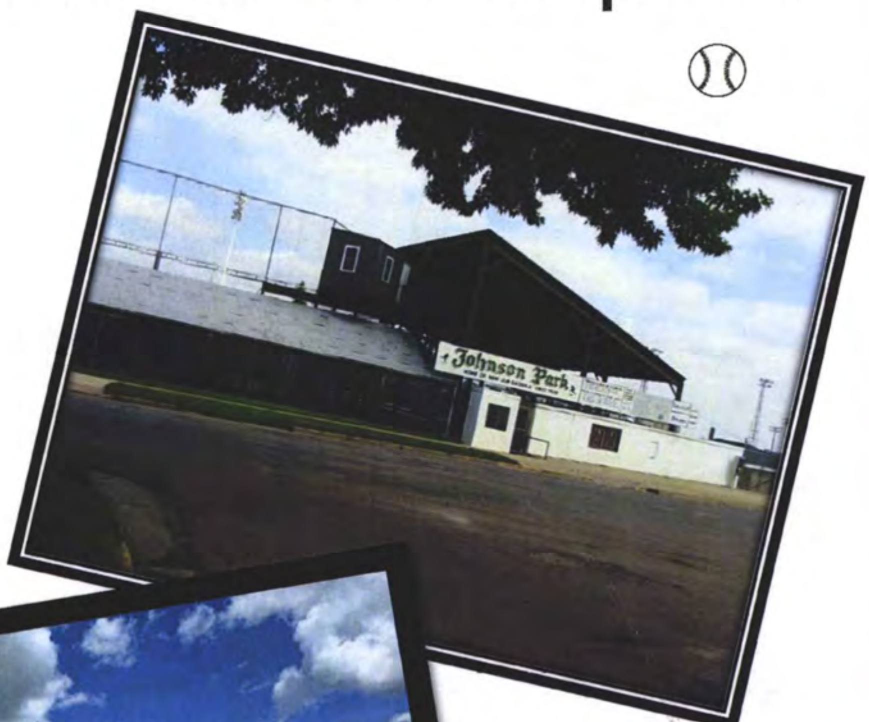
NEW ULM Minnesota

Annual Financial Report



For the Fiscal year ended December 31, 2019

Annual Financial Report

City of New Ulm
New Ulm, Minnesota

For the Year Ended
December 31, 2019

ABDO
EICK &
MEYERS LLP
Certified Public Accountants & Consultants

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of New Ulm, Minnesota
New Ulm, Minnesota
Table of Contents
For the Year Ended December 31, 2019

THIS PAGE IS LEFT

BLANK INTENTIONALLY

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INTRODUCTORY SECTION

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of New Ulm, Minnesota

List of Principal Officials

Elected Officials

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

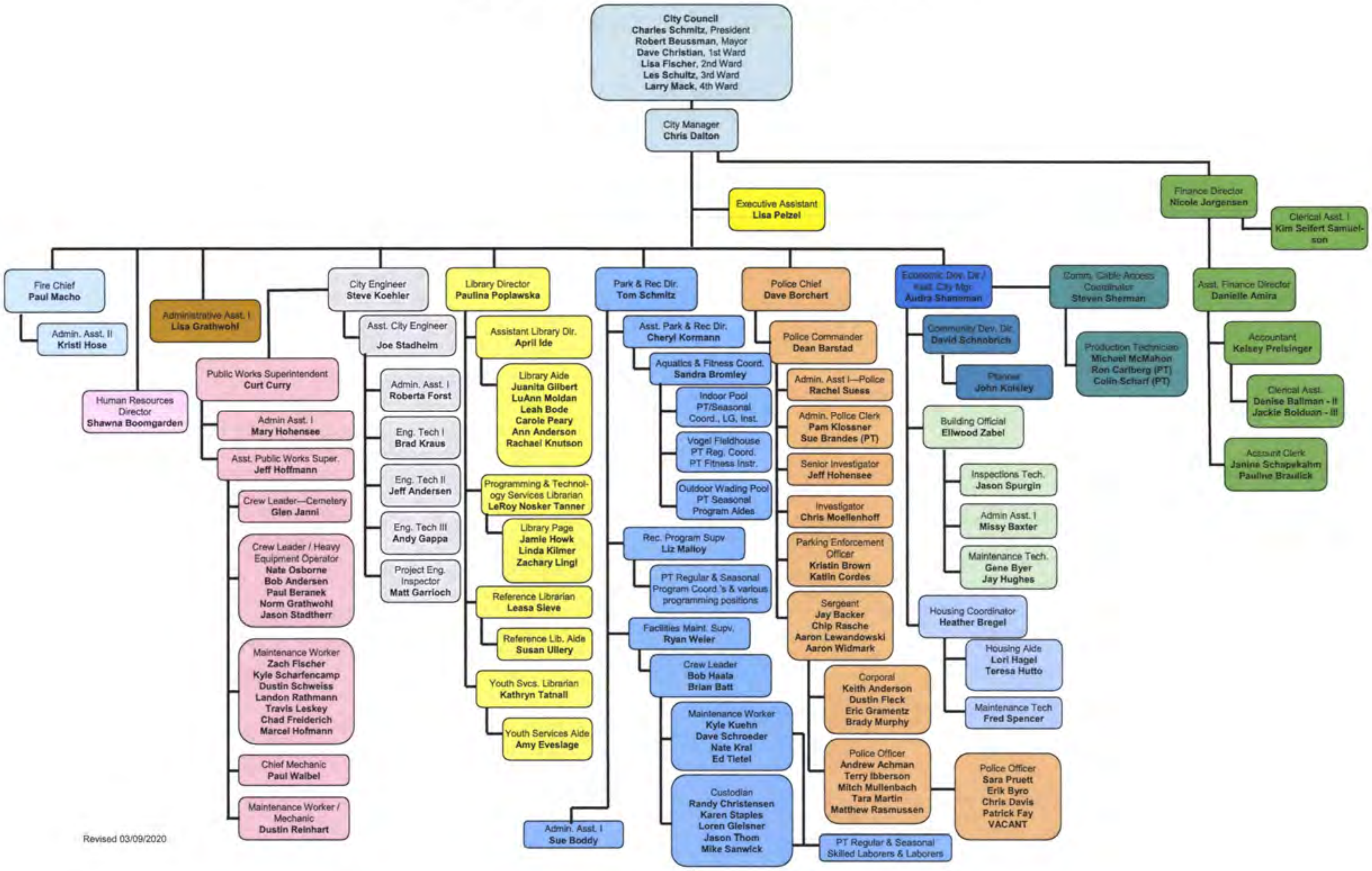
Appointed Officials

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of New Ulm Organizational Chart



THIS PAGE IS LEFT

BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE IS LEFT

BLANK INTENTIONALLY

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of New Ulm, Minnesota (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2019, 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.

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Change in Accounting Standards

As described in Note 12 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, for the year ended December 31, 2019. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

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 and the 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2020

People + Process. Going Beyond the Numbers

THIS PAGE IS LEFT

BLANK INTENTIONALLY

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, 2019. This discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position, (4) identify any material deviations from the financial plan (the approved annual budget), and (5) identify individual fund issues or concerns.

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

Financial Highlights

- The City and its component units' total net position increased $7,195,325 (3.7 percent) in 2019. The City's total net position for governmental activities increased $2,726,775 (37.9 percent of total) in 2019. The PUC's total net position increased $4,397,439 (61.1 percent of total) in 2019. The EDA's total net position increased $71,111 (1.0 percent of total) in 2019.

- Total net position of the City (including component units) is $195,161,816, of which $39,040,190 is unrestricted.

- As of December 31, 2019, the City's governmental funds reported combined ending fund balances of $30,037,268, a decrease of $402,462 in comparison with the prior year. Of the ending balance, $6,504,821 (21.7 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 $6,692,495, or 64.7 percent of total General fund expenditures.

- The City's total debt (including component units) decreased by $698,894, or 2.3 percent during the current fiscal year.

Overview of the Financial Statements

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

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

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

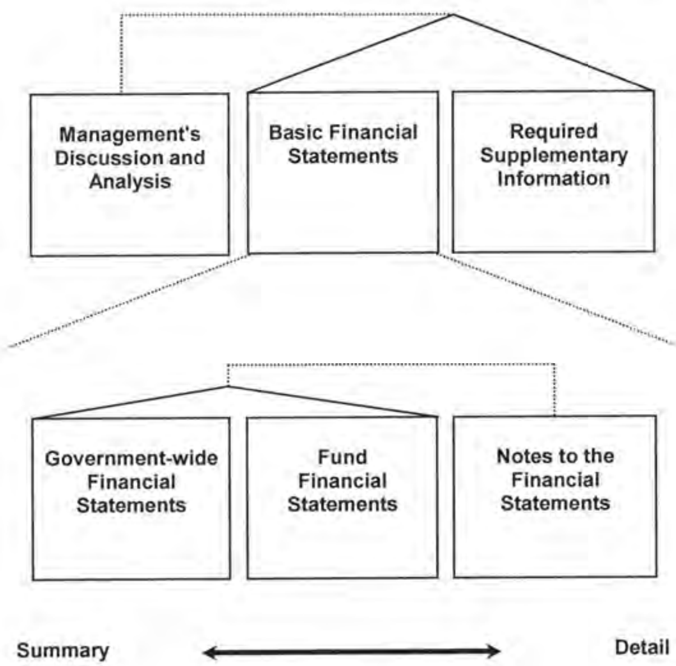


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

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

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

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

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

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

The City maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Park and Recreation fund, Sales Tax Revenue fund, Bond Sinking fund, Sales Tax Referendum fund, Capital Improvement fund, 2018 Bonds fund and 2019 Bonds fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

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

The fiduciary fund financial statement can be found starting on page 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 55 of this report.

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

Supplementary information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules can be found starting on page 106 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, 2019.

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 $102,164,651 at the close of the current year.

By far, the largest portion of the City's (not including component units) net position (71.3 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		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Current and Other Assets	$ 40,977,093	$ 40,386,359	$ 590,734	$ 40,173,758	$ 36,749,429	$ 3,424,329	$ 2,963,510	$ 2,683,275	$ 280,235
Capital assets	91,894,724	88,005,307	3,889,417	66,933,088	66,859,563	73,525	3,322,594	3,516,053	(193,459)
Total Assets	132,871,817	128,391,666	4,480,151	107,106,846	103,608,992	3,497,854	6,286,104	6,199,328	86,776
Deferred Outflows of Resources	2,483,173	3,678,022	(1,194,849)	433,611	789,394	(355,783)	20,772	20,410	362
Long-term Liabilities Outstanding	21,755,388	27,018,983	(5,263,595)	14,598,580	17,010,314	(2,411,734)	7,631	67,449	(59,818)
Other Liabilities	7,333,313	1,074,357	6,258,956	4,984,760	3,656,768	1,327,992	189,707	111,563	78,144
Total Liabilities	29,088,701	28,093,340	995,361	19,583,340	20,667,082	(1,083,742)	197,338	179,012	18,326
Deferred Inflows of Resources	4,101,638	4,603,162	(501,524)	1,052,637	1,224,263	(171,626)	16,853	19,152	(2,299)
Net Position									
Net Investment in Capital Assets	72,789,663	68,473,406	4,316,257	56,257,624	55,697,448	560,176	3,322,594	3,516,053	(193,459)
Restricted	19,319,210	20,694,683	(1,375,473)	4,432,535	4,118,753	313,782	-	12,526	(12,526)
Unrestricted	10,055,778	10,205,097	(149,319)	26,214,321	22,690,840	3,523,481	2,770,091	2,492,995	277,096
Total Net Position	$ 102,164,651	$ 99,373,186	$ 2,791,465	$ 86,904,480	$ 82,507,041	$ 4,397,439	$ 6,092,685	$ 6,021,574	$ 71,111

An additional portion of the City's net position (18.9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (9.8 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 $2,726,775 during the current fiscal year compared to $3,187,779 in the previous year. Capital grants and contributions (mainly Street aids and special assessments) of $4,337,827 were major factors of this increase. Also, increases in revenues that were over budget, while keeping total expenditures under budget accounted for the majority of the increase from the previous year.

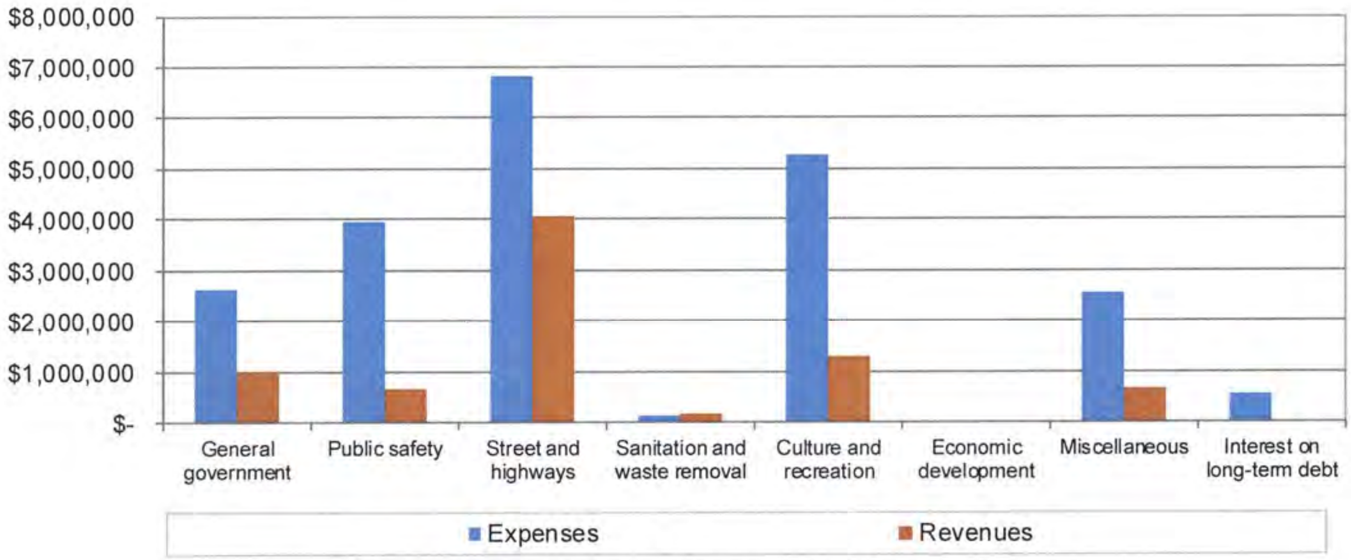
Governmental activities. Governmental activities increased the City's net position by $2,791,465, thereby accounting for 38.4 percent of the total growth in the net position of the City (including the component units). Capital grants and contributions of $4,337,827 were major factors of this increase. 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

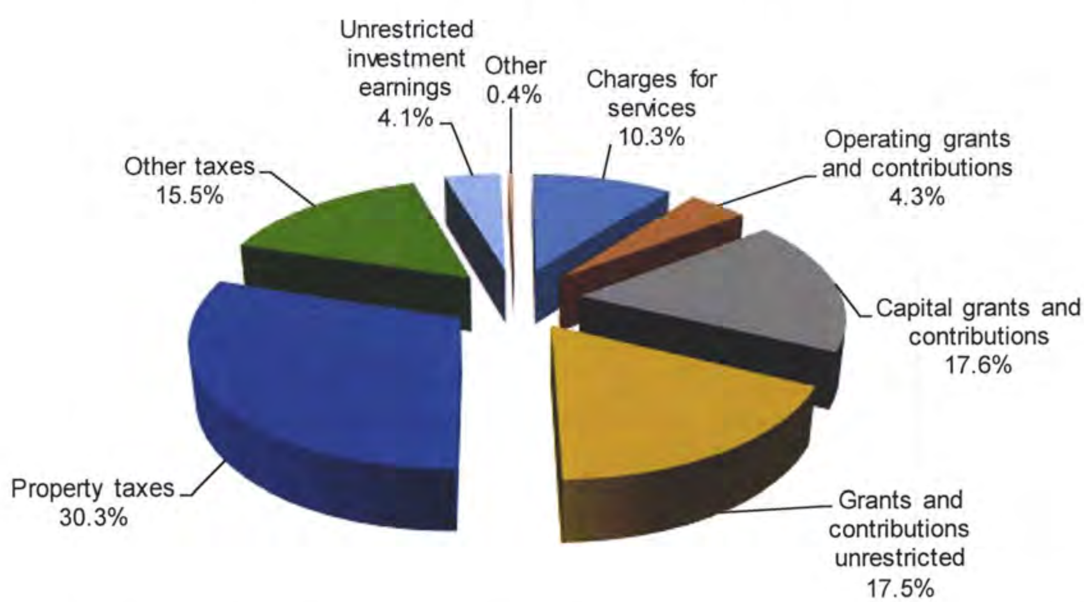
	Primary Government - Governmental Activities			Component Unit - Public Utilities Commission			Component Unit - Economic Development Authority		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues									
Program revenues									
Charges for Services	$ 2,545,613	$ 2,991,103	$ (445,490)	$ 40,438,222	$ 40,422,699	$ 15,523	$ 1,077,231	$ 1,070,368	$ 6,863
Operating Grants and Contributions	1,079,629	437,894	641,735	26,877	37,024	(10,147)	417,297	444,563	(27,266)
Capital Grants and Contributions	4,337,827	2,985,117	1,352,710	1,883,998	823,236	1,060,762	15,725	93,597	(77,872)
General revenues									
Property Taxes	7,478,780	7,150,841	327,939	-	-	-	115,349	120,159	(4,810)
Other Taxes	3,832,407	3,671,482	160,925	-	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	4,321,448	4,335,673	(14,225)	-	-	-	7	228	(221)
Unrestricted Investment Earnings	1,025,152	441,368	583,784	1,074,661	406,648	668,013	66,373	38,783	27,590
Other	88,910	41,274	47,636	72,623	18,843	53,780	-	398,555	(398,555)
Total Revenues	24,709,786	22,054,752	2,655,014	43,496,381	41,708,450	1,787,931	1,691,982	2,166,253	(474,271)
Expenses									
General government	2,639,526	2,479,763	159,763	-	-	-	-	-	-
Public safety	3,957,111	3,397,909	559,202	-	-	-	-	-	-
Streets and highways	6,812,725	4,745,941	2,066,784	-	-	-	-	-	-
Sanitation and waste removal	139,060	149,853	(10,793)	-	-	-	-	-	-
Culture and recreation	5,290,706	4,706,882	583,824	-	-	-	-	-	-
Economic development	1,369	24,928	(23,559)	-	-	-	-	-	-
Miscellaneous	2,578,960	2,804,058	(225,098)	-	-	-	-	-	-
Interest and other costs	563,534	556,614	6,920	-	-	-	-	-	-
Electric	-	-	-	23,565,695	23,586,398	(20,703)	-	-	-
District energy	-	-	-	899,512	914,623	(15,111)	-	-	-
Natural gas	-	-	-	7,701,509	7,963,247	(261,738)	-	-	-
Water	-	-	-	3,056,972	2,877,978	178,994	-	-	-
Wastewater	-	-	-	3,875,254	3,746,255	128,999	-	-	-
Housing development	-	-	-	-	-	-	1,620,871	2,573,475	(952,604)
Total Expenses	21,982,991	18,865,948	3,117,043	39,098,942	39,088,501	10,441	1,620,871	2,573,475	(952,604)
Change in Net Position	2,726,775	3,188,804	(462,029)	4,397,439	2,619,949	1,777,490	71,111	(407,222)	478,333
Net Position, January 1 as Restated*	99,437,876	96,185,407	3,252,469	82,507,041	79,887,092	2,619,949	6,021,574	6,428,796	(407,222)
Net Position, December 31	$ 102,164,651	$ 99,374,211	$ 2,790,440	$ 86,904,480	$ 82,507,041	$ 4,397,439	$ 6,092,685	$ 6,021,574	$ 71,111

* GASB Statement No. 84 was implemented for the year ended December 31, 2019 and required a $64,690 restatement of beginning governmental net position. Prior year amounts were not restated causing a variance in ending net position at December 31, 2018 and beginning net position on January 1, 2019.
See Note 12 to the financial statements for further information.

Expenses and Program Revenues - Governmental Activities

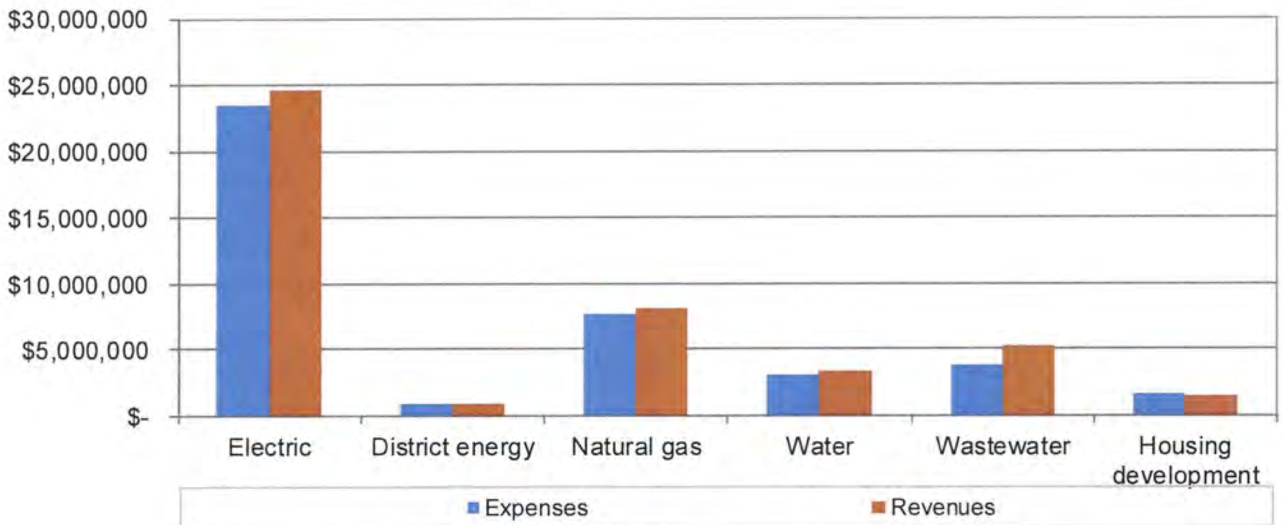


Revenues by Source - Governmental Activities

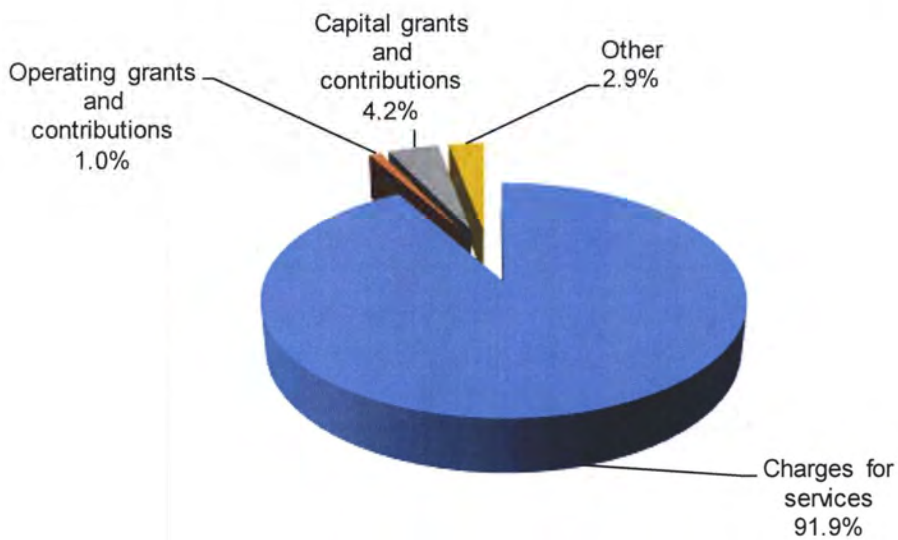


Component unit activities. Component unit (business-type) activities increased the City's net position by $4,468,550 of which $71,111 relates to the EDA.

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 106.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $30,037,268, a decrease of $402,462 in comparison with the prior year. Approximately 21.7 percent ($6,504,821) 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 ($564,720), 2) Restricted ($17,057,730), 3) Committed ($4,625,714), and Assigned ($1,284,283).

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 $6,692,495, while total fund balance reached $6,795,140. 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 64.7 percent of total General fund expenditures, while total fund balance represents 65.7 percent of that same amount.

The fund balance of the City's General fund increased by $227,667 during the current fiscal year. The key factor in this change was:

- Current public safety expenditures under budget by $264,799.
- Current miscellaneous expenditures under budget by $433,853.

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 $928,632. 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 26.9 percent of total fund expenditures. The fund balance of the fund increased by $178,708 during the current fiscal year. The key factor in this increase is donations in 2019 when compared to 2018.

The *Sales Tax Revenue fund* has an ending fund balance of $4,588,311, which is an increase of $1,084,235 from the prior year due to an increase in taxes and investment earnings and a decrease in miscellaneous expenditures.

The *Bond Sinking fund* has a total fund balance of $1,019,221, which is all restricted for debt service. The fund had a decrease in fund balance of $809,970. This decrease was due to the excess of transfers out to various nonmajor debt service funds to cover bond payments in excess of the collection of taxes and assessments.

The *Sales Tax Referendum fund* has an ending fund balance of $5,770,730. The decrease in fund balance of $1,426,145 is various capital projects related to culture and recreation.

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 $4,450,157, a decrease of $316,318 during the current fiscal year. The key factor in this decrease was due to more capital improvements and repairs than anticipated.

The *2018 Bonds fund* had an ending fund balance of $963,006, which is a decrease of $159,034 from the prior year. The key factor in this a decrease is related to capital projects related to streets and highways.

The *2019 Bonds fund* had an ending fund balance of $536,457 which is related to unspent bond proceeds.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were $480,842 in increases in appropriations for the General fund and can be briefly summarized as follows:

- $402,852 increase in expenditures for consulting services at the airport.
- $71,690 increase in expenditures for police supplies.

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, 2019, amounts to $162,150,406 (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 2.4 percent (a 4.4 percent increase for governmental activities and a 0.2 percent decrease for the component unit activities).

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

	Governmental Activities			Component Unit Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	$ 11,557,174	$ 11,557,174	$ -	$ 1,597,317	$ 1,615,251	$ (17,934)
Non-exhaustible Monuments	30,000	30,000	-	-	-	-
Buildings	12,586,037	13,025,483	(439,446)	3,247,443	3,539,748	(292,305)
Improvement Other Than Buildings	2,176,908	2,292,054	(115,146)	102,977	109,070	(6,093)
Infrastructure/PUC Plant	59,237,527	56,896,311	2,341,216	60,901,928	60,668,415	233,513
Machinery and Equipment	3,475,512	3,198,484	277,028	4,175,674	4,356,424	(180,750)
Office Furniture and Equipment	43,875	43,932	(57)	155,704	62,605	93,099
Park Equipment	556,679	623,155	(66,476)	-	-	-
Construction in Progress	2,231,012	338,714	1,892,298	74,639	24,103	50,536
Total	$ 91,894,724	$ 88,005,307	$ 3,889,417	$ 70,255,682	$ 70,375,616	$ (119,934)

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 $30,730,684. The following is a breakdown of the debt outstanding.

City of New Ulm's Outstanding Debt

	Governmental Activities			Component Unit Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
G.O. Improvement Bonds	$ 13,065,000	$ 12,855,000	$ 210,000	$ -	$ -	$ -
General Obligation Revenue Bonds	7,055,000	7,055,000	-	10,479,000	11,344,000	(865,000)
Special Assessments	131,684	175,578	(43,894)	-	-	-
Total	$ 20,251,684	$ 20,085,578	$ 166,106	$ 10,479,000	$ 11,344,000	$ (865,000)

The City's total debt (including component units) decreased by $698,894 (2.3 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 $25,578,513 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 4.0 percent, which is higher than the rate of 3.6 percent a year ago. This compares unfavorably to the State's average unemployment rate of 3.5 percent and to the national average rate of 3.4 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 $41,545,356 which was 72.5 percent higher than the valuation of building permits issued in 2018.

The City's appointed officials considered many factors when setting the fiscal year 2020 budget, rates, and fees that will be charged, including many of the items above. The major factors considered when adopting the 2020 budget were capital expenditures and debt service requirements. Due to the changes mentioned above, the overall tax levy increased by $398,198 for calendar year 2020.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of New Ulm, Minnesota
Statement of Net Position
December 31, 2019

	Primary Government	Component Units	
	Governmental Activities	Public Utilities Commission	Economic Development Authority
Assets			
Cash and investments	$ 33,058,716	$ 27,159,292	$ 2,810,291
Restricted cash and investments	-	4,432,535	34,285
Receivables			
Interest	162,217	-	-
Delinquent taxes	66,396	-	2,113
Accounts, net of allowance	196,471	5,442,207	2,751
Notes, net of allowance	822,341	2,862	-
Special assessments	4,889,846	47,163	-
Intergovernmental	409,289	-	-
Due from component unit/primary government	224,957	321,345	-
Inventories	96,423	2,621,894	-
Prepaid items	40,012	146,460	43,455
Net pension asset	1,010,425	-	-
Assets held for resale	-	-	70,615
Capital assets			
Nondepreciable assets	13,818,186	622,218	1,049,738
Depreciable assets, net of accumulated depreciation	78,076,538	66,310,870	2,272,856
Total Assets	132,871,817	107,106,846	6,286,104
Deferred Outflows of Resources			
Deferred pension resources	2,415,281	399,056	20,772
Deferred other postemployment benefit resources	67,892	34,555	-
Total Deferred Outflows of Resouces	2,483,173	433,611	20,772
Liabilities			
Accounts payable	319,882	2,479,970	31,454
Retainage payable	433,100	-	-
Due to component unit/primary government	321,345	224,957	-
Due to other governments	4,711	98,835	56,408
Accrued interest payable	96,039	38,872	1,330
Accrued salaries payable	350,506	298,887	7,786
Accrued items	-	6,587	-
Deposits payable	24,625	28,591	32,560
Unearned revenue	22,477	600,138	3,971
Noncurrent liabilities			
Due within one year	2,943,826	1,207,923	4,902
Due in more than one year	18,811,562	9,989,171	2,729
Net pension liability	5,172,500	4,168,697	56,198
Other postemployment benefit resources	588,128	440,712	-
Total Liabilities	29,088,701	19,583,340	197,338
Deferred Inflows of Resources			
Deferred pension resources	3,992,168	1,052,637	16,853
Deferred other postemployment benefit resources	109,470	-	-
Total Deferred Outflows of Resouces	4,101,638	1,052,637	16,853
Net Position			
Net investment in capital assets	72,789,663	56,257,624	3,322,594
Restricted			
Capital improvements	5,770,730	4,241,581	-
Library programs	10,273	-	-
Culture and recreation projects	71,392	-	-
Parkland dedication	196,520	-	-
Economic development	2,224,334	-	-
Maintain parking areas	479,778	-	-
Sales tax projects	4,588,311	-	-
TIF activities	65,628		
Debt service	5,912,244	190,954	-
Unrestricted	10,055,778	26,214,321	2,770,091
Total Net Position	$ 102,164,651	$ 86,904,480	$ 6,092,685

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, 2019

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 2,639,526	$ 443,740	$ 544,566	$ 13,590
Public safety	3,957,111	287,801	400,619	-
Streets and highways	6,812,725	18,699	42,406	4,025,381
Sanitation and waste removal	139,060	171,300	202	-
Culture and recreation	5,290,706	1,060,476	49,446	193,313
Economic development	1,369	48,557	-	-
Miscellaneous	2,578,960	515,040	42,390	105,543
Interest and other costs	563,534	-	-	-
Total Primary Government	$ 21,982,991	$ 2,545,613	$ 1,079,629	$ 4,337,827
Component Units				
Business-type activities				
Electric	$ 23,565,695	$ 24,482,426	$ 9,867	$ 146,812
District energy	899,512	915,493	176	-
Natural gas	7,701,509	8,117,248	3,368	46,076
Water	3,056,972	2,942,602	10,369	445,584
Wastewater	3,875,254	3,980,453	3,097	1,245,526
Housing development	1,620,871	1,077,231	417,297	15,725
Total Component Units	$ 40,719,813	$ 41,515,453	$ 444,174	$ 1,899,723

General revenues
- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Special service district tax
- Tax increments
- Sales tax
- Hotel-motel taxes
- Payment in lieu of taxes
- Franchise taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Gain on sale of capital assets
  - Total General Revenues

Change in Net Position

Net Position, January 1 as Restated (Note 12)

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
$ (1,637,630)		
(3,268,691)		
(2,726,239)		
32,442		
(3,987,471)		
47,188		
(1,915,987)		
(563,534)		
(14,019,922)		
	$ 1,073,410	$ -
	16,157	-
	465,183	-
	341,583	-
	1,353,822	-
	-	(110,618)
	3,250,155	(110,618)
5,489,038	-	115,349
1,989,742	-	-
22,867	-	-
149,808	-	-
1,274,031	-	-
136,139	-	-
2,008,700	-	-
240,862	-	-
4,321,448	-	7
1,025,152	1,074,661	66,373
88,910	72,623	-
16,746,697	1,147,284	181,729
2,726,775	4,397,439	71,111
99,437,876	82,507,041	6,021,574
$ 102,164,651	$ 86,904,480	$ 6,092,685

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

City of New Ulm, Minnesota
Balance Sheet
Governmental Funds
December 31, 2019

		Special Revenue		Debt Service
	General	Park and Recreation	Sales Tax Revenue	Bond Sinking
Assets				
Cash and investments	$ 6,760,506	$ 1,046,118	$ 4,336,015	$ 1,019,221
Receivables				
Interest	162,217	-	-	-
Delinquent taxes	26,307	7,783	-	23,241
Accounts	131,284	55,542	4,821	-
Notes, net of allowance	-	-	-	-
Special assessments	137,995	-	-	4,620,168
Intergovernmental	98,369	-	247,475	-
Advances to other funds	-	-	-	-
Prepaid items	27,645	5,618	-	-
Total Assets	$ 7,344,323	$ 1,115,061	$ 4,588,311	$ 5,662,630
Liabilities				
Accounts payable	$ 92,121	$ 99,114	$ -	$ -
Retainage payable	-	-	-	-
Due to other funds	463	-	-	-
Due to other governments	-	4,554	-	-
Accrued salaries payable	253,465	66,708	-	-
Advances from other funds	-	-	-	-
Deposits payable	24,625	-	-	-
Unearned revenue	14,207	8,270	-	-
Total Liabilities	384,881	178,646	-	-
Deferred Inflows of Resources				
Unavailable revenue				
Taxes	26,307	7,783	-	23,241
Special assessments	137,995	-	-	4,620,168
Total Deferred Inflows of Resources	164,302	7,783	-	4,643,409
Fund Balances				
Nonspendable				
Prepaid items	27,645	5,618	-	-
Perpetual care	-	-	-	-
Restricted				
Library programs	-	-	-	-
Culture and recreation projects	-	-	-	-
Parkland dedication	-	196,520	-	-
Economic development	-	-	-	-
Maintain parking areas	-	-	-	-
Sales tax projects	-	-	4,588,311	-
TIF activities	-	-	-	-
Debt service	-	-	-	1,019,221
Capital improvements	-	-	-	-
Committed				
Capital improvement	-	-	-	-
Library services	-	-	-	-
Library programs	-	-	-	-
Fire fighting	-	-	-	-
Assigned				
Park and recreation services	-	726,494	-	-
DARE program	-	-	-	-
Library services	-	-	-	-
Library programs	-	-	-	-
Fire fighting	-	-	-	-
Employee lunchrooms	-	-	-	-
Subsequent year budgeted deficit	75,000	-	-	-
Unassigned	6,692,495	-	-	-
Total Fund Balances	6,795,140	928,632	4,588,311	1,019,221
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,344,323	$ 1,115,061	$ 4,588,311	$ 5,662,630

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

Capital Projects					
Sales Tax Referendum	Capital Improvement	2018 Bonds	2019 Bonds	Other Governmental Funds	Total Governmental Funds
$ 5,792,471	$ 4,480,157	$ 1,004,988	$ 880,297	$ 4,219,090	$ 29,538,863
-	-	-	-	-	162,217
-	1,429	-	-	7,636	66,396
-	-	-	-	4,824	196,471
-	-	-	-	822,341	822,341
-	-	-	-	131,683	4,889,846
-	-	47,459	-	15,986	409,289
-	-	-	-	183,231	183,231
-	-	-	-	6,749	40,012
$ 5,792,471	$ 4,481,586	$ 1,052,447	$ 880,297	$ 5,391,540	$ 36,308,666
$ 21,741	$ 30,000	$ -	$ 181	$ 59,418	$ 302,575
-	-	89,441	343,659	-	433,100
-	-	-	-	-	463
-	-	-	-	157	4,711
-	-	-	-	23,801	343,974
-	-	-	-	183,231	183,231
-	-	-	-	-	24,625
-	-	-	-	-	22,477
21,741	30,000	89,441	343,840	266,607	1,315,156
-	1,429	-	-	7,636	66,396
-	-	-	-	131,683	4,889,846
-	1,429	-	-	139,319	4,956,242
-	-	-	-	6,749	40,012
-	-	-	-	524,708	524,708
-	-	-	-	10,273	10,273
-	-	-	-	71,392	71,392
-	-	-	-	-	196,520
-	-	-	-	2,224,334	2,224,334
-	-	-	-	478,499	478,499
-	-	-	-	-	4,588,311
-	-	-	-	65,628	65,628
-	-	-	-	213,970	1,233,191
5,770,730	-	963,006	536,457	919,389	8,189,582
-	4,450,157	-	-	-	4,450,157
-	-	-	-	94,702	94,702
-	-	-	-	71,541	71,541
-	-	-	-	9,314	9,314
-	-	-	-	-	726,494
-	-	-	-	60,444	60,444
-	-	-	-	389,792	389,792
-	-	-	-	18,860	18,860
-	-	-	-	4,418	4,418
-	-	-	-	9,275	9,275
-	-	-	-	-	75,000
-	-	-	-	(187,674)	6,504,821
5,770,730	4,450,157	963,006	536,457	4,985,614	30,037,268
$ 5,792,471	$ 4,481,586	$ 1,052,447	$ 880,297	$ 5,391,540	$ 36,308,666

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

City of New Ulm, Minnesota
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because	
Total Fund Balances - Governmental Funds	$ 30,037,268
Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	89,395,583
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	(551,475)
Other post employment benefit obligation	(588,128)
Special assessments payable	(131,684)
Bond principal payable	(19,800,000)
Notes payable	(320,000)
Net pension liability	(5,076,906)
Bond premiums, net of accumulated amortization	(952,229)
Certain long-term receivables are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds.	
Delinquent property taxes receivable	66,396
Special assessments receivable	4,889,846
Governmental funds do not report long-term amounts related to pensions and other postemeployment benefits.	
Net pension asset	1,010,425
Deferred outflows of pension resources	2,403,946
Deferred inflows of pension resources	(3,973,833)
Deferred outflows of other postemployment benefits resouces	67,892
Deferred inflows of other postemployment benefits resouces	(109,470)
Governmental funds do not report a liability for accrued interest until due and payable.	(96,039)
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.	5,893,059
Total Net Position - Governmental Activities	$ 102,164,651

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, 2019

		Special Revenue		Debt Service
	General	Park and Recreation	Sales Tax Revenue	Bond Sinking
Revenues				
Taxes	$ 5,350,250	$ 1,441,619	$ 1,274,031	$ 2,048,422
Special assessments	20,664	-	-	1,385,664
Licenses and permits	322,976	-	-	-
Intergovernmental	3,778,442	956,260	-	-
Charges for services	919,759	1,030,610	-	-
Fines and forfeitures	86,272	-	-	-
Investment earnings	199,956	17,187	144,228	81,035
Miscellaneous	24,105	186,533	-	-
Total Revenues	10,702,424	3,632,209	1,418,259	3,515,121
Expenditures				
Current				
General government	2,515,128	-	-	-
Public safety	3,518,249	-	-	-
Streets and highways	2,599,026	-	-	-
Sanitation and waste removal	147,252	-	-	-
Culture and recreation	-	3,086,507	-	-
Economic development	-	-	-	-
Miscellaneous	1,514,430	-	33,147	-
Capital outlay				
General government	11,227	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	366,994	-	-
Miscellaneous	39,387	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs and fees	-	-	-	2,974
Total Expenditures	10,344,699	3,453,501	33,147	2,974
Excess (Deficiency) of Revenues Over (Under) Expenditures	357,725	178,708	1,385,112	3,512,147
Other Financing Sources (Uses)				
Sales of capital assets	5,348	-	-	-
Transfers in	-	-	-	-
Bonds issued	-	-	-	-
Bond issuance costs	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	(135,406)	-	(300,877)	(4,322,117)
Total Other Financing Sources (Uses)	(130,058)	-	(300,877)	(4,322,117)
Net Change in Fund Balances	227,667	178,708	1,084,235	(809,970)
Fund Balances, January 1 as Restated	6,567,473	749,924	3,504,076	1,829,191
Fund Balances, December 31	$ 6,795,140	$ 928,632	$ 4,588,311	$ 1,019,221

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

Capital Projects					
Sales Tax Referendum	Capital Improvement	2018 Bonds	2019 Bonds	Other Governmental Funds	Total Governmental Funds
$ -	$ 275,856	$ -	$ -	$ 995,360	$ 11,385,538
-	-	-	-	54,429	1,460,757
-	-	-	-	-	322,976
-	178,329	-	2,174,448	18,469	7,105,948
-	3,780	-	-	43,178	1,997,327
-	-	-	-	20,848	107,120
155,072	163,720	16,620	7,008	146,410	931,236
-	538,168	-	624,754	80,518	1,454,078
155,072	1,159,853	16,620	2,806,210	1,359,212	24,764,980
-	-	-	-	-	2,515,128
-	-	-	-	4,545	3,522,794
5,365	-	2,140	82,189	-	2,688,720
-	-	-	-	-	147,252
-	686,279	-	-	772,647	4,545,433
-	-	-	-	1,369	1,369
-	-	-	-	308,091	1,855,668
-	-	-	-	-	11,227
-	558,491	-	-	-	558,491
-	-	173,514	6,862,368	23,056	7,058,938
1,575,852	130,654	-	-	-	2,073,500
-	123,841	-	-	-	163,228
-	-	-	-	4,043,894	4,043,894
-	-	-	-	638,227	638,227
-	-	-	39,508	-	42,482
1,581,217	1,499,265	175,654	6,984,065	5,791,829	29,866,351
(1,426,145)	(339,412)	(159,034)	(4,177,855)	(4,432,617)	(5,101,371)
-	15,249	-	-	-	20,597
-	99,406	-	36,000	4,906,654	5,042,060
-	-	-	4,210,000	-	4,210,000
-	-	-	(20,057)	-	(20,057)
-	-	-	488,369	-	488,369
-	(91,561)	-	-	(192,099)	(5,042,060)
-	23,094	-	4,714,312	4,714,555	4,698,909
(1,426,145)	(316,318)	(159,034)	536,457	281,938	(402,462)
7,196,875	4,766,475	1,122,040	-	4,703,676	30,439,730
$ 5,770,730	$ 4,450,157	$ 963,006	$ 536,457	$ 4,985,614	$ 30,037,268

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

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, 2019

Amounts reported for governmental activities in the statement of activities are different because		
Net Change in Fund Balances - Governmental Funds	$	(402,462)
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		8,634,075
Depreciation expense		(4,691,809)
The net effect of various miscellaneous transactions involving capital assets		
Sale of capital assets		(4,035)
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		4,043,894
Debt issued or incurred		(4,210,000)
Premium on bonds issued, net of amortization		(383,866)
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.		32,729
Long-term pension activity is not reported in governmental funds.		
Pension expense		(144,221)
Direct aid contributions		30,416
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.		
Property taxes/tax increments		(74,351)
Special assessments		(211,005)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Other post employment benefit amortization		(121,023)
Compensated absences		(19,523)
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.		247,956
Change in Net Position - Governmental Activities	$	2,726,775

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, 2019

	General			
	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	$ 5,323,219	$ 5,323,219	$ 5,350,250	$ 27,031
Special assessments	31,500	31,500	20,664	(10,836)
Licenses and permits	255,055	255,055	322,976	67,921
Intergovernmental	3,978,491	3,978,491	3,778,442	(200,049)
Charges for services	918,476	918,476	919,759	1,283
Fines and forfeitures	70,800	70,800	86,272	15,472
Investment earnings	114,800	114,800	199,956	85,156
Miscellaneous	11,080	11,080	24,105	13,025
Total Revenues	10,703,421	10,703,421	10,702,424	(997)
Expenditures				
Current				
General government	2,492,615	2,498,915	2,515,128	(16,213)
Public safety	3,711,358	3,783,048	3,518,249	264,799
Streets and highways	2,657,494	2,657,494	2,599,026	58,468
Sanitation and waste removal	171,523	171,523	147,252	24,271
Culture and recreation	-	-	-	-
Miscellaneous	1,545,431	1,948,283	1,514,430	433,853
Capital outlay	171,500	171,500	50,614	120,886
Total Expenditures	10,749,921	11,230,763	10,344,699	886,064
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,500)	(527,342)	357,725	885,067
Other Financing Sources (Uses)				
Sales of capital assets	-	-	5,348	5,348
Transfers out	(146,000)	(146,000)	(135,406)	10,594
Total Other Financing Sources (Uses)	(146,000)	(146,000)	(130,058)	15,942
Net Change in Fund Balances	(192,500)	(673,342)	227,667	901,009
Fund Balances, January 1	6,567,473	6,567,473	6,567,473	-
Fund Balances, December 31	$ 6,374,973	$ 5,894,131	$ 6,795,140	$ 901,009

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
$ 1,428,447	$ 1,428,447	$ 1,441,619	$ 13,172
-	-	-	-
-	-	-	-
933,715	933,715	956,260	22,545
1,024,600	1,024,600	1,030,610	6,010
-	-	-	-
7,650	7,650	17,187	9,537
20,800	20,800	186,533	165,733
3,415,212	3,415,212	3,632,209	216,997
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,415,212	3,461,476	3,086,507	374,969
-	-	-	-
-	98,638	366,994	(268,356)
3,415,212	3,560,114	3,453,501	106,613
-	(144,902)	178,708	323,610
-	-	-	-
-	-	-	-
-	-	-	-
-	(144,902)	178,708	323,610
749,924	749,924	749,924	-
$ 749,924	$ 605,022	$ 928,632	$ 323,610

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, 2019

	Internal Service Funds
Assets	
Current assets	
Cash and investments	$ 4,199,511
Due from other funds	463
Inventories	96,423
Total Current Assets	4,296,397
Noncurrent assets	
Capital assets	
Buildings and structures	1,816,748
Machinery and equipment	5,846,963
Accumulated depreciation	(5,164,570)
Total Noncurrent Assets	2,499,141
Total Assets	6,795,538
Deferred Outflows of Resources	
Deferred pension resources	11,335
Liabilities	
Current Liabilities	
Accounts payable	22,507
Accrued salaries payable	6,532
Claims incurred but not paid	6,587
Total Current Liabilities	35,626
Noncurrent Liabilities	
Net pension liability	95,594
Total Liabilities	131,220
Deferred Inflows of Resources	
Deferred pension resources	18,335
Net Position	
Investment in capital assets	2,499,141
Unrestricted	4,158,177
Total Net Position	$ 6,657,318

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, 2019

	Internal Service Funds
Operating Revenues	
Charges for services	$ 1,124,060
Insurance premiums	2,914,163
Insurance refunds	9,169
Total Operating Revenues	4,047,392
Operating Expenses	
Administrative and general	234,526
Insurance premiums	2,744,126
Self funded claims	145,763
Vehicle maintenance	319,245
Depreciation	423,774
Total Operating Expenses	3,867,434
Operating Income (Loss)	179,958
Non-operating Revenues (Expenses)	
State other aid	337
Pension revenue	223
Gain on sale of assets	68,313
Investment income	141,492
Miscellaneous income	119,232
Total Non-operating Revenues (Expenses)	329,597
Change in Net Position	509,555
Net Position, January 1	6,147,763
Net Position, December 31	$ 6,657,318

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, 2019

	Internal Service Funds
Cash Flows from Operating Activities	
Receipts from interfund services provided	$ 3,798,502
Payments to suppliers and interfund services provided	(330,600)
Payments to and on behalf of employees	(3,103,881)
Other receipts	128,738
Net Cash Provided (Used) by Operating Activities	492,759
Cash Flows from Non-Capital Financing Activities	
Increase (decrease) in due from other funds	(53)
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	68,313
Acquisition of capital assets	(374,960)
Net Cash Provided (Used) by Capital and Related Financing Activities	(306,647)
Cash Flows from Investing Activities	
Interest income received	141,492
Net Increase (Decrease) in Cash and Cash Equivalents	327,551
Cash and Cash Equivalents	
January 1	3,871,960
December 31	$ 4,199,511
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	$ 180,181
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Other income related to operations	119,569
Depreciation	423,774
Changes in assets and liabilities	
(Increase) decrease in assets	
Inventory	13,988
(Increase) decrease in deferred outflows of resources	
Deferred pension resources	10,773
(Decrease) increase in liabilities	
Accounts payable	11,882
Accrued salaries payable	650
Claims incurred, but not paid	(17,879)
Unearned revenue	(239,721)
Net pension liability	(3,854)
(Decrease) increase in deferred inflows of resources	
Deferred pension resources	(6,604)
Net Cash Provided (Used) by Operating Activities	$ 492,759

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

CUSTODIAL FUNDS

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

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

City of New Ulm, Minnesota
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2019

	Custodial Fund
	BLR Drug Task Force
Assets	
Cash and Investments	$ 297,178
Liabilities	
Accounts payable	36,665
Net Position	
Restricted	
Other	$ 260,513

City of New Ulm, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2019

	Custodial Fund BLR Drug Task Force
Additions	
Intergovernmental	$ 97,500
Dues	330,260
Fines and forfeits	24,092
Investment earnings	10,469
Miscellaneous	7,606
Total Additions	469,927
Deductions	
Public safety	
Personal services	400,527
Supplies	39,796
Other services and charges	47,428
Total Deductions	487,751
Net Decrease in Fiduciary Net Position	(17,824)
Net Position, January 1 as Restated	278,337
Net Position, December 31	$ 260,513

THIS PAGE IS LEFT

BLANK INTENTIONALLY

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.

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.*

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

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

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

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

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

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

The *2018 Bonds fund* accounts for costs associated with projects that will be financed through the issuance of G.O. Improvement Bonds, Series 2018.

The *2019 Bonds fund* accounts for costs associated with projects that will be financed through the issuance of G.O. Improvement Bonds, Series 2019.

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, 2019:

- U.S. Federal governmental agency securities of $26,125,706 are valued using quoted market prices (Level 1 inputs) which includes the PUC portion of $10,428,276.
- Negotiable certificates of deposit of $17,694,111 are valued using a matrix pricing model (Level 2 inputs) which includes the PUC portion of $6,900,703.

Receivables and Payables

Property tax levies are set by the Council no later than December of each year and are certified to Brown County for collection in the following year. In Minnesota, Counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, and are recorded as receivables by the City at that date. Revenue from property taxes are accrued and recognized in the year collectible.

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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

Accounts receivable include amounts billed for services provided before year end. Unbilled PUC receivables are also included for services provided in 2019. Uncollectible amounts are not material and as such, no allowance for uncollectible accounts have been recorded.

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

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

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

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

Capital Assets

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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, 2019 was $551,475, $521,630 and $7,631 for the City, PUC and EDA, respectively. For the most part, the General, Park and Recreation and Library funds are typically used to liquidate governmental compensated absences payable.

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in 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 Statement 75, at December 31, 2018.

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 GERP, PEPFP, DCP and the New Ulm Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief	Total All
	GERP	PEPFP	DCP	Association	Plans
Pension Expense	$ 905,193	$ 368,903	$ 925	$ 119,878	$ 1,394,899

Long-term Obligations

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

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

Fund Balance

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.

b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

Payment in Lieu of Taxes

Revenues include payments in lieu of property taxes paid from the PUC to the City as required in the City Charter Section 235. Five percent of the specified receipts from sources of the utilities shall be paid over to the City Treasurer monthly. Total PUC payments to the City were $2,008,699 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.

Note 2: Stewardship, Compliance and Accountability (Continued)

B. Excess Expenditures over Budget

For the year ended December 31, 2019, expenditures exceeded appropriations for the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Debt Service			
Bond Sinking	$ 2,500	$ 2,974	$ 474

Excess expenditures were funded by actual revenues in excess of budgeted amounts and available fund balance.

C. 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	$ 112,701
Capital Projects	
Nonmajor	
2020 Bonds	9,345

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 2020 Bonds fund was caused by excess capital expenditures over investment earnings. This deficit will be eliminated through future bond proceeds.

Note 3: Detailed Notes on All Funds

A. Deposits and investments

Deposits

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

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

Note 3: Detailed Notes on All Funds (Continued)

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was $23,357,040, including $297,178 reported in fiduciary funds. The bank balance of $24,758,792 was covered by $250,000 of federal depository insurance and the remaining $24,508,792 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, 2019, 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					
	Credit Quality/	Segmented Time		Fair Value Measurement Using		
Types of Investments	Ratings (1)	Distribution (2)	Amount	Level 1	Level 2	Level 3
Non-pooled investments at fair value						
Governmental Agency Securities	N/A	1 to 5 years	$ 4,569,897	$ 4,569,897	$ -	$ -
Governmental Agency Securities	AAA	1 to 5 years	11,127,533	11,127,533	-	-
Governmental Agency Securities	N/A	more than 5 years	613,461			
Negotiable Certificates of Deposit	N/A	less than 1 year	2,397,509	-	2,397,509	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	8,395,899	-	8,395,899	-
Total Primary Government Investments			$ 27,104,299	$ 15,697,430	$ 10,793,408	$ -

	Component Unit - PUC					
	Credit Quality/	Segmented Time		Fair Value Measurement Using		
Types of Investments	Ratings (1)	Distribution (2)	Amount	Level 1	Level 2	Level 3
Non-pooled investments at fair value						
Governmental Agency Securities	N/A	1 to 5 years	$ 2,921,738	$ 2,921,738	$ -	$ -
Governmental Agency Securities	AAA	1 to 5 years	7,114,325	7,114,325	-	-
Governmental Agency Securities	N/A	more than 5 years	392,213	392,213	-	-
Negotiable Certificates of Deposit	N/A	less than 1 year	1,532,834	-	1,532,834	-
Negotiable Certificates of Deposit	N/A	1 to 5 years	5,367,869	-	5,367,869	-
Total Component Unit - PUC Investments			17,328,979	10,428,276	6,900,703	-
Total Investments			$ 44,433,278	$ 26,125,706	$ 17,694,111	$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
(2) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicates not applicable or available.

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

	Primary Government	Component Unit - PUC	Component Unit - EDA	Fiduciary Fund	Totals
Carrying Amount of Deposits	$ 5,952,688	$ 14,262,598	$ 2,844,576	$ 297,178	$ 23,357,040
Investments	27,104,299	17,328,979	-	-	44,433,278
Cash on Hand	1,729	250	-	-	1,979
Total	$ 33,058,716	$ 31,591,827	$ 2,844,576	$ 297,178	$ 67,792,297
Cash and Investments	$ 33,058,716	$ 27,159,292	$ 2,810,291	$ 297,178	$ 63,325,477
Restricted Cash and Investments	-	4,432,535	34,285	-	4,466,820
Total	$ 33,058,716	$ 31,591,827	$ 2,844,576	$ 297,178	$ 67,792,297

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.

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Primary government

Capital asset activity for the year ended December 31, 2019 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	338,714	1,975,829	(83,531)	2,231,012
Total Capital Assets not Being Depreciated	11,925,888	1,975,829	(83,531)	13,818,186
Capital Assets Being Depreciated				
Buildings	29,124,300	189,569	-	29,313,869
Improvements other than buildings	3,602,044	66,392	-	3,668,436
Infrastructure	100,591,005	5,875,994	-	106,466,999
Machinery and equipment	9,980,855	978,355	(336,891)	10,622,319
Office furniture and equipment	199,664	6,427	-	206,091
Park equipment	1,064,391	-	-	1,064,391
Total Capital Assets Being Depreciated	144,562,259	7,116,737	(336,891)	151,342,105
Less Accumulated Depreciation for				
Buildings	(16,098,817)	(629,015)	-	(16,727,832)
Improvements other than buildings	(1,309,990)	(181,538)	-	(1,491,528)
Infrastructure	(43,694,694)	(3,534,778)	-	(47,229,472)
Machinery and equipment	(6,782,371)	(697,292)	332,856	(7,146,807)
Office furniture and equipment	(155,732)	(6,484)	-	(162,216)
Park equipment	(441,236)	(66,476)	-	(507,712)
Total Accumulated Depreciation	(68,482,840)	(5,115,583)	332,856	(73,265,567)
Total Capital Assets Being Depreciated, Net	76,079,419	2,001,154	(4,035)	78,076,538
Governmental Activities Capital Assets, Net	$ 88,005,307	$ 3,976,983	$ (87,566)	$ 91,894,724

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

Governmental Activities	
General government	$ 69,878
Public safety	304,499
Streets and highways, including depreciation of general infrastructure assets	2,966,835
Culture and recreation	633,664
Miscellaneous	710,951
Community access	5,982
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	423,774
Total Depreciation Expense - Governmental Activities	$ 5,115,583

Note 3: Detailed Notes on All Funds (Continued)

Discretely presented component units

Capital asset activity for the PUC for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	$ 547,579	$ -	$ -	$ 547,579
Construction in progress	24,103	50,536	-	74,639
Total Capital Assets not Being Depreciated	571,682	50,536	-	622,218
Capital Assets Being Depreciated				
Buildings and structures	5,524,713	106,120	-	5,630,833
Plant in service	140,528,476	3,689,547	-	144,218,023
Machinery and equipment	16,848,241	598,099	(215,269)	17,231,071
Total Capital Assets Being Depreciated	162,901,430	4,393,766	(215,269)	167,079,927
Less Accumulated Depreciation for				
Buildings and structures	(4,320,536)	(136,311)	-	(4,456,847)
Plant in service	(79,801,196)	(3,455,617)	-	(83,256,813)
Machinery and equipment	(12,491,817)	(777,833)	214,253	(13,055,397)
Total Accumulated Depreciation	(96,613,549)	(4,369,761)	214,253	(100,769,057)
Total Capital Assets Being Depreciated, Net	66,287,881	24,005	(1,016)	66,310,870
Total PUC Capital Assets, Net	$ 66,859,563	$ 74,541	$ (1,016)	$ 66,933,088

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

Electric	$ 1,765,716
District Energy	104,510
Natural Gas	352,178
Water	884,912
Wastewater	1,096,038
Capital Assets Held by the PUC's Internal Service Funds are Charged To the Various Functions Based on Their Usage of the Assets	166,407
Total Depreciation Expense - PUC	$ 4,369,761

Note 3: Detailed Notes on All Funds (Continued)

Capital asset activity for the EDA for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets not Being Depreciated				
Land	$ 1,067,672	$ -	$ (17,934)	$ 1,049,738
Capital Assets Being Depreciated				
Buildings	9,312,921	62,636	-	9,375,557
Improvements other than buildings	404,113	-	-	404,113
Furniture and equipment	254,959	115,801	-	370,760
Total Capital Assets Being Depreciated	9,971,993	178,437	-	10,150,430
Less Accumulated Depreciation for				
Buildings	(6,977,350)	(324,750)	-	(7,302,100)
Improvements other than buildings	(353,908)	(6,510)	-	(360,418)
Furniture and equipment	(192,354)	(22,702)	-	(215,056)
Total Accumulated Depreciation	(7,523,612)	(353,962)	-	(7,877,574)
Total Capital Assets Being Depreciated, Net	2,448,381	(175,525)	-	2,272,856
Total EDA Capital Assets, Net	$ 3,516,053	$ (175,525)	$ (17,934)	$ 3,322,594

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

Housing Development	$ 353,962

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2019 is as follows:

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Economic Development Loan Program	TIF Districts	$ 183,231

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

Note 3: Detailed Notes on All Funds (Continued)

Due to/from primary government and component units:

Due from Component Units

Receivable Entity/Fund	Payable Entity/Fund	Amount
Internal service funds - primary government	Public Utilities Commission - component unit	$ 224,957

Due to Component Units

Receivable Entity/Fund	Payable Entity/Fund	Amount
Public Utilities Commission - component unit	Internal service funds - primary government	$ 321,345

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

Interfund Transfers

Interfund transfers for the year ended December 31, 2019 were as follows:

	Transfers in			
Fund	Capital Improvement	2019 Bonds	Nonmajor Governmental	Total
Transfer Out				
General	$ 99,406	$ 36,000	$ -	$ 135,406
Sales Tax Revenue	-	-	300,877	300,877
Bond Sinking	-	-	4,322,117	4,322,117
Capital Improvement	-	-	91,561	91,561
Nonmajor governmental	-	-	192,099	192,099
Total Transfers Out	$ 99,406	$ 36,000	$ 4,906,654	$ 5,042,060

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 2019 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
2012 G.O. PIRF Bonds	$ 3,300,000	0.60 - 1.90 %	08/21/12	12/01/22	$ 475,000
2013 G.O. PIRF Bonds	2,875,000	0.30 - 2.15	07/15/13	12/01/23	1,215,000
2015 G.O. PIRF Bonds	3,275,000	2.00 - 2.25	07/01/15	12/01/25	2,040,000
2016 G.O. PIRF Bonds	3,195,000	1.50 - 2.00	07/19/16	12/01/26	1,020,000
2017 G.O. PIRF Bonds	2,995,000	2.00	09/05/17	12/01/27	2,065,000
2018 G.O. PIRF Bonds	2,560,000	3.00 - 4.00	09/06/18	12/01/28	2,040,000
2019 G.O. PIRF Bonds	4,210,000	3.00 - 4.00	08/06/19	12/01/29	4,210,000
Total G.O. Special Assessment Bonds					$ 13,065,000

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
2020	$ 2,505,000	$ 416,848	$ 2,921,848
2021	2,225,000	310,445	2,535,445
2022	1,905,000	243,260	2,148,260
2023	1,530,000	187,960	1,717,960
2024	1,245,000	145,725	1,390,725
2025 - 2029	3,655,000	271,050	3,926,050
Total	$ 13,065,000	$ 1,575,288	$ 14,640,288

Note 3: Detailed Notes on All Funds (Continued)

General obligation sales tax revenue bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2018B Sales Tax Bonds	$ 7,055,000	3.00 - 4.00 %	09/06/18	12/01/38	$ 7,055,000

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
2020	$ -	$ 243,406	$ 243,406
2021	300,000	243,406	543,406
2022	310,000	231,406	541,406
2023	315,000	219,006	534,006
2024	325,000	206,406	531,406
2025 - 2029	1,775,000	839,781	2,614,781
2030 - 2034	2,080,000	544,571	2,624,571
2035 - 2038	1,950,000	173,200	2,123,200
Total	$ 7,055,000	$ 2,701,182	$ 9,756,182

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	$ 131,684

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
2020	$ 43,894	$ 7,901	$ 51,795
2021	43,895	5,267	49,162
2022	43,895	2,634	46,529
Total	$ 131,684	$ 15,802	$ 147,486

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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation special assessment bonds	$ 12,855,000	$ 4,210,000	$ (4,000,000)	$ 13,065,000	$ 2,505,000
General obligation sales tax revenue bonds	7,055,000	-	-	7,055,000	-
Less deferred amounts:					
Bond premiums	568,363	488,369	(104,503)	952,229	-
Total Bonds Payable	20,478,363	4,698,369	(4,104,503)	21,072,229	2,505,000
Special Assessments Payable	175,578	-	(43,894)	131,684	43,894
Compensated Absences Payable	531,952	577,131	(557,608)	551,475	394,932
Governmental Activity Long-term Liabilities	$ 21,185,893	$ 5,275,500	$ (4,706,005)	$ 21,755,388	$ 2,943,826

Note 3: Detailed Notes on All Funds (Continued)

Public Utilities Commission

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

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

General obligation revenue bonds

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Fund					
2011B G.O. Revenue Bonds	$ 3,000,000	2.00 - 2.625 %	12/29/11	12/01/26	$ 1,675,000
Water Fund					
2013B G.O. Revenue Bonds	2,950,000	2.00 - 3.00	07/15/13	12/01/28	1,870,000
Wastewater Treatment Fund					
2007 G.O. Revenue Note (PFA)	4,002,900	2.65	06/27/07	08/20/26	1,789,000
2017A G.O. Revenue Bonds	5,560,000	2.00 - 3.00	09/05/17	12/01/36	5,145,000
Total G.O. Revenue Bonds Payable					10,479,000
Unamortized Bond Discounts/Premiums					196,464
Net PUC Bonds Payable					$ 10,675,464

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	$ 23,134,239	$ 2,836,335	$ 3,853,215
Principal and Interest	285,925	240,312	665,103
Percentage of Revenues	1.2%	8.5%	17.3%

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
2020	$ 881,000	$ 276,828	$ 1,157,828
2021	902,000	255,324	1,157,324
2022	924,000	233,311	1,157,311
2023	955,000	210,475	1,165,475
2024	977,000	186,259	1,163,259
2025 - 2029	3,360,000	574,979	3,934,979
2030 - 2034	1,705,000	268,000	1,973,000
2035 - 2036	775,000	35,100	810,100
Total	$ 10,479,000	$ 2,040,276	$ 12,519,276

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, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Utilities Commission Activities					
Bonds Payable					
General obligation revenue bonds	$ 11,344,000	$ -	$ (865,000)	$ 10,479,000	$ 881,000
Bond discounts	(16,641)	-	2,102	(14,539)	-
Bond premiums	222,841	-	(11,838)	211,003	-
Total Bonds Payable	11,550,200	-	(874,736)	10,675,464	881,000
Compensated Absences Payable	473,613	388,931	(340,914)	521,630	326,923
Public Utilities Commission Long-term Liabilities	$ 12,023,813	$ 388,931	$ (1,215,650)	$ 11,197,094	$ 1,207,923

Economic Development Authority

Changes in long-term liabilities

Long-term liability activity for the EDA for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Economic Development Authority Activities					
Compensated Absences Payable	$ 9,223	$ 7,923	$ (9,515)	$ 7,631	$ 4,902

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	$ 9,455,000
Highland Regency House	10/01/13	4,590,000	4,240,000
Total Conduit Debt Obligations		$ 14,925,000	$ 13,695,000

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 (GERP)

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

Public Employees Police and Fire Plan (PEPFP)

The PEPFP, 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 PEPFP 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)

GERP Benefits

GERP 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.

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

PEPFP Benefits

Benefits for the PEPFP 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 PEPFP 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 3.0 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 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, 2019, 2018 and 2017 were $341,437, $319,833 and $306,965, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018 and 2017 were $302,295, $295,210 and $289,480, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City of New Ulm reported a liability of $3,444,427 for its proportionate share of the General Employees Fund's net pension liability of which the EDA's portion was calculated at $56,198. The EDA's pension liability was reported as $56,198 due to a timing difference which exists due to the EDA having a June 30 year-end. At December 31, 2019, the PUC reported a liability of $4,168,697 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 to the fund in 2019. 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 $106,995 of which the EDA's portion was $1,844 The State of Minnesota's proportionate share of the net pension liability associated with the PUC totaled $129,661. The net pension liability was measured as of June 30, 2019, 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, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City of New Ulm's proportionate share was 0.0613 percent which was no change from its proportion measured as of June 30, 2018. The EDA's proportionate share was calculated at 0.0010 percent at June 30, 2019 a 0.0001 percent increase from June 30, 2018. The PUC's proportionate share was 0.0754 percent which was a 0.0030 percent decrease from its proportion measured as of June 30, 2018.

City's proportionate share of the net pension liability	$ 7,613,124
State of Minnesota's proportionate share of the net pension liability associated with the City	236,656
Total	$ 7,849,780

For the year ended December 31, 2019, the City recognized pension expense of $445,709 for its proportionate share of General Employees Plan's pension expense of which the EDA's portion was calculated at $1,807. The PUC recognized pension expense of $441,761 for its proportionate share of General Employee Plan's pension expense. In addition, the City recognized an additional $8,013 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 $162. In addition, the PUC recognized an additional $9,710 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, 2019, the City reported its proportionate share of General Employee Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, 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	$ 100,421	$ 15,265	$ 156,180	$ 4,620	$ 1,513	$ 1,768
Changes in Actuarial Assumptions	9,834	269,252	17,587	362,193	5,440	6,366
Net Difference Between Projected and Actual Earnings on Plan Investments	-	329,382	-	468,526	-	5,955
Changes in Proportion	111,823	29,906	25,914	217,298	8,507	2,764
Contributions Paid to PERA Subsequent to the Measurement Date	165,566	-	199,375	-	5,312	-
Total	$ 387,644	$ 643,805	$ 399,056	$ 1,052,637	$ 20,772	$ 16,853

The $370,253 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, 2020. 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
2020	$ (131,835)	$ (284,926)	$ 2,088
2021	(217,541)	(437,043)	229
2022	(79,072)	(137,705)	(2,541)
2023	6,721	6,718	(1,169)

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of $1,784,271 for its proportionate share of the Police and Fire fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.1676 percent which was a 0.0049 percent decrease from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of $346,277 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized $22,626 for the year ended December 31, 2019, 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. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay $4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay $9 million until full funding is reached or July 1, 2048, whichever is earlier.

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

At December 31, 2019, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 101,451	$ 295,133
Changes in Actuarial Assumptions	1,630,547	2,152,934
Net Difference Between Projected and Actual Earnings on Plan Investments	-	375,847
Changes in Proportion	62,599	104,431
Contributions Paid to PERA Subsequent to the Measurement Date	153,467	-
Total	$ 1,948,064	$ 2,928,345

The $153,467 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	$ (123,461)
2021	(265,567)
2022	(730,894)
2023	1,546
2024	(15,372)

E. Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

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

Actuarial assumptions used in the June 30, 2019 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 most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

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

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

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	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	-
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund			
Primary government	$ 5,571,125	$ 3,388,229	$ 1,585,808
Component unit - PUC	6,853,114	4,168,697	1,952,178
Component unit - EDA	91,328	56,198	27,198
Police and Fire Fund	3,900,086	1,784,271	35

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

Elected officials of the City are covered by the Defined Contribution Plan (DCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP 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, therefore, there is no future liability to the employer. *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 5 percent of salary which is matched by the elected official's employer. 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 percent of employer contributions and twenty-five hundredths of 1.0 percent (.25) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City during the fiscal year 2019 were:

Contribution Amount		Percentage of Covered Payroll		
Employee	Employer	Employee	Employer	Required Rate
$ 925	$ 925	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2019, 2018 and 2017 were $925, $925 and $1,325, 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, 2019, the plan covered 41 active firefighters and 7 vested terminated fire fighters whose pension benefits are deferred.

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

B. Benefits Provided

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

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

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

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

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed $94,258 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2019, 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, 2019 were $95,920. The City made voluntary contributions of $38,080 to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

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

D. Pension Costs

At December 31, 2019, the City reported a net pension asset of $1,010,425 for the plan. The net pension liability (asset) was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Van Iwaarden Associates applying an actuarial formula to specific census data certified by the Department as of December 31, 2019. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2019	$ 1,968,916	$ 2,593,621	$ (624,705)
Changes For the Year			
Service cost	68,044	-	68,044
Interest on pension liability (asset)	128,323	-	128,323
Changes in benefit terms	148,739	-	148,739
Net investment return	-	617,935	(617,935)
Contributions (state and local)	-	131,000	(131,000)
Benefit payments	(125,505)	(125,505)	-
Administrative expenses	-	(18,109)	18,109
Total Net Changes	219,601	605,321	(385,720)
Ending Balance December 31, 2019	$ 2,188,517	$ 3,198,942	$ (1,010,425)

For the year ended December 31, 2019, the City recognized pension expense of $119,878.

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

At December 31, 2019, 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	$ -	$ 107,836
Changes in Actuarial Assumptions	79,573	21,992
Net Difference Between Projected and Actual Earnings on Plan Investments	-	290,190
Total	$ 79,573	$ 420,018

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

2020	$ (103,883)
2021	(94,300)
2022	(37,544)
2023	(101,411)
2024	(11,198)
Thereafter	7,891

E. Actuarial Assumptions

The total pension liability at December 31, 2019 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	2.50%
Investment Rate of Return	6.50%
20 Year Municipal Bond Yield	2.75%
Discount Rate	6.50%

Changes in actuarial assumptions related to updating retirement rates to reflect plan experience and expectations.

The 6.50 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.5%). The best-estimates of expected future asset class returns were published in the 2019 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

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 Equity	68.45 %	4.76 %
International Equity	15.50	5.41
Fixed Income	7.86	2.01
Real estate and alternatives	0.45	4.53
Cash and Equivalents	7.74	0.74
Total	100.00 %	

F. Funding Status

The discount rate used to measure the total pension asset was 6.50 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 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
Defined Benefit Plan	$ (913,817)	$ (1,010,425)	$ (1,101,128)

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

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

At December 31,2019, the following employees were covered by the benefit terms:

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

Funding policy. Contribution requirements also are negotiated between the City and union representatives. The City does not contribute any of the current-year premiums for eligible retired plan members and their spouses. For the year ended 2019, the City and PUC directly contributed $6,592 and $34,555, respectively.

Actuarial Methods and Assumptions. The City's and PUC's total OPEB liability of $588,128 and $440,712, respectively, were measured as of December 31, 2018, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2018. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability for the City and PUC in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.71%
20-Year Municpal Bond Yeild	3.71%
Inflation Rate	2.50%
Medical Trend Rate	6.40% in 2019 gradually decreasing to an ultimate rate of 4.00% in 2075 and later years

The discount rate used to measure the total OPEB liability was 3.71 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the 20-year municipal bond rate. The equivalent single rate is the discount rate.

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

The actuarial assumptions used in the December 31, 2018 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.

Note 7: Postemployment Benefits Other Than Pensions (Continued)

Changes in the Total OPEB Liability

	Primary Government Total OPEB Liability (a)	Component Unit - PUC Total OPEB Liability (a)
Balances at December 31, 2018	$ 557,662	$ 637,190
Changes for the Year:		
Service cost	84,988	39,871
Interest	20,994	21,586
Differences between expected and actual experience	67,703	(203,455)
Changes in assumptions or other inputs	(126,468)	(4,653)
Employer contributions		(49,827)
Benefit payments	(16,751)	-
Net Changes	30,466	(196,478)
Balances at December 31, 2019	$ 588,128	$ 440,712

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capital claims costs were updated to reflect recent experience.
- Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2018 PERA General Employees Retirement Plan valuation.
- The inflation rate assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

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

Sensitivity of the Total OPEB Liability. The following presents the total OPEB liability of the City and PUC, as well as what the City's and PUC's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.71 percent) or 1-percentage-point higher (4.71 percent) than the current discount rate:

	1 Percent Decrease (2.71%)	Current (3.71%)	1 Percent Decrease (4.71%)
City	$ 623,618	$ 588,128	$ 552,243
PUC	472,752	440,712	410,906

Note 7: Postemployment Benefits Other Than Pensions (Continued)

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

	1 Percent Decrease (5.4% decreasing to 3%)	Healthcare Cost Trend Rates (6.4% decreasing to 4%)	1 Percent Increase (7.4% decreasing to 5%)
City	$ 518,791	$ 588,128	$ 669,506
PUC	400,527	440,712	488,115

OPEB Expense and Deferred Outflows of Resources Related to OPEB. For the year ended 2019, the City and PUC recognized OPEB expense of $90,556 and $219,023, respectively. At December 31, 2019, the City and PUC reported deferred outflows of resources from the following sources:

	Primary Government		Component Unit - PUC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected actual experience	$ 58,603	$ -	$ -	$ -
Changes in Actuarial Assumptions	2,697	109,470	-	-
Contributions to OPEB Subsequent to the Measurement Date	6,592	-	34,555	-
Total	$ 67,892	$ 109,470	$ 34,555	$ -

Deferred outflows of resources totaling $6,592 and $34,555, 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, 2020. Other amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year ended December 31:	Primary Government	Component Unit - PUC
2020	$ (7,422)	$ -
2021	(7,422)	-
2022	(7,422)	-
2023	(7,422)	-
2024	(7,422)	-
Thereafter	(11,060)	-

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.

Note 8: Other Information (Continued)

The City and the PUC maintain an Insurance Trust Fund to cover claims not covered by insurance and a Health Insurance Trust Fund to self-fund a percentage of employees' deductibles. Changes in the Funds' claims liability amount in fiscal years 2019 and 2018 were:

Year	January 1 Claims Liability	Current Year Claims and Changes in Estimates	Current Year Claim Payments	December 31 Claims Liability
Insurance Trust Fund				
2019	$ -	$ 2,085	$ (2,085)	$ -
2018	-	2,090	(2,090)	-
Health Insurance Trust Fund				
2019	24,466	2,904,988	(2,922,867)	6,587
2018	29,713	3,119,704	(3,124,951)	24,466

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 $6,587 in the Health Insurance Trust Fund.

B. Contingent Liabilities

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

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

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

C. Joint Services

In 1992, the City agreed to participate in the construction of a combined law enforcement center. Under the terms of the agreement, a Brown County Housing and Redevelopment Authority *(a component unit of Brown County)* was established which constructed the facility and made the required debt service payments. The County appoints the Authority's board, however, a group of City/County officials had input into the management of the facility. The City and County have a joint powers agreement to manage the facility. The City can occupy its allocated space into perpetuity; however, once it relinquishes its space, it has no rights to compensation or future occupancy. The City's share of operating costs for 2019 was $73,453.

Note 8: Other Information (Continued)

D. Deferred Compensation Plan

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

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

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

E. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota via the Local Government Aid (LGA) program. The amount received in 2019 was $3,204,791, which accounted for 30 percent of General fund revenues.

Note 9: Major Customer

Two industrial customers of the PUC represent approximately 25.0 percent of the total utility revenue excluding municipal sales of the PUC and approximately 20.0 percent of outstanding utility receivables at December 31, 2019.

Note 10: Tax Abatements

As of December 31, 2019, 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.

Note 10: Tax Abatements (Continued)

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

Lost revenue as it relates to tax abatements for the year ended December 31, 2019 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
LIL/MVTL			4,303
Tax Increment Districts (PAYGO)			
TIF District #2-2	34.605%	$ 30,390	10,516
Total			$ 18,933

Note 11: Subsequent Event

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the City is unable to determine if it will have a material impact to its operations.

Note 12: Change in Accounting Principle

During fiscal year 2019, the City implemented a new accounting pronouncement issued by the Government Accounting Standards Board (GASB), Statement No. 84, *Fiduciary Activities*. This standard required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2019 financial statements. Changes related to this standard are reflected in the financial statements and related disclosures.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2018 balances to the January 1, 2019 financial statement balances:

Fund	Net Position December 31, 2018 as Previously Reported	Prior Period Restatement	Net Position January 1, 2019 as Restated
Governmental Activities	$ 99,373,186	$ 64,690	$ 99,437,876
Governmental Funds			
Other Governmental Funds	$ 4,638,986	$ 64,690	$ 4,703,676
Fiduciary Funds			
Custodial Fund	$ -	$ 278,337	$ 278,337

THIS PAGE IS LEFT

BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF NEW ULM
NEW ULM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of New Ulm, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2019

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+b)/c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/19	0.0613 %	$ 3,388,229	$ 105,151	$ 3,493,380	$ 4,340,109	80.5 %	80.2 %
06/30/18	0.0586	3,436,756	113,969	3,550,725	4,178,395	82.3	79.5
06/30/17	0.0586	3,725,903	47,002	3,772,905	3,772,144	98.8	75.9
06/30/16	0.0581	4,717,969	61,546	4,779,515	3,573,925	132.0	68.9
06/30/15	0.0596	3,087,544	-	3,087,544	3,502,371	88.2	78.2

* Excludes EDA activity reported at 6/30 (multiply amounts by percentage from tab E that does not include EDA)

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

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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/18	0.0010 %	$ 56,198	$ 1,844	$ 58,042	$ 64,813	89.6 %	79.5 %
06/30/17	0.0009	58,226	732	58,958	49,760	118.5	75.9
06/30/16	0.0008	62,206	812	63,018	48,745	127.6	68.9
06/30/15	0.0010	50,843	-	50,843	58,690	86.6	78.2
06/30/14	0.0011	52,590	-	52,590	58,731	89.5	78.7

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

Schedule of Employer's PERA Contributions - General Employees Fund

City

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)
12/31/19	$ 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.

PUC

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)
12/31/2019	$ 401,679	$ 401,679	$ -	$ 5,355,726	7.5 %
12/31/2018	390,905	390,905	-	5,212,064	7.5
12/31/2017	403,498	403,498	-	5,379,971	7.5
12/31/2016	372,980	372,980	-	4,973,067	7.5
12/31/2015	366,133	366,133	-	4,881,779	7.5

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

EDA

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)
06/30/19	$ 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

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.

Changes in plan provisions

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 - None.

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

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+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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)
12/31/19	$ 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

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.

Changes in plan provisions

2019 - None.

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.

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

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

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

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

Notes to the Required Supplementary Information - Fire Relief Association

Changes in actuarial assumptions

2019 – None.
2018 - Mortality, termination, and disability rates were changed to those used in the most recent Minnesota PERA Police & Fire Plan actuarial valuation. The expected investment return and discount rate decreased from 7.00% to 6.50% to reflect updated capital market assumptions. The inflation assumption was updated from 2.75% to 2.50%.
2017 - The expected investment return and discount rate decreased from 7.50 percent to 7.00 percent to reflect updated capital market assumptions.
2016 - Expected investment return and discount rate were updated from 7.25 percent to 7.50 percent to reflect updated capital market models and investment expenses.

Changes in plan provisions

2019 - The lump sum benefit amount was increased from $4,500 to $5,000.
2018 - None.
2017 - None.
2016 - Lump sum benefit amounts were updated to $4,250, $4,375 and $4,500 effective in 2017, 2018 and 2019, respectively. The monthly pension was increased from $24.50 to $25.50.

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

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)
12/31/19	$ 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	2019	2018
Total OPEB liability		
Service cost	$ 84,988	$ 75,603
Interest	20,994	20,399
Differences between expected and actual experience	67,703	-
Changes in assumptions	(126,468)	3,649
Benefit payments	(16,751)	(3,587)
Net change in total OPEB liability	30,466	96,064
Total OPEB liability - beginning	557,662	461,598
Total OPEB liability - ending	$ 588,128	$ 557,662
Covered - employee payroll	$ 5,898,055	$ 5,289,106
City's total OPEB liability as a percentage of covered employee payroll	9.97 %	10.54 %

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

Benefit Changes:

In 2019, the following changes occurred:

None

In 2018, the following changes occurred:

None

Changes in Assumptions:

In 2019, the following assumptions changed:

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

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

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

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

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

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

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

In 2018, the following assumptions changed:

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

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

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

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

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

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

City of New Ulm, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

PUC	2019	2018
Total OPEB liability		
Service cost	$ 39,871	$ 35,278
Interest	21,586	23,487
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes in assumptions	(203,455)	19,883
Benefit payments	(4,653)	(45,268)
Employer contributions	(49,827)	
Net change in total OPEB liability	(196,478)	33,380
Total OPEB liability - beginning	637,190	603,810
Total OPEB liability - ending	$ 440,712	$ 637,190
Covered - employee payroll	$ 5,245,396	$ 5,591,440
PUC's total OPEB liability as a percentage of covered employee payroll	8.40 %	11.40 %

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

Benefit Changes:

In 2019, the following changes occurred:
None
In 2018, the following changes occurred:
None

Changes in Assumptions:

In 2019, the following assumptions changed:

The discount rate was changed from 3.31% to 3.71% based on updated 20-year municipal bond rates.
Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
Medical per capital claims costs were updated to reflect recent experience.
Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2018 PERA General Employees Retirement Plan valuation.
The inflation rate assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

In 2018, the following assumptions changed:

The discount rate changed from 3.81% to 3.31% based on updated 20-year municipal bond rates.
Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
Medical per capital claims costs were updated to reflect recent experience.
Withdrawal rates were updated from the age based turnover data provided in the GASB 46 to the rates used in the 7/1/2017 PERA General Employees Retirement Plan valuation.
The salary scale assumption was changed from a flat rate of 3.25 percent to the rates used in the 7/1/2017 PERA General Employees Retirement Plan valuation.

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

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

City of New Ulm, Minnesota
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2019

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
Assets					
Cash and investments	$ 2,584,397	$ 213,970	$ 896,015	$ 524,708	$ 4,219,090
Receivables					
Delinquent taxes	7,636	-	-	-	7,636
Accounts	4,824	-	-	-	4,824
Notes, net of allowance	822,341	-	-	-	822,341
Special assessments	-	131,683	-	-	131,683
Intergovernmental	-	-	15,986	-	15,986
Advances to other funds	183,231	-	-	-	183,231
Prepaid items	6,749	-	-	-	6,749
Total Assets	$ 3,609,178	$ 345,653	$ 912,001	$ 524,708	$ 5,391,540
Liabilities					
Accounts payable	$ 57,461	$ -	$ 1,957	$ -	$ 59,418
Due to other governments	157	-	-	-	157
Accrued salaries payable	23,801	-	-	-	23,801
Advances from other funds	183,231	-	-	-	183,231
Total Liabilities	264,650	-	1,957	-	266,607
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	7,636	-	-	-	7,636
Special assessments	-	131,683	-	-	131,683
Total Deferred Inflows of Resources	7,636	131,683	-	-	139,319
Fund Balances					
Nonspendable					
Prepaid items	6,749	-	-	-	6,749
Perpetual care	-	-	-	524,708	524,708
Restricted					
Library programs	10,273	-	-	-	10,273
Culture and recreation projects	71,392				71,392
Economic development	2,224,334	-	-	-	2,224,334
Maintain parking areas	478,499	-	-	-	478,499
TIF activities	65,628	-	-	-	65,628
Debt service	-	213,970	-	-	213,970
Capital improvements	-	-	919,389	-	919,389
Committed					
Library services	94,702	-	-	-	94,702
Library programs	71,541	-	-	-	71,541
Fire fighting	9,314	-	-	-	9,314
Assigned					
DARE program	60,444	-	-	-	60,444
Library services	389,792	-	-	-	389,792
Library programs	18,860	-	-	-	18,860
Fire fighting	4,418	-	-	-	4,418
Employee lunchrooms	9,275				9,275
Unassigned	(178,329)	-	(9,345)	-	(187,674)
Total Fund Balances	3,336,892	213,970	910,044	524,708	4,985,614
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,609,178	$ 345,653	$ 912,001	$ 524,708	$ 5,391,540

City of New Ulm, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent	Total Nonmajor Governmental Funds
Revenues					
Taxes					
General	$ 801,536	$ -	$ -	$ -	$ 801,536
Delinquent	6,406	-	-	-	6,406
Captured TIF	149,808	-	-	-	149,808
Mobile home	1,725	-	-	-	1,725
Special service district	33,500	-	-	-	33,500
Penalties and interest	2,385	-	-	-	2,385
Intergovernmental					
State					
Other aid	1,415	-	-	-	1,415
County					
Library aid	16,360	-	-	-	16,360
Local					
Other	694	-	-	-	694
Charges for services					
Public safety	8,460	-	-	-	8,460
Culture and recreation	8,557	-	-	-	8,557
Miscellaneous	26,161	-	-	-	26,161
Fines and forfeitures	20,848	-	-	-	20,848
Special assessments	-	54,429	-	-	54,429
Investment earnings	101,843	4,880	31,952	7,735	146,410
Miscellaneous					
Donations	34,141	-	-	-	34,141
Other	27,029	-	-	19,348	46,377
Total Revenues	1,240,868	59,309	31,952	27,083	1,359,212
Expenditures					
Current					
Public safety					
Fire	4,545	-	-	-	4,545
Culture and recreation					
Library	766,027	-	-	-	766,027
Other	6,620	-	-	-	6,620
Economic development	1,369	-	-	-	1,369
Miscellaneous					
Other	242,731	-	-	65,360	308,091
Capital outlay					
Streets and highways	-	-	23,056	-	23,056
Debt service					
Principal	43,894	4,000,000	-	-	4,043,894
Interest	15,233	622,994	-	-	638,227
Total Expenditures	1,080,419	4,622,994	23,056	65,360	5,791,829
Excess (Deficiency) of Revenues Over (Under) Expenditures	160,449	(4,563,685)	8,896	(38,277)	(4,432,617)
Other Financing Sources (Uses)					
Transfers in	-	4,622,994	283,660	-	4,906,654
Transfers out	-	-	(192,099)	-	(192,099)
Total Other Financing Sources (Uses)	-	4,622,994	91,561	-	4,714,555
Net Change in Fund Balances	160,449	59,309	100,457	(38,277)	281,938
Fund Balances, January 1 as Restated	3,176,443	154,661	809,587	562,985	4,703,676
Fund Balances, December 31	$ 3,336,892	$ 213,970	$ 910,044	$ 524,708	$ 4,985,614

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

SPECIAL REVENUE FUNDS (CONTINUED)

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

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

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

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

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

City of New Ulm, Minnesota
Nonmajor Special Revenue Funds
Combining Balance Sheet
December 31, 2019

	Economic Development Loan Program	TIF Districts	Community Development Block Grant	Library	Library Board
Assets					
Cash and investments	$ 541,309	$ 113,030	$ 447,956	$ 516,506	$ 100,674
Receivables					
Delinquent taxes	-	-	-	6,357	-
Accounts	-	-	-	266	-
Notes, net of allowance	413,530	-	7,585	-	-
Advances to other funds	183,231	-	-	-	-
Prepaid items	-	-	-	2,905	433
Total Assets	$ 1,138,070	$ 113,030	$ 455,541	$ 526,034	$ 101,107
Liabilities					
Accounts payable	$ -	$ 42,500	$ -	$ 10,608	$ -
Due to other governments	-	-	-	-	-
Accrued salaries payable	-	-	-	21,670	-
Advances from other funds	-	183,231	-	-	-
Total Liabilities	-	225,731	-	32,278	-
Deferred Inflows of Resources					
Unavailable revenue					
Taxes	-	-	-	6,357	-
Fund Balances					
Nonspendable					
Prepaid items	-	-	-	2,905	433
Restricted					
Library programs	-	-	-	-	10,273
Culture and recreation projects	-	-	-	-	-
Economic development	1,138,070	-	455,541	-	-
Maintain parking areas	-	-	-	-	-
TIF activities	-	65,628	-	-	-
Committed					
Library services	-	-	-	94,702	-
Library programs	-	-	-	-	71,541
Fire fighting	-	-	-	-	-
Assigned					
DARE program	-	-	-	-	-
Library services	-	-	-	389,792	-
Library programs	-	-	-	-	18,860
Fire fighting	-	-	-	-	-
Employee lunchrooms	-	-	-	-	-
Unassigned	-	(178,329)	-	-	-
Total Fund Balances	1,138,070	(112,701)	455,541	487,399	101,107
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,138,070	$ 113,030	$ 455,541	$ 526,034	$ 101,107

Parking Meter	Rehabilitation Loan Program	Character Counts	Firefighters	Small Cities	Miscellaneous Affiliated Groups	Employee Lunchrooms	Total Nonmajor
$ 481,694	$ 170,375	$ 60,444	$ 12,067	$ 59,122	$ 71,927	$ 9,293	$ 2,584,397
1,279	-	-	-	-	-	-	7,636
2,693	-	-	1,665	-	200	-	4,824
-	401,226	-	-	-	-	-	822,341
-	-	-	-	-	-	-	183,231
3,411	-	-	-	-	-	-	6,749
$ 489,077	$ 571,601	$ 60,444	$ 13,732	$ 59,122	$ 72,127	$ 9,293	$ 3,609,178
$ 3,600	$ -	$ -	$ -	$ -	$ 735	$ 18	$ 57,461
157	-	-	-	-	-	-	157
2,131	-	-	-	-	-	-	23,801
-	-	-	-				183,231
5,888	-	-	-	-	735	18	264,650
1,279	-	-	-	-	-	-	7,636
3,411	-	-	-	-	-	-	6,749
-	-	-	-	-	-	-	10,273
-	-	-	-	-	71,392	-	71,392
-	571,601	-	-	59,122	-	-	2,224,334
478,499	-	-	-	-	-	-	478,499
-	-	-	-	-	-	-	65,628
-	-	-	-	-	-	-	94,702
-	-	-	-	-	-	-	71,541
-	-	-	9,314	-	-	-	9,314
-	-	60,444	-	-	-	-	60,444
-	-	-	-	-	-	-	389,792
-	-	-	-	-	-	-	18,860
-	-	-	4,418	-	-	-	4,418
-	-	-	-	-	-	9,275	9,275
-	-	-	-	-	-	-	(178,329)
481,910	571,601	60,444	13,732	59,122	71,392	9,275	3,336,892
$ 489,077	$ 571,601	$ 60,444	$ 13,732	$ 59,122	$ 72,127	$ 9,293	$ 3,609,178

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, 2019

	Economic Development Loan Program	TIF Districts	Community Development Block Grant	Library	Library Board
Revenues					
Taxes					
General	$ -	$ -	$ -	$ 801,536	$ -
Delinquent	-	-	-	1,875	-
Captured TIF	-	149,808	-	-	-
Mobile home	-	-	-	1,725	-
Special service district	-	-	-	-	-
Penalties and interest	-	-	-	-	-
Intergovernmental					
State					
Other aid	-	-	-	1,280	-
County					
Library aid	-	-	-	16,360	-
Local					
Other	-	-	-	694	-
Charges for services					
Public safety	-	-	-	-	-
Culture and recreation	-	-	-	8,557	-
Miscellaneous	-	-	-	-	-
Fines and forfeitures	-	-	-	4,228	-
Investment earnings	35,971	1,160	15,550	10,220	3,380
Miscellaneous					
Donations	-	-	-	7	6,198
Other	-	24,530	-	2,499	-
Total Revenues	35,971	175,498	15,550	848,981	9,578
Expenditures					
Current					
Public safety					
Fire	-	-	-	-	-
Culture and recreation					
Library	-	-	-	763,884	2,143
Other	-	-	-	-	-
Economic development	1,369	-	-	-	-
Miscellaneous					
Other	-	131,723	-	-	-
Debt service					
Principal	-	43,894	-	-	-
Interest	-	15,233	-	-	-
Total Expenditures	1,369	190,850	-	763,884	2,143
Net Change in Fund Balances	34,602	(15,352)	15,550	85,097	7,435
Fund Balances, January 1 as Restated	1,103,468	(97,349)	439,991	402,302	93,672
Fund Balances, December 31	$ 1,138,070	$ (112,701)	$ 455,541	$ 487,399	$ 101,107

Parking Meter	Rehabilitation Loan Program	Character Counts	Firefighters	Small Cities	Miscellaneous Affiliated Groups	Employee Lunchrooms	Total Nonmajor
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 801,536
4,531	-	-	-	-	-	-	6,406
-	-	-	-	-	-	-	149,808
-	-	-	-	-	-	-	1,725
33,500	-	-	-	-	-	-	33,500
2,385	-	-	-	-	-	-	2,385
135	-	-	-	-	-	-	1,415
-	-	-	-	-	-	-	16,360
-	-	-	-	-	-	-	694
-	-	-	8,460	-	-	-	8,460
-	-	-	-	-	-	-	8,557
23,321	-	-	-	-	-	2,840	26,161
16,620	-	-	-	-	-	-	20,848
16,873	14,853	-	211	1,967	1,458	200	101,843
-	-	-	-	7,127	20,809	-	34,141
-	-	-	-	-	-	-	27,029
97,365	14,853	-	8,671	9,094	22,267	3,040	1,240,868
-	-	-	4,545	-	-	-	4,545
-	-	-	-	-	-	-	766,027
-	-	-	-	-	6,620	-	6,620
-	-	-	-	-	-	-	1,369
108,298	-	-	-	-	-	2,710	242,731
-	-	-	-	-	-	-	43,894
-	-	-	-	-	-	-	15,233
108,298	-	-	4,545	-	6,620	2,710	1,080,419
(10,933)	14,853	-	4,126	9,094	15,647	330	160,449
492,843	556,748	60,444	9,606	50,028	55,745	8,945	3,176,443
$ 481,910	$ 571,601	$ 60,444	$ 13,732	$ 59,122	$ 71,392	$ 9,275	$ 3,336,892

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 806,356	$ 806,356	$ 801,536	$ (4,820)	$ 746,554
Delinquent	-	-	1,875	1,875	3,775
Mobile home	-	-	1,725	1,725	1,747
Intergovernmental					
State					
Other aid	1,245	1,245	1,280	35	6,243
County	15,540	15,540	16,360	820	15,526
Local	-	-	694	694	1,800
Charges for services	9,500	9,500	8,557	(943)	8,958
Fines and forfeitures	4,500	4,500	4,228	(272)	6,723
Investment earnings	4,600	4,600	10,220	5,620	3,310
Miscellaneous					
Donations	-	-	7	7	1
Other	2,750	2,750	2,499	(251)	3,033
Total Revenues	844,491	844,491	848,981	4,490	797,670
Expenditures					
Current					
Culture and recreation					
Personal services	658,471	658,471	581,681	76,790	560,774
Supplies	73,000	73,000	72,864	136	68,943
Contractual services	55,420	55,420	58,776	(3,356)	75,515
Other services and charges	57,600	57,600	50,563	7,037	54,054
Total Current	844,491	844,491	763,884	80,607	759,286
Capital outlay					
Culture and recreation	15,000	15,000	-	15,000	-
Total Expenditures	859,491	859,491	763,884	95,607	759,286
Net Change in Fund Balances	(15,000)	(15,000)	85,097	100,097	38,384
Fund Balances, January 1	402,302	402,302	402,302	-	363,918
Fund Balance, December 31	$ 387,302	$ 387,302	$ 487,399	$ 100,097	$ 402,302

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
Delinquent	$ -	$ -	$ 4,531	$ 4,531	$ 4,232
Special service district	40,000	40,000	33,500	(6,500)	33,599
Penalties and interest	-	-	2,385	2,385	1,251
Intergovernmental					
State					
Other aid	115	115	135	20	111
Charges for services	21,000	21,000	23,321	2,321	26,980
Fines and forfeitures	15,500	15,500	16,620	1,120	13,786
Investment earnings	9,400	9,400	16,873	7,473	6,898
Total Revenues	86,015	86,015	97,365	11,350	86,857
Expenditures					
Current					
Miscellaneous					
Personal services	55,986	55,986	55,311	675	50,238
Supplies	4,750	50,196	34,887	15,309	2,130
Contractual services	15,000	15,000	16,963	(1,963)	19,225
Other services and charges	1,150	1,150	1,137	13	791
Total Current	76,886	122,332	108,298	14,034	72,384
Capital outlay	76,886	122,332	108,298	14,034	72,384
Miscellaneous					
Land improvements	4,500	4,500	-	4,500	-
Total Expenditures	81,386	126,832	108,298	18,534	72,384
Net Change in Fund Balances	4,629	(40,817)	(10,933)	29,884	14,473
Fund Balances, January 1	492,843	492,843	492,843	-	478,370
Fund Balances, December 31	$ 497,472	$ 452,026	$ 481,910	$ 29,884	$ 492,843

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 1,009,757	$ 1,009,757	$ 1,003,811	$ (5,946)	$ 1,091,467
Delinquent	-	-	2,224	2,224	4,327
Mobile home	-	-	2,174	2,174	2,438
Payment in lieu of taxes	418,690	418,690	433,410	14,720	504,085
Intergovernmental					
State					
Local governmental aid	930,800	930,800	930,800	-	1,107,223
Other aid	2,915	2,915	25,460	22,545	2,910
Charges for services	1,024,600	1,024,600	1,030,610	6,010	1,032,420
Investment earnings	7,650	7,650	17,187	9,537	8,184
Miscellaneous					
Donations	10,000	10,000	162,091	152,091	55,485
Other	10,800	10,800	24,442	13,642	66,853
Total Revenues	3,415,212	3,415,212	3,632,209	216,997	3,875,392
Expenditures					
Current					
Culture and recreation					
Administration					
Personal services	407,818	407,818	376,929	30,889	404,813
Supplies	6,800	6,800	6,531	269	3,024
Contractual services	39,760	39,760	27,258	12,502	27,431
Other services and charges	44,431	44,431	50,962	(6,531)	49,359
Total	498,809	498,809	461,680	37,129	484,627
Park					
Personal services	534,500	534,500	542,798	(8,298)	554,763
Supplies	132,130	151,014	107,446	43,568	118,703
Contractual services	235,244	262,624	233,986	28,638	377,062
Other services and charges	89,150	89,150	74,751	14,399	72,539
Total	991,024	1,037,288	958,981	78,307	1,123,067
Outdoor pool					
Personal services	20,520	20,520	23,836	(3,316)	21,465
Supplies	8,600	8,600	10,528	(1,928)	7,807
Contractual services	10,550	10,550	12,914	(2,364)	1,265
Other services and charges	8,100	8,100	9,475	(1,375)	8,589
Total	47,770	47,770	56,753	(8,983)	39,126

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Recreation center					
Personal services	$ 651,344	$ 651,344	$ 589,255	$ 62,089	$ 559,920
Supplies	121,700	121,700	72,974	48,726	107,754
Contractual services	101,620	101,620	41,935	59,685	50,070
Other services and charges	219,300	219,300	187,888	31,412	201,990
Total	1,093,964	1,093,964	892,052	201,912	919,734
Civic center					
Personal services	183,768	183,768	166,615	17,153	165,057
Supplies	58,100	58,100	32,692	25,408	40,806
Contractual services	83,545	83,545	87,189	(3,644)	72,417
Other services and charges	279,500	279,500	280,658	(1,158)	277,202
Total	604,913	604,913	567,154	37,759	555,482
Community center					
Personal services	96,049	96,049	88,553	7,496	93,614
Supplies	20,400	20,400	8,154	12,246	16,085
Contractual services	25,383	25,383	19,577	5,806	27,353
Other services and charges	36,900	36,900	33,603	3,297	33,081
Total	178,732	178,732	149,887	28,845	170,133
Total Current	3,415,212	3,461,476	3,086,507	374,969	3,292,169
Capital outlay					
Culture and recreation					
Park	-	98,638	366,994	(268,356)	368,023
Recreation center	-	-	-	-	25,349
Civic center	-	-	-	-	47,159
Total Capital Outlay	-	98,638	366,994	(268,356)	440,531
Total Expenditures	3,415,212	3,560,114	3,453,501	106,613	3,732,700
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(144,902)	178,708	323,610	142,692
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	15,741
Net Change in Fund Balances	-	(144,902)	178,708	323,610	158,433
Fund Balances, January 1	749,924	749,924	749,924	-	591,491
Fund Balances, December 31	$ 749,924	$ 605,022	$ 928,632	$ 323,610	$ 749,924

THIS PAGE IS LEFT

BLANK INTENTIONALLY

DEBT SERVICE FUNDS

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

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

The G.O. Improvement Bonds Debt Service Funds are nonmajor funds which were established to record transfers from the Bond Sinking Fund for debt service associated with General Obligation Improvement Bonds, Series 2009 through 2018.

City of New Ulm, Minnesota
Nonmajor Debt Service Funds
Combining Balance Sheet
December 31, 2019

	2013 G.O. PIRF Fund	2012 G.O. PIRF Bonds	2014 G.O. PIRF Bonds	2015 G.O. PIRF Bonds
Assets				
Cash and investments	$ -	$ -	$ -	$ -
Receivables				
Special assessments				
Delinquent	-	-	-	-
Total Assets	$ -	$ -	$ -	$ -
Deferred Inflows of Resources				
Unavailable revenue				
Special assessments	$ -	$ -	$ -	$ -
Fund Balances				
Restricted				
Debt service	-	-	-	-
Total Deferred Inflows of Resources and Fund Balances	$ -	$ -	$ -	$ -

2016 G.O. PIRF Bonds	2017 G.O. PIRF Bonds	2018 G.O. PIRF Bonds	2018B Sales Tax Revenue Bonds	Total Nonmajor
$ 213,970	$ -	$ -	$ -	$ 213,970
131,683	-	-	-	131,683
$ 345,653	$ -	$ -	$ -	$ 345,653
$ 131,683	$ -	$ -	$ -	$ 131,683
213,970	-	-	-	213,970
$ 345,653	$ -	$ -	$ -	$ 345,653

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, 2019

	2013 G.O. PIRF Fund	2012 G.O. PIRF Bonds	2014 G.O. PIRF Bonds	2015 G.O. PIRF Bonds
Revenues				
Special assessments	$ -	$ -	$ -	$ -
Investment earnings	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Debt service				
Principal	290,000	480,000	1,430,000	315,000
Interest	26,620	14,728	29,550	49,738
Total Expenditures	316,620	494,728	1,459,550	364,738
Excess (Deficiency) of Revenues Over (Under) Expenditures	(316,620)	(494,728)	(1,459,550)	(364,738)
Other Financing Sources (Uses)				
Transfers in	316,620	494,728	1,459,550	364,738
Net Change in Fund Balances	-	-	-	-
Fund Balances, January 1	-	-	-	-
Fund Balances, December 31	$ -	$ -	$ -	$ -

2016 G.O. PIRF Bonds	2017 G.O. PIRF Bonds	2018 G.O. PIRF Bonds	2018B Sales Tax Revenue Bonds	Total Nonmajor
$ 54,429	$ -	$ -	$ -	$ 54,429
4,880	-	-	-	4,880
59,309	-	-	-	59,309
490,000	475,000	520,000	-	4,000,000
27,750	50,800	122,931	300,877	622,994
517,750	525,800	642,931	300,877	4,622,994
(458,441)	(525,800)	(642,931)	(300,877)	(4,563,685)
517,750	525,800	642,931	300,877	4,622,994
59,309	-	-	-	59,309
154,661	-	-	-	154,661
$ 213,970	$ -	$ -	$ -	$ 213,970

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, 2019

	Bond Sinking			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes				
General	$ 2,050,308	$ 2,050,308	$ 2,038,039	$ (12,269)
Delinquent	-	-	5,911	5,911
Mobile home	-	-	4,472	4,472
Special assessments	882,000	882,000	1,385,664	503,664
Investment earnings	20,000	20,000	81,035	61,035
Total Revenues	2,952,308	2,952,308	3,515,121	562,813
Expenditures				
Debt service				
Bond issuance costs and fees	2,500	2,500	2,974	(474)
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,949,808	2,949,808	3,512,147	562,339
Other Financing Sources (Uses)				
Transfers out	(2,809,341)	(2,809,341)	(4,322,117)	(1,512,776)
Net Change in Fund Balances	140,467	140,467	(809,970)	(950,437)
Fund Balances, January 1	1,829,191	1,829,191	1,829,191	-
Fund Balances, December 31	$ 1,969,658	$ 1,969,658	$ 1,019,221	$ (950,437)

CAPITAL PROJECTS FUNDS

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

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

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

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

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

Airport Runway Extension Fund - a nonmajor fund which accounts for costs to be used for the construction of the runway extension at the airport.

Airport Primary Runway Fund - a nonmajor fund which accounts for costs to be used for the construction of the primary runway at the airport.

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

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

City of New Ulm, Minnesota
Nonmajor Capital Project Funds
Combining Balance Sheets
December 31, 2019

	Airport Runway Extension	Airport Primary Runway	2017 Bonds	2020 Bonds	Total Nonmajor Capital Projects
Assets					
Cash and investments	$ -	$ -	$ 903,403	$ (7,388)	$ 896,015
Receivables					
Intergovernmental	-	-	15,986	-	15,986
Total Assets	$ -	$ -	$ 919,389	$ (7,388)	$ 912,001
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 1,957	$ 1,957
Fund Balances					
Restricted					
Capital improvements	-	-	919,389	-	919,389
Unassigned	-	-	-	(9,345)	(9,345)
Total Fund Balances	-	-	919,389	(9,345)	910,044
Total Liabilities and Fund Balances	$ -	$ -	$ 919,389	$ (7,388)	$ 912,001

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, 2019

	Airport Runway Extension	Airport Primary Runway	2017 Bonds	2020 Bonds	Total Nonmajor Capital Projects
Revenues					
Investment earnings (loss)	$ -	$ -	$ 31,963	$ (11)	$ 31,952
Expenditures					
Capital outlay					
Streets and highways	-	-	13,722	9,334	23,056
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	18,241	(9,345)	8,896
Other Financing Sources (Uses)					
Transfers in	283,660	-	-		283,660
Transfers out	-	(192,099)	-	-	(192,099)
Total other financing sources (uses)	283,660	(192,099)	-	-	91,561
Net Change in Fund Balances	283,660	(192,099)	18,241	(9,345)	100,457
Fund Balances, January 1	(283,660)	192,099	901,148	-	809,587
Fund Balances, December 31	$ -	$ -	$ 919,389	$ (9,345)	$ 910,044

THIS PAGE IS LEFT

BLANK INTENTIONALLY

PERMANENT FUNDS

Permanent funds are nonmajor funds which are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Trust Permanent Fund - accounts for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City cemetery.

City of New Ulm, Minnesota
Cemetery Permanent Fund
Comparative Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and investments	$ 524,708	$ 562,985
Fund Balances		
Nonspendable		
Perpetual care	$ 524,708	$ 562,985

City of New Ulm, Minnesota
Cemetery Permanent Fund
Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances
For the Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Investment earnings (loss)	$ 7,735	$ (2,168)
Miscellaneous		
Other	19,348	22,188
Total Revenues	27,083	20,020
Expenditures		
Miscellaneous	65,360	2,039
Net Change in Fund Balances	(38,277)	17,981
Fund Balances, January 1	562,985	545,004
Fund Balances, December 31	$ 524,708	$ 562,985

THIS PAGE IS LEFT

BLANK INTENTIONALLY

THE GENERAL FUND

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

City of New Ulm, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and investments	$ 6,760,506	$ 6,314,576
Receivables		
Interest	162,217	275,640
Delinquent taxes	26,307	24,886
Accounts	131,284	91,873
Special assessments	137,995	153,975
Intergovernmental	98,369	273,576
Prepaid items	27,645	30,120
Total Assets	$ 7,344,323	$ 7,164,646
Liabilities		
Accounts payable	$ 92,121	$ 146,458
Due to other funds	463	410
Accrued salaries payable	253,465	229,863
Deposits payable	24,625	27,625
Unearned revenue	14,207	13,956
Total Liabilities	384,881	418,312
Deferred Inflows of Resources		
Unavailable revenue		
Taxes	26,307	24,886
Special assessments	137,995	153,975
Total Deferred Inflows of Resources	164,302	178,861
Fund Balances		
Nonspendable		
Prepaid items	27,645	30,120
Assigned		
Subsequent year budgeted deficit	75,000	192,500
Unassigned	6,692,495	6,344,853
Total Fund Balances	6,795,140	6,567,473
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,344,323	$ 7,164,646

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Taxes					
General	$ 3,476,650	$ 3,476,650	$ 3,460,480	$ (16,170)	$ 3,184,664
Delinquent	-	-	7,407	7,407	13,887
Mobile home	-	-	7,389	7,389	7,248
Franchise	275,000	275,000	240,862	(34,138)	218,520
Hotel/motel	130,000	130,000	136,139	6,139	128,840
Payment in lieu of taxes	1,441,569	1,441,569	1,492,254	50,685	1,468,851
Penalties and interest on delinquent taxes	-	-	5,719	5,719	2,319
Total Taxes	5,323,219	5,323,219	5,350,250	27,031	5,024,329
Special assessments	31,500	31,500	20,664	(10,836)	21,137
Licenses and permits					
Business	71,555	71,555	70,732	(823)	72,786
Nonbusiness	183,500	183,500	252,244	68,744	185,116
Total Licenses and Permits	255,055	255,055	322,976	67,921	257,902
Intergovernmental					
Federal					
Airport improvement grant	292,500	292,500	96,061	(196,439)	53,762
Other federal grants	-	-	23,440	23,440	-
State					
Local government aid	3,204,791	3,204,791	3,204,791	-	3,202,491
Property tax credits and aids	-	-	189	189	423
Police amortization aid	175,000	175,000	189,297	14,297	191,402
Fire aid	93,500	93,500	95,920	2,420	94,258
Street maintenance aid	27,000	27,000	27,015	15	27,015
Other aid	173,700	173,700	106,993	(66,707)	45,422
County					
Highways	12,000	12,000	13,213	1,213	13,251
Local					
Other local	-	-	21,523	21,523	36,000
Total Intergovernmental	3,978,491	3,978,491	3,778,442	(200,049)	3,664,024
Charges for services					
General government	103,480	103,480	145,702	42,222	104,684
Public safety	146,580	146,580	149,946	3,366	137,330
Public works	11,160	11,160	8,745	(2,415)	2,707
Miscellaneous	135,958	135,958	147,961	12,003	189,100
Charges to other funds	521,298	521,298	467,405	(53,893)	528,616
Total Charges For Services	918,476	918,476	919,759	1,283	962,437
Fines and forfeitures					
Court fines and forfeitures	70,800	70,800	86,272	15,472	65,086
Investment earnings	114,800	114,800	199,956	85,156	87,822
Miscellaneous					
Donations	300	300	-	(300)	-
Other	10,780	10,780	24,105	13,325	21,367
Total Miscellaneous	11,080	11,080	24,105	13,025	21,367
Total Revenues	10,703,421	10,703,421	10,702,424	(997)	10,104,104

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures					
Current					
General government					
Personal services	$ 1,242,456	$ 1,242,456	$ 1,203,441	$ 39,015	$ 1,190,619
Supplies	35,250	35,250	124,817	(89,567)	51,344
Contractual services	533,977	533,977	548,304	(14,327)	545,049
Insurance	235,500	235,500	237,000	(1,500)	221,492
Other services and charges	445,432	451,732	401,566	50,166	446,299
Total general government	2,492,615	2,498,915	2,515,128	(16,213)	2,454,803
Public safety					
Fire					
Personal services	406,100	406,100	402,333	3,767	402,123
Supplies	44,000	44,000	43,129	871	58,526
Contractual services	42,356	42,356	44,494	(2,138)	37,147
Other services and charges	52,050	52,050	52,126	(76)	58,922
Total fire	544,506	544,506	542,082	2,424	556,718
Police					
Personal services	2,858,305	2,858,305	2,598,885	259,420	2,644,016
Supplies	112,000	183,690	161,853	21,837	92,989
Contractual services	40,483	40,483	49,232	(8,749)	32,179
Other services and charges	156,064	156,064	166,197	(10,133)	155,670
Total police	3,166,852	3,238,542	2,976,167	262,375	2,924,854
Total public safety	3,711,358	3,783,048	3,518,249	264,799	3,481,572
Streets and highways					
Personal services	1,228,752	1,228,752	1,228,744	8	1,166,068
Supplies	628,000	628,000	573,436	54,564	558,247
Contractual services	787,742	787,742	784,631	3,111	741,057
Other services and charges	13,000	13,000	12,215	785	16,607
Total streets and highways	2,657,494	2,657,494	2,599,026	58,468	2,481,979
Sanitation and waste removal					
Personal services	92,608	92,608	81,281	11,327	95,104
Supplies	10,450	10,450	2,747	7,703	2,114
Contractual services	64,165	64,165	60,225	3,940	59,089
Other services and charges	4,300	4,300	2,999	1,301	3,610
Total sanitation and waste removal	171,523	171,523	147,252	24,271	159,917
Miscellaneous					
Airport					
Personal services	4,679	4,679	4,588	91	4,635
Supplies	1,500	1,500	-	1,500	104
Contractual services	106,516	106,516	97,043	9,473	95,248
Insurance	8,300	8,300	8,406	(106)	7,989
Other services and charges	15,120	417,972	107,507	310,465	78,282
Total airport	136,115	538,967	217,544	321,423	186,258
Cemetery					
Personal services	185,974	185,974	174,676	11,298	176,085
Supplies	13,400	13,400	8,797	4,603	8,174
Contractual services	35,747	35,747	33,499	2,248	38,098
Other services and charges	4,450	4,450	3,791	659	3,670
Total cemetery	239,571	239,571	220,763	18,808	226,027

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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance with Final Budget	Actual Amounts
Expenditures (Continued)					
Current (continued)					
Miscellaneous (continued)					
Engineering					
Personal services	$ 725,578	$ 725,578	$ 708,185	$ 17,393	$ 707,197
Supplies	23,700	23,700	35,233	(11,533)	14,348
Contractual services	159,328	159,328	110,016	49,312	247,700
Other services and charges	20,200	20,200	17,608	2,592	19,526
Total engineering	928,806	928,806	871,042	57,764	988,771
Community access					
Personal services	193,843	193,843	185,787	8,056	178,448
Supplies	29,480	29,480	2,013	27,467	65,724
Other services and charges	17,616	17,616	17,281	335	13,930
Total community access	240,939	240,939	205,081	35,858	258,102
Total miscellaneous	1,545,431	1,948,283	1,514,430	433,853	1,659,158
Total current	10,578,421	11,059,263	10,294,085	765,178	10,237,429
Capital outlay					
General government	7,000	7,000	11,227	(4,227)	29,003
Public safety	82,000	82,000	-	82,000	110,871
Miscellaneous	82,500	82,500	39,387	43,113	30,738
Total capital outlay	171,500	171,500	50,614	120,886	170,612
Total Expenditures	10,749,921	11,230,763	10,344,699	886,064	10,408,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,500)	(527,342)	357,725	885,067	(303,937)
Other Financing Sources (Uses)					
Sales of capital assets	-	-	5,348	5,348	2,505
Transfers in	-	-	-	-	30,962
Transfers out	(146,000)	(146,000)	(135,406)	10,594	(12,949)
Total Other Financing Sources (Uses)	(146,000)	(146,000)	(130,058)	15,942	20,518
Net Change in Fund Balances	(192,500)	(673,342)	227,667	901,009	(283,419)
Fund Balances, January 1	6,567,473	6,567,473	6,567,473	-	6,850,892
Fund Balances, December 31	$ 6,374,973	$ 5,894,131	$ 6,795,140	$ 901,009	$ 6,567,473

THIS PAGE IS LEFT

BLANK INTENTIONALLY

INTERNAL SERVICE FUNDS

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

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

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

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

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2019
(With Comparative Totals for December 31, 2018)

	Equipment Revolving	Health Insurance	Insurance	Totals 2019	Totals 2018
Assets					
Current Assets					
Cash and investments	$ 2,051,908	$ 679,658	$ 1,467,945	$ 4,199,511	$ 3,871,960
Due from other funds	463	-	-	463	410
Inventories	96,423	-	-	96,423	110,411
Total Current Assets	2,148,794	679,658	1,467,945	4,296,397	3,982,781
Noncurrent Assets					
Capital assets					
Buildings and structures	1,816,748	-	-	1,816,748	1,816,748
Machinery and equipment	5,846,963	-	-	5,846,963	5,727,856
Accumulated depreciation	(5,164,570)	-	-	(5,164,570)	(4,996,649)
Total Noncurrent Assets	2,499,141	-	-	2,499,141	2,547,955
Total Assets	4,647,935	679,658	1,467,945	6,795,538	6,530,736
Deferred Outflows of Resources					
Deferred pension resources	11,335	-	-	11,335	22,108
Liabilities					
Current Liabilities					
Accounts payable	17,047	5,200	260	22,507	10,625
Accrued salaries payable	6,532	-	-	6,532	5,882
Claims incurred but not paid	-	6,587	-	6,587	24,466
Unearned revenue	-	-	-	-	239,721
Total Current Liabilities	23,579	11,787	260	35,626	280,694
Noncurrent liabilities					
Net pension liability	95,594	-	-	95,594	99,448
Total Liabilities	119,173	11,787	260	131,220	380,142
Deferred Inflows of Resources					
Deferred pension resources	18,335	-	-	18,335	24,939
Net Position					
Investment in capital assets	2,499,141	-	-	2,499,141	2,547,955
Unrestricted	2,022,621	667,871	1,467,685	4,158,177	3,599,808
Total Net Position	$ 4,521,762	$ 667,871	$ 1,467,685	$ 6,657,318	$ 6,147,763

City of New Ulm, Minnesota

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Equipment Revolving	Health Insurance	Insurance	Totals 2019	Totals 2018
Operating Revenues					
Charges for services	$ 1,124,060	$ -	$ -	$ 1,124,060	$ 1,064,644
Pension revenue	223	-	-	223	761
Insurance premiums	-	2,914,163	-	2,914,163	3,098,215
Insurance refunds	-	9,169	-	9,169	12,188
Total Operating Revenues	1,124,283	2,923,332	-	4,047,615	4,175,808
Operating Expenses					
Administrative and general	217,342	17,184	-	234,526	222,807
Insurance premiums	-	2,744,126	-	2,744,126	2,916,662
Self funded claims	-	143,678	2,085	145,763	186,559
Vehicle maintenance	319,245	-	-	319,245	278,194
Depreciation	423,774	-	-	423,774	390,643
Total Operating Expenses	960,361	2,904,988	2,085	3,867,434	3,994,865
Operating Income (Loss)	163,922	18,344	(2,085)	180,181	180,943
Non-Operating Revenues (Expenses)					
State other aid	337	-	-	337	333
Gain on sale of capital assets	68,313	-	-	68,313	26,519
Investment income	61,992	30,676	48,824	141,492	48,285
Miscellaneous income	471	-	118,761	119,232	278,105
Total Non-Operating Revenues (Expenses)	131,113	30,676	167,585	329,374	353,242
Change in Net Position	295,035	49,020	165,500	509,555	534,185
Net Position, January 1	4,226,727	618,851	1,302,185	6,147,763	5,613,578
Net Position, December 31	$ 4,521,762	$ 667,871	$ 1,467,685	$ 6,657,318	$ 6,147,763

City of New Ulm, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Equipment Revolving	Health Insurance	Insurance	Totals 2019	Totals 2018
Cash Flows from Operating Activities					
Receipts from interfund services provided	$ 1,124,060	$ 2,674,442	$ -	$ 3,798,502	$ 4,161,067
Grant receipts	337	-	-	337	333
Payments to suppliers and interfund services used	(328,370)	-	(2,230)	(330,600)	(319,536)
Payments to and on behalf of employees	(185,243)	(2,918,638)	-	(3,103,881)	(3,060,954)
Other receipts	471	9,169	118,761	128,401	290,293
Net Cash Provided (Used) by Operating Activities	611,255	(235,027)	116,531	492,759	1,071,203
Cash Flows from Non-Capital Financing Activities					
Increase (decrease) in due from other funds	(53)	-	-	(53)	1,516
Cash Flows from Capital and Related Financing Activities					
Proceeds from sale of capital assets	68,313	-	-	68,313	26,519
Acquisition of capital assets	(374,960)	-	-	(374,960)	(364,620)
Net Cash Provided (Used) by Capital and Related Financing Activities	(306,647)	-	-	(306,647)	(338,101)
Cash Flows from Investing Activities					
Interest income received	61,992	30,676	48,824	141,492	48,285
Net Increase (Decrease) in Cash and Cash Equivalents	366,547	(204,351)	165,355	327,551	782,903
Cash and Cash Equivalents, January 1	1,685,361	884,009	1,302,590	3,871,960	3,089,057
Cash and Cash Equivalents, December 31	$ 2,051,908	$ 679,658	$ 1,467,945	$ 4,199,511	$ 3,871,960
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	$ 163,922	$ 18,344	$ (2,085)	$ 180,181	$ 180,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	808	-	118,761	119,569	278,438
Depreciation	423,774	-	-	423,774	390,643
Changes in assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	-	-	-	-	645
Inventories	13,988	-	-	13,988	(5,148)
Prepaid items	-	-	-	-	233,985
(Increase) decrease in deferred outflows of resources					
Deferred pension resources	10,773	-	-	10,773	4,428
(Decrease) increase in liabilities					
Accounts payable	7,798	4,229	(145)	11,882	3,716
Accrued salaries payable	650	-	-	650	1,431
Claims incurred, but not paid	-	(17,879)	-	(17,879)	(5,247)
Unearned revenue	-	(239,721)	-	(239,721)	(2,437)
Pension liability	(3,854)	-	-	(3,854)	(8,390)
(Decrease) increase in deferred inflows of resources					
Deferred pension resources	(6,604)	-	-	(6,604)	(1,804)
Net Cash Provided (Used) by Operating Activities	$ 611,255	$ (235,027)	$ 116,531	$ 492,759	$ 1,071,203
Schedule of Noncash Investing, Capital and Financing Activities					
Book Value of Disposed/Traded of Capital Assets	$ -	$ -	$ -	$ -	$ 4,480

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, 2019 and 2018

	2019	2018	(Decrease) and Increase Amount	(Decrease) and Increase Percent
Operating Revenues				
Charges for services	$ 1,124,060	$ 1,064,644	$ 59,416	5.58%
Pension revenue	223	761	(538)	-70.70%
Total Operating Revenues	1,124,283	1,065,405	58,878	5.53%
Operating Expenses				
Administrative and general				
Employer paid benefits	61,719	51,996	9,723	18.70%
Miscellaneous	9,871	7,844	2,027	25.84%
Salaries	124,174	120,394	3,780	3.14%
Utilities	21,578	20,929	649	3.10%
Total Administrative and General	217,342	201,163	16,179	8.04%
Vehicle maintenance				
Gas, oil and grease	111,221	113,533	(2,312)	-2.04%
Miscellaneous	10,879	9,760	1,119	11.47%
Repairs	182,460	141,929	40,531	28.56%
Supplies	14,685	12,972	1,713	13.21%
Total Vehicle Maintenance	319,245	278,194	41,051	14.76%
Depreciation	423,774	390,643	33,131	8.48%
Total Operating Expenses	960,361	870,000	90,361	10.39%
Operating Income (Loss)	163,922	195,405	(31,483)	16.11%
Non-Operating Revenues (Expenses)				
State other aid	337	333	4	1.20%
Gain on sale of assets	68,313	26,519	41,794	157.60%
Investment income	61,992	20,387	41,605	204.08%
Miscellaneous revenue	471	2,402	(1,931)	-80.39%
Total Non-Operating Revenues (Expenses)	131,113	49,641	81,472	164.12%
Change in Net Position	295,035	245,046	$ 49,989	-20.40%
Net Position, January 1	4,226,727	3,981,681		
Net Position, December 31	$ 4,521,762	$ 4,226,727		

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, 2019 and 2018

	2019	2018	(Decrease) and Increase Amount	(Decrease) and Increase Percent
Operating Revenues				
Insurance premiums	$ 2,914,163	$ 3,098,215	$ (184,052)	-5.94%
Insurance refunds	9,169	12,188	(3,019)	-24.77%
Total Operating Revenues	2,923,332	3,110,403	(187,071)	-6.01%
Operating Expenses				
Administration	17,184	18,573	(1,389)	-7.48%
Insurance premiums	2,744,126	2,916,662	(172,536)	-5.92%
Self funded claims	143,678	184,469	(40,791)	-22.11%
Total Operating Expenses	2,904,988	3,119,704	(214,716)	-6.88%
Operating Income (Loss)	18,344	(9,301)	27,645	297.23%
Non-Operating Revenues (Expenses)				
Investment income	30,676	11,349	19,327	170.30%
Change in Net Position	49,020	2,048	$ 46,972	-2293.55%
Net Position, January 1	618,851	616,803		
Net Position, December 31	$ 667,871	$ 618,851		

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, 2019 and 2018

	2019	2018	(Decrease) and Increase Amount	Percent
Operating Expenses				
Self funded claims	$ 2,085	$ 2,090	$ (5)	-0.24%
Operating Income (Loss)	(2,085)	(2,090)	5	0.24%
Non-Operating Revenues (Expenses)				
Investment income	48,824	16,549	32,275	195.03%
Miscellaneous	118,761	272,632	(153,871)	-56.44%
Total Non-Operating Revenues (Expenses)	167,585	289,181	(121,596)	-42.05%
Change in Net Position	165,500	287,091	$ (121,591)	42.35%
Net Position, January 1	1,302,185	1,015,094		
Net Position, December 31	$ 1,467,685	$ 1,302,185		

City of New Ulm, Minnesota

Summary Financial Report
Revenues and Expenditures for General Operations
Governmental Funds
For the Years Ended December 31, 2019 and 2018

	Total 2019	Total 2018	Percent Increase (Decrease)
Revenues			
Taxes	$ 11,385,538	$ 10,812,056	5.30 %
Special assessments	1,460,757	1,248,871	16.97
Licenses and permits	322,976	257,902	25.23
Intergovernmental	7,105,948	5,668,225	25.36
Contribution from component unit	-	513,443	(100.00)
Charges for services	1,997,327	2,046,467	(2.40)
Fines and forfeits	107,120	85,595	25.15
Investment earnings	931,236	420,219	121.61
Miscellaneous	1,454,078	180,428	705.90
Total Revenues	$ 24,764,980	$ 21,233,206	16.63 %
Per Capita	$ 1,815	$ 1,568	15.74 %
Expenditures			
Current			
General government	$ 2,515,128	$ 2,454,803	2.46 %
Public safety	3,522,794	3,493,792	0.83
Streets and highways	2,688,720	2,624,457	2.45
Sanitation and waste removal	147,252	159,917	(7.92)
Culture and recreation	4,545,433	4,058,563	12.00
Economic development	1,369	24,928	(94.51)
Miscellaneous	1,855,668	1,926,204	(3.66)
Capital outlay			
General government	11,227	48,840	(77.01)
Public safety	558,491	116,289	380.26
Streets and highways	7,058,938	3,276,031	115.47
Culture and recreation	2,073,500	448,123	362.71
Economic development	-	125,147	(100.00)
Miscellaneous	163,228	94,734	72.30
Debt service			
Principal	4,043,894	5,433,894	(25.58)
Interest and other charges	680,709	425,599	59.94
Total Expenditures	$ 29,866,351	$ 24,711,321	20.86 %
Per Capita	$ 2,189	$ 1,825	19.93 %
Total Long-term Indebtedness	$ 20,251,684	$ 20,085,578	0.83 %
Per Capita	1,484	1,483	0.05
General Fund Balance - December 31	$ 6,795,140	$ 6,567,473	3.47 %
Per Capita	498	485	2.67

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

THIS PAGE IS LEFT

BLANK INTENTIONALLY

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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, 2019, and related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2020.

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

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2020

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

ABDO
EICK &
MEYERS LLP
Certified Public Accountants & Consultants

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2020

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of New Ulm's, New Ulm, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

100 Warren Street, Suite 600
Mankato, MN 56001
Office 507.625.2727 | Fax 507.388.9139

Report on Internal Control Over Compliance

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

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

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

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

Abdo Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
May 27, 2020

City of New Ulm, Minnesota
Schedule of Expenditure of Federal Award Programs
For the Year Ended December 31, 2019

Federal Funding Source	Administering Department/Entity	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	TMNFAA00701417/ TMNFAA00701214	$ 40,166
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	SP 148-102-004	947,916
U.S. Department of Justice	Direct	Body Worn Camera Policy and Implementation Program	16.835	N/A	20,773
		Total Federal Expenditures			$ 1,008,855

City of New Ulm, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December, 2019

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Ulm, Minnesota (the City) for the year ended December 31, 2019. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

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

Note 3: Pass-through Entity Identifying Numbers

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

Note 4: Subrecipients

No federal expenditures presented in this schedule were provided to subrecipients.

Note 5: Indirect Cost Rate

During the year ended December 31, 2019, the City did not elect to use the 10% de minimis indirect cost rate.

THIS PAGE IS LEFT

BLANK INTENTIONALLY

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs/Projects	**CFDA No.**
Highway Planning and Construction	20.205

Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None.

Section III - Major Federal Award Findings and Questioned Costs

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

Section IV - Schedule of Prior Year Audit Findings

There were no prior year audit findings.

Other Issues

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

NEW ULM *Minnesota*

100 North Broadway
New Ulm, Minnesota 56073

Ph: 507.233.2121
Fax: 507.359.8219

E-mail: comments@newulmmn.gov
Web Site: www.newulmmn.gov