

CITY OF WASECA
WASECA, MINNESOTA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

PREPARED BY:

FINANCE DEPARTMENT

Alicia Fischer
Director of Finance

Member GFOA of U.S. and Canada
Published June 13, 2022

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City of Waseca, Minnesota
Annual Comprehensive Financial Report
Table of Contents
For the Year Ended December 31, 2021

	Page No.
Introductory Section	
Letter of Transmittal	9
Listing of Officials	14
Organizational Chart	15
GFOA Certificate of Achievement for Excellence in Financial Reporting	16
 Financial Section	
Independent Auditor’s Report	19
Management’s Discussion and Analysis	23
 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	37
Statement of Activities	38
Fund Financial Statements	
Governmental Funds	
Balance Sheet	42
Reconciliation of the Balance Sheet to the Statement of Net Position	43
Statement of Revenues, Expenditures and Changes in Fund Balances	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	45
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	47
Proprietary Funds	
Statement of Net Position	48
Statement of Revenues, Expenses and Changes in Net Position	52
Statement of Cash Flows	54
Notes to the Financial Statements	59
 Required Supplementary Information	
Schedule of Employer’s Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	102
Schedule of Employer’s Public Employees Retirement Association Contributions - General Employees Retirement Fund	102
Notes to the Required Supplementary Information - General Employees Retirement Fund	103
Schedule of Employer’s Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	105
Schedule of Employer’s Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	105
Notes to the Required Supplementary Information - Public Employees Police and Fire Fund	106
Schedule of Changes in the Fire Relief Association’s Net Pension Liability (Asset) and Related Ratios	108
Notes to the Required Supplementary Information -Fire Relief Association	109
Schedule of Employer’s Fire Relief Association Contributions	109
Schedule of Changes in the City’s OPEB Liability and Related Ratios	110

City of Waseca, Minnesota
Annual Comprehensive Financial Report
Table of Contents (Continued)
For the Year Ended December 31, 2021

Page No.

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds	
Combining Balance Sheet	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	113
Nonmajor Special Revenue Fund	
Combining Balance Sheet	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	118
Schedule of Revenues Expenditures and Changes in Fund Balances - Budget and Actual	
TIF Funds	120
Airport Fund	121
Waseca Housing Fund	122
Police Reserve Fund	123
Police Forfeiture Fund	124
Safe Haven Grant Fund	125
Fire Relief Fund	126
PEG Channel Fund	127
Recovery Coordinator Grant Fund	128
Combining Balance Sheet - TIF Special Revenue Funds	129
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - TIF Special Revenue Funds	130
Nonmajor Capital Projects Funds	
Combining Balance Sheet	132
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	133
Schedule of Revenues Expenditures and Changes in Fund Balances - Budget and Actual	
Municipal State Aid Construction Fund	134
Special Assessment Fund	135
Annexation and Growth Fund	136
Equipment Replacement Fund	137
Capital Improvement Fund	138
General Fund	
Comparative Balance Sheets	139
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	140
Debt Service Funds	
Combining Balance Sheet	144
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	145
Internal Service Funds	
Combining Statement of Net Position	146
Combining Statement of Revenues, Expenses and Charges in Net Position	147
Combining Statement of Cash Flow	148
Discretely Presented Component Unit	
Economic Development Authority	
Balance Sheet	152
Statement of Revenues, Expenditures and Changes in Fund Balance	153
Housing and Redevelopment Authority	
Statement of Net Position	156
Statement of Revenues, Expenses and Changes in Net Position	157
Statement of Cash Flows	158
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	159

City of Waseca, Minnesota
Annual Comprehensive Financial Report
Table of Contents (Continued)
For the Year Ended December 31, 2021

	<u>Table No.</u>	<u>Page No.</u>
Statistical Section (Unaudited)		
Financial Trends		
Net Position by Component	1	164
Changes in Net Position	2	166
Fund Balances of Governmental Funds	3	170
Changes in Fund Balances of Governmental Funds	4	172
Revenue Capacity		
Assessed Value and Estimated Actual Value of Taxable Property	5	174
Property Tax Rates - Direct and Overlapping Governments	6	176
Principal Property Taxpayers	7	178
Property Tax Levies and Collections	8	181
Debt Capacity		
Ratios of Outstanding Debt by Type	9	182
Ratios of General Bonded Debt Outstanding	10	184
Computation of Direct and Overlapping Debt	11	185
Legal Debt Margin Information	12	186
Pledged Revenue Coverage	13	188
Demographic and Economic Information		
Demographic and Economic Statistics	14	189
Principal Employers	15	190
Operating Information		
Full-time Equivalent City Government Employees by Function	16	192
Operating Indicators by Function	17	194
Capital Asset Statistics by Function	18	196
Other Required Reports		
Independent Auditor's Report on Minnesota Legal Compliance		201
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		202

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INTRODUCTORY SECTION

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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June 13, 2022

To the City Council and Citizens of the City of Waseca

The City of Waseca annually issues a report on the financial position and activities of the community, prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards in the United States of America by an independent certified public accounting firm pursuant to the state requirements. We hereby issue the Annual Comprehensive Financial Report of the City of Waseca for the fiscal year ended December 31, 2021.

This report consists of management's representations concerning the finances of the City of Waseca. The management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the management has established a comprehensive internal framework that is designed both to protect the government's assets from loss, theft, or misuse and to complete sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore, the City of Waseca's comprehensive framework of internal controls has been designed to provide reasonable, rather than the absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that to the best of knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Waseca's financial statements have been audited by Abdo. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Waseca's financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report. GAAP requires that management also provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Waseca's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Waseca is organized under a Home Rule Charter in accordance with applicable Minnesota State Statutes. The Charter prescribes a Council/Manager form of organization. The City provides a full range of municipal services. These include police services, fire protection, zoning and code enforcement, municipal planning, parks, an aquatic center, a regional airport, construction and maintenance of streets and infrastructure. Community and economic development are facilitated through a Housing and Redevelopment Authority and an Economic Development Authority. In addition, the City provides water, electric, sanitary sewer, and storm water enterprise services. The City also contributes to the regional library system, senior center operations, area transportation services, area tourism bureau, historical society, and several other important community-based areas.

The City of Waseca is located in the south-central region of the state and covers approximately 6.8 square miles. The community is fortunate to be the home of several large manufacturing operations and varied commercial activity, yet it is located in the midst of an aesthetically appealing lake and recreation area that is popular to tourists in a multi-state area.

The annual budget serves as the foundation for the City of Waseca's financial planning control. All departments of the City of Waseca submit budget requests for the appropriations for the following year to the City Manager each year. These requests serve as a starting point for the development of a proposed budget. These requests are then presented to Council for review prior to the consideration of the preliminary tax levy. Under the requirements of the state law, Council is required to hold hearings and obtain input on the proposed budget and then proceeds to adopt a final budget and property tax levy no later than December 29th. The budget of the City of Waseca is prepared by fund, function, and department. The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department level.

Local Economy

Waseca is supported by strong industry clusters, infrastructure, natural resources, and labor pool accessibility. Approximately one quarter of the jobs in Waseca are educational services and health care and the next largest category is government services. Key players can be found in these industries: packaging of food, machinery and specialty industries in electronics and electrical components. The City also has a nascent hemp industry with a focus on the production of cannabidiol. In 2021 there was also a new multi-million-dollar food packaging plant built in the City of Waseca. The City of Waseca is also the home of the Waseca County Government Center and Federal Correctional Institute - Waseca.

Waseca was awarded a grant under the Economic Adjustment Assistance Program through the Federal EDA to fund an Economic Development Recovery Coordinator position for 30-month period. This position will be of great value in rebuilding and strengthening the industrial employment base in the City of Waseca.

City issued building permits show annual increases beginning in 2014 through 2021, reflecting a continued trend of significant investments being made in the community. From 2018 to 2021 building permits have increased more than \$100,000.

Relevant Financial Policies

The City of Waseca includes in its Financial Policies a requirement that at the end of each fiscal year, the City will maintain an unrestricted fund balance in the General Fund for working capital in a range equal to 35-50 percent of the subsequent year's General Fund expenditure budget. Appropriation from the minimum fund balance shall require the approval of the City Council. Any planned use of fund balance in the General Fund below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

The City is in the process of developing a comprehensive Capital Improvement Plan (CIP) to facilitate the replacement of its aging infrastructure. When streets are reconstructed in this program, aging water, sanitary and storm sewer infrastructure is also repaired or replaced. These improvements are funded by a combination of general obligation improvement bonds supported with special assessments against benefited properties and cash from the capital projects funds and utility enterprise funds. It is expected that this will be an ongoing process and the CIP is reviewed and amended as part of each budget cycle.

There will be an expanded use of the Pavement Management System in project analysis, and the CIP will include cash flow projections for all funds providing funding for the CIP. A plan for the maintenance and upgrading of the City's buildings and facilities is being incorporated into the CIP for both operational repairs and for large capital expenditure type improvements. The City is also in the process of implementing a facilities plan to address inflow and infiltration issues that have resulted in a Schedule of Compliance with the MPCA.

Also included in the City policies are internal control directives to protect the City's assets from loss, theft, or misuse. These controls provide reasonable assurance of the safety of the City's assets while recognizing that management estimates and judgements as to the cost of such controls.

Major Initiatives

The City continues to place a high priority on planning for the community needs as growth and expansion issues impact the City operations. The availability of land, infrastructure and services continues to drive the community development focus of the City. As the areas of the two new State Highway 14 bypass interchanges experience growth funding for project work will be a priority in future planning and budgeting.

The Waseca community initiated a visioning process in 2017. Vision 2030 was adopted in 2018 by the City of Waseca, Waseca County, Waseca Public Schools, and other community organizations. The Vision 2030 document sets a vision for the future of the community and action steps to attain the vision. With proper implementation, follow through, and performance Vision 2030 will be a positive force for the future of the community.

A community that helps grow value has a positive impact on the net worth of all its property owners. As an organization, the City has worked diligently to build a variety of services, facilities, infrastructure and secure a financial foundation for its residents and stakeholders. Maintaining high quality services plays a key role in favorable appreciation of the community's property values. The City's substantial investments in its infrastructure have aided not only in the improvement of quality of services but it has also spurred additional community investment.

Completed initiatives for 2021 include:

- Created the City's first area Dog Park at Memorial Park
- Completed many maintenance projects at the Aquatic Center including but not limited to slide repairs, a new water walk safety pad, new camera system, rebuilding the exterior fence, and repairing the expansion joints.
- Substantial completion of a safe crossing route across Highway 13 to the high school and intermediate school buildings.
- Continued grant funding for a Recovery Coordinator position for a period of 3 years to help with increasing and strengthening industrial employment.
- Implemented a new software, CivicRec, for online water park purchases and park reservations.
- Completed a reconstruction on 26th Ave NE.
- Completed I & I (Inflow & Infiltration) lining projects North of Clear Lake Park

Future initiatives include:

- Continue to implement Vision 2030.
- Creating a development plan for City-owned property west of Gaiter Lake and Marketplace (northside of the City).
- Continued sanitary sewer system cleaning, street sweeping and inspections with ongoing I & I improvements.
- Renovations of the Johnson Pavilion and Beach House at Clear Lake Park.
- Continued development initiative and loan programs.
- Continued revisions of storm water management plan.
- Coordination with Waseca County and the Waseca Lakes Association to improve area lake restorations.
- Further work related to the Facilities Plan developed as part of the Schedule of Compliance with the MPCA.
- Implement new software for capital, personnel, and operational budgets along with a transparency feature for increased communication to the public.
- Substantial improvements to the Electric Utility's substation to replace equipment that has reached its life expectancy.
- Construction of a Multi-Unit T Hangar at the Airport.
- Continued I & I (Inflow & Infiltration) projects at targeted areas within the City.
- Continued implementation of lift stations SCADA installations and improvements.
- Continued implementation of Storm Water Utility Fund for MS4 permit compliance.
- Multi-year funding goals for infrastructure construction improvements.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waseca for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2020. This is the thirty-seventh consecutive year that the City has received this prestigious award. In order to be awarded this Certificate of Achievement, the City published an easily readable and efficiently organized ACFR and has satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year and it is expected that the 2021 report conforms to the Certificate of Achievement program requirements. It will be submitted to the GFOA to determine its eligibility for another certificate.

The preparation and publication of this report could not have been accomplished without the professional and dedicated hard work of the Finance Department. We appreciate the cooperation and support from all City staff both in preparation of this report and in budget management throughout the year. Credit is also given to the Mayor, and members of the City Council for their support in maintaining the highest standards of professionalism and management of the City of Waseca's future.

Respectfully Submitted,



Lee A. Mattson
City Manager



Alicia R Fischer
Finance Director

City of Waseca, Minnesota
 Listing of Officials
 For the Year Ended December 31, 2021

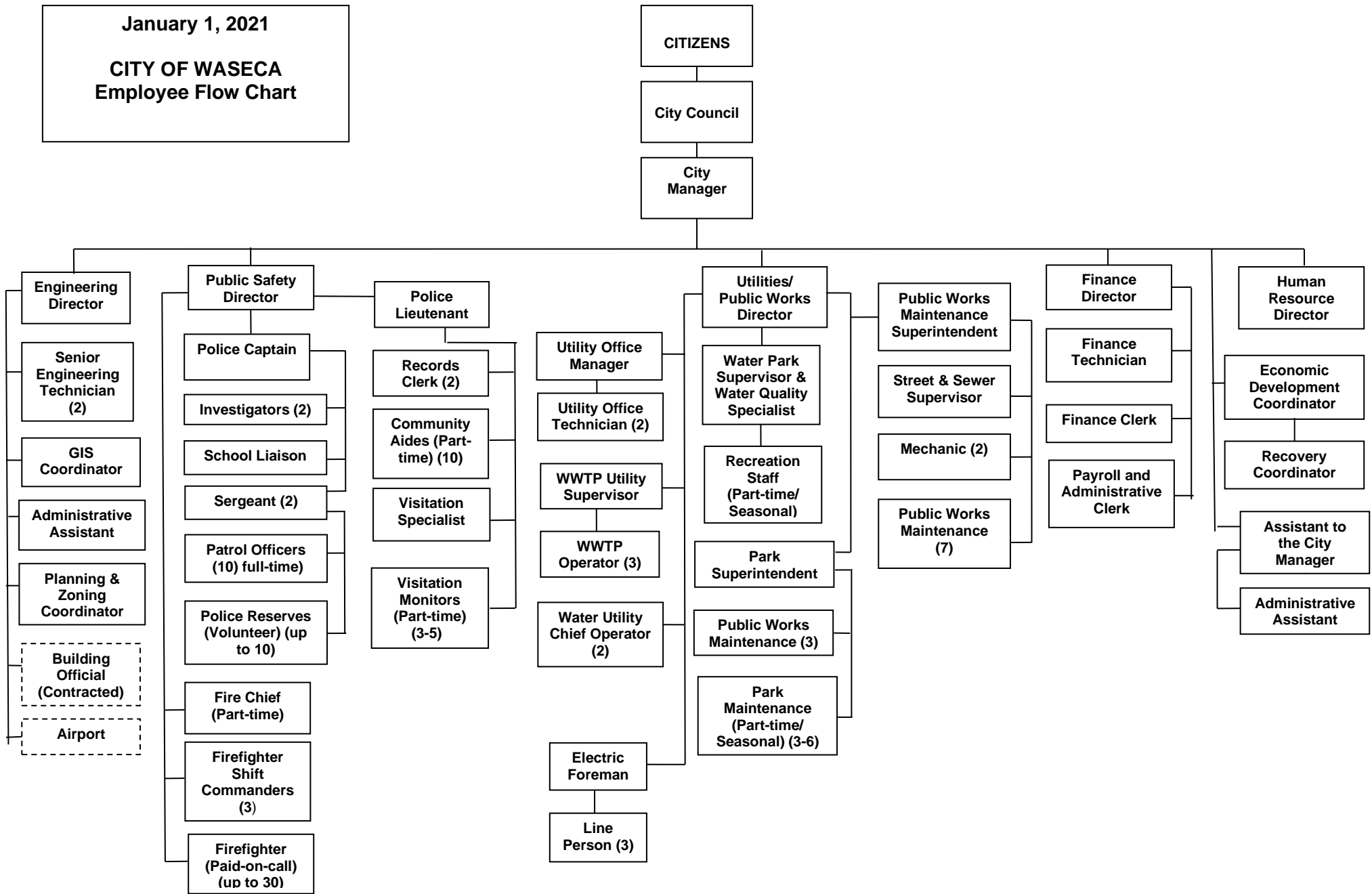
Elected Officials

Name	Title	Term Expires
Roy D. Srp	Mayor	12/31/2022
Jeremy Conrath	Council - First Ward	12/31/2022
Ted Conrath	Council - First Ward	12/31/2024
John Mansfield	Council - Second Ward	12/31/2022
Allan Rose	Council - Second Ward	12/31/2022
Mark Christiansen	Council - Third Ward	12/31/2024
Daren Arndt	Council - Third Ward	12/31/2022

Appointed Officials

Lee Mattson	City Manager
Alicia Fischer	Finance Director
Carl Sonnenberg	Utilities & Public Works Director
Nate Willey	Engineering Director
Penny Vought	Public Safety Director
Cassandra Kohn	Human Resources Director

January 1, 2021
CITY OF WASECA
Employee Flow Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Waseca
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION
CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Waseca
Waseca, Minnesota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Waseca, Minnesota, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis page 23 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employers Contributions, the related note disclosures and the schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 102 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.



Other Information

Management is responsible for the other information in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Abdo
Mankato, Minnesota
June 13, 2022



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Management's Discussion and Analysis

As management of the City of Waseca, 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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found starting on page 9 of this report, and the City's financial statements following this section.

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 \$77,236,790 (net position). Of this amount, \$16,945,322 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and vendors in accordance with the City's fiscal policies.
- The City's total net position increased by \$2,861,119 during the current year. The increase is a result of multiple items, the foremost include:
 - Capital grants and contributions were \$1,280,886 and \$548,094 for the governmental and business type activities, respectively.
 - Capital grants included the 3rd Street Reconstruction and Northeast Park projects.
 - Charges for services in business type activities increased due to implementing a capital funding charge for the Electric Utility to offset future capital expenditures as well as receiving membership distribution refunds in 2021.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$3,884,401 or 50.8 percent of total current year General fund expenditures.

Overview of the Financial Statements

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

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

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

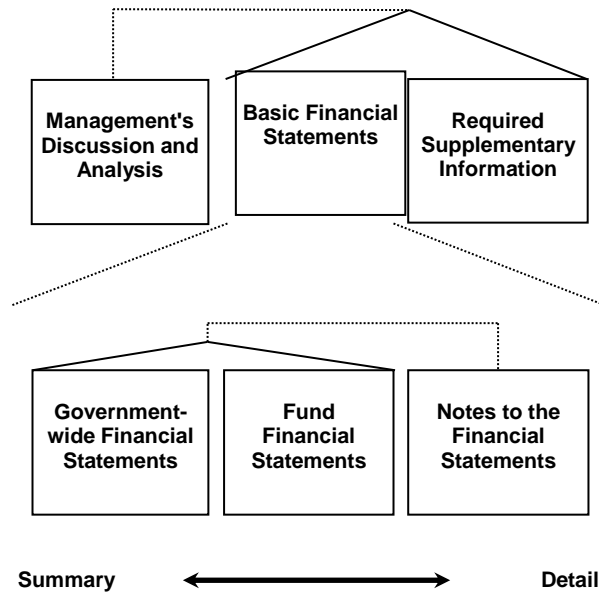


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

The *statement of net position* presents information on all of the City's assets and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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, streets and highways, sanitation, culture and recreation, economic development and airport. The business-type activities of the City include water utility, sewer utility, electric utility and storm water.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority and Housing and Redevelopment Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found starting on page 37 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 two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 of the City's near-term financial decisions. The governmental fund's balance sheet and governmental fund's 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 individual Governmental funds, which includes multiple debt service funds, which are considered one fund for reporting purposes. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General fund, the Debt Service fund, and the Capital Improvement Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General fund, certain Special Revenue funds and certain Capital Project funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found starting on page 42 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. 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, electric and storm water utilities. Internal service funds are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers' compensation insurance, property and liability insurance, and central garage services. Because these funds predominantly serve to benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund's financial statements provide separate information for the enterprise funds, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found starting on page 52 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 59 of this report.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Waseca's share of net pension liabilities for defined benefits plans, schedules of contributions, and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found starting on page 102 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 112 of this report.

Government-wide Financial Analysis

An analysis of the City's financial position begins with a review of the statement of net position and the statement of activities. These two statements report the City's net position and changes in net position. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

The City has committed significant time and funding toward the development of the necessary infrastructure for community growth. The financial statements reflect the trend of funding for not only operational functions of City operations, but also funding needed for growth projects. Waseca has the available land for growth of both commercial and residential sites, and the City Council has placed the goal of assisting and encouraging growth as a high priority in 2021 and beyond. As infrastructure programs are reviewed, meeting growth needs is a critical component of the planning process.

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$77,236,790 at December 31, 2021. This is an increase of \$2,861,119 from the prior year.

City of Waseca's Summary of Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Assets						
Current and other assets	\$ 11,481,172	\$ 10,044,621	\$ 1,436,551	\$ 14,047,444	\$ 13,019,166	\$ 1,028,278
Capital assets	35,133,999	35,797,260	(663,261)	38,191,727	38,399,852	(208,125)
Total Assets	<u>46,615,171</u>	<u>45,841,881</u>	<u>773,290</u>	<u>52,239,171</u>	<u>51,419,018</u>	<u>820,153</u>
Deferred outflows of resources	<u>3,357,153</u>	<u>1,639,791</u>	<u>1,717,362</u>	<u>588,257</u>	<u>145,358</u>	<u>442,899</u>
Liabilities						
Long-term liabilities outstanding	7,027,993	8,773,254	(1,745,261)	11,589,997	12,833,717	(1,243,720)
Other liabilities	890,775	369,168	521,607	1,023,413	881,254	142,159
Total Liabilities	<u>7,918,768</u>	<u>9,142,422</u>	<u>(1,223,654)</u>	<u>12,613,410</u>	<u>13,714,971</u>	<u>(1,101,561)</u>
Deferred inflows of resources	<u>4,297,735</u>	<u>1,763,602</u>	<u>2,534,133</u>	<u>733,049</u>	<u>49,382</u>	<u>683,667</u>
Net Position						
Net investment in capital assets	31,352,817	31,640,948	(288,131)	27,638,192	26,914,409	723,783
Restricted	1,300,459	1,482,365	(181,906)	-	-	-
Unrestricted	<u>5,102,545</u>	<u>3,452,335</u>	<u>1,650,210</u>	<u>11,842,777</u>	<u>10,885,614</u>	<u>957,163</u>
Total Net Position	<u>\$ 37,755,821</u>	<u>\$ 36,575,648</u>	<u>\$ 1,180,173</u>	<u>\$ 39,480,969</u>	<u>\$ 37,800,023</u>	<u>\$ 1,680,946</u>

By far, the largest portion of the City's net position of \$58,991,009 (approximately 76.4 percent), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets. 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. An additional portion of the City's net position of \$1,300,459 (approximately 1.7 percent), represent resources that are subject to external restrictions on how they may be used. The remaining balance of the net position is unrestricted \$16,945,322 (approximately 21.9 percent) and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position as the City establishes the groundwork for community expansion. The net position of the City, specifically in the business type activities, will continue to grow as the fundamental infrastructure of the City is increased and extended into existing rural areas.

Governmental Activities. Governmental activities increased the City's net position by \$1,180,173. This increase was mainly due to an increase of \$166,397 in tax revenues from prior year as well an increase in charges for services in the governmental funds as the waterpark opened operations up to more consistent hours after being shut down to follow COVID-19 restrictions, and a transfer in of funds from the business-type activities. Key elements of this increase are as follows:

City of Waseca's Changes in Net Position

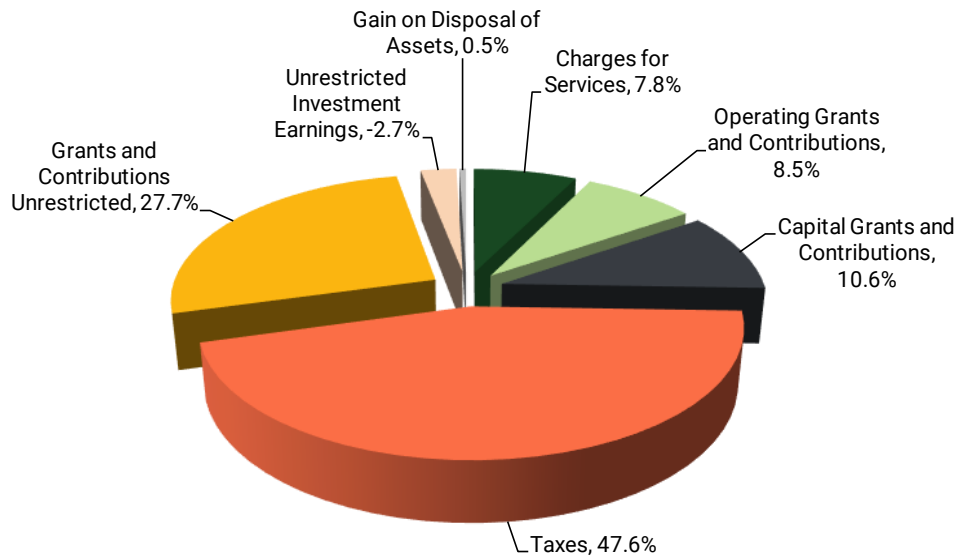
	Governmental Activities			Business-Type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 864,869	\$ 574,297	\$ 290,572	\$ 12,579,884	\$ 11,880,926	\$ 698,958
Operating grants and contributions	947,178	1,298,072	(350,894)	532,086	50,938	481,148
Capital grants and contributions	1,183,629	1,406,973	(223,344)	16,008	310,950	(294,942)
General Revenues						
Taxes	5,311,591	5,145,194	166,397	-	-	-
Grants and contributions not restricted to specific programs	3,083,119	2,986,339	96,780	-	-	-
Unrestricted investment earnings	(303,825)	60,240	(364,065)	17,908	184,481	(166,573)
Gain on disposal of assets	52,772	2,588	50,184	13,600	21,769	(8,169)
Total Revenues	11,139,333	11,473,703	(334,370)	13,159,486	12,449,064	710,422
Expenses						
General government	1,737,588	2,137,792	(400,204)	-	-	-
Public safety	3,291,461	3,609,696	(318,235)	-	-	-
Streets and highways	3,200,795	3,488,327	(287,532)	-	-	-
Sanitation	46,291	47,933	(1,642)	-	-	-
Culture and recreation	1,629,015	1,420,530	208,485	-	-	-
Economic development	170,858	49,537	121,321	-	-	-
Interest and fees	101,778	113,515	(11,737)	-	-	-
Airport	236,050	242,366	(6,316)	-	-	-
Water	-	-	-	1,329,096	1,336,028	(6,932)
Sewer	-	-	-	2,787,152	2,726,716	60,436
Electric	-	-	-	6,596,807	6,516,164	80,643
Storm water	-	-	-	310,809	302,519	8,290
Total Expenses	10,413,836	11,109,696	(695,860)	11,023,864	10,881,427	142,437
Change in Net Position						
Before Transfers	725,497	364,007	361,490	2,135,622	1,567,637	567,985
Transfers	454,676	456,903	(2,227)	(454,676)	(456,903)	2,227
Change in Net Position	1,180,173	820,910	359,263	1,680,946	1,110,734	570,212
Net Position - January 1	36,575,648	35,754,738	820,910	37,800,023	36,689,289	1,110,734
Net Position - December 31	\$ 37,755,821	\$ 36,575,648	\$ 1,180,173	\$ 39,480,969	\$ 37,800,023	\$ 1,680,946

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

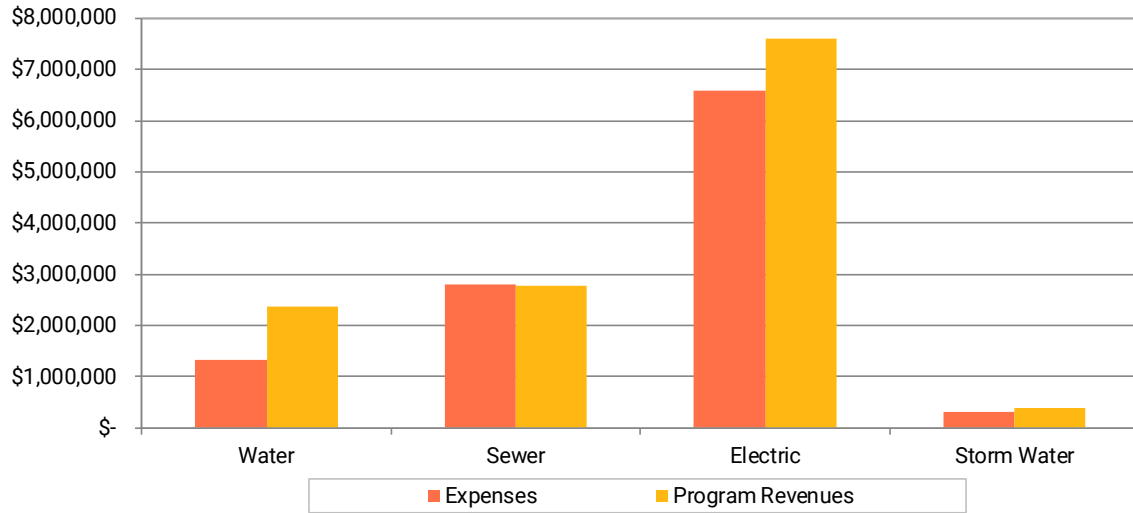


Revenues by Source - Governmental Activities

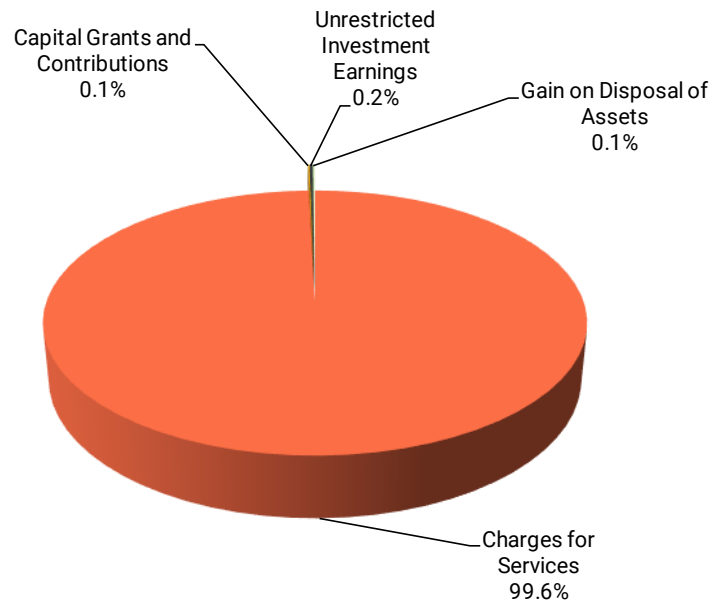


Business-type Activities. Business-type activities increased the City's net position by \$1,680,946.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

Governmental Funds. The focus of the City of Waseca'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 financial requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,652,904. The unrestricted fund balance (committed, assigned or unassigned) consists of \$7,319,935 of the total combined ending fund balance. The restricted fund balance totals \$1,331,710. The remainder of the fund balance consists of nonspendable fund balances in the amount of \$1,259.

The following is a discussion of the major governmental funds that had large increases or decreases in fund balance.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted (committed, assigned or unassigned) fund balance in the General fund was \$3,884,401, with \$34,352 restricted fund balance for Parkland Dedication and Library, and \$1,259 as nonspendable fund balance. Total fund balance was \$3,920,012. As a measure of the General fund's liquidity it may be useful to compare unrestricted fund balance to next years budgeted total General fund expenditures. Unrestricted fund balance represents 47.6 percent of total budgeted 2022 General fund expenditures of \$8,156,063.

The fund balance of the City's General fund decreased by \$34,725 during the current fiscal year. The key factor of this can be attributed to capital grants received to offset capital expenditures.

The Debt Service fund has a total fund balance of \$267,883, all of which is restricted for debt service. The fund increased \$2,665 which largely relates to property taxes received in excess of current debt payments due.

The City continued to fund the Capital Improvement fund with a \$852,411 fund balance. It increased \$812,593 during 2021, due to construction costs associated with multiple street projects occurring during the year such as the 8th Street SE reconstruction, the 26th Ave NE reconstruction, the 2nd Avenue SE reconstruction, as well as the dog park construction, waterpark fence rebuild and Clear Lake park improvements. To meet the needs of the street plan and comply with a Pavement Condition Index (PCI) report, future budget years may require the City to review Capital Improvement Project (CIP) funding and increase the property tax levy and accompanying transfer to CIP for the increased costs of infrastructure. This will allow the City to address the growth needs of the community.

Proprietary Funds: The City's proprietary funds have unrestricted net position as follows:

Water Fund	\$	2,493,224
Sanitary Sewer Fund		3,583,423
Electric Fund		5,198,616
Storm Water Fund		691,823

The net position of the proprietary funds increased by \$1,680,946 during the current fiscal year. Key factors in this increase include:

The Water fund had an increase in net position of \$1,009,932 due to operating revenues exceeding operating expenses specifically due to a state grant in the amount of \$532,086 and a higher consumption of water which increased charges for services.

The Sanitary Sewer fund had an increase in net position of \$77,052 due to operating revenues exceeding operating expenses. This was caused by a gain on sale of assets, decreased interest expenses and a decrease in fiscal agent fees as well as an effect of the higher water consumption resulting in an increase in charges for services.

The Electric fund had an increase in net position of \$526,489 due to operating revenues exceeding operating expenses that was contributed from receiving a membership distribution refund in the amount of \$241,724 and the implementation of capital funding charges to fund future capital improvements.

The Storm Water fund had an increase in net position of \$67,574 due to operating revenues exceeding operating expenses due to the increase of storm water rates to fund future capital improvements and receiving contributed capital from governmental funds in the amount of \$16,008.

General Fund Budgetary Highlights

The City's General fund budget was amended during the year. Actual revenues were under budget by \$210,735 and actual expenditures were under budgeted expenditures by \$244,101. The primary reasons for the variances are as follows:

- Permits and fees exceed the budget due to construction of a new industrial facility.
- General Government expenditures came in under budget by \$198,915 mostly due being under budget in General government expenditures related to:
 - Decreased administration staff
 - Decreased expenditures for professional services
- Public safety expenditures came in over budget by \$35,874 mostly due to overtime costs due to staff shortages within the police department.
- Streets and Highways were under budget by \$72,494 due to staff vacancies.

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, 2021, amounts to \$73,325,726 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City's investment in capital assets was 1.2 percent (a 1.9 percent increase for governmental activities and a 0.5 decrease for business-type activities).

Additional information on the City's capital assets can be found in Note 3C starting on page 75 of this report.

Major capital asset events during the current fiscal year included the following:

- The 26th Ave NE reconstruction project was completed with total project costs of \$419,217.
- The 2nd Ave SE reconstruction project was completed with total project costs of \$1,125,883.
- Brown Avenue, S State St Phase II, and 14th Ave NW watermains in the amounts of \$1,095,248, \$256,345, and \$137,876 respectively.
- 2021 snow blower was purchased with a total asset amount of \$209,179.
- Dog Park construction was completed with total project costs of \$104,352

City of Waseca's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
Land	\$ 1,778,339	\$ 1,778,339	\$ -	\$ 257,465	\$ 257,465	\$ -
Buildings	6,380,997	6,740,851	(359,854)	10,313,680	10,791,446	(477,766)
Improvements Other than Buildings	12,183,156	11,284,941	898,215	23,572,284	22,562,957	1,009,327
Equipment	3,620,496	3,584,790	35,706	2,399,428	2,702,089	(302,661)
Infrastructure	10,513,518	11,395,560	(882,042)	1,534,215	1,622,641	(88,426)
Construction in Progress	657,493	1,012,779	(355,286)	114,655	463,254	(348,599)
Total	\$ 35,133,999	\$ 35,797,260	\$ (663,261)	\$ 38,191,727	\$ 38,399,852	\$ (208,125)

Long-term Debt: At the end of the fiscal year, the City had total long-term debt of \$14,179,000. This debt has been issued to finance the special assessment construction of the City's street and pavement program. Debt has also been issued for revenue bonds, which are in place to finance water main and sewer line infrastructure construction and improvements. The City's total debt decreased by \$1,288,000 during the current fiscal year.

City of Waseca's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2021	2020	Increase (Decrease)	2021	2020	Increase (Decrease)
General Obligation Bonds	\$ 3,645,000	\$ 4,005,000	\$ (360,000)	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	1,425,000	1,500,000	(75,000)
G.O. Revenue Notes	-	-	-	9,109,000	9,962,000	(853,000)
Total	\$ 3,645,000	\$ 4,005,000	\$ (360,000)	\$ 10,534,000	\$ 11,462,000	\$ (928,000)

Changes in long-term debt included reductions of the bond payments required and made in 2021.

The City of Waseca has received a bond rating of Aa3 from Moody's, it's fourth-highest rating, on its debt issued in 2020.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of the total taxable market value. The current debt limitation for the City is \$15,574,911 and \$3,645,000 of the City's outstanding debt is counted within the statutory limitation. The balance of the City's debt is either wholly or partially financed by revenues other than a general tax levy.

Additional information on the City's long-term debt can be found in Note 3G starting on page 79 on this report.

Significant Economic Factors Affecting the City are as Follows:

According to U.S. Bureau of Labor Statistics as of December 2021, Waseca County's unemployment rate of 3.2 percent compares unfavorably to the state unemployment rate of 2.6 percent and favorably to the national unemployment rate of 3.7 percent. Waseca County's unemployment rate was 4.7 percent in 2020; and 5.0 percent in 2019.

The City of Waseca continues to maintain a strong financial position. The City continues to see slight increases in Local Government Aid (LGA) distributions since the most recent restructuring of that aid program in 2013. LGA continues to be used to ensure basic government services are provided to the citizens of Waseca. LGA has not been fully restored to the pre-recession levels, however, the small increases has allowed the City to begin the process to catch-up on many delayed initiatives and projects from that period.

The adopted budget for the City of Waseca sets the 2022 property tax levy at \$5,154,403 which is an increase from prior year levies. A portion of the increase continues to support the classification and compensation study completed with the assistance of a consultant. The final implementation year for the classification and compensation study will be 2023.

The City of Waseca adopted a 5-year capital funding charge structure for the Electric fund. This capital funding charge supports the electric capital improvement projects.

The COVID-19 pandemic has had an effect on both the City's revenues and operational costs. The City continues to evaluate and forecast these affects through strategic planning.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Waseca, 508 South State Street, Waseca, MN, 56093.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Waseca, Minnesota
Statement of Net Position
December 31, 2021

	Primary Government			Component Units	
	Governmental Activities	Business - type Activities	Total	Economic Development Authority	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 8,038,532	\$ 11,291,264	\$ 19,329,796	\$ 412,875	\$ 394,598
Restricted cash and investments	-	240,253	240,253	-	19,701
Receivables					
Taxes	172,037	-	172,037	3,156	-
Accounts	81,055	2,010,843	2,091,898	4,247	1,128
Utility connection	-	18,032	18,032	-	-
Special assessments	459,833	-	459,833	-	-
Interest	88,362	-	88,362	-	473
Loans (net of allowance)	3,000	-	3,000	253,802	-
Due from other governments	1,104,923	61,295	1,166,218	942	-
Internal balances	124,309	(124,309)	-	-	-
Inventories	-	547,066	547,066	-	-
Land held for resale	770,901	-	770,901	137,687	-
Prepaid items	1,259	3,000	4,259	-	18,548
Pension asset	636,961	-	636,961	-	-
Capital assets					
Land	1,778,339	257,465	2,035,804	-	61,996
Construction in progress	657,493	114,655	772,148	-	-
Infrastructure	28,959,984	4,315,244	33,275,228	-	-
Buildings	9,506,442	16,161,347	25,667,789	-	2,460,618
Improvements other than buildings	17,070,849	44,554,358	61,625,207	-	-
Machinery and equipment	7,869,010	8,086,420	15,955,430	-	196,101
Accumulated depreciation	(30,708,118)	(35,297,762)	(66,005,880)	-	(2,093,341)
Total Assets	<u>46,615,171</u>	<u>52,239,171</u>	<u>98,854,342</u>	<u>812,709</u>	<u>1,059,822</u>
Deferred Outflows of Resources					
Deferred pension resources	3,292,818	563,719	3,856,537	-	-
Deferred other postemployment resources	64,335	24,538	88,873	-	-
Total Deferred Outflows of Resources	<u>3,357,153</u>	<u>588,257</u>	<u>3,945,410</u>	<u>-</u>	<u>-</u>
Liabilities					
Current liabilities					
Accounts payable	184,641	618,571	803,212	17,583	2,047
Customer deposits payable	-	240,253	240,253	-	19,666
Accrued wages payable	104,121	36,554	140,675	3,297	10,889
Accrued interest payable	47,354	69,346	116,700	-	-
Due to other governments	10,178	40,606	50,784	-	17,919
Unearned revenue	544,481	18,083	562,564	2,136	35
Noncurrent liabilities					
Due within one year					
Long-term liabilities	643,634	1,106,196	1,749,830	-	4,092
Due in more than one year					
Long-term liabilities	3,589,564	9,556,282	13,145,846	-	1,413
Net pension liability	2,384,054	770,852	3,154,906	-	-
Other postemployment benefit liability	410,741	156,667	567,408	-	-
Total Liabilities	<u>7,918,768</u>	<u>12,613,410</u>	<u>20,532,178</u>	<u>23,016</u>	<u>56,061</u>
Deferred Inflows of Resources					
Advance from other governments	39,421	-	39,421	-	-
Deferred pension resources	4,192,600	707,983	4,900,583	-	-
Deferred other postemployment resources	65,714	25,066	90,780	-	-
Total Deferred Inflow of Resources	<u>4,297,735</u>	<u>733,049</u>	<u>5,030,784</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	31,352,817	27,638,192	58,991,009	-	625,374
Restricted for					
Debt service	236,632	-	236,632	-	-
Revolving loan	66,230	-	66,230	-	-
Tax increment	4,400	-	4,400	-	-
Library	34,352	-	34,352	-	-
Police forfeitures	53,163	-	53,163	-	-
Municipal state aid construction	830,166	-	830,166	-	-
PEG channel	75,516	-	75,516	-	-
Unrestricted	<u>5,102,545</u>	<u>11,842,777</u>	<u>16,945,322</u>	<u>789,693</u>	<u>378,387</u>
Total Net Position	<u>\$ 37,755,821</u>	<u>\$ 39,480,969</u>	<u>\$ 77,236,790</u>	<u>\$ 789,693</u>	<u>\$ 1,003,761</u>

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

City of Waseca, Minnesota
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,737,588	\$ 154,069	\$ 138,609	\$ -
Public safety	3,291,461	412,984	479,946	31,495
Streets and highways	3,200,795	-	328,598	791,867
Sanitation	46,291	-	-	-
Culture and recreation	1,629,015	181,180	-	285,079
Economic development	170,858	6,044	-	-
Airport	236,050	110,592	25	75,188
Interest and fees	101,778	-	-	-
Total Governmental Activities	10,413,836	864,869	947,178	1,183,629
Business-type Activities				
Water	1,329,096	1,830,321	532,086	-
Sewer	2,787,152	2,783,556	-	-
Electric	6,596,807	7,598,143	-	-
Storm water utility	310,809	367,864	-	16,008
Total Business-type Activities	11,023,864	12,579,884	532,086	16,008
Total Primary Government	\$ 21,437,700	\$ 13,444,753	\$ 1,479,264	\$ 1,199,637
Component Units				
Economic Development Authority	\$ 119,848	\$ 120	\$ 7,090	\$ -
Housing and Redevelopment Authority	438,094	272,901	109,012	211,246
Total Component Units	\$ 557,942	\$ 273,021	\$ 116,102	\$ 211,246

General Revenues
Property taxes - levied for general purposes
Property taxes - levied for debt service
Tax increment financing revenue
Lodging taxes
Franchise taxes
Grants and contributions not restricted
Unrestricted investment earnings (loss)
Gain on disposal of assets
Transfers
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 (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			Economic Development Authority	Housing and Redevelopment Authority
Governmental Activities	Business-type Activities	Total		
\$ (1,444,910)		\$ (1,444,910)		
(2,367,036)		(2,367,036)		
(2,080,330)		(2,080,330)		
(46,291)		(46,291)		
(1,162,756)		(1,162,756)		
(164,814)		(164,814)		
(50,245)		(50,245)		
(101,778)		(101,778)		
<u>(7,418,160)</u>		<u>(7,418,160)</u>		
-	\$ 1,033,311	1,033,311		
-	(3,596)	(3,596)		
-	1,001,336	1,001,336		
-	73,063	73,063		
-	<u>2,104,114</u>	<u>2,104,114</u>		
\$ (7,418,160)	\$ 2,104,114	\$ (5,314,046)		
			\$ (112,638)	\$ 155,065
3,059,295	-	3,059,295	94,188	-
1,989,189	-	1,989,189	-	-
31,438	-	31,438	-	-
27,264	-	27,264	-	-
204,405	-	204,405	-	-
3,083,119	-	3,083,119	-	-
(303,825)	17,908	(285,917)	673	1,034
52,772	13,600	66,372	-	622
454,676	(454,676)	-	-	-
<u>8,598,333</u>	<u>(423,168)</u>	<u>8,175,165</u>	<u>94,861</u>	<u>1,656</u>
1,180,173	1,680,946	2,861,119	(17,777)	156,721
<u>36,575,648</u>	<u>37,800,023</u>	<u>74,375,671</u>	<u>807,470</u>	<u>847,040</u>
<u>\$ 37,755,821</u>	<u>\$ 39,480,969</u>	<u>\$ 77,236,790</u>	<u>\$ 789,693</u>	<u>\$ 1,003,761</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Waseca, Minnesota

Balance Sheet
Governmental Funds
December 31, 2021

	101	300s	430		
	General	Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 3,535,977	\$ 264,010	\$ 944,226	\$ 2,976,475	\$ 7,720,688
Receivables					
Taxes	155,934	16,103	-	-	172,037
Accounts	79,319	-	-	40	79,359
Special assessments	-	-	-	459,833	459,833
Interest	88,362	-	-	-	88,362
Loans (net of allowance)	-	-	-	3,000	3,000
Due from other governments	215,044	4,823	8,749	876,307	1,104,923
Due from other funds	190,229	-	-	-	190,229
Land held for resale	-	-	-	770,901	770,901
Prepaid items	1,259	-	-	-	1,259
Total Assets	\$ 4,266,124	\$ 284,936	\$ 952,975	\$ 5,086,556	\$ 10,590,591
Liabilities					
Accounts payable	\$ 36,864	\$ 950	\$ 100,564	\$ 34,632	\$ 173,010
Accrued wages payable	95,343	-	-	5,079	100,422
Due to other governments	8,679	-	-	1,499	10,178
Due to other funds	-	-	-	190,229	190,229
Unearned revenue	49,292	-	-	495,189	544,481
Total Liabilities	190,178	950	100,564	726,628	1,018,320
Deferred Inflows of Resources					
Unavailable revenue - taxes	155,934	16,103	-	-	172,037
Unavailable revenue - intergovernmental	-	-	-	287,497	287,497
Unavailable revenue - assessments	-	-	-	459,833	459,833
Total Deferred Inflows of Resources	155,934	16,103	-	747,330	919,367
Fund Balances					
Nonspendable					
Prepaid items	1,259	-	-	-	1,259
Restricted for					
Debt service	-	267,883	-	-	267,883
Revolving loan	-	-	-	66,230	66,230
Tax increment	-	-	-	4,400	4,400
Library	34,352	-	-	-	34,352
Police forfeitures	-	-	-	53,163	53,163
Municipal state aid construction	-	-	-	830,166	830,166
PEG Channel	-	-	-	75,516	75,516
Committed to					
Airport	-	-	-	55,525	55,525
Police reserves	-	-	-	2,843	2,843
Waseca housing fund	-	-	-	127,081	127,081
Equipment replacement	-	-	-	302,810	302,810
Assigned to					
Capital projects funds	-	-	852,411	449,826	1,302,237
Northwest commercial development	-	-	-	1,102,434	1,102,434
Annexation and growth	-	-	-	123,676	123,676
Operations	-	-	-	344,564	344,564
American Rescue	-	-	-	189	189
Economic development	-	-	-	227,233	227,233
Police safe haven	-	-	-	19,482	19,482
Unassigned	3,884,401	-	-	(172,540)	3,711,861
Total Fund Balance	3,920,012	267,883	852,411	3,612,598	8,652,904
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 4,266,124	\$ 284,936	\$ 952,975	\$ 5,086,556	\$ 10,590,591

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

City of Waseca, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2021

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

Total Fund Balances - Governmental Funds	\$ 8,652,904
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	35,133,999
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not report as assets in the funds.	636,961
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Long-term liabilities at year-end consist of	
Severance payable	(452,016)
Other post-employment benefits liability	(410,741)
Bonds payable	(3,645,000)
Bond premiums, net of accumulated amortization	(136,182)
Net pension liability	(2,301,705)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred outflow of resources - other postemployment benefit resources	64,335
Deferred inflow of resources - other postemployment benefit resources	(65,714)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	172,037
Special assessments receivable	459,833
Advance from other governments receivable	248,076
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of resources - pension resources	3,232,597
Deferred inflow of resources - pension resources	(4,116,968)
Governmental funds do not report a liability for accrued interest until due and payable.	(47,354)
Internal service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>330,759</u>
Total Net Position - Governmental Activities	<u><u>\$ 37,755,821</u></u>

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

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

	101	300s	430	Other	Total
	General	Debt Service	Capital Improvement Fund	Governmental Funds	Governmental Funds
Revenues					
Taxes	\$ 3,311,671	\$ 484,279	889,700	\$ 649,704	\$ 5,335,354
Licenses	55,722	-	-	-	55,722
Permits and fees	295,855	-	-	-	295,855
Intergovernmental	3,449,919	-	1,298,091	1,062,124	5,810,134
Charges for services	353,534	-	-	113,950	467,484
Fines and forfeitures	24,314	-	-	5,450	29,764
Special assessments	-	-	-	188,487	188,487
Contributions	15,538	-	13,700	39,997	69,235
Interest earnings (loss)	(308,183)	86	1,070	3,202	(303,825)
Miscellaneous	77,839	-	1,820	12,314	91,973
Total Revenues	<u>7,276,209</u>	<u>484,365</u>	<u>2,204,381</u>	<u>2,075,228</u>	<u>12,040,183</u>
Expenditures					
Current					
General government	1,490,241	-	-	45,078	1,535,319
Public safety	3,375,765	-	-	196,711	3,572,476
Streets and highways	1,587,345	-	72,694	-	1,660,039
Sanitation	46,291	-	-	-	46,291
Culture and recreation	1,145,676	-	-	-	1,145,676
Economic development	-	-	-	179,520	179,520
Airport	-	-	-	66,775	66,775
Capital outlay					
General government	-	-	59,189	-	59,189
Public safety	-	-	-	103,529	103,529
Streets and highways	-	-	1,133,926	336,641	1,470,567
Culture and recreation	-	-	219,705	127,125	346,830
Airport	-	-	-	39,920	39,920
Debt service					
Bond principal	-	360,000	-	-	360,000
Interest and fiscal charges	-	121,700	-	-	121,700
Total Expenditures	<u>7,645,318</u>	<u>481,700</u>	<u>1,485,514</u>	<u>1,095,299</u>	<u>10,707,831</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(369,109)</u>	<u>2,665</u>	<u>718,867</u>	<u>979,929</u>	<u>1,332,352</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	9,399	9,399
Transfers in	636,118	-	93,726	428,494	1,158,338
Transfers out	(301,734)	-	-	(401,928)	(703,662)
Total Other Financing Sources (Uses)	<u>334,384</u>	<u>-</u>	<u>93,726</u>	<u>35,965</u>	<u>464,075</u>
Net Change in Fund Balance	(34,725)	2,665	812,593	1,015,894	1,796,427
Fund Balance, January 1	<u>3,954,737</u>	<u>265,218</u>	<u>39,818</u>	<u>2,596,704</u>	<u>6,856,477</u>
Fund Balances, December 31	<u>\$ 3,920,012</u>	<u>\$ 267,883</u>	<u>\$ 852,411</u>	<u>\$ 3,612,598</u>	<u>\$ 8,652,904</u>

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

City of Waseca, Minnesota
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2021

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

Net change in fund balances - governmental funds	\$	1,796,427
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		1,978,139
Assets contributed to enterprise fund		(16,008)
Book value of assets sold or traded		43,373
Depreciation expense		(2,668,765)
<p>Revenues (property taxes, special assessment, intergovernmental and loan receivable deferred inflows) in the statements of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(952,314)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the amount of repayments in the current period. Also, governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>		
Principal repayments		360,000
Change in accrued interest		4,792
Amortization of bond discount and premium		15,130
<p>Long-term pension activity is not reported in governmental funds.</p>		
Negative pension expense		540,653
Direct aid contributions		24,510
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Other postemployment benefit costs		(7,763)
Compensated absences		70,331
<p>Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.</p>		
		<u>(8,332)</u>
Change in Net Position - Governmental Activities	\$	<u><u>1,180,173</u></u>

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

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City of Waseca, Minnesota
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 3,070,430	\$ 3,070,430	\$ 3,080,002	\$ 9,572
Franchise taxes	222,000	222,000	204,405	(17,595)
Lodging taxes	28,000	28,000	27,264	(736)
Licenses	60,600	60,600	55,722	(4,878)
Permits and fees	187,500	187,500	295,855	108,355
Intergovernmental	3,407,499	3,407,499	3,449,919	42,420
Charges for services	329,700	329,700	353,534	23,834
Fines and forfeitures	25,000	25,000	24,314	(686)
Contributions	10,100	10,100	15,538	5,438
Interest earnings	80,500	80,500	(308,183)	(388,683)
Miscellaneous	65,615	65,615	77,839	12,224
Total Revenues	<u>7,486,944</u>	<u>7,486,944</u>	<u>7,276,209</u>	<u>(210,735)</u>
Expenditures				
Current				
General government	1,689,156	1,689,156	1,490,241	198,915
Public safety	3,339,891	3,339,891	3,375,765	(35,874)
Streets and highways	1,659,839	1,659,839	1,587,345	72,494
Sanitation	60,845	60,845	46,291	14,554
Cultural and recreation	1,145,238	1,139,688	1,145,676	(5,988)
Total Expenditures	<u>7,894,969</u>	<u>7,889,419</u>	<u>7,645,318</u>	<u>244,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(408,025)</u>	<u>(402,475)</u>	<u>(369,109)</u>	<u>33,366</u>
Other Financing Sources (Uses)				
Transfers in	636,118	636,118	636,118	-
Transfers out	(233,643)	(233,643)	(301,734)	(68,091)
Total Other Financing Sources (Uses)	<u>402,475</u>	<u>402,475</u>	<u>334,384</u>	<u>(68,091)</u>
Net Change in Fund Balances	(5,550)	-	(34,725)	(34,725)
Fund Balance, January 1	<u>3,954,737</u>	<u>3,954,737</u>	<u>3,954,737</u>	-
Fund Balance, December 31	<u>\$ 3,949,187</u>	<u>\$ 3,954,737</u>	<u>\$ 3,920,012</u>	<u>\$ (34,725)</u>

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

City of Waseca, Minnesota
Proprietary Funds
Statement of Net Position (Continued on the Following Pages)
December 31, 2021

	Business-type Activities- Enterprise Funds		
	601 Water	602 Sanitary Sewer	604 Electric
Assets			
Current Assets			
Cash and investments	\$ 2,501,170	\$ 3,655,238	\$ 4,452,458
Restricted cash and investments	-	-	240,253
Receivables			
Accounts	269,391	544,068	1,144,953
Utility connection	10,819	7,213	-
Due from other governments	26,878	-	34,417
Inventories	-	-	547,066
Prepaid items	3,000	-	-
Total Current Assets	2,811,258	4,206,519	6,419,147
Noncurrent Assets			
Capital assets			
Land	10,585	28,500	88,130
Construction in progress	47,416	-	67,239
Infrastructure	-	-	-
Buildings	230,026	15,331,899	599,422
Improvements	14,621,645	18,886,587	7,313,656
Machinery and equipment	644,868	5,185,293	2,164,311
Less accumulated depreciation	(7,013,807)	(17,940,261)	(6,193,666)
Total capital assets (net of accumulated depreciation)	8,540,733	21,492,018	4,039,092
Total Assets	11,351,991	25,698,537	10,458,239
Deferred Outflows of Resources			
Deferred pension resources	121,564	211,845	214,289
Deferred other postemployment benefit resources	4,302	10,051	9,474
Total Deferred Outflows of Resources	125,866	221,896	223,763
Liabilities			
Current Liabilities			
Accounts payable	30,308	105,298	477,849
Customer deposits payable	-	-	240,253
Accrued wages payable	7,642	13,012	14,648
Accrued interest payable	9,341	60,005	-
Due to other governments	6,786	834	32,986
Unearned revenue	10,819	7,213	51
Revenue notes payable	153,000	717,000	-
Revenue bonds payable	44,190	125,810	-
Compensated absences payable	18,244	17,020	29,872
Total Current Liabilities	280,330	1,046,192	795,659

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

Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
Nonmajor			
651		Total	
Storm Water			
\$ 682,398	\$ 11,291,264	\$ 317,844	
-	240,253	-	
52,431	2,010,843	1,696	
-	18,032	-	
-	61,295	-	
-	547,066	-	
-	3,000	-	
<u>734,829</u>	<u>14,171,753</u>	<u>319,540</u>	
130,250	257,465	-	
-	114,655	-	
4,315,244	4,315,244	-	
-	16,161,347	-	
3,732,470	44,554,358	-	
91,948	8,086,420	-	
<u>(4,150,028)</u>	<u>(35,297,762)</u>	<u>-</u>	
<u>4,119,884</u>	<u>38,191,727</u>	<u>-</u>	
<u>4,854,713</u>	<u>52,363,480</u>	<u>319,540</u>	
16,021	563,719	60,221	
711	24,538	-	
<u>16,732</u>	<u>588,257</u>	<u>60,221</u>	
5,116	618,571	11,631	
-	240,253	-	
1,252	36,554	3,699	
-	69,346	-	
-	40,606	-	
-	18,083	-	
-	870,000	-	
-	170,000	-	
1,060	66,196	-	
<u>7,428</u>	<u>2,129,609</u>	<u>15,330</u>	

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

City of Waseca, Minnesota
Proprietary Funds
Statement of Net Position (Continued)
December 31, 2021

	Business-type Activities- Enterprise Funds		
	601	602	604
	Water	Sanitary Sewer	Electric
Noncurrent Liabilities			
Revenue notes payable	\$ 1,785,000	\$ 6,454,000	\$ -
Revenue bonds payable	389,527	885,008	-
Compensated absences payable	9,992	11,428	16,314
Net pension liability	166,231	289,686	293,028
Other post-employment benefits payable	27,468	64,170	60,487
Total Noncurrent Liabilities	2,378,218	7,704,292	369,829
Total Liabilities	2,658,548	8,750,484	1,165,488
Deferred Inflows of Resources			
Deferred pension resources	152,674	266,059	269,129
Deferred other postemployment benefit resources	4,395	10,267	9,677
Total Deferred Inflows of Resources	157,069	276,326	278,806
Net Position			
Net investment in capital assets	6,169,016	13,310,200	4,039,092
Unrestricted	2,493,224	3,583,423	5,198,616
Total Net Position	\$ 8,662,240	\$ 16,893,623	\$ 9,237,708

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net Position of Business-type Activities

Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
Nonmajor 651 Storm Water	Total		
\$ -	\$ 8,239,000	\$ -	-
-	1,274,535	-	-
5,013	42,747	-	-
21,907	770,852	82,349	-
4,542	156,667	-	-
<u>31,462</u>	<u>10,483,801</u>	<u>82,349</u>	-
<u>38,890</u>	<u>12,613,410</u>	<u>97,679</u>	-
20,121	707,983	75,632	-
727	25,066	-	-
<u>20,848</u>	<u>733,049</u>	<u>75,632</u>	-
4,119,884	27,638,192	-	-
<u>691,823</u>	<u>11,967,086</u>	<u>206,450</u>	-
<u>\$ 4,811,707</u>	<u>39,605,278</u>	<u>\$ 206,450</u>	-
	(124,309)		
	<u>\$ 39,480,969</u>		

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

City of Waseca, Minnesota
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021

	Business-type Activities- Enterprise Funds		
	601	602	604
	Water	Sanitary Sewer	Electric
Operating Revenues			
Charges for services	\$ 1,829,027	\$ 2,697,137	\$ 7,250,997
Miscellaneous	1,294	86,419	347,146
Total Operating Revenues	<u>1,830,321</u>	<u>2,783,556</u>	<u>7,598,143</u>
Operating Expenses			
Power purchased	93,615	-	5,020,705
Personal services	395,630	730,449	720,941
Supplies	112,371	174,990	226,712
Services and charges	160,296	417,692	191,515
Depreciation	539,855	1,295,369	435,584
Insurance payment	-	-	-
Insurance premium	-	-	-
Total Operating Expenses	<u>1,301,767</u>	<u>2,618,500</u>	<u>6,595,457</u>
Operating Income (Loss)	<u>528,554</u>	<u>165,056</u>	<u>1,002,686</u>
Nonoperating Revenues (Expenses)			
State grant	532,086	-	-
Gain on disposal of capital assets	-	13,600	-
Interest income	4,155	5,861	6,969
Interest expense	(26,682)	(170,978)	(235)
Fiscal agent fees	(1,150)	(1,150)	-
Amortization	219	3,689	(931)
Total Nonoperating Revenues (Expenses)	<u>508,628</u>	<u>(148,978)</u>	<u>5,803</u>
Income (Loss) Before Contributions and Transfers	1,037,182	16,078	1,008,489
Capital Contributions	-	-	-
Transfers In	-	181,442	-
Transfers Out	<u>(27,250)</u>	<u>(120,468)</u>	<u>(482,000)</u>
Change in Net Position	1,009,932	77,052	526,489
Net Position, January 1	<u>7,652,308</u>	<u>16,816,571</u>	<u>8,711,219</u>
Net Position, December 31	<u>\$ 8,662,240</u>	<u>\$ 16,893,623</u>	<u>\$ 9,237,708</u>

Change in net position as shown above

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in Net Position of Business-type Activities

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

Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
Nonmajor 651 Storm Water	Total		
\$ 367,810	\$ 12,144,971	\$ 759,422	
54	434,913	87,495	
<u>367,864</u>	<u>12,579,884</u>	<u>846,917</u>	
-	5,114,320	-	
33,219	1,880,239	239,639	
4,191	518,264	140,631	
56,006	825,509	12,443	
217,405	2,488,213	-	
-	-	1,111	
-	-	461,526	
<u>310,821</u>	<u>10,826,545</u>	<u>855,350</u>	
<u>57,043</u>	<u>1,753,339</u>	<u>(8,433)</u>	
-	532,086	-	
-	13,600	-	
923	17,908	-	
-	(197,895)	-	
-	(2,300)	-	
-	2,977	-	
<u>923</u>	<u>366,376</u>	<u>-</u>	
57,966	2,119,715	(8,433)	
16,008	16,008	-	
-	181,442	-	
<u>(6,400)</u>	<u>(636,118)</u>	<u>-</u>	
67,574	1,681,047	(8,433)	
<u>4,744,133</u>	<u>37,924,231</u>	<u>214,883</u>	
<u>\$ 4,811,707</u>	<u>\$ 39,605,278</u>	<u>\$ 206,450</u>	
	\$ 1,681,047		
	<u>(101)</u>		
	<u>\$ 1,680,946</u>		

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

City of Waseca, Minnesota
Proprietary Funds
Statement of Cash Flows (Continued on the Following Pages)
For the Year Ended December 31, 2021

	Business-type Activities- Enterprise Funds		
	601 Water	602 Sanitary Sewer	604 Electric
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,841,570	\$ 2,693,744	\$ 7,556,590
Cash received from other funds and reimbursements	-	-	-
Cash payments to suppliers	(368,948)	(583,728)	(5,453,347)
Cash payments to employees	(408,541)	(743,475)	(737,338)
Cash payments for interfund services used	-	-	-
Net Cash Provided by Operating Activities	<u>1,064,081</u>	<u>1,366,541</u>	<u>1,365,905</u>
Cash Flows from Noncapital Financing Activities			
Due from other funds	715	442	10,225
Due to other funds	(7,170)	(2,065)	(110)
State grants	-	-	-
Transfers from other funds	-	181,442	-
Transfers to other funds	(27,250)	(120,468)	(482,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(33,705)</u>	<u>59,351</u>	<u>(471,885)</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	505,208	-	-
Principal paid on bonds	(4,190)	(70,810)	-
Principal paid on notes	(151,000)	(702,000)	-
Acquisition of capital assets	(1,591,298)	(294,600)	(249,705)
Fiscal agent fee	(1,150)	(1,150)	-
Interest paid	(25,545)	(175,971)	(235)
Net Cash Used by Capital and Related Financing Activities	<u>(1,267,975)</u>	<u>(1,244,531)</u>	<u>(249,940)</u>
Cash Flows from Investing Activities			
Interest on investments	4,156	5,860	6,969
Net Increase (Decrease) in Cash and Cash Equivalents	(233,443)	187,221	651,049
Cash and Cash Equivalents, January 1	<u>2,734,613</u>	<u>3,468,017</u>	<u>3,801,409</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,501,170</u>	<u>\$ 3,655,238</u>	<u>\$ 4,452,458</u>

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

Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
Nonmajor			
651			
Storm Water	Total		
\$ 357,271	\$ 12,449,175	\$ -	-
-	-	848,265	-
(55,802)	(6,461,825)	-	-
(54,764)	(1,944,118)	(216,981)	-
-	-	(613,902)	-
<u>246,705</u>	<u>4,043,232</u>	<u>17,382</u>	-
4,450	15,832	-	-
(321)	(9,666)	-	-
30,303	30,303	-	-
-	181,442	-	-
(6,400)	(636,118)	-	-
<u>28,032</u>	<u>(418,207)</u>	<u>-</u>	-
-	505,208	-	-
-	(75,000)	-	-
-	(853,000)	-	-
-	(2,135,603)	-	-
-	(2,300)	-	-
-	(201,751)	-	-
<u>-</u>	<u>(2,762,446)</u>	<u>-</u>	-
923	17,908	-	-
275,660	880,487	17,382	-
406,738	10,410,777	300,462	-
<u>\$ 682,398</u>	<u>\$ 11,291,264</u>	<u>\$ 317,844</u>	-

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

City of Waseca, Minnesota
Proprietary Funds
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2021

	Business-type Activities- Enterprise Funds		
	601	602	604
	Water	Sanitary Sewer	Electric
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 528,554	\$ 165,056	\$ 1,002,686
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	539,855	1,295,369	435,584
(Increase) decrease in assets			
Accounts receivable	11,249	(94,307)	(7,187)
Utility connection receivable	(515)	8,090	-
Special assessment receivable	-	4,495	-
Inventories	-	-	(5,190)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	(94,387)	(166,914)	(166,915)
Deferred other postemployment benefit resources	(944)	(1,467)	(2,300)
Increase (decrease) in liabilities			
Accounts payable	499	8,120	4,921
Accrued wages payable	712	2,740	3,051
Due to other governments	(3,165)	834	(48,563)
Compensated absences payable	683	(4,260)	(434)
Other postemployment benefit liability	(1,631)	(10,213)	(1,678)
Net pension liability	(64,052)	(91,037)	(108,399)
Unearned revenue	515	(8,090)	51
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	143,499	250,890	253,135
Deferred other postemployment benefit resources	3,209	7,235	7,143
Net Cash Provided by Operating Activities	<u>\$ 1,064,081</u>	<u>\$ 1,366,541</u>	<u>\$ 1,365,905</u>
Schedule of Noncash Investing, Capital and Financing Activities			
Amortization of Bond Discount (Premium)	<u>\$ (219)</u>	<u>\$ (3,689)</u>	<u>\$ -</u>
Amortization of Service Territory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 931</u>
Capital Items Acquired on Account	<u>\$ 24,899</u>	<u>\$ 79,596</u>	<u>\$ 67,239</u>
Capital Contribution from Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
Nonmajor		Total	
651			
Storm			
Water			
\$ 57,043	\$ 1,753,339		\$ (8,433)
217,405	2,488,213		-
(10,593)	(100,838)		1,348
-	7,575		-
-	4,495		-
-	(5,190)		-
(9,869)	(438,085)		(50,502)
(103)	(4,814)		-
4,395	17,935		1,892
662	7,165		810
-	(50,894)		(83)
165	(3,846)		-
(730)	(14,252)		-
(30,226)	(293,714)		(1)
-	(7,524)		-
18,044	665,568		72,351
512	18,099		-
<u>\$ 246,705</u>	<u>\$ 4,043,232</u>		<u>\$ 17,382</u>
\$ -	\$ (3,908)		\$ -
\$ -	\$ 931		\$ -
\$ -	\$ 171,734		\$ -
<u>\$ 16,008</u>	<u>\$ 16,008</u>		<u>\$ -</u>

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

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City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

The financial statements of the City of Waseca (the City) have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's policies are described below.

A. Description of Government-wide 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 activities of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City was incorporated in 1868 and under Article XII, Section 4, of the Minnesota Constitution, is chartered as a Home Rule City. The Charter established a Mayor-Council form of government. The governing body consists of six elected council members and a mayor. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager. 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.

The accompanying financial statements present the City and its component units (The Economic Development Authority of the City and the Housing and Redevelopment Authority of the City), entities for which the government is considered financially accountable. The discretely presented component units are reported in separate columns in the basic financial statements to emphasize that they are legally separate from the government. The discretely presented component units have a December 31 year-end.

Discretely Presented Component Units. The Economic Development Authority (EDA) of the City is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for the EDA because the City can impose its will and because financial assistance is made by the City. The EDA of the City of Waseca is comprised of one fund, the General fund. Financial information for the EDA is provided in the City's annual comprehensive financial report. The EDA does not issue separate financial statements.

The Housing and Redevelopment Authority (HRA) of the City is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for the HRA because the City can impose its will. The HRA of the City of Waseca is comprised of one fund, the Public Housing fund. Financial information for the HRA is provided in the City's annual comprehensive financial report. The HRA issues separate statements which can be obtained by contacting Vicki Green, Executive Director, Waseca Housing and Redevelopment Authority, 308 Second Ave, NW, Waseca, MN 56093.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the government has two discretely presented component units. While the Economic Development Authority and Housing and Redevelopment Authority are considered to be major component units, they are nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds and blended component units. Separate statements for each fund category-governmental and proprietary-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund. This 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. Most of the current day-to-day operations of the governmental units are financed from this fund.

The Debt Service Fund. This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds

Capital Improvement Fund. This accounts for the construction and/or maintenance of the City's infrastructure, including streets, park enhancements, sidewalks, public buildings and facilities, etc.

The City reports the following major proprietary funds:

Water Fund. This accounts for the water service charges, which are used to finance the water system operating expenses.

Sanitary Sewer Fund. This accounts for the sanitary sewer service charges, which are used to finance the sanitary sewer system operating expenses.

Electric Fund. This accounts for the electric service charges, which are used to finance the electric system operating expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund type:

Internal Service funds account for services and/or commodities provided to other departments of the City on a cost reimbursement basis. The City has three Internal Service funds. The Property and Liability Insurance fund provides for risk management activities for property and liability insurance. The Workers Compensation Insurance fund provides for risk management activities for workers compensation insurance. The Central Garage fund accounts for all activity of the servicing of City vehicles and equipment.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the 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. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses, however interfund services provided and used are not eliminated in the process of consolidation.

The governmental fund financial statements are reported using the current financial resources management 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 after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payments are 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Enterprise funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1: Summary of Significant Accounting Policies (Continued)

F. 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 statements 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.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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. There were no changes in valuation techniques that have significant impact to the City and there are no nonrecurring fair value measurements.

The City has the following recurring fair value measurements as of December 31, 2021:

- US government and agency securities and asset backed securities of \$11,620,095 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$3,040,617 are valued using a matrix pricing model (Level 2 inputs)

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* 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 above.
- *Custodial Credit Risk.* 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.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than \$2,000,000 or 30 percent of the total portfolio. The City has no concentrations greater than their own requirements in any one issuer.
- *Interest Rate Risk.* 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, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Restricted Cash

The HRA has restricted cash and investments for tenant security deposits of \$19,701 as of December 31, 2021.

Customer Deposits - The City electric utility collects a deposit fee from residential, rental and commercial customers upon application for utility service. This deposit is a safeguard against higher risk delinquent accounts, and is returned to the customer upon cancellation of service by the customer or maintenance of adequate credit history for a one-year period. These deposits are restricted to the extent of the customer deposits payable.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection 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 in May and October. The taxes are collected by the County Treasurer 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 delinquent taxes not received within 60 days after year-end in the fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2021. There is no allowance for uncollectable amounts in the other enterprise funds.

Special Assessments

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

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds". All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded as an expenditure/expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Land Held for Resale

Land held for resale is valued at cost which approximates fair value except for parcels which are in the process of being sold, which are valued at the preliminary sales price.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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. Infrastructure assets acquired prior to the implementation of GASB 34 have been reported. Capital assets are defined by the City as assets by each asset class and capitalization thresholds as follows and an estimated useful life in excess of two years.

Capital Asset Classification	Capitalization Threshold
Land and Land Improvements	\$ 10,000
Other Improvements	15,000
Buildings and Building Improvements	15,000
Machinery and Equipment	5,000
Vehicles	5,000
Infrastructure	25,000
	Accumulate all costs and capitalize if over \$100,000 when complete
Construction-in-Progress	

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date of the donation.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the statement of net position. Depreciation of property, plant, and equipment is provided on the straight-line basis over the following estimated useful lives:

Assets	Years
Other Improvements	15 - 20
Buildings and Building Improvements	10 - 40
Machinery and Equipment	5 - 15
Vehicles	5 - 15
Infrastructure	15 - 50

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 items that qualifies for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, is reported only in the statements of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement date.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the portion of sick pay allowable as severance pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion for these amounts is calculated based on historical trends. The General fund is typically used to liquidate governmental compensated absences payable.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Postemployment Benefits Other Than Pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 75, at January 1, 2021. The General fund is typically used to liquidate governmental other postemployment benefits other than pensions.

Long-term Obligations

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

In the fund financial statements, governmental funds recognize 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, 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. The General fund is typically used to liquidate the governmental net pension liability.

The total pension expense for the GERP, PEPFP, DCP and Waseca Fire Department Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
Pension Expense	\$ 108,627	\$ (5,705)	\$ 704	\$ 54,618	\$ 158,244

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

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

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

Fund Balance

In the 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 either (a) not in a spendable form, or (b), legally or contractually required to be maintained intact.

Restricted - Amounts that are subject to externally enforceable legal restrictions from (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b), imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts whose use is constrained by limitation that the government imposes upon itself by formal action (resolution) of the City Council (the City's highest level of decision-making authority). Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Intended use of resources as established by City Council itself, or established by the City Manager as delegated by the City Council.

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 35-50 percent of the next year's budgeted operating expenditures for cash-flow timing needs. For 2021, 50 percent of the next year's budgeted operating expenditures is \$4,078,032.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

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

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

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

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and the following Special Revenue funds: Tax Increment Financing (TIF) funds, Airport fund, Waseca Housing fund, Police Reserve fund, Police Forfeiture fund, Safe Haven Grant fund, Fire Relief fund, PEG Channel fund and Recovery Coordinator Grand fund. A budget is also adopted for the following Capital Project funds: Capital Improvement fund, Municipal State Aid Construction fund, Special Assessment fund, Annexation and Growth fund and Equipment Replacement fund. Any modifications in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Defined project financial plans are adopted on a 5-year capital improvement plan.

On or before mid-July each year, all agencies of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The budget is prepared by fund, function and department and includes information on the preceding two fiscal years, current year estimates of expenditures, budget and requested, recommended and adopted appropriations for the next fiscal year.

The proposed budget is presented to City Council with preliminary approval as required in September. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues as estimated by the City Manager. The City Council must adopt the annual budget by December 28th of each year.

The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Management cannot amend the adopted budget but must request the City Council to transfer funds between funds or departments or adopt supplemental appropriations when the need arises. The City amended the General, Capital Improvement, and Water Funds in December 2021. The General fund was amended to account for Vision 2030 funding not being spent along with increasing funding to the City's Community Enhancement program. The Capital Improvement Fund was amended due to increased street enhancement and maintenance projects, savings on seal coating. The Council also approved funding for a dog park and a school crossing over Highway 13 that weren't in the original budget. The Water Fund was amended to account for additional water tower equipment that was purchased.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 2. Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

The funds listed below had excess expenditures over appropriations in the following amounts:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Special Revenue			
Airport	\$ 103,100	\$ 106,695	\$ 3,595
Fire Relief Fund	77,762	78,187	425
Capital Project			
Annexation and Growth	4,600	12,890	8,290
Equipment Replacement Fund	534,242	566,639	32,397

- The Airport Fund accounts for municipal airport operations. The excess of expenditures is related to additional professional services for the construction of a multi-use T hangar. This excess was funded by available fund balance.
- The Fire Relief Fund was established to account for the collection of state aid for support of the Fire Relief Association. The excess expenditures over appropriations in 2021 relate to increased contribution for pensions and were covered by excess revenues.
- The Annexation and Growth fund was established to provide for the orderly and planned future growth of the community and the surrounding areas. The excess of expenditures over appropriations was due to the professional services related to the development of City-owned property west of Gaiter Lake. Available fund balance was used to fund the excess expenditures.
- The Equipment Replacement Fund accounts for the General fund contributions and associated expenses of purchases of capital equipment as detailed in the capital equipment plan. The excess in expenditures over appropriations is related to a purchase of a new lawn mower. This was funded by additional fund balance.

C. Deficit Fund Equity

Fund	Amount
Special Revenue	
Historical Preservation	\$ 6,081
Recovery Coordinator Grant	166,459
Internal Service	
Central Garage Services	49,955

- The Historic Preservation Fund deficit balance is due to a Downtown Historic Nomination and will be covered by the General fund.
- The Recovery Coordinator grant deficit balance will be covered by future reimbursements from the federal EDA grant that has been awarded to the City.
- The Central Garage Services Fund deficit balance is related to GASB 68 entries and will be covered by the General Fund when needed.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds

A. Cash Deposits with Financial Institutions

Deposits

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

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

- 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 carrying amount of the City's deposits was \$4,705,519 and the bank balance was \$4,800,029. Of the total bank balance, the FDIC covered \$1,264,603 and the remaining deposits were collateralized with securities held by the pledging of financial institution's trust department in the City's name.

Discretely Presented Component Unit - EDA

At year end, the carrying amount of the EDA's deposits was \$412,875 and the bank balance is combined with the City's balance above. The total bank balances are included with the City, the EDA's deposits are fully covered between FDIC coverage and the remaining deposits were collateralized with securities held by the pledging of financial institution's trust department in the City's name.

Discretely Presented Component Unit - HRA

At year end, the carrying amount of the HRA's deposits was \$414,239 and the bank balance was \$422,874 . Of the total bank balance, the FDIC covered \$422,874 and the remaining deposits were collateralized with securities held by the pledging of financial institution's trust department in the HRA's name.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Investments

As of December 31, 2021, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Broker Money Market Funds	N/A	less than 1 year	\$ 202,434	\$ -	\$ -
Non-pooled Investments at Fair Value					
Asset Backed Securities	N/A	1 to 5 years	370,223	370,223	-
Government Agency Securities	Aa1	less than 1 year	100,129	100,129	-
Government Agency Securities	Aa2	less than 1 year	301,110	301,110	-
Government Agency Securities	AA+	1 to 5 years	123,648	123,648	-
Government Agency Securities	AA	1 to 5 years	1,403,917	1,403,917	-
Government Agency Securities	Aa1	1 to 5 years	360,350	360,350	-
Government Agency Securities	Aa2	1 to 5 years	657,453	657,453	-
Government Agency Securities	A1	1 to 5 years	747,990	747,990	-
Government Agency Securities	A2	1 to 5 years	501,440	501,440	-
Government Agency Securities	AA+	more than 5 years	803,524	803,524	-
Government Agency Securities	AA	more than 5 years	1,396,734	1,396,734	-
Government Agency Securities	AAA	more than 5 years	330,170	330,170	-
Government Agency Securities	Aa1	more than 5 years	507,310	507,310	-
Government Agency Securities	Aa2	more than 5 years	3,123,122	3,123,122	-
Government Agency Securities	Aa3	more than 5 years	498,820	498,820	-
Government Agency Securities	A2	more than 5 years	394,155	394,155	-
Negotiable certificates of deposit	N/A	less than 1 year	657,182	-	657,182
Negotiable certificates of deposit	N/A	1 to 5 years	2,383,435	-	2,383,435
Total Investments			\$ 14,863,146	\$ 11,620,095	\$ 3,040,617

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

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

N/A Indicates not applicable or available.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

The deposits and investments of the City are presented in the financial statements as follows:

	Primary Government	Component Unit - Economic Development Authority	Component Unit - Housing and Redevelopment Authority	Total
Investments	\$ 14,863,146	\$ -	\$ -	\$ 14,863,146
Deposits	4,705,519	412,875	414,239	5,532,633
Petty Cash and Change Funds	1,384	-	60	1,444
Total	\$ 19,570,049	\$ 412,875	\$ 414,299	\$ 20,397,223
Cash and Investments	\$ 19,329,796	\$ 412,875	\$ 394,598	\$ 20,137,269
Restricted Assets	240,253	-	19,701	259,954
Total	\$ 19,570,049	\$ 412,875	\$ 414,299	\$ 20,397,223

- *Interest Rate Risk.* The City's investment policy states that the City will minimize the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.
- *Credit Risk.* Credit Risk is the risk of loss due to the failure of the security issuer or backer. According to the City's investment policy, credit risk is mitigated by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year end the City's investment in U.S. Government Agency securities were rated AAA by Moody's Investor Service.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. In accordance with the City's investment policy, restrictions placed on the City's current investments are on the following page.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Investment Securities	Maximum Exposure	Exposure per Issuer	Additional Restrictions
1. Certificates of deposit and bank deposits. (checking and savings)	100%	Unlimited	None
2. Direct Obligations of U.S.	100%	Unlimited	No more than 25% in zero coupon items
3. Obligation issued or guaranteed by Agency of U.S.	100%	Unlimited	None
4. Share of Regulated Investment companies invested in 2 & 3 above	100%	100%	None
5. Repurchase or Reverse Repurchase Agreements	20%	10%	90 days maturity or less
6. General Obligations of any State of the US which is a general obligation of any state or local government with taxing powers.	50%	5%	"A" or better by at least on major rating agency
7. Any security which is a revenue obligation of any state or local government with taxing powers.	50%	5%	"AA" or better by at least on major rating agency
8. Local government investment pools	50%	Unlimited	None

B. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include franchise fees and miscellaneous rental charges. Business-type activities report utility earnings as their major receivables.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the two components of unavailable revenue reported in the governmental funds were for delinquent taxes receivable not yet available (General, Special Revenue and Debt Service funds) and special assessments not yet available (Debt Service funds).

Loans Receivable

The City has also issued loans to renovate and remodel residential and business properties through the Small Cities Loan Grant Program. The balance of these loans at December 31, 2021 is \$524,810. These loans are deferred for 10 years, at which time the note is forgiven if the original property owner is still residing at the improved property. The amount of allowance for doubtful accounts for the forgivable portion is \$524,810.

The City also has a deferred loan of \$3,000 that will mature on June 1, 2033 or payable immediately upon the sale or transfer of property for Block 1, Lot 4, EDA Plat No. 1.

The EDA also issued loans to assist with financing land, building purchases, building construction, renovation, machinery and equipment purchases, inventory and working capital through the Revolving Loan Fund Program. These loans are paid back in monthly payments ranging between \$380 to \$520 with interest rates between 4.5 to 5.25 percent. The balance of these loans at December 31, 2021 is \$191,220.

The City also issued loans small businesses to provide relief from COVID-19 in the amount of \$223,280. The City approved to forgive half of each loan with the rest being paid back in monthly payments ranging from \$35 to \$56 with no interest. The balance of these loans at December 31, 2021 is \$62,582.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land	\$ 1,778,339	\$ -	\$ -	\$ 1,778,339
Construction in progress	1,012,779	550,789	(906,075)	657,493
Total Capital Assets Not Being Depreciated	<u>2,791,118</u>	<u>550,789</u>	<u>(906,075)</u>	<u>2,435,832</u>
Depreciable Capital Assets				
Infrastructure	29,559,128	-	(599,144)	28,959,984
Buildings	9,478,903	27,539	-	9,506,442
Improvements other than buildings	15,389,947	1,680,902	-	17,070,849
Equipment	7,713,315	608,976	(453,281)	7,869,010
Total Depreciable Capital Assets	<u>62,141,293</u>	<u>2,317,417</u>	<u>(1,052,425)</u>	<u>63,406,285</u>
Accumulated Depreciation				
Infrastructure	(18,163,568)	(882,042)	599,144	(18,446,466)
Buildings	(2,738,052)	(387,393)	-	(3,125,445)
Improvements other than buildings	(4,105,006)	(782,687)	-	(4,887,693)
Equipment	(4,128,525)	(616,643)	496,654	(4,248,514)
Total Accumulated Depreciation	<u>(29,135,151)</u>	<u>(2,668,765)</u>	<u>1,095,798</u>	<u>(30,708,118)</u>
Total Capital Assets Being Depreciated, Net	<u>33,006,142</u>	<u>(351,348)</u>	<u>43,373</u>	<u>32,698,167</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,797,260</u>	<u>\$ 199,441</u>	<u>\$ (862,702)</u>	<u>\$ 35,133,999</u>

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Not Being Depreciated				
Land	\$ 257,465	\$ -	\$ -	\$ 257,465
Construction in progress	463,254	114,655	(463,254)	114,655
Total Capital Assets Not Being Depreciated	<u>720,719</u>	<u>114,655</u>	<u>(463,254)</u>	<u>372,120</u>
Depreciable Capital Assets				
Infrastructure	4,315,244	-	-	4,315,244
Buildings	16,206,791	-	(45,444)	16,161,347
Improvements other than buildings	44,274,830	2,470,381	(2,190,853)	44,554,358
Equipment	8,529,047	144,706	(587,333)	8,086,420
Total Depreciable Capital Assets	<u>73,325,912</u>	<u>2,615,087</u>	<u>(2,823,630)</u>	<u>73,117,369</u>
Accumulated Depreciation				
Infrastructure	(2,692,603)	(88,426)	-	(2,781,029)
Buildings	(5,415,345)	(477,766)	45,444	(5,847,667)
Improvements other than buildings	(21,711,873)	(1,461,054)	2,190,853	(20,982,074)
Equipment	(5,826,958)	(460,967)	600,933	(5,686,992)
Total Accumulated Depreciation	<u>(35,646,779)</u>	<u>(2,488,213)</u>	<u>2,837,230</u>	<u>(35,297,762)</u>
Total Capital Assets Being Depreciated, Net	<u>37,679,133</u>	<u>126,874</u>	<u>13,600</u>	<u>37,819,607</u>
Business-type Activities Capital Assets, Net	<u>\$ 38,399,852</u>	<u>\$ 241,529</u>	<u>\$ (449,654)</u>	<u>\$ 38,191,727</u>

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

Governmental Activities

General Government	\$ 198,087
Public Safety	205,001
Streets and Highways	1,624,411
Culture and Recreation	471,991
Airport	169,275
Total Depreciation Expense - Governmental Activities	<u>\$ 2,668,765</u>

Business-type Activities

Water Fund	\$ 539,855
Sanitary Sewer Fund	1,295,369
Electric	435,584
Storm Water	217,405
Total Depreciation - Business-type Activities	<u>\$ 2,488,213</u>

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit - HRA

Capital asset activity for the component units for the year ended December 31, 2021 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not Being Depreciated				
Land	\$ 61,996	\$ -	\$ -	\$ 61,996
Depreciable Capital Assets				
Buildings	2,300,894	161,353	(1,629)	2,460,618
Property and equipment	133,261	62,840	-	196,101
Total Depreciable Capital Assets	2,434,155	224,193	(1,629)	2,656,719
Accumulated Depreciation	(2,026,757)	(67,335)	751	(2,093,341)
Total Capital Assets Being Depreciated, Net	407,398	156,858	(878)	563,378
Business-type Activities Capital Assets, Net	\$ 469,394	\$ 156,858	\$ (878)	\$ 625,374

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

Low Rent Public Housing	\$ 67,335
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Construction Commitments

The City has active construction projects as of December 31, 2021. The projects include construction that improves access and safety on prioritized routes to the schools.

Project	Contractor	Paid to Date	Contract Remaining
Safe Routes to School	Ulland Brothers Inc.	\$ 272,818	\$ 7,565

D. Investment in Real Property

This amount represents the cost of land on lots being held for sale on the Demi Property. The balance as of December 31, 2021 is as follows:

Land	\$ 770,901
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Discretely Presented Component Unit - EDA

This amount represents the cost of land on lots being held for sale in the Huebert property and the Cunningham Estate. The balance as of December 31, 2021 is as follows:

Land	\$ 137,687
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City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

E. Interfund Receivables, Payables and Transfers

Due to/from Other Funds

Interfund receivables and payables represent lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year until the 2021 revenue flow provides for costs.

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor funds	
	TIF District #27	\$ 5,660
	TIF District #28	6,568
	Historical Preservation	6,081
	Safe Haven Grant	8,153
	Recovery Coordinator Grant	163,767
	Total	<u>\$ 190,229</u>

The outstanding balances between funds are due to cash deficits and will be paid back from future revenues.

Interfund Transfers

The following is a schedule of interfund transfers for the year ended December 31, 2021:

Transfers Out	Transfers In				Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Sanitary Sewer Fund	
General Fund	\$ -	\$ 93,726	\$ 26,566	\$ 181,442	\$ 301,734
Nonmajor Governmental Funds	-	-	401,928	-	401,928
Water Fund	27,250	-	-	-	27,250
Sanitary Sewer Fund	120,468	-	-	-	120,468
Electric Fund	482,000	-	-	-	482,000
Storm Water Fund	6,400	-	-	-	6,400
Total	<u>\$ 636,118</u>	<u>\$ 93,726</u>	<u>\$ 428,494</u>	<u>\$ 181,442</u>	<u>\$ 1,339,780</u>

During the year, transfers are used to 1) transfer funds from the enterprise funds to the general fund to cover administrative and overhead costs, 2) transfer franchise fee from the electric fund to the general fund, and 3) transfer funds to capital improvement funds for future capital improvement project, 4) transfer funds from general fund to the Public, Educational, and Governmental Access Channel fund to cover employee expenses.

Further, during the year ended December 31, 2021, the government made the following one-time transfers:

- 1) A transfer of \$181,442 from the General fund to the Sanitary Sewer fund to cover 30% of PFA debt payment
- 2) A transfer of \$401,928 from the MSA Construction fund to close the Highway 14 Reconstruction fund. Both funds are reported as nonmajor governmental funds.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Component Unit - HRA

An equity transfer of \$226,540 was sent from the Public Housing Capital fund to the Low Rent Public Housing fund.

F. Other Assets

Other assets within the Governmental and Enterprise funds for December 31, 2021 are as follows:

In 2009, the City acquired additional service territory in the amount of \$44,087. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Woods Edge, Nature's Acres and Woodville Meadows. This service territory is being amortized over a period of ten years.

In 2011, the City acquired additional service territory in the amount of \$17,600. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Fox Meadows and Parkridge. This service territory is being amortized over a period of ten years.

As of December 31, 2021, the service territory has been fully amortized in the Electric fund.

G. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

General Obligation Bonds

The following bonds are direct obligations and pledge the full faith and credit of the City. These bond issues will be repaid primarily from ad valorem taxes.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Bonds Series 2014A	\$ 4,125,000	3.00 - 3.38 %	12/18/14	02/01/35	\$ 2,590,000
General Obligation Refunding Bonds Series 2014B	1,375,000	3.00 - 4.00	12/18/14	02/01/33	<u>1,055,000</u>
Total General Obligation Bonds					<u><u>\$ 3,645,000</u></u>

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the general obligation bond are as follows:

Year	G.O. Bonds Governmental Activities		
	Principal	Interest	Total
2022	\$ 380,000	\$ 107,575	\$ 487,575
2023	385,000	95,725	480,725
2024	395,000	84,025	479,025
2025	405,000	72,025	477,025
2026	265,000	61,975	326,975
2027 - 2031	1,060,000	211,897	1,271,897
2032 - 2035	755,000	44,897	799,897
Total	<u>\$ 3,645,000</u>	<u>\$ 678,119</u>	<u>\$ 4,323,119</u>

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are recorded in the fund according to the purpose for which they were issued.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Refunding Bonds Series 2014B	\$ 850,000	3.00 - 4.00 %	12/18/14	02/01/26	\$ 405,000
G.O. Utility Revenue Bonds 2020A	1,020,000	1.15	10/07/20	02/01/31	<u>1,020,000</u>
Total Revenue Bonds					<u>\$ 1,425,000</u>

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year	G.O. Revenue Bonds Business-Type Activities		
	Principal	Interest	Total
2022	\$ 170,000	\$ 22,584	\$ 192,584
2023	175,000	18,838	193,838
2024	185,000	15,288	200,288
2025	185,000	11,588	196,588
2026	185,000	7,888	192,888
2027 - 2031	525,000	15,437	540,437
Total	<u>\$ 1,425,000</u>	<u>\$ 91,623</u>	<u>\$ 1,516,623</u>

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

General Obligation Revenue Note

A General Obligation Revenue note was issued to the Minnesota Public Facilities Authority on July 10, 2009 to finance the cost of improvements to the wastewater treatment system. The note is payable from a special levy and service rate increases, and is backed by the full faith and credit of the City. The special levy is set at 30% of the corresponding year's principal and interest obligation and the remaining 70% is to be paid from revenues of the City's Sewer utility fund.

A General Obligation Revenue note was issued to the Minnesota Public Facilities Authority on August 20, 2018, to finance the cost to replace the water distribution lines and sanitary sewer collection lines along the Elm Avenue (Old TH 14) corridor. The note is payable from service rates from the City's Water and Sanitary Sewer Utility Funds and is backed by the full faith and credit of the City.

	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Revenue Note Series 2009A	\$ 9,335,004	2.63 %	07/10/09	08/20/29	\$ 4,310,000
General Obligation 2018 PFA Loan - Drinking Water	2,321,393	1.00	09/05/18	08/20/33	1,938,000
General Obligation 2018 PFA Loan - Clean Water	3,424,234	1.00	09/05/18	08/20/33	2,861,000
					<u>\$ 9,109,000</u>

Annual debt service requirements to maturity for this note are as follows:

Year	G.O. Revenue Notes Business-Type Activities		
	Principal	Interest	Total
2022	\$ 870,000	\$ 161,214	\$ 1,031,214
2023	886,000	144,525	1,030,525
2024	903,000	127,465	1,030,465
2025	920,000	110,023	1,030,023
2026	939,000	92,184	1,031,184
2027 - 2031	3,750,000	194,552	3,944,552
2032 - 2033	841,000	12,640	853,640
Total	<u>\$ 9,109,000</u>	<u>\$ 842,603</u>	<u>\$ 9,951,603</u>

Revenue bonds and G.O. revenue notes were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water and Sanitary Sewer funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sanitary Sewer
Revenue	\$ 1,830,321	\$ 2,783,556
Principal and Interest	180,735	948,781
Percent of Revenue	9.87%	34.09%

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3. Detailed Notes on All Funds (Continued)

Change in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 4,005,000	\$ -	\$ (360,000)	\$ 3,645,000	\$ 380,000
Plus: bond premium	151,312	-	(15,130)	136,182	-
Total Bonds Payable	<u>4,156,312</u>	<u>-</u>	<u>(375,130)</u>	<u>3,781,182</u>	<u>380,000</u>
Compensated absences	522,347	428,796	(499,127)	452,016	263,634
	<u>522,347</u>	<u>428,796</u>	<u>(499,127)</u>	<u>452,016</u>	<u>263,634</u>
Governmental Activities Long-term Liabilities	<u>\$ 4,678,659</u>	<u>\$ 428,796</u>	<u>\$ (874,257)</u>	<u>\$ 4,233,198</u>	<u>\$ 643,634</u>
Business-type Activities					
Bonds Payable					
Revenue bonds	\$ 1,500,000	\$ -	\$ (75,000)	\$ 1,425,000	\$ 170,000
Plus: bond premium	23,443	-	(3,908)	19,535	-
G.O. Revenue notes	9,962,000	-	(853,000)	9,109,000	870,000
Total Bonds Payable	<u>11,485,443</u>	<u>-</u>	<u>(931,908)</u>	<u>10,553,535</u>	<u>1,040,000</u>
Compensated absences	112,789	105,377	(109,223)	108,943	66,196
	<u>112,789</u>	<u>105,377</u>	<u>(109,223)</u>	<u>108,943</u>	<u>66,196</u>
Business-type Activities Long-term Liabilities	<u>\$ 11,598,232</u>	<u>\$ 105,377</u>	<u>\$ (1,041,131)</u>	<u>\$ 10,662,478</u>	<u>\$ 1,106,196</u>

Discretely Presented Component Units

HRA

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 4,856</u>	<u>\$ 4,888</u>	<u>\$ (4,239)</u>	<u>\$ 5,505</u>	<u>\$ 4,092</u>

Note 3. Detailed Notes on All Funds (Continued)

H. Fund Balance Reporting

Committed Fund Balance Policy

The City Council, at its discretion, may commit or assign fund balance for a specific purpose to be spent in future years. Balances must meet the following criteria to be reported as committed:

- Imposed by City Council through council action (resolution)
- The council action must be binding, unless removed in the same manner
- The council action must be done prior to December 31st of the current year.

Assigned Fund Balance Policy

The City's Assigned Fund Balance is fund balance reporting occurring by City Council authority, or established by the City Manager as delegated by the City Council. The amounts include (a) all remaining amounts (except for negative balances) that are reported in special revenue, capital projects and debt service funds (b) amounts in the general fund that are intended to be used for a specific purpose that is narrower than the general purposes of the City.

Order of Fund Balance Spending Policy

To provide the greatest level of flexibility and control over its financial resources, the City will apply restricted revenues first when an expense is incurred for purposes for which both restricted and unrestricted revenues are available. The general fund is the only fund that may report a positive unassigned fund balance but a deficit balance is possible in any other governmental fund.

Minimum Fund Balance

At the end of each fiscal year, the City will maintain an Assigned/Unassigned fund balance in the General Fund for working capital in a range equal to 35 - 50% of the subsequent year's General Fund expenditure budget. The Assigned/Unassigned fund balance in the General Fund should not fall below 10 percent of budgeted operating expenditures at any time during the year.

Any planned use of fund balance below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

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 and Basic Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

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

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2021, 2020 and 2019 were \$269,963, \$259,702 and \$245,877 respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$295,925, \$295,189 and \$261,361, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$2,071,167 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 \$63,273. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0485 percent which was a 0.0010 percent increase from its proportion measured as of June 30, 2020.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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

City's Proportionate Share of the Net Pension Liability	\$ 2,071,167
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	63,273
Total	\$ 2,134,440

For the year ended December 31, 2021, the City recognized pension expense of \$103,522 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$5,105 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, 2021, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,859	\$ 63,232
Changes in Actuarial Assumptions	1,264,612	44,180
Net Difference Between Projected and Actual Earnings on Plan Investments	-	1,794,831
Changes in Proportion	101,324	-
Contributions paid to PERA Subsequent to the Measurement Date	136,834	-
Total	\$ 1,514,629	\$ 1,902,243

The \$136,834 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (35,841)
2023	18,215
2024	(17,582)
2025	(489,240)

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$1,083,739 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1404 percent which was a 0.0018 percent decrease from its proportion measured as of June 30, 2020.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$14,577 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$8,872 as pension expense (grant revenue) for its proportionate share of the State of Minnesota's contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$12,636 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 209,537	\$ 38,189
Changes in Actuarial Assumptions	1,700,975	640,240
Net Difference Between Projected and Actual Earnings on Plan Investments	-	2,060,410
Changes in Proportion	182,998	18,078
Contributions Paid to PERA Subsequent to the Measurement Date	151,855	-
Total	\$ 2,245,365	\$ 2,756,917

The \$151,855 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ (602,370)
2023	(96,983)
2024	(94,086)
2025	(218,665)
2026	348,697

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

E. Actuarial Assumptions

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

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

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

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 4: Defined Benefit Pension Plans - 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 using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
International Equity	16.50	5.30
Total	<u>100.00 %</u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	City Proportionate Share of NPL		
	1 Percent Decrease (5.50%)	Current (6.50%)	1 Percent Increase (7.50%)
General Employees Fund	\$ 4,224,124	\$ 2,071,167	\$ 304,535
Police and Fire Fund	3,440,689	1,083,739	(848,375)

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.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 5: Defined Contribution Plan

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

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

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

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 704	\$ 704	5.00%	5.00%	5.00%

The City's contributions to the PEDCP for the years ended December 31, 2021, 2020 and 2019 were \$704, \$1,145 and \$1,409, respectively.

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Waseca Fire Department (the Department) are covered by a defined benefit plan administered by the Waseca Fire Department Relief Association (the Association). As of December 31, 2021, the plan covered 28 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 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. 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.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$78,042 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2021, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2021 were \$78,042. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2021, the City reported a net pension liability (asset) of (\$636,961) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Hildi, Inc. applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2021	\$ 1,354,711	\$ 1,827,812	\$ (473,101)
Changes for the Year			
Service cost	49,354	-	49,354
Interest cost	77,224	-	77,224
Nonemployer contributions	-	75,785	(75,785)
Projected investment return	-	102,479	(102,479)
(Gain)/loss	15,759	132,833	(117,074)
Benefit payments	-	-	-
Administrative expenses	-	(4,900)	4,900
Total Net Changes	<u>142,337</u>	<u>306,197</u>	<u>(163,860)</u>
Ending Balance December 31, 2021	<u>\$ 1,497,048</u>	<u>\$ 2,134,009</u>	<u>\$ (636,961)</u>

For the year ended December 31, 2021 the City recognized pension expense of \$54,618.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

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

At December 31, 2021, the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 14,183	\$ 54,984
Changes in Actuarial Assumptions	4,318	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	186,439
State Aid to City Subsequent to the Measurement Date	78,042	-
Total	\$ 96,543	\$ 241,423

Deferred outflows of resources totaling \$78,042 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2022	\$ (65,439)
2023	(42,237)
2024	(70,507)
2025	(32,668)
2026	(6,104)
Thereafter	(5,967)

E. Actuarial Assumptions

The total pension liability at December 31, 2021 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 50 Percent of Age 50, 20 Percent at Ages 51-56 and 100 Percent Thereafter	
Discount Rate	6.50%
Salary Increases	3.25%
Cost of Living Increases	5.00%
Investment Rate of Return	7.50%
20 Year Municipal Bond Yield	3.50%

There were no changes in actuarial assumptions in 2021.

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 6: 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 (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
Defined Benefit Plan	\$ (586,774)	\$ (636,961)	\$ (684,135)

H. Asset Allocation

The long-term expected rate of return on pension plan investments was set based on the plan's target investment allocation along with long-term return expectations by asset class. All economic assumptions were based on input from various published sources and projected future financial data available.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10 %
International Equity	16.50	5.30
Private Markets	25.00	5.90
Fixed Income	25.00	0.75
Total	100.00 %	

I. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Waseca Fire Department Relief Association, 508 South State Street, Waseca, MN 56093.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Postemployment Benefits other than Pensions

A. Plan Description

The City administers a single-employer defined benefit healthcare plan for health care, dental, life insurance, or other employee assistance programs except for certain public safety employees. The City must bear a substantial portion of health insurance costs for public safety employees who are injured in the line of duty and permanently disabled. The City must pay health insurance premiums for these employees and their dependents, if required, until age 65. Qualified former employees and their dependents may remain enrolled in benefit plans provided they pay the full premiums, based on the same rate charged for active employees. The Plan does not issue a publicly available report.

No assets have been accumulated in a trust that meets the criteria in paragraph four of GASB statement 75.

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	2
Active Plan Members	66
	66
Total Plan Members	68

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City does not contribute a predetermined portion of the cost of current-year premiums for eligible retired plan members and their spouses based on the employment contract in effect at the time of retirement. For the year 2021, the City implicitly contributed \$46,264. No direct contributions were made by the City in 2021.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$567,408 was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2021.

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.00%
20-Year Municipal Bond Yield	2.00%
Inflation Rate	2.00%
Salary Increases	Service graded table used
Medical Trend Rate	6.5% grading to 5.00% over 6 years, then 4.00%

The discount rate used to measure the total OPEB liability was 2.00 percent. The City of Waseca provides access to dental and life insurance during retirement. However, the implicit rate liability is not significant for dental or life insurance and has not been included in this valuation.

Mortality rates were based on Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.

The actuarial assumptions used in the December 31, 2021 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Postemployment Benefits other than Pensions (Continued)

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2020	\$ 607,891
Changes for the Year:	
Service cost	40,982
Interest	18,180
Assumption changes	(81,096)
Differences between expected and actual experience	25,719
Benefit payments	(44,268)
Net Changes	(40,483)
 Balances at December 31, 2021	 \$ 567,408

Since the prior measurement date, the following assumptions changed:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables (Blue Collar adjustment for Police and Fire Personnel, white Collar for Others) with MP-2018 Generational Improvement to the Pub-2010 Public Retirement plans Headcount-Weighted Mortality Tables (General, Safety) with MP-2020 Generational Improvement Scale.
- The inflation rate was changed from 2.50% to 2.00%.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 2.90% to 2.00%.
- The retirement and withdrawal rates for non-public-safety employees were updated to reflect the latest experience study.
- The retiree plan participation percentage was updated.
- These changes decreased the liability \$81,096.

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

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Postemployment Benefits other than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.00 percent) or 1-percentage-point higher (3.00 percent) than the current discount rate:

1 Percent Decrease (1%)	Current (2%)	1 Percent Increase (3%)
\$ 601,354	\$ 567,408	\$ 535,197

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is 1-percentage point lower (5.50 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.50 percent increasing to 6.00 percent) than the current cost trend rate:

1 Percent Decrease (5.5% Decreasing to 4%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5%)	1 Percent Increase (7.5% Decreasing to 6%)
\$ 519,056	\$ 567,408	\$ 624,526

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$6,795. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 22,504	\$ 9,333
Changes in Actuarial Assumptions	20,105	81,447
Contributions to OPEB Subsequent to the Measurement Date	46,264	-
Total	\$ 88,873	\$ 90,780

Deferred outflows of resources totaling \$46,264 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31			
2022		\$	(7,857)
2023			(7,857)
2024			(7,857)
2025			(7,857)
2026			(2,901)
Thereafter			(13,842)

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City accounts for its risk management activities in internal service funds. Revenue to these funds is derived from premium charges to user departments and other funds of the City. These charges are then available to pay claims, administrative costs, and insurance premiums.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City's insurance coverage in any of the prior three fiscal years.

The City is a member of the League of Minnesota Cities Insurance Trust (LMCIT) and has currently placed coverage with them for its general liability and personal property claims. Coverage is provided up to a maximum of \$1,000,000. This coverage has a deductible of \$50,000 per occurrence and a general aggregate annual deductible of \$100,000. Management believes that any incidence of liability is remote.

The City participates in the LMCIT for its workers compensation insurance which is administered by Berkley Administrators. This is a retrospectively rated policy with the premium being based primarily on the City's loss experience. The City has experienced very favorable rates for workers compensation by participating in the program.

The City carries commercial insurance for employee health, life and disability. The City contributes approximately 90% of the premiums through the fund from which the employee is compensated. The City has no risk in excess of premiums paid.

B. Utility Power Purchase Commitment

As a municipal electric utility, the City of Waseca provides electricity to most residential, commercial, and industrial electric users in the City. The City does not generate electricity and therefore purchases its entire electrical requirements on a wholesale basis. To ensure a long-term supply of electricity, the City became a charter member of the Southern Minnesota Municipal Power Agency (SMMPA), a municipal corporation of the State of Minnesota formed under Statutes Chapter 453. SMMPA, a consortium of 18 cities with municipal electric utilities, was formed to provide total electrical power and energy requirements for each member as economically as possible.

In May 1981, SMMPA entered into a power sales agreement with all of its participating members to contract for the long-term purchase of electricity. The agreement set forth the terms and conditions to "all requirements" purchase commencing May 1, 1985, and extending to April 1, 2030.

C. Contingent Liabilities

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations, and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

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

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

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 8: Other Information (Continued)

D. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2021 was \$3,083,119, which accounted for 43.8 percent of General fund revenues.

E. Legal Debt Margin

In 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, 2021, the City is under the legal debt margin

F. Economic Dependency

Component Unit - HRA

The programs of the HRA are economically dependent on annual contributions and grants from HUD. Without those contributions and grants, the programs would operate at a loss.

Note 9: Tax Abatements

As of December 31, 2021, the City has eighteen agreements entered into by the City listed below that abate City property taxes. Below is information specific to each agreement:

The City entered into a tax abatement agreement on September 14, 2012 with a developer in which the developer incurs costs for construction of a manufacturing facility. In return, the City will reimburse the developer for some costs as the city collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$240,465 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and has a maximum duration of August 1, 2028. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax abatement agreement on June 15, 2012 with a developer in which the developer incurs costs for the construction of a building addition. In return, the City will reimburse the developer for some costs as the city collects future increment for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the developer of \$95,990 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and has a maximum duration of August 1, 2024. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City currently has sixteen active tax abatement agreements with residents participating in the City's Abatement Program to encourage residential development on vacant residential lots in the City by providing abatement of the City's share of ad valorem property taxes on qualifying parcels derived from the value of the residential structure for which the City issues a building permit and paid by the record owners. The agreements have a maximum return to the residents of \$204,559 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1812-469.1815) and has a maximum duration of ten years. The calculation of taxes abated during the fiscal year is noted in the chart below.

The City entered into a tax increment financing agreement (TIF #22) on August 2, 2000 with a developer on in which the developer incurs costs for property improvements. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$385,788 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179) and has a maximum duration of December 31, 2025. The calculation of taxes abated during the fiscal year is noted in the chart below.

City of Waseca, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 9: Tax Abatements (Continued)

The City entered into a tax increment financing agreement (TIF #27) on August 3, 2010 with a developer on in which the developer incurs costs to develop an affordable housing project. In return, the City will reimburse the developer for some costs as the city collects future tax increment for the increased property value and tax capacity related to the economic development. The pay-as-you-go agreement has a maximum return to the developer of \$622,079 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.174-469.179) and has a maximum duration of December 31, 2037. The calculation of taxes abated during the fiscal year is noted in the chart below.

Lost revenue as it relates to tax abatements for the year ended December 31, 2021 was as follows:

	<u>City Tax Rate (Year of Establishment)</u>	<u>District Tax Capacity</u>	<u>Amount of Taxes Abated the Fiscal Year</u>
Tax Abatement Agreements			
Berry Pallets			\$ 16,031
Winegar, Inc.			9,599
Various residents a part of the City Abatement Program			27,227
Tax Increment Districts (PAYGO)			
TIF District #22	40.044 %	\$ 8,987	3,599
TIF District #27	63.986	13,605	8,705
TIF District #28	18.826	1,865	351
			<u>65,512</u>
Total			<u>\$ 65,512</u>

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 WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Waseca, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2021

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
06/30/21	0.0485 %	\$ 2,071,167	\$ 63,273	\$ 2,134,440	\$ 3,505,686	59.1 %	87.0 %
06/30/20	0.0475	2,847,841	87,881	2,935,722	3,389,700	84.0	79.0
06/30/19	0.0452	2,499,007	82,105	2,581,112	3,203,015	78.0	80.2
06/30/18	0.0452	2,507,511	35,688	2,543,199	3,035,792	82.6	79.5
06/30/17	0.0445	2,840,851	-	2,840,851	2,864,151	99.2	75.9
06/30/16	0.0422	3,426,431	-	3,426,431	2,619,911	130.8	68.9
06/30/15	0.0409	2,119,650	-	2,119,650	2,362,561	89.7	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)
12/31/21	\$ 269,963	\$ 269,963	\$ -	\$ 3,599,506	7.5 %
12/31/20	259,702	259,702	-	3,462,691	7.5
12/31/19	245,877	245,877	-	3,278,355	7.5
12/31/18	231,135	231,135	-	3,081,800	7.5
12/31/17	223,233	223,233	-	2,976,446	7.5
12/31/16	206,703	206,703	-	2,756,046	7.5
12/31/15	186,692	186,692	-	2,489,227	7.5

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

City of Waseca, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

City of Waseca, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

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

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

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

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

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

2016 - There were no changes in plan provisions since the previous valuation.

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

City of Waseca, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2021

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/21	0.1404 %	\$ 1,083,739	\$ 48,718	\$ 1,132,457	\$ 1,658,879	65.3 %	93.7 %
06/30/20	0.1422	1,874,348	44,171	1,918,519	1,604,018	116.9	87.2
06/30/19	0.1424	1,515,992	-	1,515,992	1,502,178	100.9	89.3
06/30/18	0.1266	1,349,426	-	1,349,426	1,334,764	101.1	88.8
06/30/17	0.1210	1,633,644	-	1,633,644	1,239,242	131.8	85.4
06/30/16	0.1160	4,655,282	-	4,655,282	1,277,516	364.4	63.9
06/30/15	0.1200	1,363,481	-	1,363,481	1,060,796	128.5	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/21	\$ 295,925	\$ 295,925	\$ -	\$ 1,671,890	17.7 %
12/31/20	295,189	295,189	-	1,667,735	17.7
12/31/19	261,361	261,361	-	1,541,955	17.0
12/31/18	231,791	231,791	-	1,430,811	16.2
12/31/17	206,958	206,958	-	1,277,516	16.2
12/31/16	194,735	194,735	-	1,202,067	16.2
12/31/15	171,849	171,849	-	1,060,796	16.2

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

City of Waseca, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

2018 - The mortality projection scale was changed from MP-2016 to MP-2017. As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

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

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

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

City of Waseca, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

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

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

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

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

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

2016 - There were no changes in plan provisions since the previous valuation.

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

City of Waseca, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 20156)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability							
Service cost	\$ 49,354	\$ 48,150	\$ 40,669	\$ 36,701	\$ 45,337	\$ 46,774	\$ 45,633
Interest	77,224	70,625	66,776	65,319	73,349	69,146	64,654
Plan Changes	-	-	66,642	93,290	-	-	-
Changes of assumptions	-	-	-	-	8,643	-	-
Net investment income	15,759	-	(45,014)	-	(44,504)	-	-
Benefit payments, including refunds of employee contributions	-	-	(133,169)	(212,399)	(112,000)	(64,322)	-
Net Change in Total Pension Liability	142,337	118,775	(4,096)	(17,089)	(29,175)	51,598	110,287
Total Pension Liability - January 1	1,354,711	1,235,936	1,240,032	1,257,121	1,286,296	1,234,698	1,124,411
Total Pension Liability - December 31 (A)	\$ 1,497,048	\$ 1,354,711	\$ 1,235,936	\$ 1,240,032	\$ 1,257,121	\$ 1,286,296	\$ 1,234,698
Plan Fiduciary Net Position							
Contributions - employer	\$ -	\$ -	\$ -	\$ 73,240	\$ 70,664	\$ 87,644	\$ 81,626
Nonemployer contributions	75,785	71,862	72,961	-	-	-	-
Net investment income	235,312	272,879	(54,740)	197,564	111,752	3,987	98,454
Benefit payments, including refunds of employee contributions	-	-	(133,169)	(212,399)	(112,000)	(64,322)	-
Administrative expense	(4,900)	(4,850)	(4,800)	(5,630)	(5,465)	(4,530)	-
Net Change in Plan Fiduciary Net Position	306,197	339,891	(119,748)	52,775	64,951	22,779	180,080
Plan Fiduciary Net Position - January 1	1,827,812	1,487,921	1,607,669	1,554,894	1,489,943	1,467,164	1,287,084
Plan Fiduciary Net Position - December 31 (B)	\$ 2,134,009	\$ 1,827,812	\$ 1,487,921	\$ 1,607,669	\$ 1,554,894	\$ 1,489,943	\$ 1,467,164
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (636,961)	\$ (473,101)	\$ (251,985)	\$ (367,637)	\$ (297,773)	\$ (203,647)	\$ (232,466)
Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability (B/A)	142.55%	134.92%	120.39%	129.65%	123.69%	115.83%	118.83%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) As a Percentage of Covered Payroll	N/A	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.

City of Waseca, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

- 2021 - No changes noted
- 2020 - No changes noted
- 2019 - No changes noted
- 2018 - Discount rate changed from 5.75% to 5.5%

Changes in Plan Provisions

- 2021 - No changes noted
- 2020 - No changes noted
- 2019 - The benefit level changed from \$4,000 to \$4,300
- 2018 - No changes noted

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/21	\$ 78,042	\$ 78,042	\$ -
12/31/20	75,785	75,785	-
12/31/19	71,862	71,862	-
12/31/18	70,961	70,961	-
12/31/17	71,340	71,340	-
12/31/16	71,664	71,664	-
12/31/15	71,404	71,404	-
12/31/14	67,386	67,386	-

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

City of Waseca, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Schedule of Changes in the City's OPEB Liability and Related Ratios

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 40,982	\$ 43,818	\$ 36,950	\$ 32,488
Interest	18,180	22,105	19,752	19,236
Changes in assumptions	(81,096)	28,147	(18,351)	
Differences between expected and actual experience	25,719	-	(16,335)	-
Benefit payments	(44,268)	(47,710)	(43,789)	(37,397)
Net Change in Total OPEB Liability	(40,483)	46,360	(21,773)	14,327
Total OPEB Liability - Beginning	607,891	561,531	583,304	568,977
Total OPEB Liability - Ending	<u>\$ 567,408</u>	<u>\$ 607,891</u>	<u>\$ 561,531</u>	<u>\$ 583,304</u>
Covered - Employee Payroll	\$ 4,932,106	\$ 4,512,802	\$ 4,381,361	\$ 4,045,423
City's total OPEB liability as a percentage of covered employee payroll	11.50 %	13.47 %	12.82 %	14.42 %

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

Note: There are no assets accumulated in a GASB-compliant trust.

Changes in Actuarial Assumptions

2021 - The health care trend rates, mortality tables and salary increase rates were updated. The retirement withdrawal rates for non-public-safety employees were updated. The retirement plan participation percentage was updated. The rate of inflation was changed from 2.50% to 2.00%. The Discount rate was changed from 2.90% to 2.00%.

2020 - The discount rate was changed from 3.30% to 2.90%. The Medical Trend rate was changed from 6.50% as of January 1, 2019 grading to 5.00% over 6 years to 6.25% in 2020 grading to 5.00% over 5 years.

2019 - The health care trend rates were changed to better anticipate short term and long-term medical increases. The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables with MP-2018 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The retirement and withdrawal tables for Police and Fire Personnel were updated. The discount rate was changed from 3.30% to 3.80%.

2018 - The discount rate was changed from 3.50% to 3.30%.

Changes in Benefits

2021 - No changes noted

2020 - No changes noted

2019 - No changes noted

2018 - The actuarial cost method was changed from projected unit credit to entry age as prescribed by GASB 75.

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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

	Special Revenue	Capital Projects	Total
Assets			
Cash and investments	\$ 1,458,616	\$ 1,517,859	\$ 2,976,475
Receivables			
Accounts	40	-	40
Special assessments	-	459,833	459,833
Loans receivable (net of allowance)	3,000	-	3,000
Due from other governments	43,434	832,873	876,307
Land held for resale	-	770,901	770,901
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,505,090</u>	<u>\$ 3,581,466</u>	<u>\$ 5,086,556</u>
Liabilities			
Accounts payable	\$ 10,907	\$ 23,725	\$ 34,632
Accrued wages payable	5,079	-	5,079
Due to other governments	-	1,499	1,499
Due to other funds	190,229	-	190,229
Unearned revenue	495,189	-	495,189
Total Liabilities	<u>701,404</u>	<u>25,224</u>	<u>726,628</u>
Deferred Inflows of Resources			
Unavailable revenue - intergovernmental	-	287,497	287,497
Unavailable revenue - assessments	-	459,833	459,833
Total deferred inflows of resources	<u>-</u>	<u>747,330</u>	<u>747,330</u>
Fund Balances			
Restricted for			
Revolving loan	66,230	-	66,230
Tax increment	4,400	-	4,400
Police forfeitures	53,163	-	53,163
Municipal state aid construction	-	830,166	830,166
PEG Channel	75,516	-	75,516
Committed for			
Airport	55,525	-	55,525
Police reserves	2,843	-	2,843
Waseca housing fund	127,081	-	127,081
Equipment replacement	-	302,810	302,810
Assigned for			
Capital projects funds	-	449,826	449,826
Northwest commercial development	-	1,102,434	1,102,434
Annexation and growth	-	123,676	123,676
Operations	344,564	-	344,564
American Rescue	189	-	189
Economic development	227,233	-	227,233
Police safe haven	19,482	-	19,482
Unassigned	<u>(172,540)</u>	<u>-</u>	<u>(172,540)</u>
Total Fund Balances	<u>803,686</u>	<u>2,808,912</u>	<u>3,612,598</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 1,505,090</u>	<u>\$ 3,581,466</u>	<u>\$ 5,086,556</u>

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

	Special Revenue	Capital Projects	Total
Revenues			
Taxes	\$ 31,438	\$ 618,266	\$ 649,704
Intergovernmental	261,472	800,652	1,062,124
Charges for services	113,950	-	113,950
Fines and forfeitures	5,450	-	5,450
Special assessments	-	188,487	188,487
Contributions	10,000	29,997	39,997
Interest earnings	1,581	1,621	3,202
Miscellaneous	4,962	7,352	12,314
Total Revenues	<u>428,853</u>	<u>1,646,375</u>	<u>2,075,228</u>
Expenditures			
Current			
General government	32,188	12,890	45,078
Public safety	196,711	-	196,711
Economic development	179,520	-	179,520
Airport	66,775	-	66,775
Capital outlay			
Public safety	-	103,529	103,529
Streets and highways	-	336,641	336,641
Culture and recreation	-	127,125	127,125
Airport	39,920	-	39,920
Total Expenditures	<u>515,114</u>	<u>580,185</u>	<u>1,095,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(86,261)</u>	<u>1,066,190</u>	<u>979,929</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	9,399	9,399
Transfers in	26,566	401,928	428,494
Transfers out	-	(401,928)	(401,928)
Total Other Financing Sources (Uses)	<u>26,566</u>	<u>9,399</u>	<u>35,965</u>
Net Change in Fund Balances	(59,695)	1,075,589	1,015,894
Fund Balance, January 1	<u>863,381</u>	<u>1,733,323</u>	<u>2,596,704</u>
Fund Balances, December 31	<u>\$ 803,686</u>	<u>\$ 2,808,912</u>	<u>\$ 3,612,598</u>

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Nonmajor Governmental Funds

Special Revenue Funds

EDPG-Clear Lake Press Fund - This fund accounts for the Small Cities Development Grant activity.

2014 Revolving Loan Fund - This fund was established to account for the re-use of MIF funds for forgivable loans transferred from the Clear Lake Press Fund.

TIF (Tax Increment Financing) Funds - This fund accounts for tax increment financing activities relative to various City projects.

Airport - This fund accounts for the municipal airport operations.

Waseca Housing Fund - This fund was established for tax abatement proceeds to be specifically designated for housing development options.

Historical Preservation Fund - This fund was established to account for the grant funding and expenditures relating to the Historical Preservation of Waseca.

Police Reserve Fund - This fund accounts for Police Reserve activity for the City of Waseca.

Police Forfeiture Fund - Established to provide for separate allocation of forfeiture, DUI and other revenue sources that must be expended in accordance with State statute.

Safe Haven Grant Fund - This fund accounts for the funding and activity for the Safe Haven Supervised Visitation and Safe Exchange Grant.

Fire Relief Fund - This fund accounts for the administration of specific property taxes for the Fire Relief Association.

PEG Channel Fund - This fund accounts for funding and maintaining a public, educational, and government (PEG) access channel. Revenues are generated through franchise agreements.

Recovery Coordinator Fund - This fund was established to account for funding and activity for the Recovery Coordinator position under the Economic Adjustment Assistance Program.

American Rescue - This fund accounts for funding provide from the American Rescue Plan Act that became law in March 2021 to support the response to the COVID-19 public health emergency and to aid in recovery.

City of Waseca, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet - Special Revenue Funds
 December 31, 2021

	205 EDPG Clear Lake Press	212 2014 Revolving Loan Fund	TIF Funds	230 Airport	250 Waseca Housing Fund	255 Historical Preservation Fund
Assets						
Cash and investments	\$ 186,744	\$ 106,719	\$ 16,628	\$ 404,974	\$ 124,081	\$ -
Accounts receivable	-	-	-	-	-	-
Loans receivable (net of allowance)	-	-	-	-	3,000	-
Due from other governments	-	-	-	12,917	-	-
Total Assets	<u>\$ 186,744</u>	<u>\$ 106,719</u>	<u>\$ 16,628</u>	<u>\$ 417,891</u>	<u>\$ 127,081</u>	<u>\$ -</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 10,061	\$ -	\$ -
Accrued wages payable	-	-	-	-	-	-
Due to other funds	-	-	12,228	-	-	6,081
Unearned revenue	-	-	-	8,195	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>12,228</u>	<u>18,256</u>	<u>-</u>	<u>6,081</u>
Fund Balances						
Restricted for						
Revolving loan	-	66,230	-	-	-	-
Tax increment	-	-	4,400	-	-	-
Police forfeitures	-	-	-	-	-	-
PEG Channel	-	-	-	-	-	-
Committed for						
Airport	-	-	-	55,525	-	-
Police reserves	-	-	-	-	-	-
Waseca housing fund	-	-	-	-	127,081	-
Assigned for						
Operations	-	-	-	344,110	-	-
American Rescue	-	-	-	-	-	-
Economic development	186,744	40,489	-	-	-	-
Police safe haven	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(6,081)
Total Fund Balance	<u>186,744</u>	<u>106,719</u>	<u>4,400</u>	<u>399,635</u>	<u>127,081</u>	<u>(6,081)</u>
Total Liabilities and Fund Balances	<u>\$ 186,744</u>	<u>\$ 106,719</u>	<u>\$ 16,628</u>	<u>\$ 417,891</u>	<u>\$ 127,081</u>	<u>\$ -</u>

275 Police Reserve Fund	278 Police Forfeiture Fund	279 Safe Haven Grant Fund	280 Fire Relief Fund	290 PEG Channel	256 Recovery Coordinator Grant	202 American Rescue Fund	Total
\$ 2,843	\$ 55,763	\$ -	\$ 454	\$ 75,827	\$ -	\$ 484,583	\$ 1,458,616
-	-	40	-	-	-	-	40
-	-	-	-	-	-	-	3,000
-	-	30,517	-	-	-	-	43,434
<u>\$ 2,843</u>	<u>\$ 55,763</u>	<u>\$ 30,557</u>	<u>\$ 454</u>	<u>\$ 75,827</u>	<u>\$ -</u>	<u>\$ 484,583</u>	<u>\$ 1,505,090</u>
\$ -	\$ -	\$ 821	\$ -	\$ 25	\$ -	\$ -	\$ 10,907
-	-	2,101	-	286	2,692	-	5,079
-	-	8,153	-	-	163,767	-	190,229
-	2,600	-	-	-	-	484,394	495,189
-	2,600	11,075	-	311	166,459	484,394	701,404
-	-	-	-	-	-	-	66,230
-	-	-	-	-	-	-	4,400
-	53,163	-	-	-	-	-	53,163
-	-	-	-	75,516	-	-	75,516
-	-	-	-	-	-	-	55,525
2,843	-	-	-	-	-	-	2,843
-	-	-	-	-	-	-	127,081
-	-	-	454	-	-	-	344,564
-	-	-	-	-	-	189	189
-	-	-	-	-	-	-	227,233
-	-	19,482	-	-	-	-	19,482
-	-	-	-	-	(166,459)	-	(172,540)
<u>2,843</u>	<u>53,163</u>	<u>19,482</u>	<u>454</u>	<u>75,516</u>	<u>(166,459)</u>	<u>189</u>	<u>803,686</u>
<u>\$ 2,843</u>	<u>\$ 55,763</u>	<u>\$ 30,557</u>	<u>\$ 454</u>	<u>\$ 75,827</u>	<u>\$ -</u>	<u>\$ 484,583</u>	<u>\$ 1,505,090</u>

City of Waseca, Minnesota
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Special Revenue Funds
For the Year Ended December 31, 2021

	205 EDPG Clear Lake Press	212 2014 Revolving Loan Fund	TIF Funds	230 Airport	250 Waseca Housing Fund	255 Historical Preservation Fund
Revenues						
Taxes						
Tax increment	\$ -	\$ -	\$ 31,438	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	75,188	-	-
Charges for services	-	-	-	110,592	-	-
Fines and forfeitures	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Interest earnings	293	168	27	505	195	-
Miscellaneous	-	-	-	25	-	-
Total Revenues	<u>293</u>	<u>168</u>	<u>31,465</u>	<u>186,310</u>	<u>195</u>	<u>-</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Economic development	-	-	29,931	-	-	86
Airport	-	-	-	66,775	-	-
Capital outlay						
Airport	-	-	-	39,920	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>29,931</u>	<u>106,695</u>	<u>-</u>	<u>86</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	293	168	1,534	79,615	195	(86)
Other Financing Sources (Uses)						
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	293	168	1,534	79,615	195	(86)
Fund Balance, January 1	<u>186,451</u>	<u>106,551</u>	<u>2,866</u>	<u>320,020</u>	<u>126,886</u>	<u>(5,995)</u>
Fund Balances, December 31	<u>\$ 186,744</u>	<u>\$ 106,719</u>	<u>\$ 4,400</u>	<u>\$ 399,635</u>	<u>\$ 127,081</u>	<u>\$ (6,081)</u>

275 Police Reserve Fund	278 Police Forfeiture Fund	279 Safe Haven Grant Fund	280 Fire Relief Fund	290 PEG Channel	256 Recovery Coordinator Grant	202 American Rescue Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,438
-	-	108,242	78,042	-	-	-	261,472
-	-	3,358	-	-	-	-	113,950
-	5,450	-	-	-	-	-	5,450
-	-	-	-	10,000	-	-	10,000
-	84	-	-	120	-	189	1,581
4,937	-	-	-	-	-	-	4,962
<u>4,937</u>	<u>5,534</u>	<u>111,600</u>	<u>78,042</u>	<u>10,120</u>	<u>-</u>	<u>189</u>	<u>428,853</u>
-	-	-	-	32,188	-	-	32,188
4,937	-	113,587	78,187	-	-	-	196,711
-	-	-	-	-	149,503	-	179,520
-	-	-	-	-	-	-	66,775
-	-	-	-	-	-	-	39,920
<u>4,937</u>	<u>-</u>	<u>113,587</u>	<u>78,187</u>	<u>32,188</u>	<u>149,503</u>	<u>-</u>	<u>515,114</u>
-	5,534	(1,987)	(145)	(22,068)	(149,503)	189	(86,261)
-	-	-	-	26,566	-	-	26,566
-	5,534	(1,987)	(145)	4,498	(149,503)	189	(59,695)
2,843	47,629	21,469	599	71,018	(16,956)	-	863,381
<u>\$ 2,843</u>	<u>\$ 53,163</u>	<u>\$ 19,482</u>	<u>\$ 454</u>	<u>\$ 75,516</u>	<u>\$ (166,459)</u>	<u>\$ 189</u>	<u>\$ 803,686</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 TIF Funds
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Tax increment	\$ 31,088	\$ 31,438	\$ 350
Interest	-	27	27
Total Revenues	31,088	31,465	377
Expenditures			
Current			
Economic development	30,480	29,931	549
Net Change in Fund Balances	608	1,534	926
Fund Balance, January 1	2,866	2,866	-
Fund Balances, December 31	\$ 3,474	\$ 4,400	\$ 926

City of Waseca, Minnesota
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Airport Fund
For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 22,013	\$ 75,188	\$ 53,175
Charges for services	93,897	110,592	16,695
Interest earnings	100	505	405
Miscellaneous	250	25	(225)
Total Revenues	<u>116,260</u>	<u>186,310</u>	<u>70,050</u>
Expenditures			
Current			
Airport	68,100	66,775	1,325
Capital outlay			
Airport	35,000	39,920	(4,920)
Total Expenditures	<u>103,100</u>	<u>106,695</u>	<u>(3,595)</u>
Net Change in Fund Balances	13,160	79,615	66,455
Fund Balance, January 1	<u>320,020</u>	<u>320,020</u>	-
Fund Balances, December 31	<u>\$ 333,180</u>	<u>\$ 399,635</u>	<u>\$ 66,455</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Waseca Housing Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Interest earnings	\$ 100	\$ 195	\$ 95
Fund Balance, January 1	<u>126,886</u>	<u>126,886</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 126,986</u>	<u>\$ 127,081</u>	<u>\$ 95</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Police Reserve Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Contributions	\$ 1,000	\$ -	\$ (1,000)
Miscellaneous	4,500	4,937	437
Total Revenues	<u>5,500</u>	<u>4,937</u>	<u>(563)</u>
Expenditures			
Current			
Public safety	<u>5,500</u>	<u>4,937</u>	<u>563</u>
Net Change in Fund Balances	-	-	-
Fund Balance, January 1	<u>2,843</u>	<u>2,843</u>	-
Fund Balances, December 31	<u>\$ 2,843</u>	<u>\$ 2,843</u>	<u>\$ -</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Police Forfeiture Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Fines and Forfeitures	\$ 1,000	\$ 5,450	\$ 4,450
Interest earnings	100	84	(16)
Total Revenues	<u>1,100</u>	<u>5,534</u>	<u>4,434</u>
Expenditures			
Current			
Public safety	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Net Change in Fund Balances	(400)	5,534	5,934
Fund Balance, January 1	<u>47,629</u>	<u>47,629</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 47,229</u>	<u>\$ 53,163</u>	<u>\$ 5,934</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Safe Haven Grant Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 128,571	\$ 108,242	\$ (20,329)
Charges for services	100	3,358	3,258
Total Revenues	<u>128,671</u>	<u>111,600</u>	<u>(17,071)</u>
Expenditures			
Current			
Public safety	115,242	113,587	1,655
Capital outlay			
Public safety	2,150	-	(2,150)
Total expenditures	<u>117,392</u>	<u>113,587</u>	<u>3,805</u>
Net Change in Fund Balances	11,279	(1,987)	(13,266)
Fund Balance, January 1	<u>21,469</u>	<u>21,469</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 32,748</u>	<u>\$ 19,482</u>	<u>\$ (13,266)</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Fire Relief Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 76,762	\$ 78,042	\$ 1,280
Expenditures			
Current			
Public safety	77,762	78,187	(425)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,000)	(145)	855
Other Financing Sources (Uses)			
Transfers in	1,000	-	(1,000)
Net Change in Fund Balances	-	(145)	(145)
Fund Balance, January 1	599	599	-
Fund Balances, December 31	<u>\$ 599</u>	<u>\$ 454</u>	<u>\$ (145)</u>

City of Waseca, Minnesota
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PEG Channel Fund
For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Contributions	\$ 20,000	\$ 10,000	\$ (10,000)
Interest earnings	-	120	120
Total Revenues	<u>20,000</u>	<u>10,120</u>	<u>(9,880)</u>
Expenditures			
Current			
General government	34,910	32,188	2,722
Capital outlay			
General government	<u>3,800</u>	-	<u>3,800</u>
Total Expenditures	<u>38,710</u>	<u>32,188</u>	<u>6,522</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,710)	(22,068)	(3,358)
Other Financing Sources (Uses)			
Transfers in	<u>20,610</u>	<u>26,566</u>	<u>5,956</u>
Net Change in Fund Balances	1,900	4,498	2,598
Fund Balance, January 1	<u>71,018</u>	<u>71,018</u>	-
Fund Balances, December 31	<u>\$ 72,918</u>	<u>\$ 75,516</u>	<u>\$ 2,598</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Recovery Coordinator Grant
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 164,925	\$ -	\$ (164,925)
Expenditures			
Current			
Economic development	164,925	149,503	15,422
Net Change in Fund Balances	-	(149,503)	(149,503)
Fund Balance, January 1	(16,956)	(16,956)	-
Fund Balances, December 31	<u>\$ (16,956)</u>	<u>\$ (166,459)</u>	<u>\$ (149,503)</u>

City of Waseca, Minnesota
 Non Major Governmental Funds
 Combining Balance Sheet - TIF Special Revenue Funds
 December 31, 2021

	222 TIF Charter Oaks Fund	227 TIF Fox Meadows Fund	228 TIF DCU Waseca Fund	Total
Assets				
Cash and Investments	\$ 16,628	\$ -	\$ -	\$ 16,628
Liabilities				
Due to other funds	\$ -	\$ 5,660	\$ 6,568	\$ 12,228
Fund Balances				
Restricted for				
Tax increment	16,628	-	-	16,628
Unassigned	-	(5,660)	(6,568)	(12,228)
Total Fund Balance	16,628	(5,660)	(6,568)	4,400
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,628	\$ -	\$ -	\$ 16,628

City of Waseca, Minnesota
 Nonmajor Governmental Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 TIF Special Revenue Funds
 For the Year Ended December 31, 2021

	222 TIF Charter Oaks Fund	227 TIF Fox Meadows Fund	228 TIF DCU Waseca Fund	Total
Revenues				
Taxes				
Tax increments	\$ 13,077	\$ 18,011	\$ 350	\$ 31,438
Interest earnings	27	-	-	27
Total Revenues	<u>13,104</u>	<u>18,011</u>	<u>350</u>	<u>31,465</u>
Expenditures				
Current				
Economic development	<u>12,319</u>	<u>17,461</u>	<u>151</u>	<u>29,931</u>
Net Change in Fund Balances	785	550	199	1,534
Fund Balance, January 1	<u>15,843</u>	<u>(6,210)</u>	<u>(6,767)</u>	<u>2,866</u>
Fund Balances, December 31	<u>\$ 16,628</u>	<u>\$ (5,660)</u>	<u>\$ (6,568)</u>	<u>\$ 4,400</u>

Nonmajor Governmental Funds

Capital Projects

Municipal State Aid Construction Fund - This fund accounts for the construction of capital assets financed by state aid.

Highway 14 Reconstruction Fund - This fund accounts for the funding and construction costs of the Highway 14 reconstruction project.

Special Assessment Capital Project Fund - This fund was established to account for the acquisition of capital facilities and construction of major permanent capital improvements having a relatively long life that are funded through assessments to the benefitting property owners.

Northwest Commercial Development Fund - This fund accounts for the infrastructure projects related to the commercial development site in the northwest Waseca.

Annexation and Growth Fund - This fund accounts for the planned growth and potential annexation of the Waseca area.

Equipment Replacement Fund - Accounts for General fund transfers and related purchases of capital equipment as detailed in the 10-year equipment replacement plan.

City of Waseca, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet - Capital Project Funds
 December 31, 2021

	402	436	440	445	470	705	
	Municipal State Aid Construction	Highway 14 Reconstruction Fund	Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Equipment Replacement Fund	Total
Assets							
Cash and investments	\$ 298,235	\$ -	\$ 442,461	\$ 331,533	\$ 123,676	\$ 321,954	\$ 1,517,859
Receivables							
Special assessments	-	-	459,833	-	-	-	459,833
Due from other governments	819,428	-	7,365	-	-	6,080	832,873
Land held for resale	-	-	-	770,901	-	-	770,901
	<u>830,166</u>	<u>-</u>	<u>449,826</u>	<u>1,102,434</u>	<u>123,676</u>	<u>302,810</u>	<u>2,808,912</u>
Total Assets	<u>\$ 1,117,663</u>	<u>\$ -</u>	<u>\$ 909,659</u>	<u>\$ 1,102,434</u>	<u>\$ 123,676</u>	<u>\$ 328,034</u>	<u>\$ 3,581,466</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,725	\$ 23,725
Due to other governments	-	-	-	-	-	1,499	1,499
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,224</u>	<u>25,224</u>
Deferred Inflows of Resources							
Unavailable revenue - intergovernmental	287,497	-	-	-	-	-	287,497
Unavailable revenue - assessments	-	-	459,833	-	-	-	459,833
Total Deferred Inflows of Resources	<u>287,497</u>	<u>-</u>	<u>459,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>747,330</u>
Fund Balances							
Restricted for							
Municipal state aid construction	830,166	-	-	-	-	-	830,166
Committed for							
Equipment replacement	-	-	-	-	-	302,810	302,810
Assigned for							
Capital projects funds	-	-	449,826	-	-	-	449,826
Northwest commercial development	-	-	-	1,102,434	-	-	1,102,434
Annexation and growth	-	-	-	-	123,676	-	123,676
Total Fund Balance	<u>830,166</u>	<u>-</u>	<u>449,826</u>	<u>1,102,434</u>	<u>123,676</u>	<u>302,810</u>	<u>2,808,912</u>
Total Liabilities and Fund Balance	<u>\$ 1,117,663</u>	<u>\$ -</u>	<u>\$ 909,659</u>	<u>\$ 1,102,434</u>	<u>\$ 123,676</u>	<u>\$ 328,034</u>	<u>\$ 3,581,466</u>

City of Waseca, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Capital Project Funds
 For the Year Ended December 31, 2021

	402 Municipal State Aid Construction	436 Highway 14 Reconstruction Fund	440 Special Assessment Fund	445 Northwest Commercial Development	470 Annexation and Growth	705 Equipment Replacement Fund	Total
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618,266	\$ 618,266
Intergovernmental	267,223	531,931	-	-	-	1,498	800,652
Special assessments	-	-	188,487	-	-	-	188,487
Contributions	-	-	-	-	-	29,997	29,997
Interest earnings	297	-	360	519	196	249	1,621
Miscellaneous	-	-	-	-	6,044	1,308	7,352
Total Revenues	<u>267,520</u>	<u>531,931</u>	<u>188,847</u>	<u>519</u>	<u>6,240</u>	<u>651,318</u>	<u>1,646,375</u>
Expenditures							
Current							
General government	-	-	-	-	12,890	-	12,890
Capital outlay							
Public safety	-	-	-	-	-	103,529	103,529
Streets and highways	-	656	-	-	-	335,985	336,641
Culture and recreation	-	-	-	-	-	127,125	127,125
Total Expenditures	<u>-</u>	<u>656</u>	<u>-</u>	<u>-</u>	<u>12,890</u>	<u>566,639</u>	<u>580,185</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>267,520</u>	<u>531,275</u>	<u>188,847</u>	<u>519</u>	<u>(6,650)</u>	<u>84,679</u>	<u>1,066,190</u>
Other Financing Sources (Uses)							
Sale of capital assets	-	-	-	-	-	9,399	9,399
Transfers in	-	401,928	-	-	-	-	401,928
Transfers out	(401,928)	-	-	-	-	-	(401,928)
Total Other Financing Sources (Uses)	<u>(401,928)</u>	<u>401,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,399</u>	<u>9,399</u>
Net Change in Fund Balances	(134,408)	933,203	188,847	519	(6,650)	94,078	1,075,589
Fund Balance, January 1	<u>964,574</u>	<u>(933,203)</u>	<u>260,979</u>	<u>1,101,915</u>	<u>130,326</u>	<u>208,732</u>	<u>1,733,323</u>
Fund Balances, December 31	<u>\$ 830,166</u>	<u>\$ -</u>	<u>\$ 449,826</u>	<u>\$ 1,102,434</u>	<u>\$ 123,676</u>	<u>\$ 302,810</u>	<u>\$ 2,808,912</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Municipal State Aid Construction Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 107,090	\$ 267,223	\$ 160,133
Interest earnings	1,000	297	(703)
Total Revenues	<u>108,090</u>	<u>267,520</u>	<u>159,430</u>
Other Financing Sources (Uses)			
Transfers out	-	(401,928)	(401,928)
Net Change in Fund Balances	108,090	(134,408)	(242,498)
Fund Balance, January 1	<u>964,574</u>	<u>964,574</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,072,664</u>	<u>\$ 830,166</u>	<u>\$ (242,498)</u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Special Assessment Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Special assessments	\$ 155,616	\$ 188,487	\$ 32,871
Interest earnings	100	360	260
Total Revenues	<u>155,716</u>	<u>188,847</u>	<u>33,131</u>
Fund Balance, January 1	<u>260,979</u>	<u>260,979</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 416,695</u></u>	<u><u>\$ 449,826</u></u>	<u><u>\$ 33,131</u></u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Annexation and Growth Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Interest earnings	\$ 100	\$ 196	\$ 96
Miscellaneous	-	6,044	6,044
Total revenues	<u>100</u>	<u>6,240</u>	<u>6,140</u>
Expenditures			
Current			
General government	<u>4,600</u>	<u>12,890</u>	<u>(8,290)</u>
Net Change in Fund Balances	(4,500)	(6,650)	(2,150)
Fund Balance, January 1	<u>130,326</u>	<u>130,326</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 125,826</u></u>	<u><u>\$ 123,676</u></u>	<u><u>\$ (2,150)</u></u>

City of Waseca, Minnesota
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Equipment Replacement Fund
 For the Year Ended December 31, 2021

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Property taxes	\$ 614,219	\$ 618,266	\$ 4,047
Intergovernmental	-	1,498	1,498
Interest earnings	100	249	149
Contributions	-	29,997	29,997
Miscellaneous	-	1,308	1,308
Total Revenues	<u>614,319</u>	<u>651,318</u>	<u>36,999</u>
Expenditures			
Capital outlay			
General government	8,000	-	8,000
Public safety	71,492	103,529	(32,037)
Streets and highways	387,000	335,985	51,015
Culture and recreation	67,750	127,125	(59,375)
Total Expenditures	<u>534,242</u>	<u>566,639</u>	<u>(32,397)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	80,077	84,679	4,602
Other Financing Sources (Uses)			
Sale of capital assets	-	9,399	9,399
Net Change in Fund Balances	80,077	94,078	14,001
Fund Balance, January 1	<u>208,732</u>	<u>208,732</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 288,809</u>	<u>\$ 302,810</u>	<u>\$ 14,001</u>

City of Waseca, Minnesota
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
Revenues				
Property taxes	\$ 870,688	\$ 870,688	\$ 889,700	\$ 19,012
Intergovernmental	-	272,000	1,298,091	1,026,091
Contributions	-	-	13,700	13,700
Interest earnings	1,000	1,000	1,070	70
Miscellaneous	-	-	1,820	1,820
Total Revenues	871,688	1,143,688	2,204,381	1,060,693
Expenditures				
Current				
Streets and highways	68,624	68,624	72,694	(4,070)
Capital outlay				
General government	60,000	60,000	59,189	811
Streets and highways	1,133,282	1,133,282	1,133,926	(644)
Culture and recreation	223,621	223,621	219,705	3,916
Total Expenditures	1,485,527	1,485,527	1,485,514	13
Excess (Deficiency) of Revenues Over (Under) Expenditures	(613,839)	(341,839)	718,867	1,060,706
Other Financing Sources (Uses)				
Transfers in	30,591	30,591	93,726	63,135
Net Change in Fund Balance	(583,248)	(311,248)	812,593	1,123,841
Fund Balance, January 1	39,818	39,818	39,818	-
Fund Balances, December 31	\$ (543,430)	\$ (271,430)	\$ 852,411	\$ 1,123,841

City of Waseca, Minnesota
 General Fund
 Comparative Balance Sheets
 December 31, 2021
 (With Comparative Totals for December 31, 2020)

	2021	2020
Assets		
Cash and investments	\$ 3,535,977	\$ 3,644,055
Receivables		
Taxes	155,934	176,641
Accounts	79,319	73,051
Interest	88,362	169,782
Due from other governments	215,044	226,050
Due from other funds	190,229	33,873
Prepaid items	1,259	715
Total Assets	\$ 4,266,124	\$ 4,324,167
Liabilities		
Accounts payable	\$ 36,864	\$ 55,024
Accrued wages payable	95,343	78,632
Due to other governments	8,679	7,480
Due to other funds	-	6,086
Unearned revenue	49,292	45,567
Total Liabilities	190,178	192,789
Deferred Inflows of Resources		
Unavailable revenue - taxes	155,934	176,641
Fund Balances		
Nonspendable		
Prepaid items	1,259	715
Restricted for		
Library	34,352	34,352
Parkland dedication	-	63,135
Unassigned	3,884,401	3,856,535
Total Fund Balance	3,920,012	3,954,737
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 4,266,124	\$ 4,324,167

City of Waseca, Minnesota
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 3,070,430	\$ 3,070,430	\$ 3,080,002	\$ 9,572	\$ 4,334,996
Franchise taxes	222,000	222,000	204,405	(17,595)	209,013
Lodging taxes	28,000	28,000	27,264	(736)	18,927
Licenses	60,600	60,600	55,722	(4,878)	54,585
Permits and fees	187,500	187,500	295,855	108,355	262,111
Intergovernmental	3,407,499	3,407,499	3,449,919	42,420	3,836,926
Charges for services	329,700	329,700	353,534	23,834	171,094
Fines and forfeitures	25,000	25,000	24,314	(686)	39,543
Contributions	10,100	10,100	15,538	5,438	8,668
Interest earnings (loss)	80,500	80,500	(308,183)	(388,683)	1,734
Miscellaneous	65,615	65,615	77,839	12,224	73,014
Total revenues	<u>7,486,944</u>	<u>7,486,944</u>	<u>7,276,209</u>	<u>(210,735)</u>	<u>9,010,611</u>
Expenditures					
Current					
General government					
Legislative	182,687	182,687	181,195	1,492	484,097
Administration	376,019	376,019	293,201	82,818	329,461
Elections	-	-	-	-	23,467
Finance	403,199	403,199	383,064	20,135	369,124
Legal	103,000	103,000	96,103	6,897	120,219
Information technology	163,070	163,070	149,155	13,915	156,699
Buildings and grounds	125,341	125,341	92,791	32,550	119,830
Community development	335,840	335,840	294,732	41,108	300,923
Total general government	<u>1,689,156</u>	<u>1,689,156</u>	<u>1,490,241</u>	<u>198,915</u>	<u>1,903,820</u>
Public safety					
Police department	2,513,222	2,513,222	2,538,849	(25,627)	2,478,288
Community services	31,929	31,929	28,930	2,999	24,320
Fire department	503,932	503,932	502,239	1,693	523,700
Civil defense	6,000	6,000	3,625	2,375	3,488
Building inspections	284,808	284,808	302,122	(17,314)	272,024
Total public safety	<u>3,339,891</u>	<u>3,339,891</u>	<u>3,375,765</u>	<u>(35,874)</u>	<u>3,301,820</u>
Streets and highways					
Engineering	502,418	502,418	479,029	23,389	475,059
Street maintenance	842,335	842,335	812,226	30,109	803,883
Snow removal	263,814	263,814	262,273	1,541	248,377
Traffic signs	51,272	51,272	33,817	17,455	37,437
Total streets and highways	<u>1,659,839</u>	<u>1,659,839</u>	<u>1,587,345</u>	<u>72,494</u>	<u>1,564,756</u>
Sanitation					
Street cleaning	60,845	60,845	46,291	14,554	47,933

City of Waseca, Minnesota
 General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual (Continued)
 For the Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Cultural and recreation					
Recreation	\$ 124,468	\$ 118,918	\$ 122,342	\$ (3,424)	\$ 114,098
Water park	328,293	328,293	321,703	6,590	186,198
Park maintenance	653,677	653,677	671,462	(17,785)	622,842
Library	38,800	38,800	30,169	8,631	36,004
Total culture and recreation	<u>1,145,238</u>	<u>1,139,688</u>	<u>1,145,676</u>	<u>(5,988)</u>	<u>959,142</u>
Total Expenditures	<u>7,894,969</u>	<u>7,889,419</u>	<u>7,645,318</u>	<u>244,101</u>	<u>7,777,471</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(408,025)</u>	<u>(402,475)</u>	<u>(369,109)</u>	<u>33,366</u>	<u>1,233,140</u>
Other Financing Sources (Uses)					
Transfers in	636,118	636,118	636,118	-	638,118
Transfers out	<u>(233,643)</u>	<u>(233,643)</u>	<u>(301,734)</u>	<u>(68,091)</u>	<u>(1,756,768)</u>
Total Other Financing Sources (Uses)	<u>402,475</u>	<u>402,475</u>	<u>334,384</u>	<u>(68,091)</u>	<u>(1,118,650)</u>
Net Change in Fund Balances	(5,550)	-	(34,725)	(34,725)	114,490
Fund Balance, January 1	<u>3,954,737</u>	<u>3,954,737</u>	<u>3,954,737</u>	-	<u>3,840,247</u>
Fund Balance, December 31	<u>\$ 3,949,187</u>	<u>\$ 3,954,737</u>	<u>\$ 3,920,012</u>	<u>\$ (34,725)</u>	<u>\$ 3,954,737</u>

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Nonmajor Governmental Funds

Debt Service

2014A GO Bond - Accounts for the debt issued for various construction projects including 7th Ave NW, the Public Safety Center, and NW Park Shelters.

2014B Refunding Bonds - Accounts for refunding debt issued for the Aquatic Park Debt.

City of Waseca, Minnesota
 Governmental Funds
 Combining Balance Sheet - Debt Service Funds
 December 31, 2021

	390 2014A GO Bond	395 2014B Refunding Bonds	Total
Assets			
Cash and investments	\$ 165,862	\$ 98,148	\$ 264,010
Taxes receivable	12,732	3,371	16,103
Due from other governments	3,738	1,085	4,823
Total Assets	\$ 182,332	\$ 102,604	\$ 284,936
Liabilities			
Accounts payable	\$ 475	\$ 475	\$ 950
Deferred Inflows of Resources			
Unavailable revenue - taxes	12,732	3,371	16,103
Fund Balances			
Restricted for debt service	169,125	98,758	267,883
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 182,332	\$ 102,604	\$ 284,936

City of Waseca, Minnesota
 Governmental Funds
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances - Debt Service Funds
 For the Year Ended December 31, 2021

	390 2014A GO Bond	395 2014B Refunding Bonds	Total
Revenues			
Property taxes	\$ 378,320	\$ 105,959	\$ 484,279
Interest earnings	-	86	86
Total Revenues	<u>378,320</u>	<u>106,045</u>	<u>484,365</u>
Expenditures			
Debt Service			
Bond principal	290,000	70,000	360,000
Interest and fiscal charges	85,500	36,200	121,700
Total Expenditures	<u>375,500</u>	<u>106,200</u>	<u>481,700</u>
Net Change in Fund Balances	2,820	(155)	2,665
Fund Balance, January 1	<u>166,305</u>	<u>98,913</u>	<u>265,218</u>
Fund Balances, December 31	<u>\$ 169,125</u>	<u>\$ 98,758</u>	<u>\$ 267,883</u>

City of Waseca, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2021

	701 Central Garage Services	702 Property & Liability Insurance	703 Workers Compensation Insurance	Total
Assets				
Cash and investments	\$ 62,024	\$ 35,828	\$ 219,992	\$ 317,844
Accounts receivable	-	1,696	-	1,696
Total Assets	<u>62,024</u>	<u>37,524</u>	<u>219,992</u>	<u>319,540</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>60,221</u>	-	-	<u>60,221</u>
Liabilities				
Current Liabilities				
Accounts payable	10,520	1,111	-	11,631
Accrued wages payable	<u>3,699</u>	-	-	<u>3,699</u>
Total Current Liabilities	<u>14,219</u>	<u>1,111</u>	-	<u>15,330</u>
Noncurrent Liabilities				
Net pension liability	<u>82,349</u>	-	-	<u>82,349</u>
Total Liabilities	<u>96,568</u>	<u>1,111</u>	-	<u>97,679</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>75,632</u>	-	-	<u>75,632</u>
Net Position				
Unrestricted	<u>\$ (49,955)</u>	<u>\$ 36,413</u>	<u>\$ 219,992</u>	<u>\$ 206,450</u>

City of Waseca, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2021

	701 Central Garage Services	702 Property & Liability Insurance	703 Workers Compensation Insurance	Total
Operating Revenues				
Charges to other funds	\$ 361,139	\$ 124,934	\$ 273,349	\$ 759,422
Miscellaneous	-	33,298	54,197	87,495
Total Operating Revenues	<u>361,139</u>	<u>158,232</u>	<u>327,546</u>	<u>846,917</u>
Operating Expenses				
Personal services	239,639	-	-	239,639
Supplies	140,631	-	-	140,631
Services and charges	2,718	9,725	-	12,443
Insurance payment	-	1,111	-	1,111
Insurance premiums	-	133,980	327,546	461,526
Total Operating Expenses	<u>382,988</u>	<u>144,816</u>	<u>327,546</u>	<u>855,350</u>
Change in Net Position	(21,849)	13,416	-	(8,433)
Net Position, January 1	<u>(28,106)</u>	<u>22,997</u>	<u>219,992</u>	<u>214,883</u>
Net Position, December 31	<u>\$ (49,955)</u>	<u>\$ 36,413</u>	<u>\$ 219,992</u>	<u>\$ 206,450</u>

City of Waseca, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

	701 Central Garage Services	702 Property & Liability Insurance	703 Workers Compensation Insurance	Total
Cash Flows from Operating Activities				
Cash received from other funds and reimbursements	\$ 361,139	\$ 158,232	\$ 328,894	\$ 848,265
Cash payments to employees for services	(216,981)	-	-	(216,981)
Cash payments for interfund services used	(136,289)	(150,067)	(327,546)	(613,902)
Net Cash Provided (Used) by Operating Activities	<u>7,869</u>	<u>8,165</u>	<u>1,348</u>	<u>17,382</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	7,869	8,165	1,348	17,382
Cash and Cash Equivalents, January 1	<u>54,155</u>	<u>27,663</u>	<u>218,644</u>	<u>300,462</u>
Cash and Cash Equivalents, December 31	<u>\$ 62,024</u>	<u>\$ 35,828</u>	<u>\$ 219,992</u>	<u>\$ 317,844</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (21,849)	\$ 13,416	\$ -	\$ (8,433)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Decrease in assets				
Accounts receivable	-	-	1,348	1,348
Decrease in deferred outflows of resources				
Deferred pension resources	(50,502)	-	-	(50,502)
Increase (decrease) in liabilities				
Accounts payable	7,143	(5,251)	-	1,892
Due to other governments	(83)	-	-	(83)
Accrued wages payable	810	-	-	810
Net pension liability	(1)	-	-	(1)
Decrease in deferred inflows of resources				
Deferred pension resources	<u>72,351</u>	<u>-</u>	<u>-</u>	<u>72,351</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 7,869</u>	<u>\$ 8,165</u>	<u>\$ 1,348</u>	<u>\$ 17,382</u>

Component Units

Economic Development Authority - This component unit was established to account for the financial activities of the EDA.

Housing Redevelopment Authority - This component unit was established to account for the financial activities of the HRA.

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DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Waseca, Minnesota
Discretely Presented Component Unit - Economic Development Authority
Balance Sheet
General Fund
December 31, 2021

Assets	
Cash and investments	\$ 412,875
Receivables	
Taxes	3,156
Accounts	4,247
Loans	253,802
Due from other governments	942
Land held for resale	137,687
	<u>137,687</u>
Total Assets	\$ 812,709
	<u>812,709</u>
Liabilities	
Accounts payable	\$ 17,583
Accrued wages payable	3,297
Unearned revenue	2,136
Total Liabilities	23,016
	<u>23,016</u>
Deferred Inflows of Resources	
Unavailable revenue - taxes	3,156
	<u>3,156</u>
Fund Balances	
Nonspendable	
Land held for resale	137,687
Unassigned	648,850
Total Fund Balances	786,537
	<u>786,537</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 812,709
	<u>812,709</u>
Amounts reported for governmental activities in the statement of net position are different because	
Fund balance - governmental fund	\$ 786,537
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	3,156
	<u>3,156</u>
Net Position of Governmental Activities	\$ 789,693
	<u>789,693</u>

City of Waseca, Minnesota
 Discretely Presented Component Unit - Economic Development Authority
 Statement of Revenues, Expenditures and Changes in Fund Balance
 General Fund
 For the Year Ended December 31, 2021

Revenues		
Taxes	\$	94,553
Interest earnings		673
Miscellaneous		7,210
Total Revenues		<u>102,436</u>
Expenditures		
Current		
Personal services		54,901
Supplies		129
Services and charges		64,818
Total Expenditures		<u>119,848</u>
Net Change in Fund Balance		(17,412)
Fund Balance, January 1		<u>803,949</u>
Fund Balances, December 31	\$	<u><u>786,537</u></u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balance - governmental fund	\$	(17,412)
Revenue (delinquent taxes unavailable revenue and intergovernmental revenue) in the statement of activities that does not provide current financial resources is not reported as revenue in the fund.		<u>(365)</u>
Changes in Net Position of Governmental Activities	\$	<u><u>(17,777)</u></u>

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DISCRETELY PRESENTED COMPONENT UNIT
HOUSING REDEVELOPMENT AUTHORITY

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Waseca, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Statement of Net Position
Proprietary Funds
December 31, 2021

Assets	
Current Assets	
Cash and investments	\$ 394,598
Cash and investments - restricted	19,701
Accounts receivable	1,128
Interest receivable	473
Prepaid items	18,548
Total Current Assets	434,448
Noncurrent Assets	
Capital assets	
Land	61,996
Buildings	2,460,618
Property and equipment	196,101
Less accumulated depreciation	(2,093,341)
Total Noncurrent Assets	625,374
Total Assets	1,059,822
Liabilities and Net Position	
Current Liabilities	
Accounts payable	2,047
Accrued wages payable	2,697
Accrued liabilities - other	8,192
Tenant security deposits	19,666
Due to other governments	17,919
Unearned revenue	35
Accrued compensated absences - current portion	4,092
Total Current Liabilities	54,648
Noncurrent Liabilities	
Accrued compensated absences payable	1,413
Total Liabilities	56,061
Net Position	
Net investment in capital assets	625,374
Unrestricted net position	378,387
Total Net Position	\$ 1,003,761

City of Waseca, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

Operating Revenues	
Net tenant rental revenue	\$ 255,364
Tenant revenue - other	16,374
Total Operating Revenues	<u>271,738</u>
Operating Expenses	
Administration	100,756
Tenant services	25,440
Utilities	65,138
Ordinary maintenance and operations	141,284
Insurance premiums	20,222
Payments in lieu of taxes	17,919
Depreciation	67,335
Total Operating Expenses	<u>438,094</u>
Operating Loss	<u>(166,356)</u>
Nonoperating Revenues	
HUD PHA operating grants	109,012
HUD capital grants	211,246
Investment income - unrestricted	1,034
Other revenue	1,163
Gain (Loss) on sale of capital assets	622
Total Nonoperating Revenues	<u>323,077</u>
Change in Net Position	156,721
Net Position, January 1	<u>847,040</u>
Net Position, December 31	<u>\$ 1,003,761</u>

City of Waseca, Minnesota
Discretely Presented Component Unit - Housing Redevelopment Authority
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

Cash Flows from Operating Activities	
Cash received from tenants	\$ 255,780
Other cash received	17,537
Cash paid to employees	(138,869)
Cash paid to suppliers	(235,385)
Net Cash Used by Operating Activities	<u>(100,937)</u>
Cash Flows from Noncapital Financing Activities	
HUD PHA operating grants	<u>109,012</u>
Cash Flows from Capital and Related Financing Activities	
Capital grants	211,246
Proceeds from sale of capital assets	1,500
Acquisition of capital assets	(224,193)
Net Cash Provided by Capital and Related Financing Activities	<u>(11,447)</u>
Cash Flows from Investing Activities	
Interest received	<u>723</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,649)
Cash and Cash Equivalents, January 1	<u>416,948</u>
Cash and Cash Equivalents, December 31	<u>\$ 414,299</u>
Cash and Investments	\$ 394,598
Cash and Investments - Restricted	<u>19,701</u>
Total Cash and Cash Equivalents	<u>\$ 414,299</u>
Reconciliation of Operating Loss to Net Cash	
Provided (Used) By Operating Activities	
Operating income (loss)	\$ (166,356)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	67,335
Other income related to operations	1,163
(Increase) decrease in assets	
Accounts receivable, net of allowance	(20)
Prepaid items	(1,341)
Increase (decrease) in liabilities	
Accounts payable	(438)
Accrued wages and compensated absences - current portion	1,113
Accrued compensated absences - current portion	
Due to other governments	292
Tenant security deposits	416
Unearned revenue	20
Accrued liabilities - other	<u>(3,121)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (100,937)</u>
Schedule of Noncash Investing, Capital and Financing Activities	
Book value of assets sold or deleted	<u>\$ 878</u>

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

	Total		Percent Increase (Decrease)
	2021	2020	
Revenues			
Taxes	\$ 5,335,354	\$ 5,067,523	5.29 %
Licenses	55,722	54,585	2.08
Permits and fees	295,855	262,111	12.87
Intergovernmental	5,810,134	4,998,637	16.23
Charges for services	467,484	205,248	127.77
Fines and forfeitures	29,764	40,548	(26.60)
Special assessments	188,487	149,888	25.75
Contributions	69,235	44,668	55.00
Interest earnings	(303,825)	60,240	(604.36)
Miscellaneous	91,973	151,703	(39.37)
Total Revenues	<u>\$ 12,040,183</u>	<u>\$ 11,035,151</u>	9.11 %
Per Capita	<u>\$ 1,305</u>	<u>\$ 1,227</u>	6.36 %
Expenditures			
Current			
General government	\$ 1,535,319	\$ 1,942,624	(20.97) %
Public safety	3,572,476	3,497,276	2.15
Streets and highways	1,660,039	1,690,589	(1.81)
Sanitation	46,291	47,933	(3.43)
Cultural and recreation	1,145,676	956,762	19.75
Economic development	179,520	47,594	277.19
Airport	66,775	73,243	(8.83)
Capital outlay			
General government	59,189	41,545	42.47
Public safety	103,529	231,925	(55.36)
Streets and highways	1,470,567	1,795,913	(18.12)
Cultural and recreation	346,830	505,000	(31.32)
Airport	39,920	32,037	24.61
Debt service			
Bond principal	360,000	350,000	2.86
Interest and fiscal charges	121,700	133,292	(8.70)
Total Expenditures	<u>\$ 10,707,831</u>	<u>\$ 11,345,733</u>	(5.62) %
Per Capita	<u>\$ 1,160</u>	<u>\$ 1,261</u>	(8.01) %
Total Long-term Indebtedness	\$ 3,645,000	\$ 4,005,000	(8.99) %
Per Capita	395	445	(11.24)
General Fund Balance - December 31	\$ 3,920,012	\$ 3,954,737	(0.88) %
Per Capita	425	440	(3.41)

The purpose of this report is to provide a summary of financial information concerning the City of Waseca to interested citizens. The complete financial statements may be examined at 508 State Street South. Questions about this report should be directed to the Finance Director at (507)-835-9700.

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STATISTCAL SECTION (UNAUDITED)

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Waseca's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Waseca, Minnesota
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Governmental Activities					
Net investment in capital assets	\$ 31,352,817	\$ 31,640,948	\$ 31,636,226	\$ 31,519,508	\$ 28,373,525
Restricted	1,300,459	1,482,365	1,216,839	1,418,608	1,657,371
Unrestricted	5,102,545	3,452,335	2,901,673	3,576,887	5,344,361
Total Governmental Activities Net Position	<u>\$ 37,755,821</u>	<u>\$ 36,575,648</u>	<u>\$ 35,754,738</u>	<u>\$ 36,515,003</u>	<u>\$ 35,375,257</u>
Business-type Activities					
Net investment in capital assets	\$ 27,638,192	\$ 26,914,409	\$ 30,357,788	\$ 28,166,709	\$ 30,161,233
Unrestricted	11,842,777	10,885,614	6,331,501	6,520,762	3,272,276
Total Business-type Activities Net Position	<u>\$ 39,480,969</u>	<u>\$ 37,800,023</u>	<u>\$ 36,689,289</u>	<u>\$ 34,687,471</u>	<u>\$ 33,433,509</u>
Primary government					
Net investment in capital assets	\$ 58,991,009	\$ 58,555,357	\$ 61,994,014	\$ 59,686,217	\$ 58,534,758
Restricted	1,300,459	1,482,365	1,216,839	1,418,608	1,657,371
Unrestricted	16,945,322	14,337,949	9,233,174	10,097,649	8,616,637
Total Primary Government Net Position	<u>\$ 77,236,790</u>	<u>\$ 74,375,671</u>	<u>\$ 72,444,027</u>	<u>\$ 71,202,474</u>	<u>\$ 68,808,766</u>

Table 1

Fiscal Year				
2016	2015	2014	2013	2012
\$ 27,305,824	\$ 25,785,983	\$ 23,663,579	\$ 28,196,258	\$ 25,413,394
1,536,862	3,399,647	3,000,951	1,305,426	2,515,866
4,469,800	1,844,500	6,084,836	4,655,314	5,927,132
<u>\$ 33,312,486</u>	<u>\$ 31,030,130</u>	<u>\$ 32,749,366</u>	<u>\$ 34,156,998</u>	<u>\$ 33,856,392</u>
\$ 26,610,969	\$ 26,373,317	\$ 25,591,737	\$ 22,627,509	\$ 22,522,560
5,869,147	6,644,275	8,105,324	8,567,098	8,869,226
<u>\$ 32,480,116</u>	<u>\$ 33,017,592</u>	<u>\$ 33,697,061</u>	<u>\$ 31,194,607</u>	<u>\$ 31,391,786</u>
\$ 53,916,793	\$ 52,159,300	\$ 49,255,316	\$ 50,823,767	\$ 47,935,954
1,536,862	3,399,647	3,000,951	1,305,426	2,515,866
10,338,947	8,488,775	14,190,160	13,222,412	14,796,358
<u>\$ 65,792,602</u>	<u>\$ 64,047,722</u>	<u>\$ 66,446,427</u>	<u>\$ 65,351,605</u>	<u>\$ 65,248,178</u>

City of Waseca, Minnesota
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Expenses					
Governmental Activities					
General government	\$ 1,737,588	\$ 2,137,792	\$ 1,614,986	\$ 1,563,396	\$ 1,667,203
Public safety	3,291,461	3,609,696	3,581,679	3,216,722	3,083,121
Streets and highways	3,200,795	3,488,327	3,623,241	8,264,920	9,057,626
Sanitation	46,291	47,933	46,756	45,940	53,744
Culture and recreation	1,629,015	1,420,530	1,408,384	1,406,698	1,190,307
Economic development	170,858	49,537	54,490	116,187	100,151
Interest and fees	101,778	113,515	126,511	134,132	144,411
Airport	236,050	242,366	164,243	139,261	234,621
Other	-	-	-	-	-
Total Governmental Activities Expenses	<u>10,413,836</u>	<u>11,109,696</u>	<u>10,620,290</u>	<u>14,887,256</u>	<u>15,531,184</u>
Business-type Activities					
Water	1,329,096	1,336,028	1,078,730	1,137,599	1,074,885
Sewer	2,787,152	2,726,716	2,434,754	2,044,936	2,392,231
Electric	6,596,807	6,516,164	6,639,813	6,600,965	6,640,004
Storm water	310,809	302,519	278,858	206,433	178,152
Total Business-type Activities Expenses	<u>11,023,864</u>	<u>10,881,427</u>	<u>10,432,155</u>	<u>9,989,933</u>	<u>10,285,272</u>
Total Primary Government Expenses	<u>\$ 21,437,700</u>	<u>\$ 21,991,123</u>	<u>\$ 21,052,445</u>	<u>\$ 24,877,189</u>	<u>\$ 25,816,456</u>
Program Revenues					
Governmental Activities					
Charges for services					
General government	\$ 154,069	\$ 151,677	\$ 184,988	\$ 171,421	\$ 191,846
Public safety	412,984	311,940	257,217	186,312	182,468
Streets and highways	-	-	-	-	-
Culture and recreation	181,180	704	170,231	168,133	154,150
Economic development	6,044	16,197	30,906	34,810	27,100
Airport	110,592	93,779	91,919	104,252	105,887
Operating grants and contributions	947,178	1,298,072	1,465,973	642,580	1,505,463
Capital grants and contributions	1,183,629	1,406,973	1,758,075	6,479,679	8,574,136
Total Governmental Activities Program Revenues	<u>2,995,676</u>	<u>3,279,342</u>	<u>3,959,309</u>	<u>7,787,187</u>	<u>10,741,050</u>
Business-type Activities					
Charges for services					
Water	1,830,321	1,784,933	1,690,227	1,466,858	1,326,102
Sewer	2,783,556	2,715,582	2,720,493	2,496,771	2,361,043
Electric	7,598,143	7,069,467	7,566,076	7,469,642	7,051,730
Storm water	367,864	310,944	261,286	207,963	152,058
Operating grants and contributions	532,086	50,938	-	-	5,663
Capital grants and contributions	16,008	310,950	1,012,964	-	-
Total Business-type Activities Program Revenues	<u>13,127,978</u>	<u>12,242,814</u>	<u>13,251,046</u>	<u>11,641,234</u>	<u>10,896,596</u>
Total Primary Government Program Revenues	<u>\$ 16,123,654</u>	<u>\$ 15,522,156</u>	<u>\$ 17,210,355</u>	<u>\$ 19,428,421</u>	<u>\$ 21,637,646</u>
Net (Expense) Revenue					
Governmental activities	\$ (7,418,160)	\$ (7,830,354)	\$ (6,660,981)	\$ (7,100,069)	\$ (4,790,134)
Business-type activities	2,104,114	1,361,387	2,818,891	1,651,301	611,324
Total Primary Government Net Expense	<u>\$ (5,314,046)</u>	<u>\$ (6,468,967)</u>	<u>\$ (3,842,090)</u>	<u>\$ (5,448,768)</u>	<u>\$ (4,178,810)</u>

Table 2

Fiscal Year				
2016	2015	2014	2013	2012
\$ 1,164,360	\$ 1,477,440	\$ 1,450,120	\$ 1,311,191	\$ 1,453,361
3,328,678	2,449,568	2,626,754	2,385,006	2,313,626
3,131,504	2,323,408	2,348,043	2,657,336	2,266,354
52,080	33,654	43,942	37,434	48,998
1,141,929	1,313,046	1,173,439	1,221,298	993,011
117,407	155,571	343,547	442,247	313,701
198,893	260,674	223,502	132,580	154,439
205,104	262,750	135,732	150,248	-
-	218,782	168,451	127,292	-
<u>9,339,955</u>	<u>8,494,893</u>	<u>8,513,530</u>	<u>8,464,632</u>	<u>7,543,490</u>
926,845	967,243	1,057,817	968,149	941,724
2,310,888	2,166,795	2,550,773	2,432,682	2,083,325
6,517,894	5,821,031	5,992,829	6,282,197	6,563,897
459,274	188,134	223,549	-	-
<u>10,214,901</u>	<u>9,143,203</u>	<u>9,824,968</u>	<u>9,683,028</u>	<u>9,588,946</u>
<u>\$ 19,554,856</u>	<u>\$ 17,638,096</u>	<u>\$ 18,338,498</u>	<u>\$ 18,147,660</u>	<u>\$ 17,132,436</u>
\$ 169,599	\$ 119,087	\$ 150,630	\$ 128,304	\$ 115,631
135,279	258,968	156,120	157,290	193,285
-	71	-	-	-
152,792	163,593	145,208	150,269	251,638
9,400	-	-	-	-
109,631	109,066	127,100	133,251	-
1,416,973	817,754	1,372,862	934,697	1,067,147
1,502,662	477,165	957,390	463,360	1,024,240
<u>3,496,336</u>	<u>1,945,704</u>	<u>2,909,310</u>	<u>1,967,171</u>	<u>2,651,941</u>
1,091,015	1,135,623	1,124,343	1,051,180	1,140,659
2,062,084	1,897,349	1,965,329	1,994,116	2,041,173
7,195,163	6,632,275	6,748,614	6,859,913	7,007,456
106,623	106,425	106,104	-	-
264,648	5,170	17,665	-	-
-	-	26,500	-	244,532
<u>10,719,533</u>	<u>9,776,842</u>	<u>9,988,555</u>	<u>9,905,209</u>	<u>10,433,820</u>
<u>\$ 14,215,869</u>	<u>\$ 11,722,546</u>	<u>\$ 12,897,865</u>	<u>\$ 11,872,380</u>	<u>\$ 13,085,761</u>
\$ (5,843,619)	\$ (6,549,189)	\$ (5,604,220)	\$ (6,497,461)	\$ (4,891,549)
504,632	633,639	163,587	222,181	844,874
<u>\$ (5,338,987)</u>	<u>\$ (5,915,550)</u>	<u>\$ (5,440,633)</u>	<u>\$ (6,275,280)</u>	<u>\$ (4,046,675)</u>

City of Waseca, Minnesota
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
General Revenues and Other					
Changes in Net Position					
Governmental Activities					
Taxes - general	\$ 3,059,295	\$ 4,405,719	\$ 4,000,666	\$ 3,906,081	\$ 3,414,987
Taxes - debt service	1,989,189	480,414	469,823	489,088	483,049
Tax increment	31,438	31,121	44,397	44,534	80,443
Lodging taxes	27,264	18,927	27,296	27,730	29,820
Franchise taxes	204,405	209,013	218,094	216,958	216,203
Unrestricted grants and contributions	3,083,119	2,986,339	2,794,343	2,786,056	2,695,662
Unrestricted investment earnings (loss)	(303,825)	60,240	55,116	424,835	158,354
Gain on disposal of assets	52,772	2,588	5,952	20,921	827
Contributions of capital assets	-	-	-	-	44,000
Transfers	454,676	456,903	390,999	396,726	(270,440)
Total Governmental Activities	<u>8,598,333</u>	<u>8,651,264</u>	<u>8,006,686</u>	<u>8,312,929</u>	<u>6,852,905</u>
Business-type Activities					
Unrestricted investment earnings	17,908	184,481	3,032	58,826	71,629
Gain on disposal of assets	13,600	21,769	-	-	-
Contributions of capital assets	-	-	-	-	-
Transfers	(454,676)	(456,903)	(390,999)	(396,726)	270,440
Total Business-type Activities	<u>(423,168)</u>	<u>(250,653)</u>	<u>(387,967)</u>	<u>(337,900)</u>	<u>342,069</u>
Total Primary Government	<u>\$ 8,175,165</u>	<u>\$ 8,400,611</u>	<u>\$ 7,618,719</u>	<u>\$ 7,975,029</u>	<u>\$ 7,194,974</u>
Changes in Net Position					
Governmental Activities	\$ 1,180,173	\$ 820,910	\$ 1,345,705	\$ 1,212,860	\$ 2,062,771
Business-type Activities	1,680,946	1,110,734	2,430,924	1,313,401	953,393
Total Primary Government	<u>\$ 2,861,119</u>	<u>\$ 1,931,644</u>	<u>\$ 3,776,629</u>	<u>\$ 2,526,261</u>	<u>\$ 3,016,164</u>

Table 2 (Continued)

Fiscal Year				
2016	2015	2014	2013	2012
\$ 3,309,454	\$ 3,022,586	\$ 3,227,394	\$ 3,487,983	\$ 3,496,084
431,771	478,022	208,866	-	-
264,027	294,704	270,383	269,351	249,889
23,945	26,392	29,710	20,787	19,561
219,436	214,422	211,599	205,519	202,164
2,689,289	3,054,961	2,631,156	2,273,651	2,273,651
82,683	86,258	44,033	40,550	61,192
-	17,216	2,998	8,664	2,910
-	-	(2,697,428)	-	-
1,105,370	481,673	419,528	491,562	455,042
<u>8,125,975</u>	<u>7,676,234</u>	<u>4,348,239</u>	<u>6,798,067</u>	<u>6,760,493</u>
63,262	76,687	49,512	49,169	41,921
-	38,176	11,455	23,033	-
-	-	2,697,428	-	-
<u>(1,105,370)</u>	<u>(481,673)</u>	<u>(419,528)</u>	<u>(491,562)</u>	<u>(455,042)</u>
<u>(1,042,108)</u>	<u>(366,810)</u>	<u>2,338,867</u>	<u>(419,360)</u>	<u>(413,121)</u>
<u>\$ 7,083,867</u>	<u>\$ 7,309,424</u>	<u>\$ 6,687,106</u>	<u>\$ 6,378,707</u>	<u>\$ 6,347,372</u>
\$ 2,282,356	\$ 1,127,045	\$ (1,255,981)	\$ 300,606	\$ 1,868,944
(537,476)	266,829	2,502,454	(197,179)	431,753
<u>\$ 1,744,880</u>	<u>\$ 1,393,874</u>	<u>\$ 1,246,473</u>	<u>\$ 103,427</u>	<u>\$ 2,300,697</u>

City of Waseca, Minnesota
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
General Fund					
Nonspendable	\$ 1,259	\$ 715	\$ 1,572	\$ 2,667	\$ 19,749
Restricted for					
Library	34,352	34,352	34,352	-	-
Parkland dedication	-	63,135	72,739	53,139	49,639
PEG channel	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	3,884,401	3,856,535	3,731,584	3,842,959	3,679,700
Total General Fund	<u>\$ 3,920,012</u>	<u>\$ 3,954,737</u>	<u>\$ 3,840,247</u>	<u>\$ 3,898,765</u>	<u>\$ 3,749,088</u>
All Other Governmental Funds					
Restricted for					
Debt service	\$ 267,883	\$ 265,218	\$ 273,996	\$ 290,327	\$ 278,315
Capital projects funds	-	-	-	-	443,940
Clear lake press	-	-	-	-	87,287
Revolving loan	66,230	66,230	66,230	66,230	12,602
TIF funds	4,400	2,866	14,569	14,379	2,981
Historical preservation	-	-	-	-	6,668
Police safe haven	-	-	-	-	-
Police crime victims	-	-	-	-	-
Police reserves	-	330	-	-	-
Police forfeitures	53,163	47,629	45,760	48,772	56,050
PEG Channel	75,516	71,018	53,826	44,596	40,971
Municipal state aid	830,166	964,574	699,948	955,114	937,801
Reserved, reported in					
Airport	55,525	51,628	63,129	293,870	363,532
Police reserves	2,843	2,513	2,017	1,239	1,821
Police explorers	-	-	-	-	-
Waseca housing fund	127,081	126,886	103,576	103,576	103,576
Equipment replacement	302,810	208,732	-	-	-
Assigned to					
Capital projects funds	1,302,237	300,797	1,192,290	1,652,682	2,508,963
NW commercial development	1,102,434	1,101,915	1,095,730	1,095,631	1,091,970
Annexation & growth	123,676	130,326	133,638	134,088	163,652
Equipment replacement	-	-	-	793,806	547,919
Future projects	-	-	-	-	-
Operations	344,564	268,991	72,144	71,368	160,863
American Rescue	189	-	-	-	-
Highway 14 reconstruction	-	-	-	-	-
Library remodel	-	-	-	-	-
Economic development	227,233	226,772	220,503	203,632	51,688
Police safe haven	19,482	21,469	4,868	17,185	16,185
Unassigned	(172,540)	(956,154)	(1,174,903)	(1,231,546)	-
Total All Other Governmental Funds	<u>\$ 4,732,892</u>	<u>\$ 2,901,740</u>	<u>\$ 2,867,321</u>	<u>\$ 4,554,949</u>	<u>\$ 6,876,784</u>
Total All Funds	<u>\$ 8,652,904</u>	<u>\$ 6,856,477</u>	<u>\$ 6,707,568</u>	<u>\$ 8,453,714</u>	<u>\$ 10,625,872</u>

Table 3

		Fiscal Year							
		2016	2015	2014	2013	2012			
\$	22,323	\$	4,271	\$	80,000	\$	-	\$	-
	-		-		-		-		-
	84,139		88,503		78,403		38,905		-
	-		38,847		13,245		-		-
	-		-		-		-		17,000
	3,608,772		3,503,891		3,078,746		3,007,118		3,324,936
\$	3,715,234	\$	3,635,512	\$	3,250,394	\$	3,046,023	\$	3,341,936
\$	303,228	\$	1,797,332	\$	1,576,552	\$	110,923	\$	805,876
	-		-		-		-		-
	130,710		130,476		137,656		197,295		179,862
	12,530		54,998		88,922		10,495		26,951
	97,403		601,238		500,303		406,374		321,832
	-		18		18		2,687		908
	19,944		14,627		3,546		1,379		-
	-		-		-		19,656		19,921
	-		-		-		-		-
	63,972		63,326		56,436		50,974		67,553
	23,634		-		-		-		-
	860,439		714,514		591,382		469,957		878,431
	323,847		275,979		302,284		242,463		190,707
	728		728		148		458		955
	-		-		-		-		136
	89,926		76,276		69,451		97,801		84,151
	-		-		-		-		-
	1,697,105		501,223		2,050,884		994,667		799,981
	1,121,057		1,119,587		1,117,737		1,116,693		1,115,663
	218,278		244,738		243,221		248,648		249,387
	395,949		280,116		205,563		194,913		273,175
	-		-		421,370		243,645		-
	148,637		149,901		143,661		143,859		184,261
	-		-		-		-		-
	-		-		38,514		50,151		-
	-		-		8,696		-		-
	-		-		-		-		-
	-		-		-		-		-
	(18,864)		228,667		(13,808)		(1,595,500)		(69,893)
\$	5,488,523	\$	6,253,744	\$	7,542,536	\$	3,007,538	\$	5,129,857
\$	9,203,757	\$	9,889,256	\$	10,792,930	\$	6,053,561	\$	8,471,793

City of Waseca, Minnesota
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Taxes	\$ 5,335,354	\$ 5,067,523	\$ 4,703,645	\$ 4,693,723	\$ 4,262,803
Licenses	55,722	54,585	59,401	51,844	71,418
Permits and fees	295,855	262,111	218,693	166,137	175,938
Intergovernmental	5,810,134	4,998,637	5,625,909	9,536,010	11,219,020
Charges for services	467,484	205,248	283,225	305,472	275,805
Program income	-	-	-	-	-
Fines	29,764	40,548	43,336	18,564	14,040
Assessments	188,487	149,888	99,867	144,832	224,428
Contributions	69,235	44,668	107,006	130,917	445,080
Interest earnings	(303,825)	60,240	55,116	423,142	156,998
Miscellaneous	91,973	151,703	260,175	345,497	1,031,635
Total Revenues	<u>12,040,183</u>	<u>11,035,151</u>	<u>11,456,373</u>	<u>15,816,138</u>	<u>17,877,165</u>
Expenditures					
Current					
General government	1,535,319	1,942,624	1,457,652	1,481,050	1,562,440
Public safety	3,572,476	3,497,276	3,382,061	3,246,824	2,885,026
Streets and highways	1,660,039	1,690,589	1,697,022	1,493,871	1,106,332
Sanitation	46,291	47,933	46,756	45,940	53,744
Cultural and recreation	1,145,676	956,762	1,063,454	1,034,358	967,728
Economic development	179,520	47,594	51,984	115,457	97,380
Other services	-	-	-	-	-
Airport	66,775	73,243	70,200	64,734	161,561
Debt service					
Bond principal	360,000	350,000	335,000	325,000	320,000
Interest and fiscal charges	121,700	133,292	146,100	153,575	163,792
Bond issue costs	-	-	-	-	-
Capital outlay	2,020,035	2,606,420	4,914,857	10,448,789	8,809,269
Total Expenditures	<u>10,707,831</u>	<u>11,345,733</u>	<u>13,165,086</u>	<u>18,409,598</u>	<u>16,127,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,332,352</u>	<u>(310,582)</u>	<u>(1,708,713)</u>	<u>(2,593,460)</u>	<u>1,749,893</u>
Other Financing Sources (Uses)					
Transfers in	1,158,338	3,088,789	3,083,275	2,334,191	2,363,663
Proceeds from bond issue	-	-	-	-	-
Payment of refunding bonds	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Sale of capital assets	9,399	2,588	5,952	24,576	827
Transfers out	(703,662)	(2,631,886)	(2,692,276)	(1,937,465)	(2,692,268)
Total Other Financing Sources (Uses)	<u>464,075</u>	<u>459,491</u>	<u>396,951</u>	<u>421,302</u>	<u>(327,778)</u>
Net Change in Fund Balances	<u>\$ 1,796,427</u>	<u>\$ 148,909</u>	<u>\$ (1,311,762)</u>	<u>\$ (2,172,158)</u>	<u>\$ 1,422,115</u>
Debt service as a percentage of noncapital expenditures	5.5%	5.5%	28.8%	7.1%	6.5%

Table 4

Fiscal Year				
2016	2015	2014	2013	2012
\$ 4,216,217	\$ 4,036,353	\$ 3,957,954	\$ 4,004,044	\$ 3,974,120
44,582	21,238	56,769	52,205	40,999
102,573	216,416	139,247	114,455	135,744
5,453,442	3,903,768	4,469,623	3,288,940	3,728,615
176,791	26,425	23,713	30,287	30,886
117,942	286,733	269,125	277,916	245,099
23,863	31,802	26,559	53,351	65,825
207,278	324,738	286,732	276,661	339,732
106,104	15,690	51,635	25,074	22,239
82,346	84,805	-	-	-
158,696	193,531	257,340	245,403	245,659
<u>10,689,834</u>	<u>9,141,499</u>	<u>9,538,697</u>	<u>8,368,336</u>	<u>8,828,918</u>
1,473,754	1,314,549	1,324,419	1,202,393	1,150,309
2,721,098	2,486,324	2,420,384	2,268,008	2,190,280
1,255,685	1,216,528	1,696,586	1,636,017	1,662,948
52,080	33,654	43,942	37,434	48,998
926,447	850,065	854,458	966,410	908,187
116,953	158,507	337,229	441,927	280,558
-	218,782	168,451	189,299	161,652
205,104	170,795	66,034	68,916	61,446
2,485,000	295,000	355,000	840,000	430,000
248,790	211,970	112,201	140,220	165,447
-	-	118,566	-	-
2,895,792	3,587,888	3,587,166	3,496,170	1,482,689
<u>12,380,703</u>	<u>10,544,062</u>	<u>11,084,436</u>	<u>11,286,794</u>	<u>8,542,514</u>
<u>(1,690,869)</u>	<u>(1,402,563)</u>	<u>(1,545,739)</u>	<u>(2,918,458)</u>	<u>286,404</u>
3,946,200	2,352,700	2,400,381	3,099,822	2,017,180
-	-	5,500,000	-	-
-	-	-	-	(545,000)
-	-	242,096	-	-
-	17,216	6,924	8,664	5,250
<u>(2,940,830)</u>	<u>(1,871,027)</u>	<u>(1,980,853)</u>	<u>(2,608,260)</u>	<u>(1,562,138)</u>
<u>1,005,370</u>	<u>498,889</u>	<u>6,168,548</u>	<u>500,226</u>	<u>(84,708)</u>
<u>\$ (685,499)</u>	<u>\$ (903,674)</u>	<u>\$ 4,622,809</u>	<u>\$ (2,418,232)</u>	<u>\$ 201,696</u>
12.8%	9.0%	11.6%	13.1%	16.5%

City of Waseca, Minnesota
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Apartment
2012	\$ 340,420,900	\$ 56,308,400	\$ 23,245,300	\$ 774,293	\$ 21,147,300
2013	327,125,400	56,664,900	22,889,300	783,565	22,195,600
2014	328,122,300	55,883,000	20,847,600	1,321,783	22,393,800
2015	307,242,600	54,989,400	27,118,800	1,342,817	25,212,600
2016	307,669,500	55,010,500	27,157,000	1,221,630	25,388,700
2017	328,152,200	55,611,800	26,940,900	981,100	28,347,300
2018	338,959,000	56,885,800	27,093,200	804,700	28,221,100
2019	372,460,400	57,263,400	27,190,300	1,007,900	28,303,400
2020	392,644,000	57,334,600	26,867,300	843,300	28,342,300
2021	424,126,800	57,374,000	28,619,700	2,060,600	28,410,900

Source: Waseca County, Minnesota Assessors' Office

Table 5

<u>Other</u>	<u>Total Assessed Value</u>	<u>Taxable Market Value</u>	<u>Total Direct Tax Rate</u>
\$ 797,000	\$ 442,693,193	\$ 384,528,900	73.70 %
789,800	430,448,565	370,682,100	75.36
789,800	429,358,283	374,889,900	75.55
793,200	416,699,417	362,260,500	79.25
754,200	417,201,530	365,125,300	81.87
1,703,500	441,736,800	390,183,000	81.96
1,465,700	453,429,500	390,870,000	88.36
1,639,100	487,864,500	431,555,100	92.60
1,720,400	507,751,900	433,924,400	92.47
1,860,300	542,452,300	510,120,500	91.01

City of Waseca, Minnesota
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$1,000 of Assessed Value)

<u>Fiscal</u>	<u>City Direct Rate</u>		
	<u>Operating Rate</u>	<u>Debt Service Rate</u>	<u>Total Direct Rate</u>
2012	69.59	4.11	73.70
2013	71.06	4.30	75.36
2014	71.35	4.20	75.55
2015	67.58	11.67	79.25
2016	71.55	10.32	81.87
2017	70.11	11.85	81.96
2018	76.54	11.82	88.36
2019	80.95	11.65	92.60
2020	81.66	10.81	92.47
2021	80.74	10.27	91.01

Source: Waseca County, Minnesota Auditors' Office

Table 6

Overlapping Rates					Total Direct and Overlapping Tax Rate
Independent School District #829	Waseca County	Special Districts	EDA	Total Overlapping	
21.34	54.80	0.20	1.81	78.15	151.85
20.83	54.62	0.19	1.61	77.25	152.61
17.96	49.84	1.63	1.83	71.26	146.81
16.76	50.06	1.73	1.85	70.40	149.65
30.62	58.77	1.87	1.76	93.02	174.89
28.78	59.94	1.90	1.61	92.23	174.19
32.99	63.29	3.63	1.67	101.58	189.94
33.36	64.24	3.66	1.72	102.98	195.58
32.40	64.71	1.95	1.71	100.77	193.24
30.52	66.10	1.92	1.74	100.28	191.29

City of Waseca, Minnesota
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Property	2021		
		Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
MJ Property Holdings LLC	Inds Land & Bldg	\$ 126,778	1	2.96 %
Walmart Real Estate Trust	Retail	84,160	2	1.97
Northern States Power CO	Utility	67,004	3	1.56
Berry Family LLC	Manufacturing	62,890	4	1.47
Lineage Logistics LLC	Manufacturing	62,556	5	1.46
Birds Eye Foods Inc-Conagra	Vegetable Processing	54,230	6	1.27
ML Wingate LLC	Industrial	52,149	7	1.22
Woodville Holdings LLC	Manufacturing	41,252	8	0.96
Gary & Kathy Worke Family LLC	Residential	39,849	9	0.93
Dakota MN & Easter RR Corp	Rail Road	32,958	10	0.77
Alliance Development Corp	Industrial	-	-	-
Gruner & Jahr Print & Pub Co (Quad)	Printing & Publishing	-	-	-
Waseca Properties	Radio Manufacturing	-	-	-
FHS Waseca/Portage LP-HyVee	Commercial	-	-	-
Clear Lake Press Inc	Printing & Publishing	-	-	-
Brown Printing Co	Printing & Publishing	-	-	-
Total		\$ 623,826		14.57 %
Total Tax Capacity				\$ 4,281,921

Source: Waseca County, Minnesota Assessor's Office

Table 7

2012		
Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
-		- %
86,384	2	1.87
76,336	3	1.65
		-
		-
51,122	5	1.11
		-
39,084	7	0.85
36,639	8	0.79
		-
64,706	4	1.40
		-
49,081	6	1.06
33,762	9	0.73
31,490	10	0.68
177,864	1	3.85
<u>\$ 646,468</u>		<u>13.99 %</u>
		<u>\$ 4,623,080</u>

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City of Waseca, Minnesota
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collected and/or Abated in Subsequent Years	Total Collected and/or Abated to Date	
	Levy	Amount	Percentage of Levy	Amount	Amount	Percentage of Levy
2012	\$ 3,436,889	\$ 3,384,833	98.5 %	\$ 53,603	\$ 3,438,436	100.0 %
2013	3,419,682	3,377,645	98.8	37,929	3,415,574	99.9
2014	3,507,906	3,470,713	98.9	37,887	3,508,600	100.0
2015	3,673,222	3,548,326	96.6	39,873	3,588,199	97.7
2016	3,975,249	3,907,369	98.3	60,810	3,968,179	99.8
2017	4,050,888	3,937,073	97.2	16,429	3,953,502	97.6
2018	4,470,018	4,412,547	98.7	52,703	4,465,250	99.9
2019	4,667,914	4,589,184	98.3	54,075	4,643,259	99.5
2020	5,030,237	4,915,797	97.7	64,767	4,980,564	99.0
2021	5,154,403	5,084,391	98.6	-	5,084,391	98.6

City of Waseca, Minnesota
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities	
	Special Assessments Bonds	General Obligation Bonds	G.O. Equipment Certificates	Capital Leases	General Obligation Revenue Bonds	General Obligation Revenue Notes
2012	\$ 493,213	\$ 3,301,432	\$ -	\$ -	\$ 2,581,608	\$ 8,204,000
2013	-	2,959,216	-	-	2,183,007	7,815,000
2014	-	8,348,376	-	-	2,661,585	7,416,000
2015	-	8,039,717	-	-	1,329,370	7,006,000
2016	-	5,546,835	-	-	893,629	6,585,000
2017	-	5,211,704	-	-	720,164	6,153,000
2018	-	4,871,574	-	-	646,257	11,881,412
2019	-	4,521,443	-	-	572,350	10,797,340
2020	-	4,156,312	-	-	1,523,443	9,962,000
2021	-	3,781,182	-	-	1,444,535	9,109,000

Notes: Details regarding the District's outstanding debt can be found in the notes to the financial statements. See the Demographic and Economic Statistics schedule on Schedule 14 for personal income and population data.

Table 9

<u>Total Outstanding Debt</u>	<u>Percentage of Personal Income</u>	<u>Population</u>	<u>Per Capita</u>
\$ 14,580,253	1.84	9,368	\$ 1,556
12,957,223	1.73	9,427	1,374
18,425,961	2.20	9,365	1,968
16,375,087	1.84	9,365	1,749
13,025,464	1.59	9,351	1,393
12,084,868	1.54	9,124	1,325
17,399,243	2.21	9,094	1,913
15,891,133	1.93	9,027	1,760
15,641,755	1.79	8,996	1,739
14,334,717	N/A	9,229	1,553

City of Waseca, Minnesota
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities			Percentage of Taxable Market Value (3)	Net Total Per Capita (4)
	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Net Total		
2012	\$ 14,087,040	\$ 805,876	\$ 13,281,164	3.45 %	\$ 1,418
2013	12,957,223	110,923	12,846,300	3.47	1,363
2014	18,425,961	-	18,425,961	4.92	1,968
2015	16,375,087	-	16,375,087	4.52	1,749
2016	13,025,464	-	13,025,464	3.57	1,393
2017	12,084,868	220,738	11,864,130	3.04	1,300
2018	17,399,243	236,218	17,163,025	4.39	1,887
2019	15,891,133	229,415	15,661,718	3.63	1,735
2020	15,641,755	232,231	15,409,524	3.55	1,713
2021	14,334,717	236,632	14,098,085	2.76	1,528

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 178 for property value data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 189.

City of Waseca, Minnesota
 Computation of Direct and Overlapping Debt
 as of December 31, 2021

Table 11

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt			
Waseca County	\$ 6,235,000	25.30 %	\$ 1,577,455
Independent School District #829	31,130,000	49.30	15,347,090
Total Overlapping			16,924,545
City of Waseca Direct Debt	3,781,182	100.00	3,781,182
Total Direct and Overlapping Debt			\$ 20,705,727

Sources: Waseca County Auditor's Office

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government. Overlapping portion determined by ratio of assessed valuation of property subject to taxation in the City to valuation of property subject to taxation in overlapping unit.

City of Waseca, Minnesota
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017
Debt Limit	\$ 15,303,615	\$ 13,017,732	\$ 12,946,653	\$ 11,726,100	\$ 11,705,490
Total Net Debt Applicable to Limit	3,645,000	4,005,000	4,355,000	4,690,000	5,015,000
Legal Debt Margin	<u>\$ 11,658,615</u>	<u>\$ 9,012,732</u>	<u>\$ 8,591,653</u>	<u>\$ 7,036,100</u>	<u>\$ 6,690,490</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.82%	30.77%	33.64%	40.00%	42.84%

Minn. Stat. Section 475.53 state that except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the market value.

Table 12

2016	2015	2014	2013	2012
\$ 10,953,759	\$ 10,867,815	\$ 11,246,697	\$ 11,120,463	\$ 11,535,867
5,335,000	7,020,000	7,185,000	1,910,000	2,130,000
<u>\$ 5,618,759</u>	<u>\$ 3,847,815</u>	<u>\$ 4,061,697</u>	<u>\$ 9,210,463</u>	<u>\$ 9,405,867</u>
48.70%	64.59%	63.89%	17.18%	18.46%

Legal Debt Margin Calculation for Fiscal Year 2021

Taxable Market Value	<u>\$ 510,120,500</u>
Debt limit (3% of taxable market value)	<u>\$ 15,303,615</u>
Debt applicable to limit	
Total Bonded Debt	14,179,000
Less: revenue bonds	(1,425,000)
Less: revenue notes	<u>(9,109,000)</u>
Debt applicable to limit	<u>3,645,000</u>
Legal Debt Margin	<u>\$ 11,658,615</u>

City of Waseca, Minnesota
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 13

Special Assessment Bonds						
Fiscal Year	Revenue	Debt Service			Coverage	
		Principal	Interest	Total		
2012	\$ 123,356	\$ 235,000	\$ 26,763	\$ 261,763	0.47	
2013	91,249	495,000	17,762	512,762	0.18	
2014	-	-	-	-	-	
2015	-	-	-	-	-	
2016	-	-	-	-	-	
2017	-	-	-	-	-	
2018	-	-	-	-	-	
2019	-	-	-	-	-	
2020	-	-	-	-	-	
2021	-	-	-	-	-	

Water Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2012	\$ 1,149,518	\$ 596,674	\$ 552,844	\$ 130,000	\$ 39,710	\$ 169,710	3.26
2013	1,061,597	609,168	452,429	150,000	10,868	160,868	2.81
2014	1,134,134	686,090	448,044	155,000	8,475	163,475	2.74
2015	1,148,605	604,343	544,262	210,000	5,895	215,895	2.52
2016	1,100,751	554,876	545,875	14,000	3,468	17,468	31.25
2017	2,088,050	1,070,819	1,017,231	113,352	2,074	115,426	8.81
2018	1,477,105	821,147	655,958	3,911	1,268	5,179	126.66
2019	1,691,149	750,107	941,042	3,911	20,913	24,824	37.91
2020	1,837,169	820,624	1,016,545	3,630	25,158	28,788	35.31
2021	1,834,476	761,912	1,072,564	4,190	25,545	29,735	36.07

Sanitary Sewer Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2012	\$ 2,062,940	\$ 967,294	\$ 1,095,646	\$ 621,000	\$ 287,906	\$ 908,906	1.21
2013	2,020,695	1,101,463	919,232	644,000	285,400	929,400	0.99
2014	1,991,323	1,168,928	822,395	664,000	265,428	929,428	0.88
2015	1,934,100	947,721	986,379	1,530,000	244,715	1,774,715	0.56
2016	2,088,050	1,070,819	1,017,231	740,134	215,450	955,584	1.06
2017	2,376,661	1,386,330	990,331	488,648	196,875	685,523	1.44
2018	2,508,953	1,189,238	1,319,715	509,089	183,071	692,160	1.91
2019	2,721,657	1,471,209	1,250,448	642,025	196,979	839,004	1.49
2020	2,784,180	1,297,877	1,486,303	746,666	188,932	935,598	1.59
2021	2,789,417	1,323,131	1,466,286	772,810	175,971	948,781	1.55

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Less depreciation

City of Waseca, Minnesota
Demographic and Economic Statistics
Last Year Calendar Years

Table 14

Fiscal Year	Population	(1) Personal Income (Thousands of dollars)	(1) Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
2012	9,368	\$ 791,551	\$ 41,147	2,029	6.4 %
2013	9,427	746,818	39,105	2,080	4.9
2014	9,365	744,221	37,512	2,025	4.7
2015	9,365	889,582	46,847	2,013	4.5
2016	9,351	818,956	43,306	2,119	5.7
2017	9,124	785,561	41,814	2,056	5.8
2018	9,094	832,798	44,556	2,037	5.2
2019	9,027	823,809	44,262	2,030	5.2
2020	8,996	874,428	47,139	1,897	4.2
2021	9,229	Not available	Not available	1,904	3.8

Sources:

- (1) Office of the State Demographer, which uses U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C. Represents personal income and per capita personal income for Waseca County.
- (2) Waseca Public Schools
- (3) Minnesota Department of Economic Security for Waseca County.

City of Waseca, Minnesota
Principal Employers, Current Year and Nine Years Ago
Demographic and Economic Statistics

Employer	Product/Service	2021		
		Employees	Rank	Percentage of Total City Employment
Waseca Public Schools	Elementary/Secondary Schools	541	1	5.86 %
Itron Inc.	Instruments to Measure Electricity	286	2	3.10
Federal Correctional Institute	Government-Correction Institution	192	3	2.08
Cinch Conectivity	Electronic Components	192	5	2.08
Conagra (BirdsEye) Foods	Frozen Specialties	164	4	1.78
I Can, Inc	Residential Care	141	6	1.53
Waseca Area Medical Center	General Medical/Surgical Hospital	138	7	1.50
County of Waseca	Government Offices	134	8	1.45
Winegar Incorporated	Precision Machining	80	9	0.87
City of Waseca	Local Government	68	10	0.74
Mediacom	Cable programming	70		0.76
Elm Homes	Residential Care	53		0.57
Brown Printing Co.	Commercial Printing/Lithographic	-		-
Emerson Network Power	Electronic Components	-		-
Total		2,059		22.32 %

Source: Official Statements used for City Debt Issues

Table 15

2012		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
315	3	3.35 %
415	2	4.41
223	5	2.37
-		-
129	8	1.37
-		-
143	6	1.52
135	7	1.43
-		-
-		-
100	10	1.06
124	9	1.32
921	1	9.79
282	4	3.00
<u>2,787</u>		<u>29.62 %</u>

City of Waseca, Minnesota
 Full-Time Equivalent City of Waseca Employees by Type
 Last Ten Fiscal Years

	Full-time Equivalent Employees as of December 31,				
	2021	2020	2019	2018	2017
General Government					
Administration	2.0	2.0	1.0	1.0	2.0
Finance	3.0	3.0	5.0	4.0	4.0
Economic development	2.0	2.0	1.0	1.0	1.0
Community development	2.5	2.5	2.0	2.0	2.0
Total General Government	<u>9.5</u>	<u>9.5</u>	<u>9.0</u>	<u>8.0</u>	<u>9.0</u>
Public Safety					
Police	19.0	19.0	19.0	19.0	18.0
Safe haven	1.0	1.0	1.0	2.0	2.0
Building inspection	1.0	1.0	1.0	1.0	1.0
Fire	3.0	3.0	3.0	3.0	3.0
Total Public Safety	<u>24.0</u>	<u>24.0</u>	<u>24.0</u>	<u>25.0</u>	<u>24.0</u>
Public Works					
Engineering	4.5	4.5	5.0	5.0	5.0
Streets/shop	11.0	10.0	11.0	11.0	10.0
Total Public Works	<u>15.5</u>	<u>14.5</u>	<u>16.0</u>	<u>16.0</u>	<u>15.0</u>
Culture and Recreation					
Parks	4.0	4.0	4.0	4.0	4.0
Water park	0.5	0.5	-	1.0	1.0
Total Culture and Recreation	<u>4.5</u>	<u>4.5</u>	<u>4.0</u>	<u>5.0</u>	<u>5.0</u>
Enterprise					
Water/WWTP	6.5	5.0	6.0	5.0	6.0
Electric	4.0	4.0	4.0	4.0	4.0
Utility administration	1.0	1.5	1.0	1.0	1.0
Utility billing	3.0	3.0	3.0	3.0	3.0
Total Enterprise	<u>14.5</u>	<u>13.5</u>	<u>14.0</u>	<u>13.0</u>	<u>14.0</u>
Total	<u><u>68.0</u></u>	<u><u>66.0</u></u>	<u><u>67.0</u></u>	<u><u>67.0</u></u>	<u><u>67.0</u></u>

Source: City Finance Department

Table 16

Full-time Equivalent Employees as of December 31,					
2016	2015	2014	2013	2012	
2.0	2.0	2.0	3.0	3.0	
4.0	3.5	3.5	3.5	3.5	
1.0	1.0	-	-	-	
2.0	4.0	4.0	2.0	2.0	
9.0	10.5	9.5	8.5	8.5	
18.0	18.0	16.0	16.0	16.0	
1.0	2.0	1.0	-	-	
1.0	-	-	-	-	
3.0	3.0	3.0	3.0	3.0	
23.0	23.0	20.0	19.0	19.0	
5.0	3.0	3.0	3.0	3.0	
10.0	10.0	10.0	10.0	10.0	
15.0	13.0	13.0	13.0	13.0	
4.0	4.0	4.0	4.0	4.0	
1.0	1.0	1.0	1.0	1.0	
5.0	5.0	5.0	5.0	5.0	
5.0	5.0	5.0	5.0	4.0	
5.0	4.0	4.0	4.0	4.0	
1.0	2.0	2.0	2.0	2.0	
3.0	2.5	2.5	2.5	2.5	
14.0	13.5	13.5	13.5	12.5	
66.0	65.0	61.0	59.0	58.0	

City of Waseca, Minnesota
 Operating Indicators by Function/Program
 Last Ten Years

Function/Program	2021	2020	2019	2018	2017
General Government					
Elections	-	1	1	1	-
Registered voters	4,855	5,337	4,629	4,857	-
Number of votes cast	-	4,462	315	3,388	-
Voter participation (registered)	0.0%	83.6%	7.0%	1	0.0%
Public Safety					
<i>Police</i>					
Admin Fines	97	120	222	346	306
Arrests	278	211	329	280	298
All citations & warnings	771	672	1,033	1,025	857
Calls for service	8,729	8,230	9,788	9,188	9,348
<i>Fire</i>					
Medical	599	581	465	495	497
Fire	121	134	144	152	162
Other Services	53	41	63	58	54
<i>Inspections</i>					
Building Permits	468	523	563	546	539
Value of Building Permits	\$ 34,616,753	\$ 30,110,292	\$ 19,754,214	\$ 13,680,190	\$ 20,139,183
Culture and Recreation					
<i>Parks</i>					
Park Reservations	142	- *	116	95	98
Water Park-Attendance	19,933	- *	21,185	21,121	23,973
<i>Electric</i>					
Outages	18	12	23	39	35

Source: Various City Departments

* Due to the COVID-19 pandemic the city water park did not open during 2020 and park reservations were not available following CDC and state guidelines

Table 17

2016	2015	2014	2013	2012
1	-	1	-	1
5,129	-	4,701	-	5,314
4,194	-	2,808	-	4,167
1	0.0%	1	0.0%	1
66	279	189	214	198
259	280	274	330	392
648	908	855	1,024	1,302
10,336	9,622	8,070	7,583	8,274
423	450	452	422	415
139	131	164	132	148
65	56	48	55	103
743	1,436	860	475	561
\$ 8,150,734	\$ 18,461,646	\$ 9,352,477	\$ 10,194,793	\$ 13,837,343
99	106	107	99	107
24,954	22,938	20,191	26,637	25,881
29	40	36	35	49

City of Waseca, Minnesota
 Capital Asset Statistics by Function/Program
 Last Ten Years

Function/Program	2021	2020	2019	2018	2017
Public safety					
Police					
Stations	1	1	1	1	1
Patrol squads	11	12	12	11	11
Fire					
Stations	1	1	1	1	1
Fire trucks	4	4	4	4	4
Public Works					
Vehicles	14	14	14	14	14
Streets (miles)	50	50	50	50	50
Culture & Recreation					
Library-building	1	1	1	1	1
Water park	1	1	1	1	1
Parks	15	15	15	15	15
Sanitary sewer					
Collection system (miles)	49	46	46	46	46
Storm Sewer					
Storm sewer (miles)	39	37	37	37	37
Water					
Water main (miles)	60.1	56	56	56	56
Electric					
Annual consumption (KWH)	57,143,326	56,307,980	57,431,808	59,379,699	60,540,595

Table 18

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
1	1	1	1	1
11	10	9	9	11
1	1	1	1	1
4	4	4	4	4
14	14	14	14	14
50	50	50	48	48
1	1	1	1	1
1	1	1	1	1
15	15	15	15	15
46	46	46	46	46
37	36	36	40	40
56	56	56	56	56
62,801,782	64,508,651	62,658,100	64,313,814	65,039,330

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OTHER REQUIRED REPORTS

CITY OF WASECA
WASECA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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**INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE**

Honorable Mayor and City Council
City of Waseca, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of City of Waseca, Minnesota as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 13, 2022.

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

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



Abdo
Mankato, Minnesota
June 13, 2022

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

Honorable Mayor and City Council
City of Waseca, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Waseca, Minnesota (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 8, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Abdo

Mankato, Minnesota

June 13, 2022

