

Annual Financial Report

City of Lindstrom

Lindstrom, Minnesota

For the Year Ended
December 31, 2020

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Annual Financial Report
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INTRODUCTORY SECTION

CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Lindstrom, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2020

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kevin Stenson	Mayor	12/31/2020
AnnMarie Brink	Council Member	12/31/2022
Bill Schlumbohm	Council Member	12/31/2022
Laurie Burington	Council Member	12/31/2020
David D. Waldoch	Council Member	12/31/2020

APPOINTED OFFICIALS

<u>Name</u>	<u>Title</u>
John Olinger	Administrator
Kay Mattson	Finance Director

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FINANCIAL SECTION
CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Lindstrom, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lindstrom, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 opinions 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. 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 business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

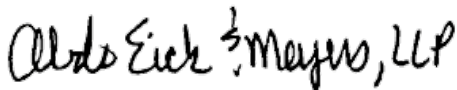
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedule of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios starting on page 92 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 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.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 29, 2021

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Management's Discussion and Analysis

As management of the City of Lindstrom, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020.

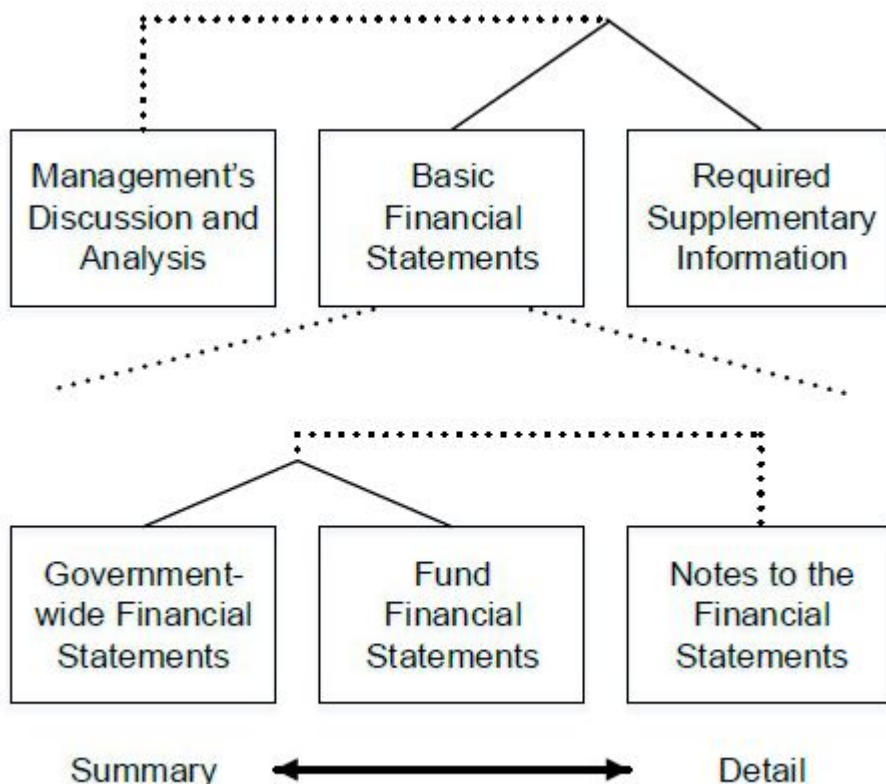
Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,376,663 (*net position*). Of this amount, \$6,681,849 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of governmental activities increased by \$365,717 and total net position of the business-type activities increased by \$244,832. This resulted in an increase to total net position of \$610,549 for the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,053,233, an increase of \$7,113,176 from the prior year due to unspent bond proceeds .
- At the end of the current fiscal year, total unassigned fund balance for the General fund was \$975,093, or 45.7 percent of total 2020 General fund expenditures.
- The City's total long-term debt increased \$6,497,273 or 294.3 percent during the current fiscal year. This is due to the issuance of the 2020A bonds, offset by regularly scheduled debt payments.

Overview of the Financial Statements

This discussion and analysis is 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 following chart shows how the required parts of this annual report are arranged and relate to one another.

Organization of the City's Annual Financial Report



The following chart 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.

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary 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	Instances in which the City administers resources on behalf of someone else, such as developers
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Net Position • Statements of Cash Flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position
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	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	All assets and liabilities, both short-term and long-term; fund do not currently contain capital assets, although they can
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	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	All additions and deductions 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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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.

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). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*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, public works, culture and recreation, housing and economic development, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sewer and storm water management utilities. They also include on-sale and off-sale liquor stores.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) which is backed by the full faith and credit of the City. Financial information for this *component unit* is discretely presented for the primary government.

The government-wide financial statements start on page 31 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 Fund. *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 numerous 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, Debt Service fund, TIF District 5, Street Projects, Capital Street Projects, Vehicle Replacement, and the Fire Department Building 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 or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 36 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, on-sale liquor store, off-sale liquor store, and storm water management funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements starts on page 44 of this report.

Fiduciary Fund. The fiduciary fund is used to account for resources held for the benefit of parties outside the City. The fiduciary fund is *not* reflected in the government-wide financial statements because the resources of this fund are not available to support the City's own programs.

The basic fiduciary fund financial statement starts on page 54 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 start on page 57 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 92 of this report.

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 start on page 98 of this report.

Government-wide Financial Analysis

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, assets exceeded liabilities by \$26,376,663, at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (70.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Lindstrom's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 11,093,526	\$ 4,024,142	\$ 7,069,384	\$ 5,240,043	\$ 5,374,740	\$ (134,697)
Capital assets, net of depreciation	11,324,260	11,625,078	(300,818)	9,374,814	8,958,051	416,763
Total Assets	22,417,786	15,649,220	6,768,566	14,614,857	14,332,791	282,066
Deferred Inflows of Resources						
pension resources	98,684	149,170	(50,486)	54,439	45,630	8,809
Liabilities						
Noncurrent liabilities outstanding	9,125,873	2,594,272	6,531,601	446,074	391,411	54,663
Other liabilities	837,957	1,015,496	(177,539)	312,237	269,266	42,971
Total Liabilities	9,963,830	3,609,768	6,354,062	758,311	660,677	97,634
Deferred Outflows of Resources						
pension resources	68,323	70,022	(1,699)	18,639	70,230	(51,591)
Net Position						
Net investment in capital assets	9,191,337	9,384,078	(192,741)	9,374,814	8,958,051	416,763
Restricted	1,128,663	1,347,130	(218,467)	-	-	-
Unrestricted	2,164,317	1,387,392	776,925	4,517,532	4,689,463	(171,931)
Total Net Position	\$ 12,484,317	\$ 12,118,600	\$ 365,717	\$ 13,892,346	\$ 13,647,514	\$ 244,832

An additional portion of the City's net position (4.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,681,849) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

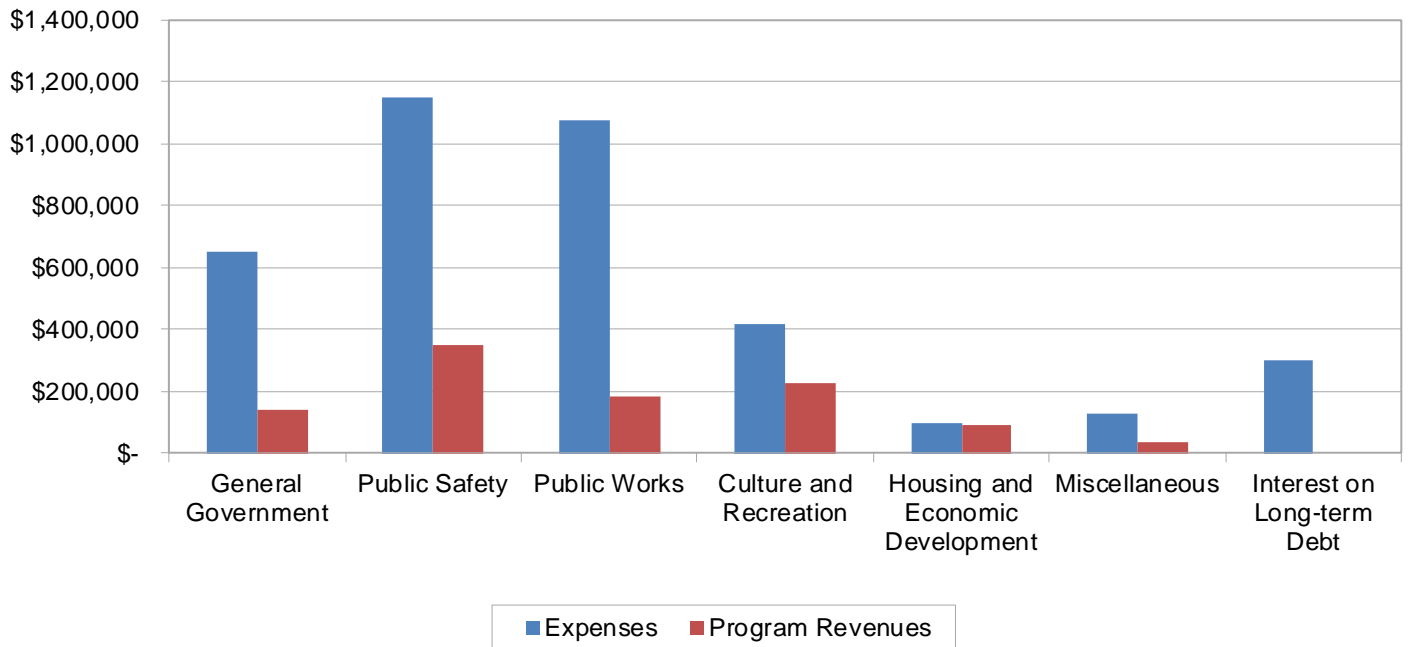
Governmental Activities. Governmental activities increased the City's net position by \$365,717 and business-type activities increased the City's net position by \$244,832. Key elements of the overall increase are as follows:

City of Lindstrom's Changes in Net Position

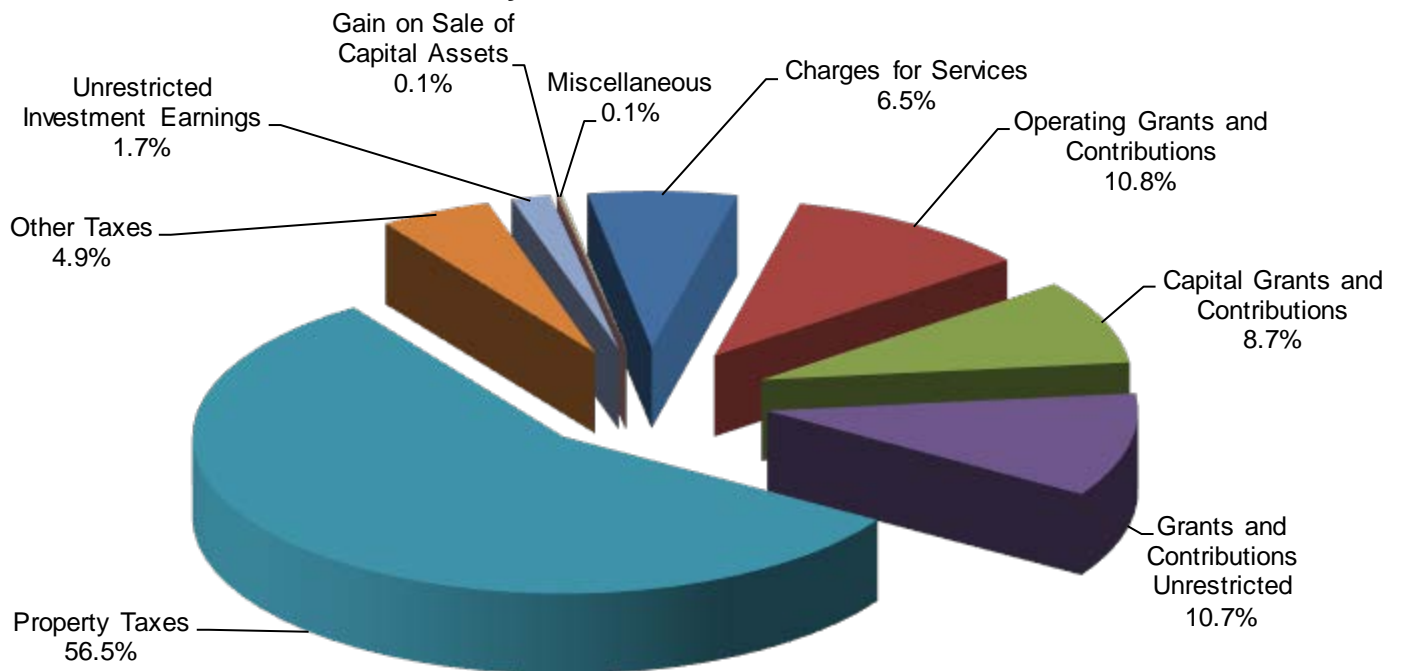
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 257,072	\$ 254,500	\$ 2,572	\$ 4,446,641	\$ 4,214,409	\$ 232,232
Operating grants and contributions	430,248	78,159	352,089	-	-	-
Capital grants and contributions	345,475	153,523	191,952	439,545	478,552	(39,007)
General Revenues						
Property taxes	2,247,284	2,121,264	126,020	-	-	-
Other taxes	196,897	199,987	(3,090)	-	-	-
Grants and contributions not restricted to specific programs	427,771	422,198	5,573	-	-	-
Unrestricted investment earnings	69,540	138,999	(69,459)	94,297	195,322	(101,025)
Gain on sale of capital assets	2,761	3,901	(1,140)	-	-	-
Miscellaneous	2,808	2,518	290	-	-	-
Total Revenues	<u>3,979,856</u>	<u>3,375,049</u>	<u>604,807</u>	<u>4,980,483</u>	<u>4,888,283</u>	<u>92,200</u>
Expenses						
General government	651,093	560,087	91,006	-	-	-
Public safety	1,146,146	1,196,303	(50,157)	-	-	-
Public works	1,072,554	1,201,923	(129,369)	-	-	-
Culture and recreation	415,632	444,288	(28,656)	-	-	-
Housing and economic development	100,106	19,987	80,119	-	-	-
Miscellaneous	131,070	72,114	58,956	-	-	-
Interest on long-term debt	302,564	65,692	236,872	-	-	-
Water	-	-	-	519,811	619,165	(99,354)
Sewer	-	-	-	1,225,250	1,101,957	123,293
On-sale liquor store	-	-	-	324,220	403,756	(79,536)
Off-sale liquor store	-	-	-	2,333,488	2,147,779	185,709
Storm water management	-	-	-	127,856	150,123	(22,267)
Total Expenses	<u>3,819,165</u>	<u>3,560,394</u>	<u>258,771</u>	<u>4,530,625</u>	<u>4,422,780</u>	<u>107,845</u>
Change in Net Position						
Before Transfers	160,691	(185,345)	346,036	449,858	465,503	(15,645)
Transfers - Capital Assets	-	-	-	-	-	-
Transfers	<u>205,026</u>	<u>340,661</u>	<u>(135,635)</u>	<u>(205,026)</u>	<u>(340,661)</u>	<u>135,635</u>
Change in Net Position	365,717	155,316	210,401	244,832	124,842	119,990
Net Position, January 1	<u>12,118,600</u>	<u>11,963,284</u>	<u>155,316</u>	<u>13,647,514</u>	<u>13,522,672</u>	<u>124,842</u>
Net Position, December 31	<u>\$ 12,484,317</u>	<u>\$ 12,118,600</u>	<u>\$ 365,717</u>	<u>\$ 13,892,346</u>	<u>\$ 13,647,514</u>	<u>\$ 244,832</u>

The following graph depicts various governmental activities and shows the program revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

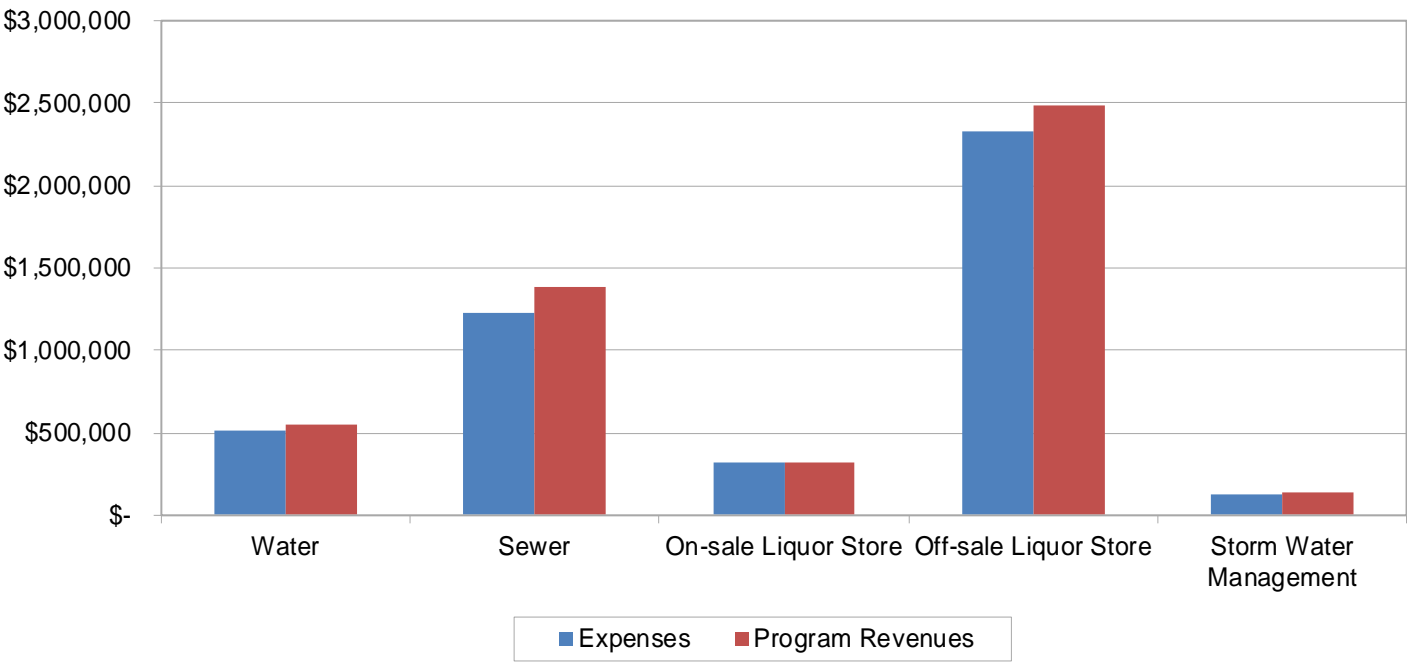


Revenues by Source - Governmental Activities

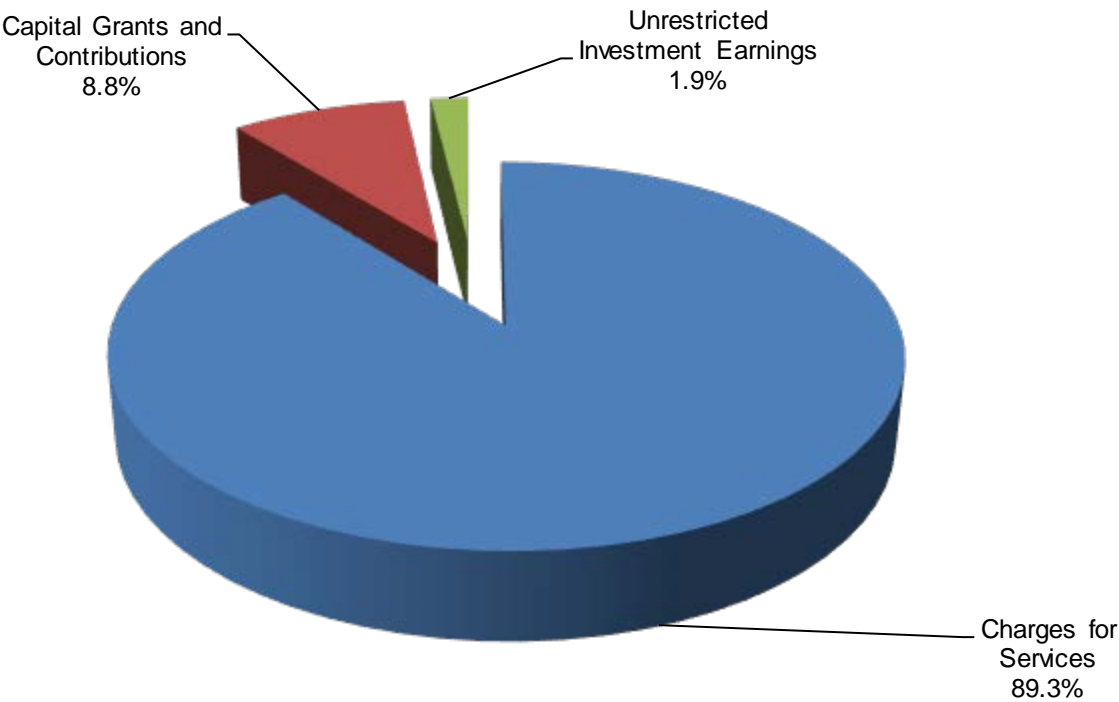


Business-type Activities. Business-type activities increased the City's net position \$244,832, Key elements of this decrease are as follows:

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City'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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,053,233, an increase of \$7,113,176 in comparison with the prior year. Approximately 5.4 percent of this total amount (\$543,696) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance (\$9,509,537) is not available for new spending because it is either 1) restricted (\$7,648,596) or 2) assigned (\$1,860,941). For further classification refer to Note 3F on page 78 of this report.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2020	2019	
General	\$ 1,169,365	\$ 1,153,579	\$ 15,786
The General fund is the chief operating fund of the City. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to the following year's budget. The fund balance is 40.6 percent of next year's budgeted expenditures.			
Debt Service	\$ 782,104	\$ 850,736	\$ (68,632)
The Debt Service fund has a total fund balance of \$782,104 which is restricted for the payment of debt service. The net decrease in fund balance of \$68,632 was a result of normally scheduled debt payments.			
TIF District 5	\$ (388,534)	\$ (393,017)	\$ 4,483
The TIF District 5 fund balance increased \$4,483 due to tax increment revenue being received.			
Street Projects	490,686	79,528	\$ 411,158
The Street Project fund balance increased \$411,158 due to \$551,524 in transfers from other funds for a future project.			
Capital Street Projects	\$ (27,906)	\$ (207,221)	\$ 179,315
The Capital Street Projects fund balance increased \$179,315 due to a \$250,000 transfer from the General fund for a			
Vehicle Replacement	\$ 56,412	\$ 8,267	\$ 48,145
The Vehicle Replacement fund balance increased \$48,145 due to revenue from local government aid exceeding capital outlay costs			
Fire Department Building	\$ 5,840,508	\$ 197,863	\$ 5,642,645
The Fire Department Building fund balance increased due to \$5,640,000 of bond issued from the 2020A bond issuance.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$4,517,532. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year, and expected a fund balance decrease of \$68,449. Total revenues were under budget by \$51,187 and expenditures were \$154,175 under budget. Some of the significant variances can be briefly summarized as follows:

- Taxes and miscellaneous revenues were under budget by \$29,403 and \$29,819, respectively.
- The public safety and culture and recreation expenditures were \$82,391 and \$54,749 under budget, respectively. The public safety expenses were under budget primarily due to less than expected charges for police services and the culture and recreation expenses were under budget because there were less than expected expenses related to the park board.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$20,699,074 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. Major capital asset events during the current fiscal year included the following:

- Completion of the Lincoln Road Stormwater Improvements.
- Purchase of a 2020 Chevy Silverado.
- Completion of the CO 25 Utilities Reconstruction.

City of Lindstrom's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 2,493,787	\$ 2,493,787	\$ -	\$ 194,897	\$ 194,897	\$ -
Construction in Progress	309,396	-	309,396	335,232	-	335,232
Land Improvements	261,854	283,836	(21,982)	7,899	9,057	(1,158)
Buildings	818,944	861,856	(42,912)	187,057	215,561	(28,504)
Infrastructure	6,215,311	6,591,878	(376,567)	8,401,008	8,283,348	117,660
Machinery and Equipment	1,224,968	1,393,721	(168,753)	248,721	255,188	(6,467)
Total	<u>\$ 11,324,260</u>	<u>\$ 11,625,078</u>	<u>\$ (300,818)</u>	<u>\$ 9,374,814</u>	<u>\$ 8,958,051</u>	<u>\$ 416,763</u>

Additional information on the City's capital assets can be found in Note 3C starting on page 69 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,327,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Lindstrom's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
G.O. Improvement Bonds	\$ 6,885,000	\$ 580,000	\$ 6,305,000	\$ -	\$ -	\$ -
G.O. Revenue Bonds	1,290,000	1,455,000	(165,000)	-	-	-
G.O. Equipment Certificates	152,000	181,000	(29,000)	-	-	-
Capital Lease Payable	-	25,000	(25,000)	-	-	-
Premium on Bonds	411,273	-	411,273	-	-	-
Total	<u>\$ 8,738,273</u>	<u>\$ 2,241,000</u>	<u>\$ 6,497,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The City maintains an "A3" rating from Moody's for general obligation debt. The revenue bonds of the Water and Sewer Authority have been rated "A3" by this rating agency. The City also maintains an "AA" rating from Standard & Poor's for some of the general obligation debt.

Additional information on the City's long-term debt can be found in Note 3E starting on page 74 of this report.

Economic Factors and the Budgeting Process

- The unemployment rate (not seasonally adjusted) for Chisago County as of February 2021 was 6.0 percent, which is an increase from 5.5 percent a year ago. This compares to the State's average unemployment rate (not seasonally adjusted) of 4.6 percent and the national average rate of 6.6 percent (not seasonally adjusted). The unemployment rate was directly related to the Covid-19 pandemic resulting in the closure of businesses. The unemployment rate is also affected by housing and manufacturing increasing or decreasing. Also, global competition, education level of work force, demographics, and economic conditions can affect the unemployment rate.
- Residential property valuations within the City appear to be increasing
- New home construction is continuing to grow even with the pandemic
- The LGA did increase slightly
- The aging infrastructure and pedestrian safety must be addressed

All of these factors are being considered in preparing the City's budget for the 2021 fiscal year.

Property taxes levied did increase for Payable 2021. The increase was 7%. The valuation of all taxable properties combined in Lindstrom increased for taxes payable 2020 and 2021. We anticipate this valuation to continue to increase.

The General fund Budget increased \$223,512 for 2021. The increase included additional dollars for Police in the amount of \$85,642, \$15,000 for Snow Removal, and an additional \$72,455 toward Street Maintenance for repairs and hiring an additional employee. .

A sewer and water rate study will be completed 2021. The Wastewater Treatment Plant is researching needed upgrades in the near future. The Cost of the anticipated upgrades will need to be incorporated into the study. Water and Sewer rates did increase at the beginning of 2021.

In 2005, a \$13,500,000 upgrade project was completed for the Wastewater Treatment Facility, primarily to meet discharge requirements from the Minnesota Pollution Control Agency. Additional upgrades to the sewer plant were completed 2013 through 2015. The sewer usage rate was increased primarily to pay for the increase in the treatment charges passed on by the Chisago Lakes Joint Sewer Treatment Commission.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Lindstrom, 13292 Sylvan Avenue, Lindstrom, MN 55045

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Lindstrom, Minnesota

Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental	Business-type		Economic
	Activities	Activities	Total	Development
				Authority
Assets				
Cash and temporary investments	\$ 10,780,768	\$ 3,293,644	\$ 14,074,412	\$ 38,262
Receivables				
Taxes	63,078	-	63,078	391
Accounts	51,830	449,032	500,862	1,276
Accrued interest	43,779	-	43,779	-
Loans	380,000	-	380,000	29,970
Less allowance for uncollectible	(380,000)	-	(380,000)	-
Special assessments	514,567	278,735	793,302	-
Due from other governments	66,337	-	66,337	-
Internal balances	(732,674)	732,674	-	-
Due from component unit	28,432	73,560	101,992	-
Inventories	-	412,398	412,398	-
Land held for resale	-	-	-	80,800
Net pension asset	277,409	-	277,409	-
Capital assets				
Land and construction in progress	2,803,183	530,129	3,333,312	242,200
Depreciable assets (net of accumulated depreciation)	8,521,077	8,844,685	17,365,762	81,483
Total Assets	<u>22,417,786</u>	<u>14,614,857</u>	<u>37,032,643</u>	<u>474,382</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>98,684</u>	<u>54,439</u>	<u>153,123</u>	<u>-</u>
Liabilities				
Accounts payable	114,995	180,841	295,836	3,000
Escrow payable	38,674	-	38,674	-
Accrued salaries payable	11,867	8,019	19,886	-
Due to other governments	38,222	123,377	161,599	-
Accrued interest payable	141,781	-	141,781	-
Equity interest in joint venture	492,418	-	492,418	-
Due to primary government	-	-	-	101,992
Noncurrent liabilities				
Due within one year				
Long-term liabilities	330,926	-	330,926	51,780
Due in more than one year				
Long-term liabilities	8,497,584	-	8,497,584	248,560
Net pension liability	297,363	446,074	743,437	-
Total Liabilities	<u>9,963,830</u>	<u>758,311</u>	<u>10,722,141</u>	<u>405,332</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>68,323</u>	<u>18,639</u>	<u>86,962</u>	<u>-</u>
Net Position				
Net investment in capital assets	9,191,337	9,374,814	18,566,151	23,343
Restricted for				
Debt service	865,283	-	865,283	-
Cemetery	88,080	-	88,080	-
Park acquisition fees	60,207	-	60,207	-
Economic development	115,093	-	115,093	40,369
Unrestricted	<u>2,164,317</u>	<u>4,517,532</u>	<u>6,681,849</u>	<u>5,338</u>
Total Net Position	<u>\$ 12,484,317</u>	<u>\$ 13,892,346</u>	<u>\$ 26,376,663</u>	<u>\$ 69,050</u>

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 651,093	\$ 78,303	\$ 61,854	\$ -
Public safety	1,146,146	108,732	199,438	44,230
Public works	1,072,554	44,609	39,821	100,995
Culture and recreation	415,632	12,850	16,406	200,250
Housing and economic development	100,106	-	90,000	-
Miscellaneous	131,070	12,578	22,729	-
Interest on long-term debt	302,564	-	-	-
Total Governmental Activities	<u>3,819,165</u>	<u>257,072</u>	<u>430,248</u>	<u>345,475</u>
Business-type Activities				
Water	519,811	343,873	-	202,865
Sewer	1,225,250	1,149,978	-	236,680
On-sale liquor store	324,220	322,376	-	-
Off-sale liquor store	2,333,488	2,486,301	-	-
Storm water management	127,856	144,113	-	-
Total Business-type Activities	<u>4,530,625</u>	<u>4,446,641</u>	<u>-</u>	<u>439,545</u>
Total Primary Government	<u>\$ 8,349,790</u>	<u>\$ 4,703,713</u>	<u>\$ 430,248</u>	<u>\$ 785,020</u>
Component Unit				
Economic development authority	<u>\$ 57,901</u>	<u>\$ 10,118</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Tax increments

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (510,936)	\$ -	\$ (510,936)	\$ -
(793,746)	-	(793,746)	-
(887,129)	-	(887,129)	-
(186,126)	-	(186,126)	-
(10,106)	-	(10,106)	-
(95,763)	-	(95,763)	-
(302,564)	-	(302,564)	-
(2,786,370)	-	(2,786,370)	-
-	26,927	26,927	-
-	161,408	161,408	-
-	(1,844)	(1,844)	-
-	152,813	152,813	-
-	16,257	16,257	-
-	355,561	355,561	-
(2,786,370)	355,561	(2,430,809)	-
-	-	-	(47,783)
2,201,709	-	2,201,709	64,202
45,575	-	45,575	-
180,672	-	180,672	-
16,225	-	16,225	-
427,771	-	427,771	-
69,540	94,297	163,837	-
2,761	-	2,761	-
2,808	-	2,808	-
205,026	(205,026)	-	-
3,152,087	(110,729)	3,041,358	64,202
365,717	244,832	610,549	16,419
12,118,600	13,647,514	25,766,114	52,631
<u>\$ 12,484,317</u>	<u>\$ 13,892,346</u>	<u>\$ 26,376,663</u>	<u>\$ 69,050</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Lindstrom, Minnesota

Balance Sheet
Governmental Funds
December 31, 2020

	101		380	421
	General	Debt Service	TIF District 5	Street Projects
Assets				
Cash and temporary investments	\$ 1,165,348	\$ 773,359	\$ 287	\$ 502,274
Receivables				
Taxes	56,510	-	-	-
Accounts	24,992	8,745	-	-
Accrued interest	43,779	-	-	-
Special assessments	761	224,960	-	81,750
Loans	-	-	-	-
Less allowance for uncollectible	-	-	-	-
Due from component unit	28,432	-	-	-
Due from other governments	12,521	-	-	-
Advances to other funds	-	-	-	82,884
Total Assets	\$ 1,332,343	\$ 1,007,064	\$ 287	\$ 666,908
Liabilities				
Accounts payable	\$ 35,463	\$ -	\$ -	\$ 972
Escrows payable	38,674	-	-	-
Accrued salaries payable	11,867	-	-	-
Due to other governments	33,892	-	-	-
Due to other funds	-	-	-	93,500
Advances from other funds	-	-	388,821	-
Total Liabilities	119,896	-	388,821	94,472
Deferred Inflows of Resources				
Unavailable revenue - taxes	42,321	-	-	-
Unavailable revenue - special assessments	761	224,960	-	81,750
Total Deferred Inflows of Resources	43,082	224,960	-	81,750
Fund Balances				
Restricted	-	782,104	-	-
Assigned	194,272	-	-	490,686
Unassigned	975,093	-	(388,534)	-
Total Fund Balances	1,169,365	782,104	(388,534)	490,686
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,332,343	\$ 1,007,064	\$ 287	\$ 666,908

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

422 Capital Street Projects	428 Vehicle Replacement	453 Fire Department Building	Other Governmental Funds	Total Governmental Funds
\$ 261,860	\$ 56,412	\$ 5,900,782	\$ 2,120,446	\$ 10,780,768
-	-	-	6,568	63,078
-	-	-	18,093	51,830
-	-	-	-	43,779
13,996	189,565	-	3,535	514,567
-	-	-	380,000	380,000
-	-	-	(380,000)	(380,000)
-	-	-	-	28,432
-	-	-	53,816	66,337
-	-	-	-	82,884
<u>\$ 275,856</u>	<u>\$ 245,977</u>	<u>\$ 5,900,782</u>	<u>\$ 2,202,458</u>	<u>\$ 11,631,675</u>
\$ -	\$ -	\$ 31,167	\$ 47,393	\$ 114,995
-	-	-	-	38,674
-	-	-	-	11,867
-	-	-	4,330	38,222
55,274	-	7,487	6,131	162,392
234,492	-	21,620	8,233	653,166
<u>289,766</u>	<u>-</u>	<u>60,274</u>	<u>66,087</u>	<u>1,019,316</u>
-	-	-	2,238	44,559
13,996	189,565	-	3,535	514,567
<u>13,996</u>	<u>189,565</u>	<u>-</u>	<u>5,773</u>	<u>559,126</u>
-	-	5,774,093	1,092,399	7,648,596
-	56,412	66,415	1,053,156	1,860,941
(27,906)	-	-	(14,957)	543,696
<u>(27,906)</u>	<u>56,412</u>	<u>5,840,508</u>	<u>2,130,598</u>	<u>10,053,233</u>
<u>\$ 275,856</u>	<u>\$ 245,977</u>	<u>\$ 5,900,782</u>	<u>\$ 2,202,458</u>	<u>\$ 11,631,675</u>

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

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

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

Total Fund Balances - Governmental Funds	\$ 10,053,233
The City's investment in a joint venture is not a current financial resource and, therefore, is not reported as an asset (liability) in the governmental funds, but is included in the statement of net position.	(492,418)
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,931,852
Less: accumulated depreciation	(9,607,592)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(90,237)
Bonds payable	(8,738,273)
Net pension liability	(297,363)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	
Net pension asset	277,409
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Delinquent taxes receivable	44,559
Special assessments receivable	514,567
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	98,684
Deferred inflows of pension resources	(68,323)
Governmental funds do not report a liability for accrued interest until due and payable.	(141,781)
Total Net Position - Governmental Activities	<u><u>\$ 12,484,317</u></u>

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

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

	101		380	421
	General	Debt Service	TIF District 5	Street Projects
Revenues				
Taxes	\$ 2,267,330	\$ 80,491	\$ 4,483	\$ -
Licenses and permits	32,768	-	-	-
Intergovernmental	155,251	14,730	-	-
Charges for services	169,464	-	-	-
Special assessments	-	36,829	-	16,877
Investment earnings	15,762	15,698	-	3,127
Miscellaneous	20,982	-	-	-
Total Revenues	<u>2,661,557</u>	<u>147,748</u>	<u>4,483</u>	<u>20,004</u>
Expenditures				
Current				
General government	545,250	-	-	-
Public safety	922,499	-	-	-
Public works	287,510	-	-	4,081
Culture and recreation	260,579	-	-	-
Housing and economic development	-	-	-	-
Miscellaneous	80,848	-	-	-
Capital outlay				
General government	13,137	-	-	-
Public safety	8,752	-	-	-
Public works	5,465	-	-	156,289
Culture and recreation	6,121	-	-	-
Miscellaneous	1,895	-	-	-
Debt service				
Principal	-	299,000	-	-
Interest and other	-	54,022	-	-
Total Expenditures	<u>2,132,056</u>	<u>353,022</u>	<u>-</u>	<u>160,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>529,501</u>	<u>(205,274)</u>	<u>4,483</u>	<u>(140,366)</u>
Other Financing Sources (Uses)				
Transfers in	252,727	136,642	-	551,524
Bonds issued	-	-	-	-
Sale of capital assets	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	(766,442)	-	-	-
Total Other Financing Sources (Uses)	<u>(513,715)</u>	<u>136,642</u>	<u>-</u>	<u>551,524</u>
Net Change in Fund Balances	15,786	(68,632)	4,483	411,158
Fund Balances, January 1	<u>1,153,579</u>	<u>850,736</u>	<u>(393,017)</u>	<u>79,528</u>
Fund Balances, December 31	<u>\$ 1,169,365</u>	<u>\$ 782,104</u>	<u>\$ (388,534)</u>	<u>\$ 490,686</u>

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

422 Capital Street Projects	428 Vehicle Replacement	453 Fire Department Building	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 80,983	\$ 2,433,287
-	-	-	-	32,768
-	82,804	-	626,375	879,160
-	-	10,445	245,154	425,063
1,384	-	-	719	55,809
2,931	189	6,681	25,152	69,540
-	1,500	-	2,451	24,933
<u>4,315</u>	<u>84,493</u>	<u>17,126</u>	<u>980,834</u>	<u>3,920,560</u>
-	-	-	61,854	607,104
-	-	1,570	144,400	1,068,469
-	-	-	51,206	342,797
-	-	-	44,953	305,532
-	-	-	100,106	100,106
-	-	-	47,788	128,636
-	3,924	-	13,791	30,852
-	-	154,611	165,712	329,075
-	49,270	-	120,543	331,567
-	-	-	75,495	81,616
-	-	-	-	1,895
-	-	-	25,000	324,000
-	-	119,955	16,376	190,353
<u>-</u>	<u>53,194</u>	<u>276,136</u>	<u>867,224</u>	<u>3,842,002</u>
<u>4,315</u>	<u>31,299</u>	<u>(259,010)</u>	<u>113,610</u>	<u>78,558</u>
250,000	14,086	57,437	331,261	1,593,677
-	-	5,640,000	770,000	6,410,000
-	2,760	-	1	2,761
-	-	338,698	78,133	416,831
(75,000)	-	(134,480)	(412,729)	(1,388,651)
<u>175,000</u>	<u>16,846</u>	<u>5,901,655</u>	<u>766,666</u>	<u>7,034,618</u>
179,315	48,145	5,642,645	880,276	7,113,176
(207,221)	8,267	197,863	1,250,322	2,940,057
<u>\$ (27,906)</u>	<u>\$ 56,412</u>	<u>\$ 5,840,508</u>	<u>\$ 2,130,598</u>	<u>\$ 10,053,233</u>

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

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ 7,113,176
The City's investment in a joint venture is not a current financial resource and, therefore, is not reported as an asset in the governmental funds, but is included in the statement of net position.	
Contributions from (to) joint venture	85,139
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	352,053
Depreciation expense	(652,871)
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.	
Principal repayments	324,000
Bonds issued	(6,410,000)
Premium on bonds issued	(416,831)
Add: amortization of bond premium	5,558
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 the governmental funds.	
Compensated absences	(3,478)
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.	
Special assessments	44,833
Property taxes	10,894
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds 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.	
	(117,769)
Long-term pension activity is not reported in governmental funds.	
Pension expense	30,205
Pension revenue from State contributions	808
Change in Net Position - Governmental Activities	<u>\$ 365,717</u>

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

City of Lindstrom, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 2,296,733	\$ 2,296,733	\$ 2,267,330	\$ (29,403)
Licenses and permits	25,820	25,820	32,768	6,948
Intergovernmental	143,587	143,587	155,251	11,664
Charges for services	181,603	181,603	169,464	(12,139)
Investment earnings	14,200	14,200	15,762	1,562
Miscellaneous	50,801	50,801	20,982	(29,819)
Total Revenues	<u>2,712,744</u>	<u>2,712,744</u>	<u>2,661,557</u>	<u>(51,187)</u>
Expenditures				
Current				
General government	562,336	562,336	545,250	17,086
Public safety	1,004,890	1,004,890	922,499	82,391
Public works	295,584	295,584	287,510	8,074
Culture and recreation	315,328	315,328	260,579	54,749
Miscellaneous	52,268	52,268	80,848	(28,580)
Capital outlay	55,825	55,825	35,370	20,455
Total Expenditures	<u>2,286,231</u>	<u>2,286,231</u>	<u>2,132,056</u>	<u>154,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>426,513</u>	<u>426,513</u>	<u>529,501</u>	<u>102,988</u>
Other Financing Sources (Uses)				
Transfers in	271,875	271,875	252,727	(19,148)
Transfers out	(766,837)	(766,837)	(766,442)	395
Total Other Financing Sources (Uses)	<u>(494,962)</u>	<u>(494,962)</u>	<u>(513,715)</u>	<u>(18,753)</u>
Net Change in Fund Balances	(68,449)	(68,449)	15,786	84,235
Fund Balances, January 1	<u>1,153,579</u>	<u>1,153,579</u>	<u>1,153,579</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,085,130</u>	<u>\$ 1,085,130</u>	<u>\$ 1,169,365</u>	<u>\$ 84,235</u>

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

City of Lindstrom, Minnesota
Statement of Net Position (Continued on the Following Pages)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds		
	601	602	699
	Water	Sewer	Off-Sale Liquor Store
Assets			
Current Assets			
Cash and temporary investments	\$ 1,270,952	\$ 1,472,834	\$ 290,041
Receivables			
Accounts	84,606	323,516	-
Special assessments	29,422	72,329	-
Due from other funds	52,752	148,774	-
Due from component unit	-	73,560	-
Inventories	-	-	396,465
Total Current Assets	1,437,732	2,091,013	686,506
Noncurrent Assets			
Special assessments receivable	82,199	87,607	-
Advances to other funds	553,231	10,671	-
Capital assets			
Land	-	-	182,397
Land improvements	-	-	23,123
Buildings	9,758	9,758	465,324
Machinery and equipment	445,426	307,717	75,238
Infrastructure	6,537,325	5,446,376	-
Construction in progress	168,048	167,184	-
Less accumulated depreciation	(3,343,826)	(2,258,444)	(410,107)
Total Capital Assets (Net of Accumulated Depreciation)	3,816,731	3,672,591	335,975
Total Noncurrent Assets	4,452,161	3,770,869	335,975
Total Assets	5,889,893	5,861,882	1,022,481
Deferred Outflows of Resources			
Deferred pension resources	8,955	5,904	21,530
Liabilities			
Current Liabilities			
Accounts payable	20,132	16,183	137,236
Accrued salaries payable	1,736	1,097	3,551
Due to other governments	23,805	99,572	-
Due to other funds	-	-	-
Total Current Liabilities	45,673	116,852	140,787

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

Business-type Activities - Enterprise Funds

652 Storm Water Management	Nonmajor	
	609 On-Sale Liquor Store	Totals
\$ 126,362	\$ 133,455	\$ 3,293,644
40,910	-	449,032
7,178	-	108,929
-	-	201,526
-	-	73,560
-	15,933	412,398
174,450	149,388	4,539,089
-	-	169,806
6,380	-	570,282
-	12,500	194,897
-	-	23,123
2,500	181,793	669,133
7,045	74,416	909,842
2,038,339	-	14,022,040
-	-	335,232
(571,964)	(195,112)	(6,779,453)
1,475,920	73,597	9,374,814
1,482,300	73,597	10,114,902
1,656,750	222,985	14,653,991
3,657	14,393	54,439
6,979	311	180,841
290	1,345	8,019
-	-	123,377
39,134	-	39,134
46,403	1,656	351,371

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

City of Lindstrom, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds		
	601	602	699
	Water	Sewer	Off-Sale Liquor Store
Noncurrent Liabilities			
Net pension liability	<u>\$ 72,823</u>	<u>\$ 48,378</u>	<u>\$ 184,681</u>
Total Liabilities	<u>118,496</u>	<u>165,230</u>	<u>325,468</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>1,311</u>	<u>2,018</u>	<u>33,137</u>
Net Position			
Investment in capital assets	3,816,731	3,672,591	335,975
Unrestricted	<u>1,962,310</u>	<u>2,027,947</u>	<u>349,431</u>
Total Net Position	<u><u>\$ 5,779,041</u></u>	<u><u>\$ 5,700,538</u></u>	<u><u>\$ 685,406</u></u>

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

652	Nonmajor	
Storm Water	609	
Management	On-Sale	Totals
	Liquor Store	
<u>\$ 26,307</u>	<u>\$ 113,885</u>	<u>\$ 446,074</u>
<u>72,710</u>	<u>115,541</u>	<u>797,445</u>
<u>(10,134)</u>	<u>(7,693)</u>	<u>18,639</u>
1,475,920	73,597	9,374,814
<u>121,911</u>	<u>55,933</u>	<u>4,517,532</u>
<u><u>\$ 1,597,831</u></u>	<u><u>\$ 129,530</u></u>	<u><u>\$ 13,892,346</u></u>

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

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

	Business-type Activities - Enterprise Funds					
	601	602	699	652	Nonmajor 609	
	Water	Sewer	Off-Sale Liquor Store	Storm Water Management	On-Sale Liquor Store	Totals
Operating Revenues						
Sales	\$ -	\$ -	\$ 2,484,197	\$ -	\$ 266,364	\$ 2,750,561
Cost of sales	-	-	(1,802,480)	-	(90,001)	(1,892,481)
Gross Profit	-	-	681,717	-	176,363	858,080
Charges for services	332,356	1,145,406	2,104	144,113	11,892	1,635,871
Total Operating Revenues	332,356	1,145,406	683,821	144,113	188,255	2,493,951
Operating Expenses						
Personnel services	115,071	82,687	321,762	24,797	164,936	709,253
Supplies	13,372	5,416	7,003	400	2,340	28,531
Repairs and maintenance	80,902	235,252	29,423	-	12,433	358,010
Other services and charges	83,022	732,459	120,654	50,057	28,313	1,014,505
Insurance	5,311	15,286	7,888	-	9,253	37,738
Utilities	23,931	16,064	17,002	-	11,243	68,240
Depreciation	198,202	138,086	27,276	52,602	5,701	421,867
Total Operating Expenses	519,811	1,225,250	531,008	127,856	234,219	2,638,144
Operating Income (Loss)	(187,455)	(79,844)	152,813	16,257	(45,964)	(144,193)
Nonoperating Revenues						
Rental income	-	-	-	-	44,120	44,120
Miscellaneous	11,517	4,572	-	-	-	16,089
Investment earnings	35,885	44,194	7,201	2,950	4,067	94,297
Total Nonoperating Revenues	47,402	48,766	7,201	2,950	48,187	154,506
Income (Loss) Before Contributions and Transfers	(140,053)	(31,078)	160,014	19,207	2,223	10,313
Capital Contributions	202,865	236,680	-	-	-	439,545
Transfers In	-	-	-	134,480	-	134,480
Transfers Out	(76,509)	(52,622)	(142,330)	(2,050)	(65,995)	(339,506)
Change in Net Position	(13,697)	152,980	17,684	151,637	(63,772)	244,832
Net Position, January 1	5,792,738	5,547,558	667,722	1,446,194	193,302	13,647,514
Net Position, December 31	<u>\$ 5,779,041</u>	<u>\$ 5,700,538</u>	<u>\$ 685,406</u>	<u>\$ 1,597,831</u>	<u>\$ 129,530</u>	<u>\$ 13,892,346</u>

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

City of Lindstrom, Minnesota
Statement of Cash Flows (Continued on the Following Pages)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	601	602	699
	Water	Sewer	Off-Sale Liquor Store
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 328,937	\$ 1,119,935	\$ 2,486,316
Other operating receipts	11,517	4,572	-
Payments to suppliers	(228,513)	(1,011,040)	(1,959,274)
Payments to employees	(116,142)	(81,629)	(328,699)
Net Cash Provided (Used) by Operating Activities	(4,201)	31,838	198,343
Cash Flows from Noncapital Financing Activities			
Payment received(paid) on interfund loan	68,235	1,500	-
Interfund loan issued	-	(130,280)	-
Advances to other funds	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(76,509)	(52,622)	(142,330)
Net Cash Provided (Used) by Noncapital Financing Activities	(8,274)	(181,402)	(142,330)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(291,444)	(323,901)	(29,084)
Capital contributions	181,060	210,811	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(110,384)	(113,090)	(29,084)
Cash Flows from Investing Activities			
Investment earnings received	35,885	44,194	7,201
Net Increase (Decrease) in Cash and Cash Equivalents	(86,974)	(218,460)	34,130
Cash and Cash Equivalents, January 1	1,357,926	1,691,294	255,911
Cash and Cash Equivalents, December 31	<u>\$ 1,270,952</u>	<u>\$ 1,472,834</u>	<u>\$ 290,041</u>

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

Business-type Activities - Enterprise Funds

652 Storm Water Management	Nonmajor	
	609 On-Sale Liquor Store	Totals
\$ 144,440	\$ 284,716	\$ 4,364,344
-	44,120	60,209
(47,957)	(165,018)	(3,411,802)
(26,041)	(178,139)	(730,650)
70,442	(14,321)	282,101
(5,372)	-	64,363
-	-	(130,280)
1,506	-	1,506
134,480	-	134,480
(2,050)	(65,995)	(339,506)
128,564	(65,995)	(269,437)
(127,729)	-	(772,158)
-	-	391,871
(127,729)	-	(380,287)
2,950	4,067	94,297
74,227	(76,249)	(273,326)
52,135	209,704	3,566,970
<u>\$ 126,362</u>	<u>\$ 133,455</u>	<u>\$ 3,293,644</u>

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

City of Lindstrom, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds		
	601	602	699
	Water	Sewer	Off-Sale Liquor Store
Reconciliation of Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (187,455)	\$ (79,844)	\$ 152,813
Adjustments to reconcile operating income (loss)			
to net cash provided (used) by operating activities			
Depreciation	198,202	138,086	27,276
Other income	11,517	4,572	-
(Increase) decrease in assets/deferred outflows of resources			
Receivables			
Accounts	(7,458)	(31,883)	15
Special assessments	4,039	6,412	-
Inventories	-	-	(5,065)
Deferred pension resources	(1,909)	(1,295)	-
Increase (decrease) in liabilities/deferred inflows of resources			
Accounts payable	(21,975)	(4,115)	30,241
Due to other governments	-	(2,448)	-
Accrued salaries payable	(2,010)	(1,413)	(6,937)
Net pension liability	12,382	8,842	-
Deferred pension resources	(9,534)	(5,076)	-
Net Cash Provided (Used)			
by Operating Activities	<u>\$ (4,201)</u>	<u>\$ 31,838</u>	<u>\$ 198,343</u>

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

Business-type Activities - Enterprise Funds

	Nonmajor	
652	609	
Storm Water Management	On-Sale Liquor Store	Totals
\$ 16,257	\$ (45,964)	\$ (144,193)
52,602	5,701	421,867
-	44,120	60,209
1,300	6,460	(31,566)
(973)	-	9,478
-	609	(4,456)
(2,191)	(3,414)	(8,809)
2,500	(12,044)	(5,393)
-	-	(2,448)
(396)	(4,904)	(15,660)
13,733	19,706	54,663
(12,390)	(24,591)	(51,591)
<u>\$ 70,442</u>	<u>\$ (14,321)</u>	<u>\$ 282,101</u>

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

City of Lindstrom, Minnesota
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2020

	Custodial Funds
Assets	
Cash and temporary investments	<u>\$ 190,598</u>
Net Position	
Restricted for other organizations	<u>\$ 190,598</u>

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

City of Lindstrom, Minnesota
Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2020

	Custodial Funds
Additions	
Charges for services	\$ 198,355
Investment earnings	5,657
Total Additions	<u>204,012</u>
Deductions	
Personnel services	4,169
Supplies	10,054
Other services and charges	225,987
Payment on lease payable	22,000
Debt service	
Principal	20,753
Interest and other	765
Total Deductions	<u>283,728</u>
Net Decrease in Fiduciary Net Position	(79,716)
Net Position, January 1	<u>270,314</u>
Net Position, December 31	<u><u>\$ 190,598</u></u>

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

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Lindstrom, Minnesota (the City) operates under "Optional Plan A" as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City 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. Included in the City's reporting entity, based upon the application of these criteria, is the following discretely presented component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements.

Economic Development Authority

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to coordinate and administer economic development and redevelopment plans and programs. The City Council appoints the EDA governing board and approves tax levies. The City has the authority to approve and modify the EDA's budget, and the City Council has the ability to veto, overrule, or modify the decisions of the EDA Board of Directors. The EDA is governed by seven board members, two of which are City Council members and five are residents. It is this criterion that results in the EDA being reported as a discretely presented component unit. The EDA does not prepare separate financial statements.

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 *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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 *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *TIF District 5 fund* accounts for tax increment financing within its district area of the City.

The *Street Projects fund* accounts for street related project activities.

The *Capital Street Projects fund* accounts for street related capital project activities.

The *Vehicle Replacement fund* accounts for the accumulation of resources for vehicle replacements.

The *Fire Department Building fund* accounts for the Fire Department Building project activities.

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water system and ensure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and ensure that user charges are sufficient to pay for those costs.

The *Off-Sale Liquor Store fund* accounts for the costs associated with the City's off-sale liquor sales.

The *Storm Water Management fund* accounts for the operation, maintenance, and capital improvements of the City's storm water system.

Additionally, the City reports the following fund types:

Fiduciary 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. The City's custodial fund accounts for activity of the Lindstrom Arena.

As a general rule the effect of interfund activity has been eliminated from 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 enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise 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.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

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.

Of the instruments allowed by Minnesota statutes, the City's investment policy does not permit investments in any repurchase or reverse repurchase agreements or any GIC's. The broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

- Government securities of \$201,269 are valued using a matrix pricing model (Level 2 inputs).
- Municipal bonds of \$4,551,373 are valued using a matrix pricing model (Level 2 inputs).
- Negotiable certificates of deposits of \$968,014 are valued using a matrix pricing model (Level 2 inputs).

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the governmental fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. To the extent considered necessary, the City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable 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.

Interfund Receivables and Payables

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."

Land Held for Resale

The EDA acquires properties for redevelopment purposes. These properties are reported at their net realizable value in the financial statements. Any costs incurred that are above a property's net realizable value are reported as expenditures of the current period. The balance of land held for resale is offset with nonspendable or restricted fund balance to indicate that it is not available for appropriation.

Inventories

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than the amounts defined below and an estimated useful life in excess of one year.

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land/Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings	25,000
Building Improvements	25,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other Assets	5,000

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 back trending (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. Donated capital assets are recorded at acquisition value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Land Improvements	15 to 30
Buildings and Improvements	7 to 40
Infrastructure	20 to 50
Machinery and Equipment	5 to 60
Vehicles	3 to 12

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 only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

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

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, which is paid to the employee upon separation. All vacation pay accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. For sick pay, 40 percent of unused sick pay up to 800 hours and 20 percent for hours above 800 (for those employed for more than ten years) are accrued when incurred in the government-wide, proprietary, and fiduciary 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 General fund is typically used to liquidate governmental compensated absences.

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. The recognition of bond premiums and discounts are 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.

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.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by the Lindstrom Fire Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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 and Lindstrom Fire Relief Association is as follows:

	GERP	FRA	Total Pension Expense
Pension Expense	\$ 52,967	\$ 30,970	\$ 83,937

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements 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 City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting 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: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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 balances 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.

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 due from other funds and advances to other funds.

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, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City 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 City Council itself or by an official to which the governing body delegates the authority. The City 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 40 percent of budgeted expenditures for cash-flow timing needs.

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, Special Revenue and Debt Service funds. The capital project funds adopt project length budgets. Annual unused appropriations lapse at year end for all funds. The City does not use encumbrance accounting.

In June of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Administrator. The legal level of budgetary control is the department level. There were no budget amendments in 2020.

B. Deficit Fund Equity

As of December 31, 2020, the following funds reported deficit fund equity:

Fund	Amount
Major Fund	
TIF District 5	\$ 388,534
Capital Streets Projects	27,906
Nonmajor Fund	
TIF District 1-6	14,364
Compost	593

These deficits will be eliminated through future tax levies, tax increment collections and transfers in from other funds.

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 City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System. Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$1,070,635 and the bank balance was \$1,331,069. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was covered by collateral held by the pledging financial institution's trust department in the City's name.

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

Note 3: Detailed Notes on All Funds (Continued)

Investments

At year end, the City's investment balances and cash and investment reconciliations were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker money market	N/A	less than 1 year	\$ 7,510,461			
Non-pooled Investments at Fair Value						
Government Agency Securities	AA+	More than 5 years	201,269	\$ -	\$ 201,269	\$ -
Municipal bonds	Aa1	1-5 years	730,970	-	730,970	-
Municipal bonds	Aa2	1-5 years	256,525	-	256,525	-
Municipal bonds	Aa3	1-5 years	1,678,209	-	1,678,209	-
Municipal bonds	AA	1-5 years	361,856	-	361,856	-
Municipal bonds	A1	1-5 years	1,018,155	-	1,018,155	-
Municipal bonds	AA+	1-5 years	505,658	-	505,658	-
Negotiable certificates of deposits	N/A	1-5 years	968,014	-	968,014	-
Total Investments			13,231,117			
Deposits			1,070,635			
Petty Cash			1,520			
Total Cash and Temporary Investments			\$ 14,303,272	\$ -	\$ 5,720,656	\$ -

(1) Ratings are provided by various 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.

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

Note 3: Detailed Notes on All Funds (Continued)

The investments of the City are subject to the following risks:

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 60 of the notes.
- *Custodial Credit Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In seeking to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities, the City's investment policy includes the following policies related to diversification: 1) portfolio maturities shall be staggered to avoid undue concentration of funds in any maturity sector, 2) liquidity shall be maintained by practices which insure that the next disbursement date are covered through maturing investments or marketable U.S. Treasury bills, 3) the portfolio will contain a range of maturities from short-term to long-term investments, 4) investment maturities will be "laddered" to ensure that a portion of the portfolio is maturing monthly, or as needed to meet projected expenditures, 5) unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 10 years from the date of purchase. Reserve (Debt Service) funds may be invested in securities exceeding 10 years if the maturities of such investments are made to coincide as nearly as practical with the expected use of funds. As of December 31, 2020, the City had invested 5 percent or more of its total investment portfolio in the following issuers: New York Transitional (5.70%), Florida State Board (24.02%), Commerce California Community (6.62%), Western Washington University (8.85%), Martinez California (5.32%) and Connecticut State (8.95%).
- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy and also detailed in the description of concentration of credit risk, the City manages its exposure to declines in fair values by "laddering" their investment maturities to ensure that a portion of the portfolio is maturing monthly, or as needed to meet projected expenditures. The City also, does not directly invest in securities maturing more than 10 years from the date of purchase.

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

	Primary Government	Component Unit - EDA	Fiduciary Funds	Total
Statement of Net Position				
Cash and temporary investments	\$ 14,074,412	\$ 38,262	\$ -	\$ 14,112,674
Statement of Fiduciary Net Position				
Cash and temporary investments	-	-	190,598	190,598
Total	<u>\$ 14,074,412</u>	<u>\$ 38,262</u>	<u>\$ 190,598</u>	<u>\$ 14,303,272</u>

B. Loan Receivable

Primary Government

The TIF District 2 fund loaned \$380,000 in 2013 to St. Croix Regional Medical Center to construct and develop property into a regional medical center. The note is deferred for 10 years, at which time the note is forgiven if the owner has complied with the note agreements by retaining the appropriate number of full-time and part-time positions at the rate of pay outlined in the agreement for the 10 years. The amount of the loan receivable and the allowance for uncollectible accounts for the forgivable amount is \$380,000 at December 31, 2020.

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

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit - EDA

The Economic Development Authority created the Fascia Loan Program in 2014. This allows businesses to receive a loan from the EDA to cover capital related expenditures. Currently, the program has twelve outstanding loans with a total balance of \$29,970 as of December 31, 2020.

C. Capital Assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 2,493,787	\$ -	\$ -	\$ 2,493,787
Construction in progress	-	309,396	-	309,396
Total Capital Assets not being Depreciated	<u>2,493,787</u>	<u>309,396</u>	<u>-</u>	<u>2,803,183</u>
Capital Assets, being Depreciated				
Land improvements	383,645	-	-	383,645
Buildings	1,784,541	-	-	1,784,541
Infrastructure	12,961,545	-	-	12,961,545
Machinery and equipment	2,962,239	42,657	(5,958)	2,998,938
Total Capital Assets being Depreciated	<u>18,091,970</u>	<u>42,657</u>	<u>(5,958)</u>	<u>18,128,669</u>
Less Accumulated Depreciation for				
Land improvements	(99,809)	(21,982)		(121,791)
Buildings	(922,685)	(42,912)		(965,597)
Infrastructure	(6,369,667)	(376,567)		(6,746,234)
Machinery and equipment	(1,568,518)	(211,410)	5,958	(1,773,970)
Total Accumulated Depreciation	<u>(8,960,679)</u>	<u>(652,871)</u>	<u>5,958</u>	<u>(9,607,592)</u>
Total Capital Assets being Depreciated, Net	<u>9,131,291</u>	<u>(610,214)</u>	<u>-</u>	<u>8,521,077</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 11,625,078</u></u>	<u><u>\$ (300,818)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,324,260</u></u>

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

General Government	\$ 16,883
Public Safety	126,241
Public Works	459,456
Culture and Recreation	<u>50,291</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 652,871</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 194,897	\$ -	\$ -	\$ 194,897
Construction in progress	-	335,232	-	335,232
Total Capital Assets not being Depreciated	<u>194,897</u>	<u>335,232</u>	<u>-</u>	<u>530,129</u>
Capital Assets being Depreciated				
Land improvements	23,123	-	-	23,123
Buildings	669,133	-	-	669,133
Infrastructure	13,570,189	451,851	-	14,022,040
Machinery and equipment	858,295	51,547	-	909,842
Total Capital Assets being Depreciated	<u>15,120,740</u>	<u>503,398</u>	<u>-</u>	<u>15,624,138</u>
Less Accumulated Depreciation for				
Land improvements	(14,066)	(1,158)	-	(15,224)
Buildings	(453,572)	(28,504)	-	(482,076)
Infrastructure	(5,286,841)	(334,191)	-	(5,621,032)
Machinery and equipment	(603,107)	(58,014)	-	(661,121)
Total Accumulated Depreciation	<u>(6,357,586)</u>	<u>(421,867)</u>	<u>-</u>	<u>(6,779,453)</u>
Total Capital Assets being Depreciated, Net	<u>8,763,154</u>	<u>81,531</u>	<u>-</u>	<u>8,844,685</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 8,958,051</u></u>	<u><u>\$ 416,763</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,374,814</u></u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Water	\$ 198,202
Sewer	138,086
On-Sale Liquor Store	5,701
Off-Sale Liquor Store	27,276
Storm Water Management	<u>52,602</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 421,867</u></u>

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

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit - EDA

	Beginning Balance	Increases	Decreases	Ending Balance
Economic Development Authority				
Capital Assets not being Depreciated				
Land	\$ 242,200	\$ -	\$ -	\$ 242,200
Capital Assets, being Depreciated				
Land improvements	135,807	-	-	135,807
Less Accumulated Depreciation for				
Land improvements	(45,270)	(9,054)	-	(54,324)
Total Capital Assets being Depreciated, Net	<u>90,537</u>	<u>(9,054)</u>	<u>-</u>	<u>81,483</u>
 Economic Development Authority				
Capital Assets, Net	<u>\$ 332,737</u>	<u>\$ (9,054)</u>	<u>\$ -</u>	<u>\$ 323,683</u>

Depreciation expense charged to the EDA was \$9,054.

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

Note 3: Detailed Notes on All Funds (Continued)

D. Interfund Receivables, Payables and Transfers

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

Receivable Fund	Payable Fund	Purpose	Amount
Due from/to other funds			
Business-type	Governmental		
Water	Nonmajor	Finance capital purchase	\$ 13,618
Business-type	Governmental		
Sewer	Capital Street Projects	Finance capital purchase	55,274
Business-type	Business-type		
Water	Storm Water Management	Finance capital purchase	39,134
Business-type	Governmental		
Sewer	Capital Street Projects	Finance capital purchase	93,500
Total Due from/to Other Funds			<u>201,526</u>
Advance to/from other funds			
Governmental	Governmental		
Nonmajor	Nonmajor	TIF deficit cash	2,578
Business-type	Governmental		
Water	Nonmajor	TIF deficit cash	8,233
Governmental	Governmental		
Nonmajor	TIF District 5	TIF deficit cash	82,884
Business-type	Governmental		
Water	Capital Street Projects	Finance capital purchase	234,492
Business-type	Governmental		
Water	TIF District 5	Finance capital purchase	288,886
Business-type	Governmental		
Sewer	TIF District 5	TIF deficit cash	10,671
Business-type	Governmental		
Storm Water Management	TIF District 5	TIF deficit cash	6,380
Business-type	Governmental		
Water	Nonmajor	Finance capital purchase	21,620
Business-type	Component Unit		
Sewer	EDA	Finance capital purchase	73,560
Governmental	Component Unit		
General	EDA	Finance capital purchase	28,432
Total Advances to/from Other Funds			<u>757,736</u>
Interfund Activity Eliminated From Government-wide Statements			<u>(226,588)</u>
Total Internal Balances Government-wide Statements			<u>\$ 732,674</u>

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

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2020 is as follows:

Fund	Transfer in								Total
	General Fund	Debt Service Fund	Street Projects	Capital Street Projects	Vehicle Replacement	Fire Department Building	Storm Water Management	Nonmajor Governmental Funds	
Transfers Out									
General	\$ -	\$ -	295,000	\$ 250,000	\$ -	\$ 46,937	\$ -	\$ 174,505	\$ 766,442
Capital Street Projects	-	-	75,000	-	-	-	-	-	75,000
Fire Department Building	-	-	-	-	-	-	134,480	-	134,480
Nonmajor Governmental	26,715	63,022	181,524	-	4,712	-	-	136,756	412,729
Water	35,387	37,260	-	-	3,862	-	-	-	76,509
Sewer	12,600	36,360	-	-	3,662	-	-	-	52,622
On-Sale Liquor Store	41,495	-	-	-	-	4,500	-	20,000	65,995
Off-Sale Liquor Store	136,330	-	-	-	-	6,000	-	-	142,330
Storm Water management	200	-	-	-	1,850	-	-	-	2,050
Total	<u>\$ 252,727</u>	<u>\$ 136,642</u>	<u>\$ 551,524</u>	<u>\$ 250,000</u>	<u>\$ 14,086</u>	<u>\$ 57,437</u>	<u>\$ 134,480</u>	<u>\$ 331,261</u>	<u>\$ 1,728,157</u>

The City annually budgets transfers for specific purposes. Annual transfers include transfers designated as a percentage of annual revenues, transfers made to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons.

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

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Debt

Primary Government

General Obligation (G.O.) Bonds

The City issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities. G.O. bonds have been issued for both governmental and business-type activities. Transfers are made from the proprietary funds if they are related to business-type activities. In addition, bonds have been issued to refund G.O. improvement and G.O. revenue bonds.

G.O. Improvement (Special Assessment) Bonds

The following bonds were issued to finance various capital improvements and will be repaid from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partially financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2007	\$ 400,000	4.00 %	10/18/07	02/01/23	\$ 90,000
G.O. Improvement Bonds 2009A	260,000	4.65	06/18/09	02/01/24	40,000
G.O. Improvement Bonds 2010A	680,000	2.00 - 3.50	03/30/10	02/01/25	245,000
G.O. Refunding Bonds Series 2012A	260,000	0.60 - 2.55	07/18/12	02/01/24	100,000
G.O. Improvement Bonds Series 2020A	6,410,000	2.00-3.00%	08/13/20	02/01/46	<u>6,410,000</u>
Total G.O. Improvement Bonds					<u>\$ 6,885,000</u>

Annual requirements to maturity for the G.O. improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 105,000	\$ 157,513	\$ 262,513
2022	250,000	156,928	406,928
2023	330,000	147,903	477,903
2024	310,000	138,017	448,017
2025	280,000	128,938	408,938
2026 - 2030	1,240,000	532,250	1,772,250
2031 - 2035	1,410,000	367,800	1,777,800
2036 - 2040	1,295,000	229,550	1,524,550
2041 - 2045	1,375,000	98,750	1,473,750
2046	290,000	2,900	292,900
Total	<u>\$ 6,885,000</u>	<u>\$ 1,960,549</u>	<u>\$ 8,845,549</u>

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

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water and Sewer fund and are backed by the taxing power of the City. Annual principal and interest payments on the bonds and enterprise G.O. improvement bonds are expected to require less than 18 and 5 percent of revenues from the Water and Sewer funds, respectively. For 2020, principal and interest paid from total customer revenues for the Water and Sewer funds were \$328,937 and \$1,119,935, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds, Series 2012A	\$ 2,215,000	0.60 - 2.55 %	07/18/12	02/01/27	<u>\$ 1,290,000</u>

Annual requirements to maturity for the G.O. revenue bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 170,000	\$ 27,382	\$ 197,382
2022	175,000	24,102	199,102
2023	180,000	20,372	200,372
2024	180,000	16,368	196,368
2025	190,000	12,111	202,111
2026 - 2027	395,000	10,039	405,039
Total	<u>\$ 1,290,000</u>	<u>\$ 110,374</u>	<u>\$ 1,400,374</u>

G.O. Equipment Certificates

The following G.O. Equipment Certificates will be repaid from ad valorem tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificates of 2015	\$ 293,000	2.25 %	03/12/15	02/01/25	<u>\$ 152,000</u>

Annual requirements to maturity for the G.O. equipment certificates are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 29,000	\$ 3,094	\$ 32,094
2022	30,000	2,430	32,430
2023	30,000	1,755	31,755
2024	31,000	1,069	32,069
2025	32,000	360	32,360
Total	<u>\$ 152,000</u>	<u>\$ 8,708</u>	<u>\$ 160,708</u>

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

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. improvement bonds	\$ 580,000	\$ 6,410,000	\$ (105,000)	\$ 6,885,000	\$ 105,000
G.O. revenue bonds	1,455,000	-	(165,000)	1,290,000	170,000
G.O. equipment certificates	181,000	-	(29,000)	152,000	29,000
Add					
Premium on bonds	-	416,831	(5,558)	411,273	
 Total Bonds Payable	 2,216,000	 6,826,831	 (304,558)	 8,738,273	 304,000
Capital Lease Payable	25,000	-	(25,000)	-	-
Compensated Absences Payable	86,759	30,404	(26,926)	90,237	26,926
 Governmental Activity Long-term Liabilities	 <u>\$ 2,327,759</u>	 <u>\$ 6,857,235</u>	 <u>\$ (356,484)</u>	 <u>\$ 8,828,510</u>	 <u>\$ 330,926</u>

Discretely Presented Component Unit - EDA

Loan Payable

On November 21, 2013, the City entered into a loan agreement with Chisago County HRA/EDA for financing the purchase of the Holmquist Building and land. The loan agreement carries a zero percent interest rate. On March 28, 2017, The City entered into a loan agreement with Chisago County HRA/EDA for the purchase of property at 13290 Newlander Avenue in Lindstrom for re-development purposes. The loan agreement carries a zero percent interest rate.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Loan Payable	\$ 135,000	- %	11/21/13	12/31/40	\$ 100,000
Loan Payable	100,000	-	03/28/17	12/01/29	90,000
 Total Loans Payable					 <u>\$ 190,000</u>

Annual requirements to maturity for the loans are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 15,000	\$ -	\$ 15,000
2022	15,000	-	15,000
2023	15,000	-	15,000
2024	95,000	-	-
2025	10,000	-	10,000
2026 - 2029	40,000	-	40,000
 Total	 <u>\$ 190,000</u>	 <u>\$ -</u>	 <u>\$ 95,000</u>

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

Note 3: Detailed Notes on All Funds (Continued)

Capital Leases

On September 24, 2019, the City entered into a lease purchase agreement with Land Title Inc. for financing land for the purchase of 12215 Lake Lane. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The lease agreement is payable in five installments, at an interest rate of 0.00%.

The assets acquired through capital leases are as follows:

Asset	Economic Development Authority Activities
Land	<u>\$ 183,900</u>

Annual requirements to maturity for the capital lease are as follows:

<u>Year Ending December 31</u>	Economic Development Authority Activities
2021	\$ 36,780
2022	36,780
2023	<u>36,780</u>
Total	<u>\$ 110,340</u>

Changes in Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Discretely Presented Component Unit - EDA					
Loan Payable	\$ 205,000	\$ -	\$ (15,000)	\$ 190,000	\$ 15,000
Capital Lease Payable	<u>147,120</u>	<u>-</u>	<u>(36,780)</u>	<u>110,340</u>	<u>36,780</u>
EDA Activity					
Long-term Liabilities	<u>\$ 352,120</u>	<u>\$ -</u>	<u>\$ (51,780)</u>	<u>\$ 300,340</u>	<u>\$ 51,780</u>

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

Note 3: Detailed Notes on All Funds (Continued)

F. Components of Fund Balance

At December 31, 2020, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

Purpose	General	Debt Service	TIF District 5	Street Projects	Capital Street Projects	Vehicle Replacement	Fire Department Building	Other Governmental Funds	Total
Restricted for									
Debt service	\$ -	\$ 782,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 782,104
Fire department building	-	-	-	-	-	-	5,774,093	-	5,774,093
Lakeview motel purchase	-	-	-	-	-	-	-	831,257	831,257
Cemetery	-	-	-	-	-	-	-	88,080	88,080
Economic development	-	-	-	-	-	-	-	112,855	112,855
Park acquisition fees	-	-	-	-	-	-	-	60,207	60,207
Total Restricted	<u>\$ -</u>	<u>\$ 782,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,774,093</u>	<u>\$ 1,092,399</u>	<u>\$ 7,648,596</u>
Assigned to									
Cemetery	\$ 20,401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,820	\$ 26,221
Harmony in the parks entertainment	12,457	-	-	-	-	-	-	-	12,457
Ordinance codification	9,850	-	-	-	-	-	-	-	9,850
Karl Oskar celebration	5,390	-	-	-	-	-	-	-	5,390
Growth management	3,833	-	-	-	-	-	-	-	3,833
Future park use	3,168	-	-	-	-	-	-	-	3,168
Community service	107,099	-	-	-	-	-	-	-	107,099
Benefits payable	32,074	-	-	-	-	-	-	-	32,074
Vehicle replacement	-	-	-	-	-	56,412	-	-	56,412
Fire capital	-	-	-	-	-	-	66,415	541,130	607,545
Electric distribution facilities	-	-	-	-	-	-	-	189,009	189,009
Park improvements	-	-	-	-	-	-	-	106,397	106,397
Street maintenance and projects	-	-	-	490,686	-	-	-	15,217	505,903
Capital outlay	-	-	-	-	-	-	-	195,583	195,583
Total Assigned	<u>\$ 194,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,686</u>	<u>\$ -</u>	<u>\$ 56,412</u>	<u>\$ 66,415</u>	<u>\$ 1,053,156</u>	<u>\$ 1,860,941</u>

Note 4: Defined Benefit Pension Plan - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

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.

General Employee Plan Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan. The City's contributions to the General Employees Fund for the years ending December 31, 2020, 2019 and 2018 were \$69,306, \$64,984 and \$62,078, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

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

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$747,437 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$22,957. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0124 percent which was an increase of 0.0005 percent from its proportion measured as of June 30, 2019.

City's Proportionate Share of the Net Pension Liability	\$ 743,437
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>22,957</u>
Total	<u><u>\$ 766,394</u></u>

For the year ended December 31, 2020, the City recognized pension expense of \$50,969 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$1,998 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.

At December 31, 2020, the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Economic Experience	\$ 6,551	\$ 3,238
Changes in Actuarial Assumptions	177	27,076
Net Difference between Projected and Actual Earnings on Plan Investments	17,797	-
Changes in Proportion	32,818	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>33,423</u>	<u>-</u>
Total	<u><u>\$ 90,766</u></u>	<u><u>\$ 30,314</u></u>

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

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

The \$33,423 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (22,200)
2022	9,422
2023	21,845
2024	17,962

E. Actuarial Assumptions

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

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

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

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

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

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions

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

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

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

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

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	<u>\$ 1,191,471</u>	<u>\$ 743,437</u>	<u>\$ 373,844</u>

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 Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Lindstrom Fire Department (the Department) are covered by a defined benefit plan administered by the Lindstrom Volunteer Fire Relief Association (the Association). As of December 31, 2020, the plan covered 23 active firefighters and 7 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

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 5 years of service, shall be equal to 40 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. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

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 \$42,600 in fire state aid to the plan on behalf of the Lindstrom Volunteer Fire Relief Association for the year ended December 31, 2019, which was recorded as revenue. Required employer contributions are calculated annually based on statutory provisions. The City had no statutorily-required contributions to the plan for the year ended December 31, 2020. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

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

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

D. Pension Costs

At December 31, 2020, the City reported a net pension liability (asset) of (\$277,409) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2019. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension asset during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2020	\$ 691,135	\$ 857,894	\$ (166,759)
Changes for the Year			
Service cost	34,982	-	34,982
Interest on pension liability (asset)	41,575	-	41,575
Contributions (state and local)	-	47,316	(47,316)
Net investment income	-	148,756	(148,756)
Benefit payments	(66,385)	(66,385)	-
Administrative expenses	-	(8,865)	8,865
Total Net Changes	<u>10,172</u>	<u>120,822</u>	<u>(110,650)</u>
Ending Balance December 31, 2020	<u>\$ 701,307</u>	<u>\$ 978,716</u>	<u>\$ (277,409)</u>

For the year ended December 31, 2020, the City recognized pension expense of \$30,970.

At December 31, 2020, the City reported its deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 12,217
Changes in Actuarial Assumptions	10,925	3,667
Net Difference between Projected and Actual Investment Earnings	-	40,764
Contributions to Plan Subsequent to the Measurement Date	<u>51,432</u>	<u>-</u>
Total	<u>\$ 62,357</u>	<u>\$ 56,648</u>

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

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

Deferred outflows of resources totaling \$51,432 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2021	\$ (14,249)
2022	(14,002)
2023	538
2024	(18,679)
2025	669

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 50 Percent of Age 50, 20 Percent at Ages 51-54 and 100 Percent at Age 55	
Salary Increases	2.50% per year
Cost of Living Increases	4.00% per year
Investment Rate of Return	6.00%
20 Year Municipal Bond Yield	2.75%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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 Nomina Rate of Return
Domestic Equity	42.00 %	7.26 %
International Equities	13.00	7.91
Fixed Income	34.00	4.51
Real Estate	1.00	7.03
Cash	10.00	3.24
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6 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.

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

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

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 (5.00%)	Current (6.00%)	1 Percent Increase (7.00%)
Defined Benefit Plan	\$ (260,820)	\$ (277,409)	\$ (293,774)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Lindstrom Fire Department Relief Association, P.O. Box 501, Lindstrom, MN 55045.

Note 6: Deferred Compensation Plans - Statewide

Plan Description

Under Minnesota statute 353.028, subdivision 2, City managers or administrators may elect to be excluded from membership in PERA. They must choose exclusion within six months of the day they begin employment. The law also provides for refunds of contributions made before the election. If they elect exclusion, they and their City may agree that the City will defer and contribute additional compensation on behalf of the employees to a deferred compensation program. The program must meet federal income tax laws. The City contribution cannot exceed the amount it would have made under the PERA contribution.

In general, any amount of compensation deferred, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income is paid to the participant or other beneficiary.

Under federal requirements, a plan meets distribution requirements if under the plan amounts will not be made available to participants or beneficiaries earlier than (i) the calendar year in which the participant attains age 70 ½, (ii) when the participant has a severance from employment with the employer, or (iii) when the participant is faced with an unforeseeable emergency (determined in the manner prescribed by the Secretary in regulations).

The City Administrator is covered by deferred compensation plan 457(b) administered by Nationwide Retirement Solutions. The City contributed \$8,063, \$7,547 and \$7,744 for 2020, 2019 and 2018, respectively.

Nationwide Retirement Solutions issues a publicly available financial report that includes financial statements and required supplementary information for the 457(b) plan. That report may be obtained on the web at www.nrsforu.com, by writing to Nationwide Retirement Solutions, P.O. Box 182797, Columbus OH, 43218-2797 or by calling (877) 677-3678.

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

Note 7: Other Information

A. Legal Debt Margin

The accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2020, the City is under the legal debt margin.

B. 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; injuries to employees; and natural disasters for which the City carries insurance. 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. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonable estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

C. Contingencies

Tax Increment Districts

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.

Note 8: Joint Ventures

A. Lakes Area Police Department

The City participates in a joint powers agreement with the City of Chisago City, which establishes the Lakes Area Police Department (the Department) for the purpose of providing police protection within the two communities. The agreement creates a coordinating committee, comprised of the Mayors of each participating community, as the governing body, which meets quarterly. Each year, the coordinating committee adopts an operating budget, which is approved by both participating cities. The cost of the budget is divided equally between the participating cities.

Any budget shortfall is made up first from Department reserves, with any excess shortfall assessed to each participating community according to the formula. The Department began January 1, 2004 and the City contributed \$845,563 in 2020 along with \$779,628 in 2019. Upon withdrawal, the agreement states the assets will be divided and distributed to the parties in proportion to the contributions made by the parties. The City has recorded an investment in joint venture in the Department based on 50 percent of the total equity of the Department at the most recent audited year end. As of December 31, 2020, the City has recorded a negative \$492,418 as investment in joint venture.

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

Note 8: Joint Ventures (Continued)

B. Chisago Lakes Joint Sewer Treatment Commission (CLJSTC)

The City is a member of the CLJSTC along with five other communities. The purpose of CLJSTC is to provide administration and operation of the disposal system serving all six communities. Each city owns a percentage of the assets of the CLJSTC and is responsible for a proportionate share of expenses and debt. The City costs are reflected in the Sewer enterprise fund and totaled \$614,028 and \$644,545 in 2020 and 2019, respectively. As of December 31, 2020, the City has \$63,865 outstanding for accounts payable to CLJSTC. Complete financial statements for the CLJSTC can be obtained from the CLJSTC's Administrative Offices at P.O. Box 313, Center City, Minnesota 55012.

Totals from the most recently issued condensed combined financial statements of the CLJSTC are as follows:

Statement of Net Position
December 31, 2019

Assets	
Current	\$ 2,558,796
Noncurrent	12,551,771
Total Assets	<u>15,110,567</u>
Deferred Outflows of Resources	<u>24,282</u>
Liabilities	
Current	1,037,662
Noncurrent	4,945,141
Total Liabilities	<u>5,982,803</u>
Deferred Inflows of Resources	<u>55,451</u>
Net Position	
Net investment in capital assets	6,121,047
Restricted	952,665
Unrestricted	<u>2,022,883</u>
Total Net Position	<u><u>\$ 9,096,595</u></u>

Statement of Activities
For the Year Ended December 31, 2019

Operating Revenue	\$ 2,183,763
Operating Expenses	<u>1,927,874</u>
Operating Income	255,889
Nonoperating Revenue (Expense), Net	<u>(93,401)</u>
Change in Net Position	162,488
Net Position, January 1	<u>8,934,107</u>
Net Position, December 31	<u><u>\$ 9,096,595</u></u>

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

Note 9: Transactions Between the Primary Government and Its Component Unit

The City conducts routine transactions with its component unit for services provided. The City provides administrative and financial services for the EDA activities.

Note 10: COVID-19

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2020	0.0124 %	\$ 743,437	\$ 22,957	\$ 766,394	\$ 918,921	80.9 %	79.0 %
6/30/2019	0.0119	657,924	20,499	678,423	841,485	78.2	80.2
6/30/2018	0.0118	654,616	21,495	676,111	795,072	82.3	79.5
6/30/2017	0.0114	727,768	9,119	736,887	731,868	99.4	75.9
6/30/2016	0.0110	893,145	-	893,145	679,983	131.3	68.9
6/30/2015	0.0114	590,807	-	590,807	672,127	87.9	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2020	\$ 69,306	\$ 69,306	\$ -	\$ 924,086	7.5 %
12/31/2019	64,984	64,984	-	866,452	7.5
12/31/2018	62,078	62,078	-	827,709	7.5
12/31/2017	56,480	56,480	-	753,071	7.5
12/31/2016	53,352	53,352	-	711,360	7.5
12/31/2015	49,492	49,492	-	659,895	7.5

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

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

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

Changes in plan provisions

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

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

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

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

2016 - No changes noted

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

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/2020	\$ 51,432	\$ 51,432	\$ -
12/31/2019	45,484	45,484	-
12/31/2018	51,391	51,391	-
12/31/2017	45,995	45,995	-
12/31/2016	45,725	45,725	-
12/31/2015	45,069	45,069	-
12/31/2014	44,023	44,023	-

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

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

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

	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability						
Service cost	\$ 34,982	\$ 28,371	\$ 27,612	\$ 30,194	\$ 29,180	\$ 28,399
Interest on pension liability (asset)	41,575	41,943	41,307	39,136	35,264	32,129
Differences between expected and actual experience	-	(6,722)	-	(21,205)	-	-
Changes of assumptions	-	15,803	-	(4,174)	(8,167)	-
Changes of benefit terms	-	45,995	-	44,428	-	-
Benefit payments	(66,385)	(54,517)	(66,000)	(85,861)	-	(18,136)
Net Change in Total Pension Liability	10,172	70,873	2,919	2,518	56,277	42,392
Total Pension Liability - January 1	691,135	620,262	617,343	614,825	558,548	516,156
Total Pension Liability - December 31 (a)	\$ 701,307	\$ 691,135	\$ 620,262	\$ 617,343	\$ 614,825	\$ 558,548
Plan Fiduciary Net Position						
Employer contributions	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Nonemployer contributions	47,316	48,391	40,995	41,725	39,069	38,023
Projected investment return	148,756	(41,780)	108,544	51,627	(2,315)	47,289
Benefit payments	(66,385)	(54,517)	(66,000)	(85,861)	-	(18,136)
Administrative expenses	(8,865)	(17,205)	(8,772)	(5,743)	(900)	(11,403)
Net change in plan fiduciary net position	120,822	(65,111)	80,767	7,748	41,854	61,773
Plan Fiduciary Net Position - January 1	857,894	923,005	842,238	834,490	792,636	730,863
Plan Fiduciary Net Position - December 31 (b)	\$ 978,716	\$ 857,894	\$ 923,005	\$ 842,238	\$ 834,490	\$ 792,636
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	\$ (277,409)	\$ (166,759)	\$ (302,743)	\$ (224,895)	\$ (219,665)	\$ (234,088)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	139.56%	124.13%	148.81%	136.43%	135.73%	141.91%
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 76,491	\$ 2,043,955	\$ 2,120,446
Receivables			
Taxes	-	6,568	6,568
Accounts	-	18,093	18,093
Special assessments	-	3,535	3,535
Loans	-	380,000	380,000
Less allowance for uncollectible	-	(380,000)	(380,000)
Due from other governments	16,816	37,000	53,816
 Total Assets	 <u>\$ 93,307</u>	 <u>\$ 2,109,151</u>	 <u>\$ 2,202,458</u>
Liabilities			
Accounts payable	\$ -	\$ 47,393	\$ 47,393
Due to other governments	-	4,330	4,330
Due to other funds	-	6,131	6,131
Advances from other funds	-	8,233	8,233
Total Liabilities	<u>-</u>	<u>66,087</u>	<u>66,087</u>
 Deferred Inflows of Resources			
Unavailable revenue - taxes	-	2,238	2,238
Unavailable revenue - special assessments	-	3,535	3,535
Total Deferred Inflows of Resources	<u>-</u>	<u>5,773</u>	<u>5,773</u>
 Fund Balances			
Restricted	88,080	1,004,319	1,092,399
Assigned	5,820	1,047,336	1,053,156
Unassigned	(593)	(14,364)	(14,957)
Total Fund Balances	<u>93,307</u>	<u>2,037,291</u>	<u>2,130,598</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 93,307</u>	 <u>\$ 2,109,151</u>	 <u>\$ 2,202,458</u>

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Tax increments	\$ -	\$ 10,202	\$ 10,202
Franchise taxes	-	70,781	70,781
Intergovernmental	351,462	274,913	626,375
Charges for services	20,616	224,538	245,154
Special assessments	-	719	719
Investment earnings	2,638	22,514	25,152
Miscellaneous	-	2,451	2,451
Total Revenues	<u>374,716</u>	<u>606,118</u>	<u>980,834</u>
Expenditures			
Current			
General government	61,854	-	61,854
Public safety	144,400	-	144,400
Public works	48,437	2,769	51,206
Culture and recreation	3,551	41,402	44,953
Housing and economic development	90,000	10,106	100,106
Miscellaneous	47,788	-	47,788
Capital outlay			
General government	-	13,791	13,791
Public safety	-	165,712	165,712
Public works	-	120,543	120,543
Culture and recreation	-	75,495	75,495
Debt service			
Principal	-	25,000	25,000
Interest and other	-	16,376	16,376
Total Expenditures	<u>396,030</u>	<u>471,194</u>	<u>867,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,314)</u>	<u>134,924</u>	<u>113,610</u>
Other Financing Sources (Uses)			
Transfers in	5,605	325,656	331,261
Bonds issued	-	770,000	770,000
Sale of capital assets	-	1	1
Premium on bonds issued	-	78,133	78,133
Transfers out	(6,612)	(406,117)	(412,729)
Total Other Financing Sources (Uses)	<u>(1,007)</u>	<u>767,673</u>	<u>766,666</u>
Net Change in Fund Balances	(22,321)	902,597	880,276
Fund Balances, January 1	<u>115,628</u>	<u>1,134,694</u>	<u>1,250,322</u>
Fund Balances, December 31	<u>\$ 93,307</u>	<u>\$ 2,037,291</u>	<u>\$ 2,130,598</u>

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

	203	225 Cemetery Perpetual Care	603 Compost	Total
	<u>CARES</u>			
Assets				
Cash and temporary investments	\$ -	\$ 93,900	\$ (17,409)	\$ 76,491
Due from other governments	<u>-</u>	<u>-</u>	<u>16,816</u>	<u>16,816</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 93,900</u></u>	<u><u>\$ (593)</u></u>	<u><u>\$ 93,307</u></u>
Fund Balances				
Restricted	\$ -	\$ 88,080	\$ -	\$ 88,080
Assigned	-	5,820	-	5,820
Unassigned	<u>-</u>	<u>-</u>	<u>(593)</u>	<u>(593)</u>
Total Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ 93,900</u></u>	<u><u>\$ (593)</u></u>	<u><u>\$ 93,307</u></u>

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

	203	225	603	
	CARES	Cemetery Perpetual Care	Compost	Total
Revenues				
Intergovernmental	\$ 351,462	\$ -	\$ -	\$ 351,462
Charges for services	-	3,800	16,816	20,616
Investment earnings	-	2,638	-	2,638
Total Revenues	<u>351,462</u>	<u>6,438</u>	<u>16,816</u>	<u>374,716</u>
Expenditures				
Current				
General government	61,854	-	-	61,854
Public safety	144,400	-	-	144,400
Public works	28,928	-	19,509	48,437
Culture and recreation	3,551	-	-	3,551
Housing and economic development	90,000	-	-	90,000
Miscellaneous	22,729	25,059	-	47,788
Total Expenditures	<u>351,462</u>	<u>25,059</u>	<u>19,509</u>	<u>396,030</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>(18,621)</u>	<u>(2,693)</u>	<u>(21,314)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	5,605	5,605
Transfers out	-	(2,800)	(3,812)	(6,612)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,800)</u>	<u>1,793</u>	<u>(1,007)</u>
Net Change in Fund Balances	-	(21,421)	(900)	(22,321)
Fund Balances, January 1	<u>-</u>	<u>115,321</u>	<u>307</u>	<u>115,628</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 93,900</u>	<u>\$ (593)</u>	<u>\$ 93,307</u>

City of Lindstrom, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2020

	227, 229	403	412	376	377	378
	<u>Fire Equipment</u>	<u>Capital Revolving</u>	<u>Xcel Powerline Project</u>	<u>TIF District 1</u>	<u>TIF District 2</u>	<u>TIF District 3</u>
Assets						
Cash and temporary investments	\$ 100,243	\$ 52,836	\$ 180,184	\$ 7,661	\$ 104,051	\$ 1,541
Receivables						
Taxes	-	-	-	-	-	2,238
Accounts	-	-	9,245	-	-	-
Special assessments	-	-	-	-	-	-
Loans	-	-	-	-	380,000	-
Less allowance for uncollectible	-	-	-	-	(380,000)	-
Due from other governments	<u>37,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 137,243</u>	<u>\$ 52,836</u>	<u>\$ 189,429</u>	<u>\$ 7,661</u>	<u>\$ 104,051</u>	<u>\$ 3,779</u>
Liabilities						
Accounts payable	\$ 862	\$ 7,000	\$ 420	\$ -	\$ 398	\$ -
Due to other governments	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Advances from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>862</u>	<u>7,000</u>	<u>420</u>	<u>-</u>	<u>398</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue - taxes	-	-	-	-	-	2,238
Unavailable revenue - special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,238</u>
Fund Balances						
Restricted	-	-	-	7,661	103,653	1,541
Assigned	136,381	45,836	189,009	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>136,381</u>	<u>45,836</u>	<u>189,009</u>	<u>7,661</u>	<u>103,653</u>	<u>1,541</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 137,243</u>	<u>\$ 52,836</u>	<u>\$ 189,429</u>	<u>\$ 7,661</u>	<u>\$ 104,051</u>	<u>\$ 3,779</u>

381	402	406	413
TIF	Fire Department	Park	288th
District 1-6	Vehicles and	Improvement	Street Project
Building			
\$ -	\$ 404,749	\$ 115,002	\$ -
4,330	-	-	-
-	-	8,848	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 4,330</u>	<u>\$ 404,749</u>	<u>\$ 123,850</u>	<u>\$ -</u>
\$ -	\$ -	\$ 17,453	\$ -
4,330	-	-	-
6,131	-	-	-
8,233	-	-	-
<u>18,694</u>	<u>-</u>	<u>17,453</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	404,749	106,397	-
(14,364)	-	-	-
<u>(14,364)</u>	<u>404,749</u>	<u>106,397</u>	<u>-</u>
<u>\$ 4,330</u>	<u>\$ 404,749</u>	<u>\$ 123,850</u>	<u>\$ -</u>

City of Lindstrom, Minnesota
Nonmajor Capital Projects Funds
Combining Balance Sheet (Continued)
December 31, 2020

	423 Capital Projects Reserve	432 Morningside Court Project	454 Lakeview Motel Purchase
Assets			
Cash and temporary investments	\$ 170,717	\$ 5,217	\$ 831,547
Receivables			
Taxes	-	-	-
Accounts	-	-	-
Special assessments	-	-	-
Loans	-	-	-
Less allowance for uncollectible	-	-	-
Due from other governments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 170,717</u>	<u>\$ 5,217</u>	<u>\$ 831,547</u>
Liabilities			
Accounts payable	\$ 20,970	\$ -	\$ 290
Due to other governments	-	-	-
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	<u>20,970</u>	<u>-</u>	<u>290</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes	-	-	-
Unavailable revenue - special assessments	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Restricted	-	-	831,257
Assigned	149,747	5,217	-
Unassigned	-	-	-
Total Fund Balances	<u>149,747</u>	<u>5,217</u>	<u>831,257</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 170,717</u>	<u>\$ 5,217</u>	<u>\$ 831,547</u>

455 Park Acquisition Fees	456 Highway 8 and 1st Ave Project	Total
\$ 60,207	\$ 10,000	\$ 2,043,955
-	-	6,568
-	-	18,093
-	3,535	3,535
-	-	380,000
-	-	(380,000)
-	-	37,000
<u>\$ 60,207</u>	<u>\$ 13,535</u>	<u>\$ 2,109,151</u>
\$ -	\$ -	\$ 47,393
-	-	4,330
-	-	6,131
-	-	8,233
<u>-</u>	<u>-</u>	<u>66,087</u>
-	-	2,238
-	3,535	3,535
<u>-</u>	<u>3,535</u>	<u>5,773</u>
60,207	-	1,004,319
-	10,000	1,047,336
-	-	(14,364)
<u>60,207</u>	<u>10,000</u>	<u>2,037,291</u>
<u>\$ 60,207</u>	<u>\$ 13,535</u>	<u>\$ 2,109,151</u>

City of Lindstrom, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued on the Following Pages)
For the Year Ended December 31, 2020

	227, 229	403	412	376	377	378
	<u>Fire Equipment</u>	<u>Capital Revolving</u>	<u>Xcel Powerline Project</u>	<u>TIF District 1</u>	<u>TIF District 2</u>	<u>TIF District 3</u>
Revenues						
Taxes						
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,541
Franchise	-	-	36,914	-	-	-
Intergovernmental	37,000	16,410	-	-	-	-
Charges for services	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment earnings	3,116	1,328	4,342	-	-	-
Miscellaneous	-	353	-	-	-	1,013
Total Revenues	<u>40,116</u>	<u>18,091</u>	<u>41,256</u>	<u>-</u>	<u>-</u>	<u>2,554</u>
Expenditures						
Current						
Public works	-	745	2,024	-	-	-
Culture and recreation	-	-	-	-	-	-
Housing and economic development	-	-	-	-	663	4,429
Capital outlay						
General government	-	13,791	-	-	-	-
Public safety	3,449	1,348	-	-	-	-
Public works	-	6,787	3,346	-	-	-
Culture and recreation	-	13,639	-	-	-	-
Debt service						
Principal payments	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total Expenditures	<u>3,449</u>	<u>36,310</u>	<u>5,370</u>	<u>-</u>	<u>663</u>	<u>4,429</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>36,667</u>	<u>(18,219)</u>	<u>35,886</u>	<u>-</u>	<u>(663)</u>	<u>(1,875)</u>
Other Financing Sources (Uses)						
Transfers in	-	19,000	-	4,854	402	-
Bonds issued	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-
Transfers out	<u>(41,000)</u>	<u>(19,632)</u>	<u>-</u>	<u>(4,500)</u>	<u>(27,263)</u>	<u>(5,256)</u>
Total Other Financing Sources (Uses)	<u>(41,000)</u>	<u>(632)</u>	<u>-</u>	<u>354</u>	<u>(26,861)</u>	<u>(5,256)</u>
Net Change in Fund Balances	(4,333)	(18,851)	35,886	354	(27,524)	(7,131)
Fund Balances, January 1	<u>140,714</u>	<u>64,687</u>	<u>153,123</u>	<u>7,307</u>	<u>131,177</u>	<u>8,672</u>
Fund Balances, December 31	<u>\$ 136,381</u>	<u>\$ 45,836</u>	<u>\$ 189,009</u>	<u>\$ 7,661</u>	<u>\$ 103,653</u>	<u>\$ 1,541</u>

381	402	406	413
TIF	Fire Department	Park	288th
District 1-6	Vehicles and	Improvements	Street Project
Building			
\$ 8,661	\$ -	\$ -	\$ -
-	-	33,867	-
-	144,060	28,000	-
-	24,288	-	-
-	-	-	-
-	7,914	1,362	-
-	-	1,085	-
<u>8,661</u>	<u>176,262</u>	<u>64,314</u>	<u>-</u>
-	-	-	-
-	-	41,402	-
4,330	-	-	-
-	-	-	-
-	160,915	-	-
-	-	-	-
-	-	23,432	-
-	-	25,000	-
99	-	-	-
<u>4,429</u>	<u>160,915</u>	<u>89,834</u>	<u>-</u>
4,232	15,347	(25,520)	-
-	70,500	132,400	-
-	-	-	-
-	-	1	-
-	-	-	-
-	-	(54,942)	(108,024)
-	70,500	77,459	(108,024)
4,232	85,847	51,939	(108,024)
(18,596)	318,902	54,458	108,024
<u>\$ (14,364)</u>	<u>\$ 404,749</u>	<u>\$ 106,397</u>	<u>\$ -</u>

City of Lindstrom, Minnesota
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Year Ended December 31, 2020

	423 Capital Projects Reserve	432 Morningside Court Project	454 Lakeview Motel Purchase	455 Park Acquisition Fees	456 Highway 8 and 1st Ave Project	Total
Revenues						
Taxes						
Tax increments	\$ -	\$ -	\$ -	\$ -	-	\$ 10,202
Franchise	-	-	-	-	-	70,781
Intergovernmental	49,443	-	-	-	-	274,913
Charges for services	-	-	-	200,250	-	224,538
Special assessments	-	-	-	-	719	719
Investment earnings	4,270	-	85	-	97	22,514
Miscellaneous	-	-	-	-	-	2,451
Total Revenues	<u>53,713</u>	<u>-</u>	<u>85</u>	<u>200,250</u>	<u>816</u>	<u>606,118</u>
Expenditures						
Current						
Public works	-	-	-	-	-	2,769
Culture and recreation	-	-	-	-	-	41,402
Housing and economic development	-	-	684	-	-	10,106
Capital outlay						
General government	-	-	-	-	-	13,791
Public safety	-	-	-	-	-	165,712
Public works	110,410	-	-	-	-	120,543
Culture and recreation	38,424	-	-	-	-	75,495
Debt service						
Principal payments	-	-	-	-	-	25,000
Interest and other	-	-	16,277	-	-	16,376
Total Expenditures	<u>148,834</u>	<u>-</u>	<u>16,961</u>	<u>-</u>	<u>-</u>	<u>471,194</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95,121)</u>	<u>-</u>	<u>(16,876)</u>	<u>200,250</u>	<u>816</u>	<u>134,924</u>
Other Financing Sources (Uses)						
Transfers in	98,500	-	-	-	-	325,656
Bonds issued	-	-	770,000	-	-	770,000
Sale of capital assets	-	-	-	-	-	1
Premium on bonds issued	-	-	78,133	-	-	78,133
Transfers out	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>(106,500)</u>	<u>(15,000)</u>	<u>(406,117)</u>
Total Other Financing Sources (Uses)	<u>74,500</u>	<u>-</u>	<u>848,133</u>	<u>(106,500)</u>	<u>(15,000)</u>	<u>767,673</u>
Net Change in Fund Balances	(20,621)	-	831,257	93,750	(14,184)	902,597
Fund Balances, January 1	<u>170,368</u>	<u>5,217</u>	<u>-</u>	<u>(33,543)</u>	<u>24,184</u>	<u>1,134,694</u>
Fund Balances, December 31	<u>\$ 149,747</u>	<u>\$ 5,217</u>	<u>\$ 831,257</u>	<u>\$ 60,207</u>	<u>\$ 10,000</u>	<u>\$ 2,037,291</u>

City of Lindstrom, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			2019	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property	\$ 2,219,233	\$ 2,219,233	\$ 2,192,355	\$ (26,878)	\$ 2,080,830
Franchise	77,500	77,500	74,975	(2,525)	72,613
Total taxes	<u>2,296,733</u>	<u>2,296,733</u>	<u>2,267,330</u>	<u>(29,403)</u>	<u>2,153,443</u>
Licenses and permits					
Business	2,000	2,000	1,825	(175)	1,975
Nonbusiness	<u>23,820</u>	<u>23,820</u>	<u>30,943</u>	<u>7,123</u>	<u>19,437</u>
Total licenses and permits	<u>25,820</u>	<u>25,820</u>	<u>32,768</u>	<u>6,948</u>	<u>21,412</u>
Intergovernmental					
State					
Local government aid	102,000	102,000	104,595	2,595	78,389
Agricultural tax credits	-	-	523	523	478
PERA aid	1,587	1,587	4,056	2,469	10,519
Fire aid	40,000	40,000	45,432	5,432	39,484
Local					
Other	-	-	645	645	3,000
Total intergovernmental	<u>143,587</u>	<u>143,587</u>	<u>155,251</u>	<u>11,664</u>	<u>131,870</u>
Charges for services	<u>181,603</u>	<u>181,603</u>	<u>169,464</u>	<u>(12,139)</u>	<u>173,948</u>
Investment earnings	<u>14,200</u>	<u>14,200</u>	<u>15,762</u>	<u>1,562</u>	<u>30,798</u>
Miscellaneous					
Refunds and reimbursements	500	500	2,400	1,900	25
Contributions and donations	31,000	31,000	11,603	(19,397)	32,270
Other	<u>19,301</u>	<u>19,301</u>	<u>6,979</u>	<u>(12,322)</u>	<u>25,158</u>
Total miscellaneous	<u>50,801</u>	<u>50,801</u>	<u>20,982</u>	<u>(29,819)</u>	<u>57,453</u>
Total Revenues	<u>2,712,744</u>	<u>2,712,744</u>	<u>2,661,557</u>	<u>(51,187)</u>	<u>2,568,924</u>
Expenditures					
Current					
General government					
City council					
Personal services	15,960	15,960	15,698	262	16,122
Supplies	250	250	324	(74)	229
Other services and charges	<u>10,470</u>	<u>10,470</u>	<u>4,571</u>	<u>5,899</u>	<u>6,375</u>
Total city council	<u>26,680</u>	<u>26,680</u>	<u>20,593</u>	<u>6,087</u>	<u>22,726</u>
Legislative - ordinance					
Other services and charges	4,000	4,000	3,035	965	2,515

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

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
City administration					
Personal services	\$ 315,378	\$ 315,378	\$ 280,336	\$ 35,042	\$ 301,356
Supplies	16,650	16,650	18,420	(1,770)	12,962
Other services and charges	20,110	20,110	17,714	2,396	20,261
Total city administration	352,138	352,138	316,470	35,668	334,579
Elections					
Personal services	6,250	6,250	5,701	549	-
Supplies	475	475	-	475	-
Other services and charges	775	775	1,205	(430)	-
Total elections	7,500	7,500	6,906	594	-
Auditing					
Other services and charges	14,100	14,100	15,150	(1,050)	12,702
Legal					
Other services and charges	22,000	22,000	36,305	(14,305)	27,714
Planning					
Personal services	52,345	52,345	54,761	(2,416)	1,820
Other services and charges	53,800	53,800	67,661	(13,861)	81,554
Total planning	106,145	106,145	122,422	(16,277)	83,374
City hall					
Supplies	1,950	1,950	1,100	850	2,133
Other services and charges	27,823	27,823	23,269	4,554	28,335
Total city hall	29,773	29,773	24,369	5,404	30,468
Total general government	562,336	562,336	545,250	17,086	514,078
Public safety					
Police					
Other services and charges	825,213	825,213	757,281	67,932	779,628
Fire					
Personal services	74,824	74,824	76,527	(1,703)	74,950
Supplies	33,125	33,125	36,158	(3,033)	33,995
Other services and charges	54,839	54,839	41,373	13,466	53,758
Total fire	162,788	162,788	154,058	8,730	162,703

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

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public safety (continued)					
Building inspection					
Personal services	\$ 15,109	\$ 15,109	\$ 10,405	\$ 4,704	\$ 36,776
Supplies	650	650	-	650	-
Other services and charges	700	700	298	402	175
Total building inspection	<u>16,459</u>	<u>16,459</u>	<u>10,703</u>	<u>5,756</u>	<u>36,951</u>
Civil defense					
Other services and charges	<u>330</u>	<u>330</u>	<u>344</u>	<u>(14)</u>	<u>312</u>
Animal control					
Other services and charges	<u>100</u>	<u>100</u>	<u>113</u>	<u>(13)</u>	<u>69</u>
Total public safety	<u>1,004,890</u>	<u>1,004,890</u>	<u>922,499</u>	<u>82,391</u>	<u>979,663</u>
Public works					
Streets					
Personal services	147,371	147,371	147,428	(57)	151,852
Supplies	36,471	36,471	35,009	1,462	54,106
Other services and charges	64,142	64,142	55,740	8,402	56,597
Total streets	<u>247,984</u>	<u>247,984</u>	<u>238,177</u>	<u>9,807</u>	<u>262,555</u>
Street lighting					
Other services and charges	<u>47,600</u>	<u>47,600</u>	<u>49,333</u>	<u>(1,733)</u>	<u>50,210</u>
Total public works	<u>295,584</u>	<u>295,584</u>	<u>287,510</u>	<u>8,074</u>	<u>312,765</u>
Culture and recreation					
Karl Oscar celebration					
Personal services	14,317	14,317	14,957	(640)	16,054
Supplies	5,600	5,600	36	5,564	4,236
Other services and charges	32,245	32,245	20,266	11,979	33,182
Total Karl Oscar celebration	<u>52,162</u>	<u>52,162</u>	<u>35,259</u>	<u>16,903</u>	<u>53,472</u>

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

	2020				2019
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation (continued)					
Community center					
Supplies	\$ 1,000	\$ 1,000	\$ 128	\$ 872	\$ 285
Other services and charges	13,376	13,376	9,814	3,562	15,708
Total community center	14,376	14,376	9,942	4,434	15,993
Parks					
Personal services	100,230	100,230	99,915	315	92,223
Supplies	17,394	17,394	12,474	4,920	17,775
Other services and charges	34,929	34,929	33,817	1,112	29,772
Total parks	152,553	152,553	146,206	6,347	139,770
Park board					
Other services and charges	31,815	31,815	8,394	23,421	35,121
Library					
Personal services	200	200	105	95	210
Other services and charges	15,861	15,861	15,861	-	15,552
Total library	16,061	16,061	15,966	95	15,762
Beautify/flowers					
Personal services	8,661	8,661	9,035	(374)	8,039
Supplies	650	650	632	18	678
Other services and charges	20,050	20,050	16,636	3,414	18,711
Total beautify/flowers	29,361	29,361	26,303	3,058	27,428
Joint cable commission					
Other services and charges	19,000	19,000	18,509	491	16,740
Total culture and recreation	315,328	315,328	260,579	54,749	304,286
Miscellaneous					
Welfare					
Other services and charges	2,300	2,300	2,300	-	2,300
Commercial club					
Other services and charges	1,620	1,620	2,284	(664)	1,476
Information center					
Other services and charges	5,990	5,990	4,416	1,574	4,826
Industrial park land					
Other services and charges	11,460	11,460	10,855	605	15,169

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

	2020			2019
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
Expenditures (Continued)				
Current (continued)				
Miscellaneous (continued)				
Cemetery				
Personal services	\$ 24,028	\$ 24,028	\$ 24,452	\$ 26,638
Supplies	4,620	4,620	2,667	2,567
Other services and charges	2,250	2,250	4,833	2,774
Total cemetery	<u>30,898</u>	<u>30,898</u>	<u>31,952</u>	<u>31,979</u>
Benefits payable				
Personal services	-	-	29,041	5,674
Total miscellaneous	<u>52,268</u>	<u>52,268</u>	<u>80,848</u>	<u>61,424</u>
Total current	<u>2,230,406</u>	<u>2,230,406</u>	<u>2,096,686</u>	<u>2,172,216</u>
Capital outlay				
General government	2,000	2,000	13,137	112
Public safety	3,000	3,000	8,752	441
Public works	40,000	40,000	5,465	5,405
Culture and recreation	2,500	2,500	6,121	982
Miscellaneous	8,325	8,325	1,895	1,400
Total capital outlay	<u>55,825</u>	<u>55,825</u>	<u>35,370</u>	<u>8,340</u>
Total Expenditures	<u>2,286,231</u>	<u>2,286,231</u>	<u>2,132,056</u>	<u>2,180,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>426,513</u>	<u>426,513</u>	<u>529,501</u>	<u>388,368</u>
Other Financing Sources (Uses)				
Transfers in	271,875	271,875	252,727	247,093
Transfers out	(766,837)	(766,837)	(766,442)	(693,015)
Total Other Financing Sources (Uses)	<u>(494,962)</u>	<u>(494,962)</u>	<u>(513,715)</u>	<u>(445,922)</u>
Net Change in Fund Balances	(68,449)	(68,449)	15,786	(57,554)
Fund Balances, January 1	<u>1,153,579</u>	<u>1,153,579</u>	<u>1,153,579</u>	<u>1,211,133</u>
Fund Balances, December 31	<u>\$ 1,085,130</u>	<u>\$ 1,085,130</u>	<u>\$ 1,169,365</u>	<u>\$ 1,153,579</u>

City of Lindstrom, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2020

	302 G.O. Improvement Bonds of 2007	304 G.O. Equipment Certificate 2015A	313 G.O. Improvement Bonds of 2009A	314 G.O. Improvement Bonds of 2010A	323 G.O. Refunding Bonds of 2012A	Total
Assets						
Cash and temporary investments	\$ 47,429	\$ 8,159	\$ 29,713	\$ 141,582	\$ 546,476	\$ 773,359
Receivables						
Accounts	-	-	-	-	8,745	8,745
Special assessments	3,733	-	8,257	1,935	211,035	224,960
Total Assets	<u>\$ 51,162</u>	<u>\$ 8,159</u>	<u>\$ 37,970</u>	<u>\$ 143,517</u>	<u>\$ 766,256</u>	<u>\$ 1,007,064</u>
Deferred Inflows of Resources						
Unavailable revenue - special assessments	\$ 3,733	\$ -	\$ 8,257	\$ 1,935	\$ 211,035	\$ 224,960
Fund Balances						
Restricted for debt service	47,429	8,159	29,713	141,582	555,221	782,104
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 51,162</u>	<u>\$ 8,159</u>	<u>\$ 37,970</u>	<u>\$ 143,517</u>	<u>\$ 766,256</u>	<u>\$ 1,007,064</u>

City of Lindstrom, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	302 G.O. Improvement Bonds of 2007	304 G.O. Equipment Certificate 2015A	313 G.O. Improvement Bonds of 2009A	314 G.O. Improvement Bonds of 2010A	323 G.O. Refunding Bonds of 2012A	Total
Revenues						
Taxes						
Property	\$ 23,800	\$ 13,500	\$ 6,275	\$ 2,000	\$ -	\$ 45,575
Franchise	-	-	-	-	34,916	34,916
Intergovernmental	-	14,730	-	-	-	14,730
Special assessments	2,492	-	3,089	4,459	26,789	36,829
Investment earnings	668	-	592	2,969	11,469	15,698
Total Revenues	<u>26,960</u>	<u>28,230</u>	<u>9,956</u>	<u>9,428</u>	<u>73,174</u>	<u>147,748</u>
Expenditures						
Debt service						
Principal	30,000	29,000	10,000	40,000	190,000	299,000
Interest and other	4,963	3,806	2,856	9,239	33,158	54,022
Total Expenditures	<u>34,963</u>	<u>32,806</u>	<u>12,856</u>	<u>49,239</u>	<u>223,158</u>	<u>353,022</u>
Deficiency of Revenues Under Expenditures	(8,003)	(4,576)	(2,900)	(39,811)	(149,984)	(205,274)
Other Financing Sources						
Transfers in	-	6,000	-	29,759	100,883	136,642
Net Change in Fund Balances	(8,003)	1,424	(2,900)	(10,052)	(49,101)	(68,632)
Fund Balances, January 1	<u>55,432</u>	<u>6,735</u>	<u>32,613</u>	<u>151,634</u>	<u>604,322</u>	<u>850,736</u>
Fund Balances, December 31	<u>\$ 47,429</u>	<u>\$ 8,159</u>	<u>\$ 29,713</u>	<u>\$ 141,582</u>	<u>\$ 555,221</u>	<u>\$ 782,104</u>

City of Lindstrom, Minnesota
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2020

	<u>Arena</u>	<u>Arena Bond</u>	<u>Arena Building</u>	<u>Arena Ice Floor Replacement</u>	<u>Total</u>
Assets					
Current Assets					
Cash and investments	<u>\$ 24,258</u>	<u>\$ -</u>	<u>\$ 10,323</u>	<u>\$ 156,017</u>	<u>\$ 190,598</u>
Net Position					
Restricted					
Other organizations	<u>\$ 24,258</u>	<u>\$ -</u>	<u>\$ 10,323</u>	<u>\$ 156,017</u>	<u>\$ 190,598</u>

City of Lindstrom, Minnesota
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2020

	Arena	Arena Bond	Arena Building	Arena Ice Floor Replacement	Total
Additions					
Charges for services	\$ 198,355	\$ -	\$ -	\$ -	\$ 198,355
Investment earnings	2,518	-	-	3,139	5,657
Transfers in	-	28,035	-	-	28,035
Total Additions	<u>200,873</u>	<u>28,035</u>	<u>-</u>	<u>3,139</u>	<u>232,047</u>
Deductions					
Personnel services	4,169	-	-	-	4,169
Supplies	10,054	-	-	-	10,054
Other services and charges	225,987	-	-	-	225,987
Payment on lease payable	22,000	-	-	-	22,000
Transfers out	28,035	-	-	-	28,035
Debt service					
Principal	-	20,753	-	-	20,753
Interest and other	-	765	-	-	765
Total Deductions	<u>290,245</u>	<u>21,518</u>	<u>-</u>	<u>-</u>	<u>311,763</u>
Net Increase (Decrease) in Fiduciary Net Position	(89,372)	6,517	-	3,139	(79,716)
Net Position, January 1	<u>113,630</u>	<u>(6,517)</u>	<u>10,323</u>	<u>152,878</u>	<u>270,314</u>
Net Position, December 31	<u>\$ 24,258</u>	<u>\$ -</u>	<u>\$ 10,323</u>	<u>\$ 156,017</u>	<u>\$ 190,598</u>

City of Lindstrom, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Balance Sheet
December 31, 2020

	241 Economic Development Authority	Special Revenue 244 CBD Fascia Loan Program	Total
Assets			
Cash and temporary investments	\$ 27,863	\$ 10,399	\$ 38,262
Receivables			
Taxes	391	-	391
Loans	-	29,970	29,970
Accounts	1,276	-	1,276
Land held for resale	<u>80,800</u>	<u>-</u>	<u>80,800</u>
 Total Assets	 <u><u>\$ 110,330</u></u>	 <u><u>\$ 40,369</u></u>	 <u><u>\$ 150,699</u></u>
Liabilities			
Accounts payable	\$ 3,000	\$ -	\$ 3,000
Due to primary government	101,992	-	101,992
Total Liabilities	<u>104,992</u>	<u>-</u>	<u>104,992</u>
Fund Balance			
Nonspendable	80,800	-	80,800
Restricted	-	40,369	40,369
Unassigned	<u>(75,462)</u>	<u>-</u>	<u>(75,462)</u>
Total Fund Balance	<u>5,338</u>	<u>40,369</u>	<u>45,707</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u>\$ 110,330</u></u>	 <u><u>\$ 40,369</u></u>	 <u><u>\$ 150,699</u></u>

Amounts reported for the Economic Development Authority in the statement of net position are different because

Total Fund Balance Reported Above	\$ 45,707
Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.	
Cost of capital assets	378,007
Less: accumulated depreciation	(54,324)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Loans payable	<u>(300,340)</u>
Total Net Position - Economic Development Authority	<u><u>\$ 69,050</u></u>

City of Lindstrom, Minnesota
Economic Development Authority
(Discretely Presented Component Unit)
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2020

	241 Economic Development Authority	Special Revenue 244 CBD Fascia Loan Program	Total
Revenues			
Taxes	\$ 64,202	\$ -	\$ 64,202
Charges for services	9,713	405	10,118
Total Revenues	<u>73,915</u>	<u>405</u>	<u>74,320</u>
Expenditures			
Current			
Housing and economic development	47,829	1,018	48,847
Debt service			
Principal	51,780	-	51,780
Total Expenditures	<u>99,609</u>	<u>1,018</u>	<u>100,627</u>
Net Change in Fund Balances	(25,694)	(613)	(26,307)
Fund Balances, January 1	<u>31,032</u>	<u>40,982</u>	<u>72,014</u>
Fund Balances, December 31	<u>\$ 5,338</u>	<u>\$ 40,369</u>	<u>\$ 45,707</u>

Amounts reported above for the Economic Development Authority in the statement of activities are different because

Net Changes in Fund Balances - Economic Development Authority	\$ (26,307)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Depreciation expense	(9,054)
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.	
Principal repayments	<u>51,780</u>
Change in Net Position - Economic Development Authority	<u>\$ 16,419</u>

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

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 2,433,287	\$ 2,318,253	4.96 %
Licenses and permits	32,768	21,412	53.04
Intergovernmental	879,160	590,500	48.88
Charges for services	425,063	230,796	84.17
Special assessments	55,809	46,795	19.26
Investment earnings	69,540	138,999	(49.97)
Miscellaneous	24,933	63,330	(60.63)
Total Revenues	<u>\$ 3,920,560</u>	<u>\$ 3,410,085</u>	14.97 %
Per Capita	<u>\$ 833</u>	<u>\$ 731</u>	14.02 %
Expenditures			
Current			
General government	\$ 607,104	\$ 514,078	18.10 %
Public safety	1,068,469	979,663	9.06
Public works	342,797	330,316	3.78
Culture and recreation	305,532	332,401	(8.08)
Housing and economic development	100,106	4,182	2,293.74
Miscellaneous	128,636	74,122	73.55
Capital outlay			
General government	30,852	32,806	(5.96)
Public safety	329,075	195,589	68.25
Public works	331,567	613,343	(45.94)
Culture and recreation	81,616	68,013	20.00
Housing and economic development	-	15,805	(100.00)
Miscellaneous	1,895	1,400	35.36
Debt service			
Principal	324,000	333,000	(2.70)
Interest and other	190,353	67,138	183.52
Total Expenditures	<u>\$ 3,842,002</u>	<u>\$ 3,561,856</u>	7.87 %
Per Capita	<u>\$ 817</u>	<u>\$ 764</u>	6.97 %
Total Long-term Indebtedness	\$ 8,738,273	\$ 2,241,000	289.93 %
Per Capita	1,858	480	286.69
General Fund Balance - December 31	\$ 1,169,365	\$ 1,153,579	1.37 %
Per Capita	249	247	0.53

The purpose of this report is to provide a summary of financial information concerning the City of Lindstrom to interested citizens. The complete financial statements may be examined at City Hall, 13292 Sylvan Avenue, Lindstrom, MN 55045. Questions about this report should be directed to Kay Mattson, Finance Director at (651) 257-0620.

OTHER REQUIRED REPORT
CITY OF LINDSTROM
LINDSTROM, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Lindstrom, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Lindstrom, Minnesota (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 29, 2021.

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

This report is intended solely for the information and use those charged with governance and management of the City and the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 29, 2021