	504,794	430,277	(74,517)	221,383
Total Charges For Services	849,591	849,591	823,727	(25,864)	606,344
Fines and forfeitures					
Court fines and forfeitures	72,500	72,500	74,121	1,621	142,107
Investment earnings (loss)	59,100	59,100	(6,880)	(65,980)	98,188
Miscellaneous					
Donations	-	-	1,326	1,326	-
Other	46,033	46,033	180,818	134,785	64,569
Total Revenues	11,198,856	11,198,856	11,401,822	202,966	10,561,471

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures					
Current					
General government					
Personal services	$ 1,311,691	$ 1,311,691	$ 1,253,380	$ 58,311	$ 1,113,721
Supplies	45,000	92,781	37,065	55,716	82,094
Contractual services	515,083	515,083	642,481	(127,398)	526,629
Insurance	294,200	294,200	287,844	6,356	275,844
Other services and charges	429,313	453,985	434,490	19,495	338,334
Total general government	2,595,287	2,667,740	2,655,260	12,480	2,336,622
Public safety					
Fire					
Personal services	456,522	456,522	451,988	4,534	417,971
Supplies	44,000	44,000	36,478	7,522	58,186
Contractual services	32,111	32,111	35,939	(3,828)	33,644
Other services and charges	49,100	52,118	49,703	2,415	50,865
Total fire	581,733	584,751	574,108	10,643	560,666
Police					
Personal services	3,072,629	3,072,629	2,978,781	93,848	2,616,842
Supplies	111,746	111,746	115,118	(3,372)	125,393
Contractual services	79,850	79,850	74,945	4,905	84,703
Other services and charges	187,330	187,330	241,577	(54,247)	203,937
Total police	3,451,555	3,451,555	3,410,421	41,134	3,030,875
Total public safety	4,033,288	4,036,306	3,984,529	51,777	3,591,541
Streets and highways					
Personal services	1,283,638	1,283,638	1,174,561	109,077	1,135,892
Supplies	625,500	625,500	625,898	(398)	562,439
Contractual services	742,057	742,057	739,083	2,974	792,695
Other services and charges	10,100	10,100	10,058	42	9,499
Total streets and highways	2,661,295	2,661,295	2,549,600	111,695	2,500,525
Sanitation and waste removal					
Personal services	81,827	81,827	109,955	(28,128)	110,007
Supplies	7,950	7,950	485	7,465	739
Contractual services	61,117	61,117	63,415	(2,298)	56,474
Other services and charges	3,900	3,900	3,267	633	3,572
Total sanitation and waste removal	154,794	154,794	177,122	(22,328)	170,792
Miscellaneous					
Airport					
Personal services	21,659	21,659	9,796	11,863	14,333
Supplies	1,500	1,500	993	507	11,407
Contractual services	113,707	113,707	136,259	(22,552)	104,487
Insurance	9,460	9,460	10,041	(581)	9,263
Other services and charges	17,250	17,250	31,735	(14,485)	23,087
Total airport	163,576	163,576	188,824	(25,248)	162,577
Cemetery					
Personal services	195,430	195,430	199,006	(3,576)	187,667
Supplies	10,600	10,600	7,368	3,232	8,785
Contractual services	29,860	29,860	28,435	1,425	36,476
Other services and charges	4,150	4,150	3,725	425	4,067
Total cemetery	240,040	240,040	238,534	1,506	236,995

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Miscellaneous (continued)					
Engineering					
Personal services	$ 727,272	$ 727,272	$ 624,223	$ 103,049	$ 654,990
Supplies	27,520	27,520	26,532	988	26,004
Contractual services	127,193	228,206	196,257	31,949	82,591
Other services and charges	12,400	12,400	15,652	(3,252)	13,797
Total engineering	894,385	995,398	862,664	132,734	777,382
Community access					
Personal services	204,557	204,557	207,173	(2,616)	192,097
Supplies	13,750	13,750	1,817	11,933	329
Other services and charges	15,185	15,185	8,360	6,825	9,622
Total community access	233,492	233,492	217,350	16,142	202,048
Total miscellaneous	1,531,493	1,632,506	1,507,372	125,134	1,379,002
Total current	10,976,157	11,152,641	10,873,883	278,758	9,978,482
Capital outlay					
Public safety	98,798	98,798	88,433	10,365	183,383
Miscellaneous	75,800	316,339	183,817	132,522	94,457
Total capital outlay	174,598	415,137	272,250	142,887	277,840
Total Expenditures	11,150,755	11,567,778	11,146,133	421,645	10,256,322
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,101	(368,922)	255,689	624,611	305,149
Other Financing Sources (Uses)					
Sales of capital assets	-	-	2,500	2,500	-
Transfers out	(100,000)	(100,000)	(100,000)	-	(609,833)
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(97,500)	2,500	(609,833)
Net Change in Fund Balances	(51,899)	(468,922)	158,189	627,111	(304,684)
Fund Balances, January 1	6,490,456	6,490,456	6,490,456	-	6,795,140
Fund Balances, December 31	$ 6,438,557	$ 6,021,534	$ 6,648,645	$ 627,111	$ 6,490,456

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2021
(With Comparative Totals for December 31, 2020)

	Equipment Revolving	Health Insurance	Insurance	Totals 2021	Totals 2020
Assets					
Current Assets					
Cash and investments	$ 2,481,136	$ 648,597	$ 1,850,933	$ 4,980,666	$ 5,147,036
Receivables					
Accounts	-	-	-	-	8,678
Inventories	109,610	-	-	109,610	105,141
Total Current Assets	2,590,746	648,597	1,850,933	5,090,276	5,260,855
Noncurrent Assets					
Capital assets					
Buildings and structures	1,816,748	-	-	1,816,748	1,816,748
Machinery and equipment	6,360,050	-	-	6,360,050	5,969,683
Accumulated depreciation	(5,731,581)	-	-	(5,731,581)	(5,336,795)
Total Noncurrent Assets	2,445,217	-	-	2,445,217	2,449,636
Total Assets	5,035,963	648,597	1,850,933	7,535,493	7,710,491
Deferred Outflows of Resources					
Deferred pension resources	54,781	-	-	54,781	13,446
Liabilities					
Current Liabilities					
Accounts payable	18,942	-	630	19,572	11,807
Accrued salaries payable	2,196	230,070	-	232,266	237,258
Claims incurred but not paid	-	13,835	-	13,835	19,256
Total Current Liabilities	21,138	243,905	630	265,673	268,321
Noncurrent liabilities					
Net pension liability	76,792	-	-	76,792	107,657
Total Liabilities	97,930	243,905	630	342,465	375,978
Deferred Inflows of Resources					
Deferred pension resources	71,664	-	-	71,664	4,958
Net Position					
Investment in capital assets	2,445,217	-	-	2,445,217	2,449,636
Unrestricted	2,475,933	404,692	1,850,303	4,730,928	4,893,365
Total Net Position	$ 4,921,150	$ 404,692	$ 1,850,303	$ 7,176,145	$ 7,343,001

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Equipment Revolving	Health Insurance	Insurance	Totals 2021	Totals 2020
Operating Revenues					
Charges for services	$ 1,020,780	$ -	$ -	$ 1,020,780	$ 1,125,390
Other revenue	1,035	-	-	1,035	289
Insurance premiums	-	2,533,802	-	2,533,802	2,740,361
Insurance refunds	-	-	-	-	15,213
Total Operating Revenues	1,021,815	2,533,802	-	3,555,617	3,881,253
Operating Expenses					
Administrative and general	210,189	16,454	3,997	230,640	224,760
Insurance premiums	-	2,790,038	-	2,790,038	2,546,537
Self funded claims	-	-	1,572	1,572	199,258
Vehicle maintenance	275,613	-	-	275,613	261,332
Depreciation	482,755	-	-	482,755	461,162
Total Operating Expenses	968,557	2,806,492	5,569	3,780,618	3,693,049
Operating Income (Loss)	53,258	(272,690)	(5,569)	(225,001)	188,204
Non-Operating Revenues (Expenses)					
Gain on sale of capital assets	52,897	-	-	52,897	62,330
Investment income (loss)	(1,493)	(692)	(1,129)	(3,314)	79,067
Miscellaneous income	-	-	8,562	8,562	356,082
Total Non-Operating Revenues (Expenses)	51,404	(692)	7,433	58,145	497,479
Change in Net Position	104,662	(273,382)	1,864	(166,856)	685,683
Net Position, January 1	4,816,488	678,074	1,848,439	7,343,001	6,657,318
Net Position, December 31	$ 4,921,150	$ 404,692	$ 1,850,303	$ 7,176,145	$ 7,343,001

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Equipment Revolving	Health Insurance	Insurance	Totals 2021	Totals 2020
Cash Flows from Operating Activities					
Receipts from interfund services provided	$ 1,020,780	$ 2,542,480	$ -	$ 3,563,260	$ 3,857,073
Payments to suppliers and interfund services used	(301,655)	-	(5,234)	(306,889)	(311,632)
Payments to and on behalf of employees	(186,359)	(2,817,036)	-	(3,003,395)	(2,699,414)
Other receipts	845	-	8,562	9,407	371,295
Net Cash Provided (Used) by Operating Activities	533,611	(274,556)	3,328	262,383	1,217,322
Cash Flows from Non-Capital Financing Activities					
Increase (decrease) in due from other funds	-	-	-	-	463
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	52,897	-	-	52,897	62,330
Acquisition of capital assets	(478,336)	-	-	(478,336)	(411,657)
Net Cash Provided (Used) by Capital and Related Financing Activities	(425,439)	-	-	(425,439)	(349,327)
Cash Flows from Investing Activities					
Interest income received (loss)	(1,493)	(692)	(1,129)	(3,314)	79,067
Net Increase (Decrease) in Cash and Cash Equivalents	106,679	(275,248)	2,199	(166,370)	947,525
Cash and Cash Equivalents, January 1	2,374,457	923,845	1,848,734	5,147,036	4,199,511
Cash and Cash Equivalents, December 31	$ 2,481,136	$ 648,597	$ 1,850,933	$ 4,980,666	$ 5,147,036
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 53,258	$ (272,690)	$ (5,569)	$ (225,001)	$ 188,204
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	-	-	8,562	8,562	356,082
Depreciation	482,755	-	-	482,755	461,162
Changes in assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	-	8,678	-	8,678	(8,678)
Inventories	(4,469)	-	-	(4,469)	(8,718)
(Increase) decrease in deferred outflows of resources					
Deferred pension resources	(41,335)	-	-	(41,335)	(2,111)
(Decrease) increase in liabilities					
Accounts payable	7,430	-	335	7,765	(10,700)
Accrued salaries payable	131	(5,123)	-	(4,992)	230,726
Claims incurred, but not paid	-	(5,421)	-	(5,421)	12,669
Net pension liability	(30,865)	-	-	(30,865)	12,063
(Decrease) increase in deferred inflows of resources					
Deferred pension resources	66,706	-	-	66,706	(13,377)
Net Cash Provided (Used) by Operating Activities	$ 533,611	$ (274,556)	$ 3,328	$ 262,383	$ 1,217,322

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, 2021 and 2020

	2021	2020	(Decrease) and Increase Amount	(Decrease) and Increase Percent
Operating Revenues				
Charges for services	$ 1,020,780	$ 1,125,390	$ (104,610)	-9.30%
Other revenue	1,035	1,726	(691)	-40.03%
Total Operating Revenues	1,021,815	1,127,116	(105,301)	-9.34%
Operating Expenses				
Administrative and general				
Employer paid benefits	52,505	56,373	(3,868)	-6.86%
Miscellaneous	5,589	6,032	(443)	-7.34%
Salaries	128,681	126,240	2,441	1.93%
Utilities	23,414	19,685	3,729	18.94%
Total Administrative and General	210,189	208,330	1,859	0.89%
Vehicle maintenance				
Gas, oil and grease	95,865	75,060	20,805	27.72%
Miscellaneous	14,362	11,076	3,286	29.67%
Repairs	153,912	164,577	(10,665)	-6.48%
Supplies	11,474	10,619	855	8.05%
Total Vehicle Maintenance	275,613	261,332	14,281	5.46%
Depreciation	482,755	461,162	21,593	4.68%
Total Operating Expenses	968,557	930,824	37,733	4.05%
Operating Income (Loss)	53,258	196,292	(143,034)	72.87%
Non-Operating Revenues (Expenses)				
Gain on sale of assets	52,897	62,330	(9,433)	-15.13%
Investment income (loss)	(1,493)	36,104	(37,597)	-104.14%
Total Non-Operating Revenues (Expenses)	51,404	98,434	(47,030)	-47.78%
Change in Net Position	104,662	294,726	$ (190,064)	64.49%
Net Position, January 1	4,816,488	4,521,762		
Net Position, December 31	$ 4,921,150	$ 4,816,488		

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, 2021 and 2020

	2021	2020	(Decrease) and Increase Amount	(Decrease) and Increase Percent
Operating Revenues				
Insurance premiums	$ 2,533,802	$ 2,740,361	$ (206,559)	-7.54%
Insurance refunds	-	15,213	(15,213)	-100.00%
Total Operating Revenues	2,533,802	2,755,574	(221,772)	-8.05%
Operating Expenses				
Administration	16,454	16,430	24	0.15%
Insurance premiums	2,790,038	2,546,537	243,501	9.56%
Self funded claims	-	197,229	(197,229)	-100.00%
Total Operating Expenses	2,806,492	2,760,196	46,296	1.68%
Operating Income (Loss)	(272,690)	(4,622)	(268,068)	-5799.83%
Non-Operating Revenues (Expenses)				
Investment income (loss)	(692)	14,825	(15,517)	-104.67%
Change in Net Position	(273,382)	10,203	$ (283,585)	2779.43%
Net Position, January 1	678,074	667,871		
Net Position, December 31	$ 404,692	$ 678,074		

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, 2021 and 2020

	2021	2020	(Decrease) and Increase Amount	Percent
Operating Expenses				
Self funded claims	$ 1,572	$ 2,029	$ (457)	-22.52%
Non-Operating Revenues (Expenses)				
Investment income (loss)	(1,129)	28,138	(29,267)	-104.01%
Miscellaneous	8,562	354,645	(346,083)	-97.59%
Total Non-Operating Revenues (Expenses)	7,433	382,783	(375,350)	-98.06%
Change in Net Position	1,864	380,754	$ (378,890)	99.51%
Net Position, January 1	1,848,439	1,467,685		
Net Position, December 31	$ 1,850,303	$ 1,848,439		

City of New Ulm, Minnesota
Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2021 and 2020

	Total 2021	Total 2020	Percent Increase (Decrease)
Revenues			
Taxes	$ 12,375,109	$ 11,655,580	6.17 %
Special assessments	1,042,165	1,098,891	(5.16)
Licenses and permits	332,449	200,147	66.10
Intergovernmental	5,656,928	7,181,296	(21.23)
Charges for services	2,452,907	1,767,215	38.80
Fines and forfeits	84,048	143,314	(41.35)
Investment earnings (loss)	(44,719)	385,100	(111.61)
Miscellaneous	567,746	616,285	(7.88)
Total Revenues	$ 22,466,633	$ 23,047,828	(2.52) %
Per Capita	$ 1,591	$ 1,699	(6.37) %
Expenditures			
Current			
General government	$ 2,655,260	$ 2,552,506	4.03 %
Public safety	3,984,529	3,743,723	6.43
Streets and highways	2,549,600	2,564,570	(0.58)
Sanitation and waste removal	177,122	170,792	3.71
Culture and recreation	3,845,817	3,700,002	3.94
Economic development	25,456	201,595	(87.37)
Miscellaneous	2,568,600	1,946,755	31.94
Capital outlay			
General government	18,143	122,723	(85.22)
Public safety	206,753	250,690	(17.53)
Streets and highways	4,058,629	5,032,084	(19.34)
Culture and recreation	8,323,356	8,631,828	(3.57)
Miscellaneous	183,817	14,275	1,187.68
Debt service			
Principal	4,375,272	3,461,326	26.40
Interest and other charges	765,005	718,497	6.47
Total Expenditures	$ 33,737,359	$ 33,111,366	1.89 %
Per Capita	$ 2,389	$ 2,441	(2.14) %
Total Long-term Indebtedness	$ 25,170,272	$ 26,405,544	(4.68) %
Per Capita	1,783	1,947	(8.44)
General Fund Balance - December 31	$ 6,648,645	$ 6,490,456	2.44 %
Per Capita	471	479	(1.61)

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, 2021

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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, 2021, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2022.

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

Abdo
Mankato, Minnesota
May 17, 2022

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, 2021, 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 17, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identified one deficiency in internal control that we consider to be material weaknesses, described in the accompanying schedule of findings and responses as item 2021-001.

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.

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Mankato, Minnesota
May 17, 2022

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2021-001	**Material Accounting Adjustment**
Condition:	During our audit, a material adjustment was needed to correct capital asset additions.
Criteria:	Such adjustments were needed to correct year end balances. Amounts reported in the City's accounting system need to agree to the underlying supporting documentation.
Cause:	City staff did not prepare a year end trial balance reflecting all necessary accounting entries in the areas noted above.
Effect:	This indicates that misstatements may occur and not be detected by the City's system of internal control.
Recommendation:	We recommend management review the related journal entries, obtain an understanding of why the entries were necessary and modify current procedure to ensure that future corrections are not needed.

Management Response:

Management agrees with the finding and understands the reason the adjustment was needed. Procedures over year-end adjustments will be reevaluated to eliminate the need for related audit adjustments in the future.

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