

CITY OF WASECA  
WASECA, MINNESOTA

ANNUAL COMPREHENSIVE  
FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2022

PREPARED BY:

FINANCE DEPARTMENT

Alicia Fischer  
Director of Finance

Member GFOA of U.S. and Canada  
Published August 10, 2023

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INTRODUCTORY SECTION

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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**August 10, 2023**

**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, 2022.

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, 2022, 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 29<sup>th</sup>. 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 increases beginning in 2014 through 2022, reflecting a continued trend of significant investments being made in the community. From 2018 to 2021 building permits have increased more than \$100,000 and held steady in 2022.

## **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 developed a 5-year 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 has been 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 City will be conducting a review and update to its outdated comprehensive plan from 2013. This initiative will help drive the City's goals and guide decision-making on long-term physical development, redevelopment and improvement of the community. Aspects of the Vision 2030 document that was completed in 2018 will be incorporated into the new comprehensive plan. This comprehensive plan update will begin in 2023.

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 2022 include:

- 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.
- 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.
- Implementation of a new capital, personnel, and operational budget software.
- Implemented a cloud based hiring platform to assist in recruiting high quality candidates.
- Completed improvements to Waseca's Clear Lake Park that included inclusive playground equipment and a new fishing pier. This project was partially funded by a DNR grant.
- Substantial completion of renovations of the Johnson Pavilion and Beach House at Clear Lake Park.
- Completed a reconstruction on 8<sup>th</sup> St SE.
- Continue to complete overhead to underground electric utility conversions.
- Completion of the North State St. Watermain reconstruction with the use of ARPA funding.

Future initiatives include:

- 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.
- 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 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.
- Upgrades to the Airport fuel system and installation of a card reading system.
- Design and reconstruction of 8<sup>th</sup> Ave. NE
- Purchase of a new Fire Tanker/Tender truck with funding from an AFG grant
- Resurfacing of many park trails and courts throughout the City

## 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, 2021. This is the thirty-eighth 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 2022 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 the 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,



Carl C. Sonnenberg  
City Manager &  
Utilities & Public Works Director



Alicia R Fischer  
Finance &  
Human Resources Director

City of Waseca, Minnesota  
 Listing of Officials  
 For the Year Ended December 31, 2022

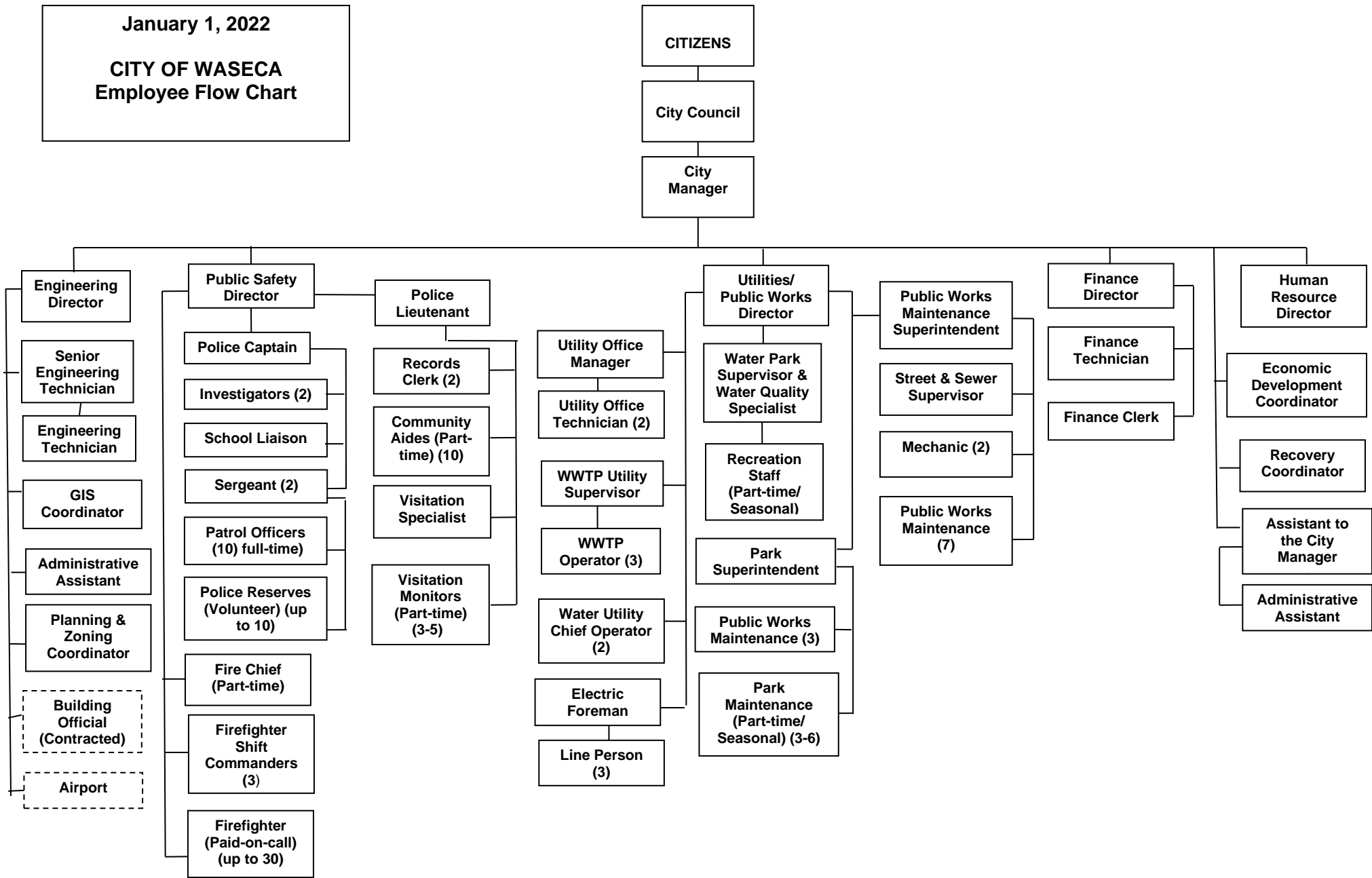
**Elected Officials**

Name	Title	Term Expires
Roy Srp	Mayor	12/31/2022
Jeremy Conrath	Council - First Ward	12/31/2022
Stacey Schroeder	Council - First Ward	12/31/2024
Alan Rose	Council - Second Ward	12/31/2022
John Mansfield	Council - Second Ward	12/31/2024
Mark Christiansen	Council - Third Ward	12/31/2024
Daren Arndt	Council - Third Ward	12/31/2022

**Appointed Officials**

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

**January 1, 2022**  
**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, 2021

*Christopher P. Morill*

Executive Director/CEO



FINANCIAL SECTION  
CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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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, 2022, 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, 2022, 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.

### ***Change in Accounting Principle***

As described in Note 11 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 87, Lease, for the year ended December 31, 2022. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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, schedules, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, schedules, and schedule of expenditures of federal awards 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 August 10, 2023 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  
August 10, 2023



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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, 2022. 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 \$79,152,738 (net position). Of this amount, \$16,894,811 (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 \$465,594 during the current year. The increase is a result of multiple items, the foremost include:
  - Capital grants and contributions were \$1,491,025 and \$253,514 for the governmental and business type activities, respectively. This is a collective increase of \$544,902 and relates to Municipal State Aid revenues.
  - Operating grants in the business-type activities were up \$437,824 relating to American Rescue Plan Act monies being spent on a water infrastructure project. However, these revenues were offset with expenses.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$3,828,549 or 48.0 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**

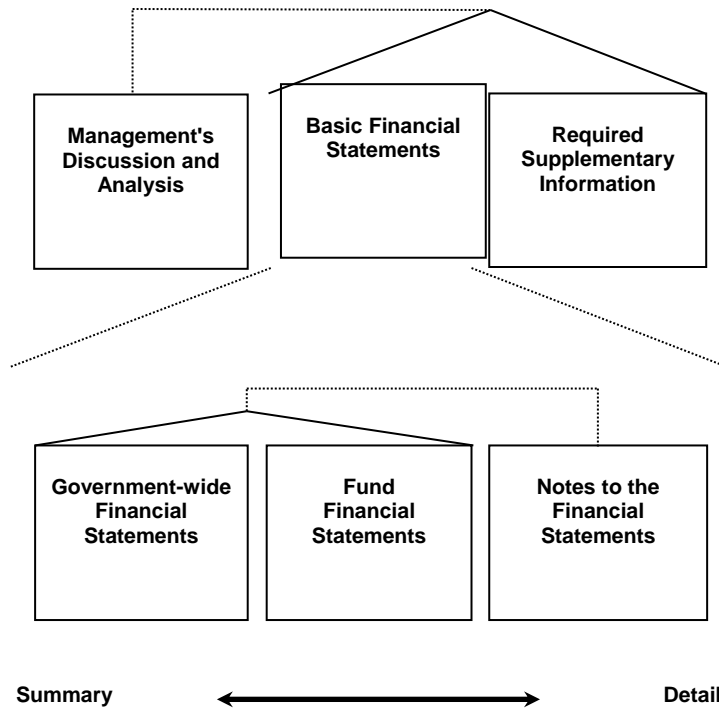




Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	<b>Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>
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 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 48 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 2023 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 \$79,152,738 at December 31, 2022. This is an increase of \$465,594 from the prior year.

## City of Waseca's Summary of Net Position

	Governmental Activities			Business-Type Activities			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
<b>Assets</b>								
Current and other assets	\$ 13,719,114	\$ 11,481,172	\$ 2,237,942	\$ 12,934,554	\$ 14,047,444	\$ (1,112,890)	\$ 26,653,668	\$ 25,528,616
Capital assets	35,430,794	35,133,999	296,795	38,775,689	38,191,727	583,962	74,206,483	73,325,726
Total Assets	49,149,908	46,615,171	2,534,737	51,710,243	52,239,171	(528,928)	100,860,151	98,854,342
Deferred outflows of resources	5,547,586	3,357,153	2,190,433	490,058	588,257	(98,199)	-	-
<b>Liabilities</b>								
Long-term liabilities outstanding	13,039,460	7,027,993	6,011,467	11,303,507	11,589,997	(286,490)	24,342,967	18,617,990
Other liabilities	374,070	890,775	(516,705)	1,538,155	1,023,413	514,742	1,912,225	1,914,188
Total Liabilities	13,413,530	7,918,768	5,494,762	12,841,662	12,613,410	228,252	26,255,192	20,532,178
Deferred inflows of resources	1,319,557	4,297,735	(2,978,178)	170,308	733,049	(562,741)	-	-
<b>Net Position</b>								
Net investment in capital assets	31,977,932	31,352,817	625,115	28,672,372	27,638,192	1,034,180	60,650,304	58,991,009
Restricted	1,607,623	1,300,459	307,164	-	-	-	1,607,623	1,300,459
Unrestricted	6,378,852	5,102,545	1,276,307	10,515,959	11,842,777	(1,326,818)	16,894,811	16,945,322
Total Net Position	\$ 39,964,407	\$ 37,755,821	\$ 2,208,586	\$ 39,188,331	\$ 39,480,969	\$ (292,638)	\$ 79,152,738	\$ 77,236,790

By far, the largest portion of the City's net position of \$60,650,304 (approximately 76.7 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 \$1,607,623 (approximately 2.0 percent), represent resources that are subject to external restrictions on how they may be used. The remaining balance of the net position is unrestricted \$16,894,811 (approximately 21.3 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.

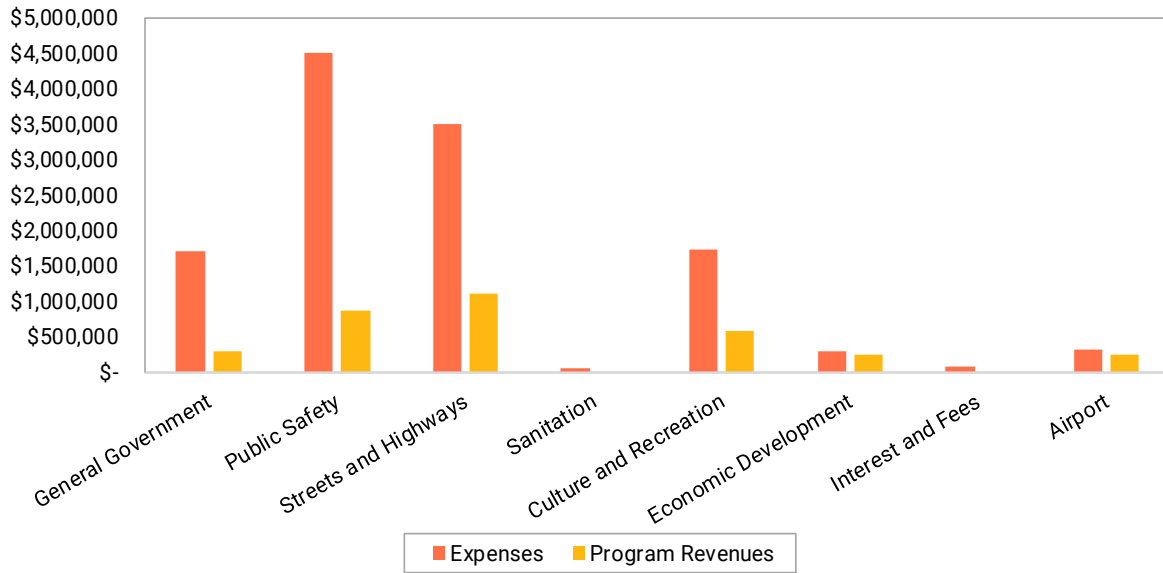
**Governmental Activities.** Governmental activities increased the City's net position by \$758,232. This increase was mainly due to additional capital grants and contributions relating to Municipal State Aid. Key elements of this increase are as follows:

### City of Waseca's Changes in Net Position

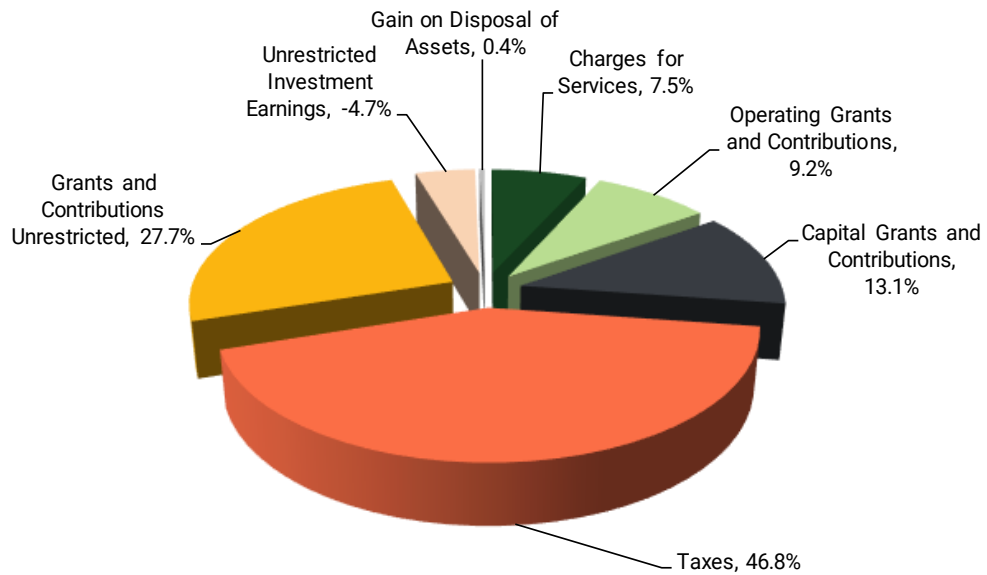
	Governmental Activities			Business-Type Activities			Total	
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)	2022	2021
<b>Revenues</b>								
<b>Program Revenues</b>								
Charges for services	\$ 847,574	\$ 864,869	\$ (17,295)	\$ 12,581,449	\$ 12,579,884	\$ 1,565	\$ 13,429,023	\$ 13,444,753
Operating grants and contributions	1,042,375	947,178	95,197	969,910	532,086	437,824	2,012,285	1,479,264
Capital grants and contributions	1,491,025	1,183,629	307,396	253,514	16,008	237,506	1,744,539	1,199,637
<b>General Revenues</b>								
Taxes	5,329,945	5,311,591	18,354	181,267	-	181,267	5,511,212	5,311,591
Grants and contributions not restricted to specific programs	3,152,800	3,083,119	69,681	-	-	-	3,152,800	3,083,119
Unrestricted investment earnings	(536,799)	(303,825)	(232,974)	(1,053,715)	17,908	(1,071,623)	(1,590,514)	(285,917)
Gain on disposal of assets	44,254	52,772	(8,518)	19,600	13,600	6,000	63,854	66,372
<b>Total Revenues</b>	<b>11,371,174</b>	<b>11,139,333</b>	<b>231,841</b>	<b>12,952,025</b>	<b>13,159,486</b>	<b>(207,461)</b>	<b>24,323,199</b>	<b>24,298,819</b>
<b>Expenses</b>								
General government	1,714,989	1,737,588	(22,599)	-	-	-	1,714,989	1,737,588
Public safety	4,506,498	3,291,461	1,215,037	-	-	-	4,506,498	3,291,461
Streets and highways	3,517,289	3,200,795	316,494	-	-	-	3,517,289	3,200,795
Sanitation	58,770	46,291	12,479	-	-	-	58,770	46,291
Culture and recreation	1,722,289	1,629,015	93,274	-	-	-	1,722,289	1,629,015
Economic development	304,842	170,858	133,984	-	-	-	304,842	170,858
Interest and fees	88,731	101,778	(13,047)	-	-	-	88,731	101,778
Airport	309,250	236,050	73,200	-	-	-	309,250	236,050
Water	-	-	-	1,604,855	1,329,096	275,759	1,604,855	1,329,096
Sewer	-	-	-	2,881,093	2,787,152	93,941	2,881,093	2,787,152
Electric	-	-	-	6,794,415	6,596,807	197,608	6,794,415	6,596,807
Storm water	-	-	-	354,584	310,809	43,775	354,584	310,809
<b>Total Expenses</b>	<b>12,222,658</b>	<b>10,413,836</b>	<b>1,808,822</b>	<b>11,634,947</b>	<b>11,023,864</b>	<b>611,083</b>	<b>23,857,605</b>	<b>21,437,700</b>
<b>Change in Net Position</b>								
Before Transfers	(851,484)	725,497	(1,576,981)	1,317,078	2,135,622	(818,544)	465,594	2,861,119
Transfers	1,609,716	454,676	1,155,040	(1,609,716)	(454,676)	(1,155,040)	-	-
<b>Change in Net Position</b>	<b>758,232</b>	<b>1,180,173</b>	<b>(421,941)</b>	<b>(292,638)</b>	<b>1,680,946</b>	<b>(1,973,584)</b>	<b>465,594</b>	<b>2,861,119</b>
<b>Net Position - January 1</b>	<b>37,755,821</b>	<b>36,575,648</b>	<b>1,180,173</b>	<b>39,480,969</b>	<b>37,800,023</b>	<b>1,680,946</b>	<b>77,236,790</b>	<b>74,375,671</b>
Prior Period Adjustment (Note 10)	1,450,354	-	1,450,354	-	-	-	1,450,354	-
<b>Net Position - December 31</b>	<b>\$ 39,964,407</b>	<b>\$ 37,755,821</b>	<b>\$ 2,208,586</b>	<b>\$ 39,188,331</b>	<b>\$ 39,480,969</b>	<b>\$ (292,638)</b>	<b>\$ 79,152,738</b>	<b>\$ 77,236,790</b>

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

### Expenses and Program Revenues - Governmental Activities

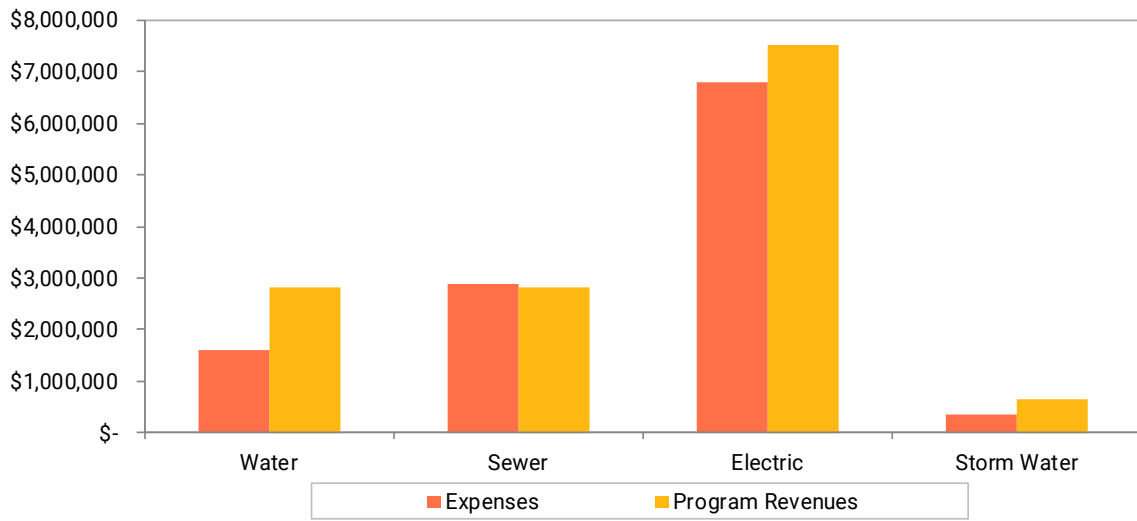


### Revenues by Source - Governmental Activities

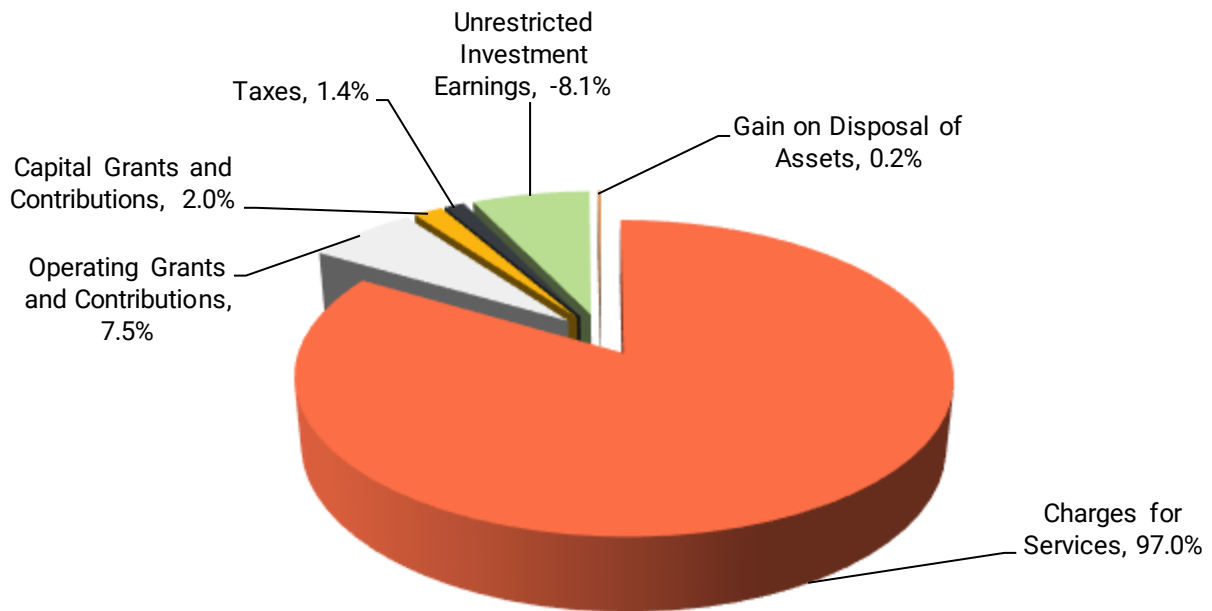


**Business-type Activities.** Business-type activities decreased the City's net position by \$292,638. This decrease can be attributed to large temporary investment losses.

### 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 \$10,942,652. The unrestricted fund balance (committed, assigned or unassigned) consists of \$9,681,781 of the total combined ending fund balance. The restricted fund balance totals \$1,259,812. The remainder of the fund balance consists of nonspendable fund balances in the amount of \$1,059.

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 \$3,828,549, with \$34,352 restricted fund balance for Library, and \$1,059 as nonspendable fund balance. Total fund balance was \$3,863,960. 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 46.7 percent of total budgeted 2023 General fund expenditures of \$8,198,890.

The fund balance of the City's General fund decreased by \$56,052 during the current fiscal year. The key factor of this can be attributed to large temporary losses on investments.

The Debt Service fund has a total fund balance of \$262,073, all of which is restricted for debt service. The fund decreased \$5,810 which relates to temporary losses on investments.

The City continued to fund the Capital Improvement fund with a \$1,391,527 fund balance. It decreased \$121,545 during 2022, due to construction costs associated with multiple street projects occurring during the year such as the 8<sup>th</sup> Street SE reconstruction 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	\$	1,530,330
Sanitary Sewer Fund		3,031,982
Electric Fund		5,309,783
Storm Water Fund		765,513

The net position of the proprietary funds decreased by \$292,638 during the current fiscal year. Key factors in this decrease include:

All proprietary funds had decreases in net position in 2022 due to large unrealized investment losses with the exception of the Storm Water fund, which had an increase in net position of \$231,391. The increase in Storm Water was due to increased charges for services and LRIP grants.

### General Fund Budgetary Highlights

The City's General fund budget was amended during the year. Actual revenues were under budget by \$176,532 and actual expenditures were under budgeted expenditures by \$215,434. The primary reasons for the variances are as follows:

- Large temporary investment losses.
- General Government expenditures came in under budget by \$105,371 mostly due to restructuring Administration and Community Development department staff.
- Streets and Highways were under budget by \$137,937 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, 2022, amounts to \$74,206,483 (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 0.8 percent increase for governmental activities and a 1.5 increase 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 8<sup>th</sup> St SE Reconstruction project was completed with total project costs of \$1,256,052.
- The Safe Routes to School project was completed with total project costs of \$470,453.
- The North State St. Watermain project was completed with total project costs of \$1,335,160.
- The 2022 Electric Conversions project was completed with total project costs of \$184,357.
- Clear Lake Park Improvements project costs totaled \$779,676 for the year.

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

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Land	\$ 1,778,339	\$ 1,778,339	\$ -	\$ 257,465	\$ 257,465	\$ -
Buildings	5,992,037	6,380,997	(388,960)	9,835,912	10,313,680	(477,768)
Improvements Other than Buildings	12,001,273	12,183,156	(181,883)	24,207,416	23,572,284	635,132
Equipment	3,861,569	3,620,496	241,073	2,705,848	2,399,428	306,420
Infrastructure	10,896,283	10,513,518	382,765	1,746,874	1,534,215	212,659
Construction in Progress	901,293	657,493	243,800	22,174	114,655	(92,481)
<b>Total</b>	<b>\$ 35,430,794</b>	<b>\$ 35,133,999</b>	<b>\$ 296,795</b>	<b>\$ 38,775,689</b>	<b>\$ 38,191,727</b>	<b>\$ 583,962</b>

**Long-term Debt:** At the end of the fiscal year, the City had total long-term debt of \$12,759,000. 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 \$1,420,000 during the current fiscal year.

### City of Waseca's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
General Obligation Bonds	\$ 3,265,000	\$ 3,645,000	\$ (380,000)	\$ -	\$ -	\$ -
Revenue Bonds	-	-	-	1,255,000	1,425,000	(170,000)
G.O. Revenue Notes	-	-	-	8,239,000	9,109,000	(870,000)
<b>Total</b>	<b>\$ 3,265,000</b>	<b>\$ 3,645,000</b>	<b>\$ (380,000)</b>	<b>\$ 9,494,000</b>	<b>\$ 10,534,000</b>	<b>\$ (1,040,000)</b>

Changes in long-term debt included reductions of the bond payments required and made in 2022.

The City of Waseca has received a bond rating of Aa3 from Moody's, it's fourth-highest rating, on its debt issued in 2021.

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 \$3,265,000 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 2022, Waseca County's unemployment rate of 4.5 percent compares unfavorably to the state unemployment rate of 3.2 percent and unfavorably to the national unemployment rate of 3.3 percent. Waseca County's unemployment rate was 3.2 percent in 2021; and 4.7 percent in 2020.

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 2023 property tax levy at \$5,545,509 which is an increase from prior year levies. This increase is contributed to the activities of a new vegetable processing plant that was constructed. The City provided a large tax abatement to the company, as well as utilizing the additional tax capacity to increase funding for the City's capital and annexation and growth needs.

The City of Waseca is in year 2 of a 5-year capital funding charge structure for the Electric fund. This capital funding charge supports the electric capital improvement projects.

**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, 2022

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City of Waseca, Minnesota  
Statement of Net Position  
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Housing and Redevelopment Authority
<b>Assets</b>				
Cash and investments	\$ 8,930,246	\$ 10,137,582	\$ 19,067,828	\$ 467,417
Restricted cash and investments	-	221,632	221,632	20,620
Receivables				
Taxes	100,179	-	100,179	-
Accounts	113,725	2,021,886	2,135,611	1,088
Utility connection	-	18,032	18,032	-
Special assessments	570,716	-	570,716	-
Interest	95,762	-	95,762	58
Loans (net of allowance)	213,664	-	213,664	-
Leases	112,167	144,439	256,606	-
Due from other governments	1,259,131	6,096	1,265,227	-
Internal balances	121,649	(121,649)	-	-
Inventories	-	503,536	503,536	-
Land held for resale	1,569,249	-	1,569,249	-
Prepaid items	1,059	3,000	4,059	17,446
Pension asset	631,567	-	631,567	-
Capital assets				
Land	1,778,339	257,465	2,035,804	61,996
Construction in progress	901,293	22,174	923,467	11,000
Infrastructure	30,216,035	4,616,329	34,832,364	-
Buildings	9,506,442	16,161,347	25,667,789	2,500,258
Improvements other than buildings	17,699,826	46,688,963	64,388,789	-
Machinery and equipment	8,550,350	8,725,929	17,276,279	156,461
Accumulated depreciation	(33,221,491)	(37,696,518)	(70,918,009)	(2,168,116)
Total Assets	<u>49,149,908</u>	<u>51,710,243</u>	<u>100,860,151</u>	<u>1,068,228</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	5,485,802	465,487	5,951,289	-
Deferred other postemployment resources	61,784	24,571	86,355	-
Total Deferred Outflows of Resources	<u>5,547,586</u>	<u>490,058</u>	<u>6,037,644</u>	<u>-</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	202,744	1,162,893	1,365,637	12,238
Customer deposits payable	-	221,632	221,632	20,600
Accrued wages payable	20,217	41,975	62,192	2,309
Accrued interest payable	42,292	62,754	105,046	-
Due to other governments	23,515	30,818	54,333	18,105
Unearned revenue	85,302	18,083	103,385	20
<b>Noncurrent liabilities</b>				
Due within one year				
Long-term liabilities	658,292	1,120,625	1,778,917	4,529
Due in more than one year				
Long-term liabilities	3,093,813	8,489,655	11,583,468	1,740
Net pension liability	8,881,590	1,531,857	10,413,447	-
Other postemployment benefit liability	405,765	161,370	567,135	-
Total Liabilities	<u>13,413,530</u>	<u>12,841,662</u>	<u>26,255,192</u>	<u>59,541</u>
<b>Deferred Inflows of Resources</b>				
Deferred lease resources	111,998	144,297	256,295	-
Advance from other governments	649,925	-	649,925	-
Deferred pension resources	503,485	4,476	507,961	-
Deferred other postemployment resources	54,149	21,535	75,684	-
Total Deferred Inflow of Resources	<u>1,319,557</u>	<u>170,308</u>	<u>1,489,865</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	31,977,932	28,672,372	60,650,304	561,599
Restricted for				
Debt service	219,781	-	219,781	-
Revolving loan	66,230	-	66,230	-
Tax increment	10,993	-	10,993	-
Library	34,352	-	34,352	-
Police forfeitures	35,651	-	35,651	-
Municipal state aid construction	775,595	-	775,595	-
PEG channel	74,918	-	74,918	-
Net pension asset	390,103	-	390,103	-
Unrestricted	<u>6,378,852</u>	<u>10,515,959</u>	<u>16,894,811</u>	<u>447,088</u>
Total Net Position	<u>\$ 39,964,407</u>	<u>\$ 39,188,331</u>	<u>\$ 79,152,738</u>	<u>\$ 1,008,687</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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,714,989	\$ 151,530	\$ 140,046	\$ -
Public safety	4,506,498	387,600	493,959	-
Streets and highways	3,517,289	406	171,369	946,716
Sanitation	58,770	-	-	-
Culture and recreation	1,722,289	159,059	-	419,512
Economic development	304,842	19,211	236,553	-
Airport	309,250	129,768	448	124,797
Interest and fees	88,731	-	-	-
<b>Total Governmental Activities</b>	<u>12,222,658</u>	<u>847,574</u>	<u>1,042,375</u>	<u>1,491,025</u>
<b>Business-type Activities</b>				
Water	1,604,855	1,837,699	968,787	-
Sewer	2,881,093	2,817,205	-	-
Electric	6,794,415	7,534,104	-	-
Storm water utility	354,584	392,441	1,123	253,514
<b>Total Business-type Activities</b>	<u>11,634,947</u>	<u>12,581,449</u>	<u>969,910</u>	<u>253,514</u>
<b>Total Primary Government</b>	<u>\$ 23,857,605</u>	<u>\$ 13,429,023</u>	<u>\$ 2,012,285</u>	<u>\$ 1,744,539</u>
<b>Component Units</b>				
Housing and Redevelopment Authority	<u>\$ 475,144</u>	<u>\$ 289,699</u>	<u>\$ 190,193</u>	<u>\$ -</u>

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

Prior Period Adjustment (Note 10)

Net Position, December 31

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

<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Housing and Redevelopment Authority</u>
\$ (1,423,413)		\$ (1,423,413)	
(3,624,939)		(3,624,939)	
(2,398,798)		(2,398,798)	
(58,770)		(58,770)	
(1,143,718)		(1,143,718)	
(49,078)		(49,078)	
(54,237)		(54,237)	
(88,731)		(88,731)	
<u>(8,841,684)</u>		<u>(8,841,684)</u>	
-	\$ 1,201,631	1,201,631	
-	(63,888)	(63,888)	
-	739,689	739,689	
-	292,494	292,494	
-	<u>2,169,926</u>	<u>2,169,926</u>	
<u>\$ (8,841,684)</u>	<u>\$ 2,169,926</u>	<u>\$ (6,671,758)</u>	
			\$ 4,748
3,109,012	-	3,109,012	-
1,956,731	181,267	2,137,998	-
31,438	-	31,438	-
26,752	-	26,752	-
206,012	-	206,012	-
3,152,800	-	3,152,800	-
(536,799)	(1,053,715)	(1,590,514)	178
44,254	19,600	63,854	-
1,609,716	(1,609,716)	-	-
<u>9,599,916</u>	<u>(2,462,564)</u>	<u>7,137,352</u>	<u>178</u>
758,232	(292,638)	465,594	4,926
37,755,821	39,480,969	77,236,790	1,003,761
1,450,354	-	1,450,354	-
<u>\$ 39,964,407</u>	<u>\$ 39,188,331</u>	<u>\$ 79,152,738</u>	<u>\$ 1,008,687</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, 2022

City of Waseca, Minnesota

Balance Sheet

Governmental Funds

December 31, 2022

	101	300s	430	Other	Total
	General	Debt Service	Capital Improvement Fund	Governmental Funds	Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 3,267,501	\$ 254,308	\$ 781,064	\$ 4,289,800	\$ 8,592,673
Receivables					
Taxes	97,986	-	-	2,193	100,179
Accounts	100,116	-	-	11,913	112,029
Special assessments	-	-	-	570,716	570,716
Interest	95,762	-	-	-	95,762
Loans (net of allowance)	-	-	-	213,664	213,664
Leases	63,393	-	48,774	-	112,167
Due from other governments	258,865	8,615	26,817	964,834	1,259,131
Due from other funds	327,784	-	-	-	327,784
Land held for resale	-	-	660,661	908,588	1,569,249
Prepaid items	1,059	-	-	-	1,059
<b>Total Assets</b>	<b>\$ 4,212,466</b>	<b>\$ 262,923</b>	<b>\$ 1,517,316</b>	<b>\$ 6,961,708</b>	<b>\$ 12,954,413</b>
<b>Liabilities</b>					
Accounts payable	\$ 103,262	\$ 850	\$ 66,811	\$ 14,646	\$ 185,569
Accrued wages payable	5,022	-	-	8,925	13,947
Due to other governments	23,515	-	-	-	23,515
Due to other funds	-	-	-	327,784	327,784
Unearned revenue	55,701	-	-	19,603	75,304
<b>Total Liabilities</b>	<b>187,500</b>	<b>850</b>	<b>66,811</b>	<b>370,958</b>	<b>626,119</b>
<b>Deferred Inflows of Resources</b>					
Deferred lease resources	63,020	-	48,978	-	111,998
Unavailable revenue - taxes	97,986	-	-	2,193	100,179
Unavailable revenue - intergovernmental	-	-	10,000	592,749	602,749
Unavailable revenue - assessments	-	-	-	570,716	570,716
<b>Total Deferred Inflows of Resources</b>	<b>161,006</b>	<b>-</b>	<b>58,978</b>	<b>1,165,658</b>	<b>1,385,642</b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid items	1,059	-	-	-	1,059
<b>Restricted for</b>					
Debt service	-	262,073	-	-	262,073
Revolving loan	-	-	-	66,230	66,230
Tax increment	-	-	-	10,993	10,993
Library	34,352	-	-	-	34,352
Police forfeitures	-	-	-	35,651	35,651
Municipal state aid construction	-	-	-	775,595	775,595
PEG Channel	-	-	-	74,918	74,918
<b>Committed to</b>					
Police reserves	-	-	-	429	429
Waseca housing fund	-	-	-	115,421	115,421
Equipment replacement	-	-	-	620,657	620,657
<b>Assigned to</b>					
Capital projects funds	-	-	1,391,527	200,946	1,592,473
Northwest commercial development	-	-	-	1,071,281	1,071,281
Annexation and growth	-	-	-	1,073,182	1,073,182
Operations	-	-	-	432,585	432,585
Economic development	-	-	-	995,954	995,954
Police safe haven	-	-	-	25,480	25,480
Tax abatements	-	-	-	24,619	24,619
Unassigned	3,828,549	-	-	(98,849)	3,729,700
<b>Total Fund Balance</b>	<b>3,863,960</b>	<b>262,073</b>	<b>1,391,527</b>	<b>5,425,092</b>	<b>10,942,652</b>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<b>\$ 4,212,466</b>	<b>\$ 262,923</b>	<b>\$ 1,517,316</b>	<b>\$ 6,961,708</b>	<b>\$ 12,954,413</b>

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, 2022

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

Total Fund Balances - Governmental Funds	\$ 10,942,652
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	35,430,794
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not report as assets in the funds.	631,567
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	(366,054)
Other post-employment benefits liability	(405,765)
Bonds payable	(3,265,000)
Bond premiums, net of accumulated amortization	(121,051)
Net pension liability	(8,743,122)
Governmental funds do not report long-term amounts related to other postemployment benefits.	
Deferred outflow of resources - other postemployment benefit resources	61,784
Deferred inflow of resources - other postemployment benefit resources	(54,149)
Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	100,181
Special assessments receivable	570,716
Advance from other governments receivable	(57,176)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflow of resources - pension resources	5,443,859
Deferred inflow of resources - pension resources	(503,365)
Governmental funds do not report a liability for accrued interest until due and payable.	(42,292)
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.	340,828
Total Net Position - Governmental Activities	<u>\$ 39,964,407</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, 2022**

	<b>101</b>	<b>300s</b>	<b>430</b>		<b>Total</b>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Governmental Funds</u>
<b>Revenues</b>					
Taxes	\$ 3,229,245	\$ 487,927	780,688	\$ 907,097	\$ 5,404,957
Licenses	55,298	-	-	-	55,298
Permits and fees	250,678	-	-	-	250,678
Intergovernmental	3,484,324	-	1,406,608	706,608	5,597,540
Charges for services	346,536	-	406	142,302	489,244
Fines and forfeitures	21,862	-	-	3,426	25,288
Special assessments	-	-	-	144,599	144,599
Contributions	14,935	-	9,390	11,000	35,325
Interest earnings (loss)	(188,356)	(4,813)	(22,929)	(320,701)	(536,799)
Miscellaneous	91,646	-	4,714	40,342	136,702
<b>Total Revenues</b>	<u>7,306,168</u>	<u>483,114</u>	<u>2,178,877</u>	<u>1,634,673</u>	<u>11,602,832</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	1,435,584	-	-	36,538	1,472,122
Public safety	3,678,082	-	-	217,820	3,895,902
Streets and highways	1,582,591	-	71,329	-	1,653,920
Sanitation	58,770	-	-	-	58,770
Culture and recreation	1,215,847	-	-	-	1,215,847
Economic development	-	-	-	305,371	305,371
Airport	-	-	-	131,401	131,401
<b>Capital outlay</b>					
General government	-	-	-	301	301
Public safety	-	-	-	176,384	176,384
Streets and highways	-	-	1,500,643	189,177	1,689,820
Culture and recreation	-	-	1,222,376	-	1,222,376
Airport	-	-	-	58,860	58,860
<b>Debt service</b>					
Bond principal	-	380,000	-	-	380,000
Interest and fiscal charges	-	108,924	-	-	108,924
<b>Total Expenditures</b>	<u>7,970,874</u>	<u>488,924</u>	<u>2,794,348</u>	<u>1,115,852</u>	<u>12,369,998</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(664,706)</u>	<u>(5,810)</u>	<u>(615,471)</u>	<u>518,821</u>	<u>(767,166)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	641,118	-	493,926	1,001,251	2,136,295
Transfers out	(32,464)	-	-	(494,115)	(526,579)
<b>Total Other Financing Sources (Uses)</b>	<u>608,654</u>	<u>-</u>	<u>493,926</u>	<u>507,136</u>	<u>1,609,716</u>
<b>Net Change in Fund Balance</b>	(56,052)	(5,810)	(121,545)	1,025,957	842,550
<b>Fund Balance, January 1</b>	3,920,012	267,883	852,411	4,399,135	9,439,441
<b>Prior Period Adjustment (Note 10)</b>	-	-	660,661	-	660,661
<b>Fund Balances, December 31</b>	<u>\$ 3,863,960</u>	<u>\$ 262,073</u>	<u>\$ 1,391,527</u>	<u>\$ 5,425,092</u>	<u>\$ 10,942,652</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, 2022

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

Net change in fund balances - governmental funds	\$	842,550
<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		3,051,129
Book value of assets sold or traded		(60,146)
Gain on trade-in of assets		104,400
Depreciation expense		(2,798,588)
<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>		
		(269,381)
<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		380,000
Change in accrued interest		5,062
Amortization of bond discount and premium		15,131
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension expense		(699,911)
Direct aid contributions		77,965
<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		13,990
Compensated absences		85,962
<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>		
		10,069
Change in Net Position - Governmental Activities	\$	758,232

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, 2022

	2022			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 2,927,344	\$ 2,927,344	\$ 2,996,481	\$ 69,137
Franchise taxes	212,000	212,000	206,012	(5,988)
Lodging taxes	28,000	28,000	26,752	(1,248)
Licenses	60,700	60,700	55,298	(5,402)
Permits and fees	203,000	221,500	250,678	29,178
Intergovernmental	3,480,449	3,507,514	3,484,324	(23,190)
Charges for services	335,048	335,048	346,536	11,488
Fines and forfeitures	30,000	30,000	21,862	(8,138)
Contributions	10,100	10,100	14,935	4,835
Interest earnings	80,500	80,500	(188,356)	(268,856)
Miscellaneous	69,994	69,994	91,646	21,652
Total Revenues	<u>7,437,135</u>	<u>7,482,700</u>	<u>7,306,168</u>	<u>(176,532)</u>
Expenditures				
Current				
General government	1,540,955	1,540,955	1,435,584	105,371
Public safety	3,589,728	3,678,793	3,678,082	711
Streets and highways	1,720,002	1,720,002	1,582,591	137,411
Sanitation	59,860	59,860	58,770	1,090
Cultural and recreation	1,146,098	1,186,698	1,215,847	(29,149)
Total Expenditures	<u>8,056,643</u>	<u>8,186,308</u>	<u>7,970,874</u>	<u>215,434</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(619,508)</u>	<u>(703,608)</u>	<u>(664,706)</u>	<u>38,902</u>
Other Financing Sources (Uses)				
Transfers in	641,118	641,118	641,118	-
Transfers out	(21,610)	(21,610)	(32,464)	(10,854)
Total Other Financing Sources (Uses)	<u>619,508</u>	<u>619,508</u>	<u>608,654</u>	<u>(10,854)</u>
Net Change in Fund Balances	-	(84,100)	(56,052)	28,048
Fund Balance, January 1	<u>3,920,012</u>	<u>3,920,012</u>	<u>3,920,012</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 3,920,012</u>	<u>\$ 3,835,912</u>	<u>\$ 3,863,960</u>	<u>\$ 28,048</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, 2022

	Business-type Activities- Enterprise Funds		
	601 Water	602 Sanitary Sewer	604 Electric
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 1,597,776	\$ 3,187,953	\$ 4,593,959
Restricted cash and investments	-	-	221,632
Receivables			
Accounts	271,916	473,102	1,222,872
Utility connection	10,819	7,213	-
Leases	144,439	-	-
Due from other governments	-	3,252	2,844
Inventories	-	-	503,536
Prepaid items	3,000	-	-
<b>Total Current Assets</b>	<b>2,027,950</b>	<b>3,671,520</b>	<b>6,544,843</b>
<b>Noncurrent Assets</b>			
<b>Capital assets</b>			
Land	10,585	28,500	88,130
Construction in progress	-	-	22,174
Infrastructure	-	-	-
Buildings	230,026	15,331,899	599,422
Improvements	16,000,969	19,387,417	7,486,066
Machinery and equipment	650,368	5,804,193	2,179,420
Less accumulated depreciation	(7,612,742)	(19,130,041)	(6,578,282)
<b>Total capital assets (net of     accumulated depreciation)</b>	<b>9,279,206</b>	<b>21,421,968</b>	<b>3,796,930</b>
<b>Total Assets</b>	<b>11,307,156</b>	<b>25,093,488</b>	<b>10,341,773</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	107,355	173,741	170,301
Deferred other postemployment benefit resources	5,210	9,861	8,732
<b>Total Deferred Outflows of Resources</b>	<b>112,565</b>	<b>183,602</b>	<b>179,033</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	21,406	612,973	527,860
Customer deposits payable	-	-	221,632
Accrued wages payable	10,415	12,625	16,841
Accrued interest payable	8,697	54,057	-
Due to other governments	6,258	3,578	20,982
Unearned revenue	10,819	7,213	51
Revenue notes payable	154,000	732,000	-
Revenue bonds payable	44,190	130,810	-
Compensated absences payable	14,221	18,861	25,200
<b>Total Current Liabilities</b>	<b>270,006</b>	<b>1,572,117</b>	<b>812,566</b>

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



Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
Nonmajor <b>651</b> Storm Water	Total		
\$ 757,894	\$ 10,137,582	\$ 337,573	
-	221,632	-	
53,996	2,021,886	1,696	
-	18,032	-	
-	144,439	-	
-	6,096	-	
-	503,536	-	
-	3,000	-	
<u>811,890</u>	<u>13,056,203</u>	<u>339,269</u>	
130,250	257,465	-	
-	22,174	-	
4,616,329	4,616,329	-	
-	16,161,347	-	
3,814,511	46,688,963	-	
91,948	8,725,929	-	
<u>(4,375,453)</u>	<u>(37,696,518)</u>	<u>-</u>	
<u>4,277,585</u>	<u>38,775,689</u>	<u>-</u>	
<u>5,089,475</u>	<u>51,831,892</u>	<u>339,269</u>	
14,090	465,487	41,943	
768	24,571	-	
<u>14,858</u>	<u>490,058</u>	<u>41,943</u>	
654	1,162,893	17,175	
-	221,632	-	
2,094	41,975	6,270	
-	62,754	-	
-	30,818	-	
-	18,083	-	
-	886,000	-	
-	175,000	-	
1,343	59,625	-	
<u>4,091</u>	<u>2,658,780</u>	<u>23,445</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, 2022

	Business-type Activities- Enterprise Funds		
	601	602	604
	Water	Sanitary Sewer	Electric
Noncurrent Liabilities			
Revenue notes payable	\$ 1,631,000	\$ 5,722,000	\$ -
Revenue bonds payable	345,119	750,509	-
Compensated absences payable	7,898	15,575	12,610
Net pension liability	352,901	571,826	560,812
Other post-employment benefits payable	34,215	64,764	57,349
Total Noncurrent Liabilities	2,371,133	7,124,674	630,771
Total Liabilities	2,641,139	8,696,791	1,443,337
Deferred Inflows of Resources			
Deferred lease resources	144,297	-	-
Deferred pension resources	1,286	1,627	1,396
Deferred other postemployment benefit resources	4,566	8,642	7,654
Total Deferred Inflows of Resources	150,149	10,269	9,050
Net Position			
Net investment in capital assets	7,098,103	13,538,048	3,758,636
Unrestricted	1,530,330	3,031,982	5,309,783
Total Net Position	\$ 8,628,433	\$ 16,570,030	\$ 9,068,419

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 <b>651</b> Storm Water	Total		
\$ -	\$ 7,353,000	\$ -	
-	1,095,628	-	
4,944	41,027	-	
46,318	1,531,857	138,468	
5,042	161,370	-	
<u>56,304</u>	<u>10,182,882</u>	<u>138,468</u>	
 60,395	 12,841,662	 161,913	
 -	 144,297	 -	
167	4,476	120	
673	21,535	-	
<u>840</u>	<u>170,308</u>	<u>120</u>	
 4,277,585	 28,672,372	 -	
<u>765,513</u>	<u>10,637,608</u>	<u>219,179</u>	
<u>\$ 5,043,098</u>	<u>39,309,980</u>	<u>\$ 219,179</u>	
	<u>(121,649)</u>		
	<u>\$ 39,188,331</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, 2022

	Business-type Activities- Enterprise Funds		
	601	602	604
	Water	Sanitary Sewer	Electric
Operating Revenues			
Charges for services	\$ 1,795,242	\$ 2,668,979	\$ 7,335,904
Intergovernmental	968,787	-	-
Miscellaneous	15,223	148,226	198,200
Total Operating Revenues	<u>2,779,252</u>	<u>2,817,205</u>	<u>7,534,104</u>
Operating Expenses			
Power purchased	116,867	-	5,110,842
Personal services	511,385	818,834	749,248
Supplies	160,317	183,490	299,370
Services and charges	173,358	502,632	199,512
Depreciation	616,888	1,223,965	435,864
Insurance payment	-	-	-
Insurance premium	-	-	-
Total Operating Expenses	<u>1,578,815</u>	<u>2,728,921</u>	<u>6,794,836</u>
Operating Income (Loss)	<u>1,200,437</u>	<u>88,284</u>	<u>739,268</u>
Nonoperating Revenues (Expenses)			
Taxes	-	181,267	-
Gain on disposal of capital assets	-	19,600	-
Interest income (loss)	(189,186)	(338,752)	(471,098)
Interest expense	(25,987)	(156,538)	(459)
Lease revenues	27,234	-	-
Fiscal agent fees	(675)	(675)	-
Amortization	218	3,689	-
Total Nonoperating Revenues (Expenses)	<u>(188,396)</u>	<u>(291,409)</u>	<u>(471,557)</u>
Income (Loss) Before Contributions and Transfers	1,012,041	(203,125)	267,711
Capital Contributions	-	-	-
Transfers In	189	-	-
Transfers Out	<u>(1,046,037)</u>	<u>(120,468)</u>	<u>(437,000)</u>
Change in Net Position	(33,807)	(323,593)	(169,289)
Net Position, January 1	<u>8,662,240</u>	<u>16,893,623</u>	<u>9,237,708</u>
Net Position, December 31	<u>\$ 8,628,433</u>	<u>\$ 16,570,030</u>	<u>\$ 9,068,419</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 <b>651</b> Storm Water	Total		
\$ 380,150	\$ 12,180,275	\$ 737,727	
1,123	969,910	-	
12,291	373,940	63,355	
<u>393,564</u>	<u>13,524,125</u>	<u>801,082</u>	
-	5,227,709	-	
72,852	2,152,319	189,471	
551	643,728	122,916	
55,780	931,282	13,449	
225,425	2,502,142	-	
-	-	6,043	
-	-	456,474	
<u>354,608</u>	<u>11,457,180</u>	<u>788,353</u>	
<u>38,956</u>	<u>2,066,945</u>	<u>12,729</u>	
-	181,267	-	
-	19,600	-	
(54,679)	(1,053,715)	-	
-	(182,984)	-	
-	27,234	-	
-	(1,350)	-	
-	3,907	-	
<u>(54,679)</u>	<u>(1,006,041)</u>	<u>-</u>	
(15,723)	1,060,904	12,729	
253,514	253,514	-	
-	189	-	
<u>(6,400)</u>	<u>(1,609,905)</u>	<u>-</u>	
231,391	(295,298)	12,729	
<u>4,811,707</u>	<u>39,605,278</u>	<u>206,450</u>	
<u>\$ 5,043,098</u>	<u>\$ 39,309,980</u>	<u>\$ 219,179</u>	
	\$ (295,298)		
	<u>2,660</u>		
	<u>\$ (292,638)</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, 2022

	Business-type Activities- Enterprise Funds		
	601	602	604
	Water	Sanitary Sewer	Electric
Cash Flows from Operating Activities			
Cash received from customers	\$ 2,776,727	\$ 2,888,171	\$ 7,456,185
Cash received from other funds and reimbursements	-	-	-
Cash payments to suppliers	(441,867)	(644,708)	(5,499,242)
Cash payments to employees	(459,228)	(758,262)	(715,811)
Cash payments for interfund services used	-	-	-
Net Cash Provided by Operating Activities	<u>1,875,632</u>	<u>1,485,201</u>	<u>1,241,132</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	189	-	-
State grants	-	-	31,573
Tax receipts	-	178,015	-
Lease receipts	27,092	-	-
Transfers to other funds	(1,046,037)	(120,468)	(437,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,018,756)</u>	<u>57,547</u>	<u>(405,427)</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	26,878	-	-
Principal paid on bonds	(42,190)	(127,810)	-
Principal paid on notes	(155,000)	(715,000)	-
Acquisition of capital assets	(1,373,466)	(684,910)	(222,647)
Proceeds from disposal of capital assets	-	19,600	-
Fiscal agent fee	(675)	(675)	-
Interest paid	(26,631)	(162,486)	(459)
Net Cash Used by Capital and Related Financing Activities	<u>(1,571,084)</u>	<u>(1,671,281)</u>	<u>(223,106)</u>
Cash Flows from Investing Activities			
Interest on investments (loss)	(189,186)	(338,752)	(471,098)
Net Increase (Decrease) in Cash and Cash Equivalents	(903,394)	(467,285)	141,501
Cash and Cash Equivalents, January 1	<u>2,501,170</u>	<u>3,655,238</u>	<u>4,452,458</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,597,776</u>	<u>\$ 3,187,953</u>	<u>\$ 4,593,959</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			
<b>651</b>			
Storm Water	Total		
\$ 391,999	\$ 13,513,082	\$ -	-
-	-	801,082	-
(60,793)	(6,646,610)	-	-
(65,019)	(1,998,320)	(188,015)	-
-	-	(593,338)	-
<u>266,187</u>	<u>4,868,152</u>	<u>19,729</u>	-
-	189	-	-
-	31,573	-	-
-	178,015	-	-
-	27,092	-	-
(6,400)	(1,609,905)	-	-
<u>(6,400)</u>	<u>(1,373,036)</u>	-	-
253,514	280,392	-	-
-	(170,000)	-	-
-	(870,000)	-	-
(383,126)	(2,664,149)	-	-
-	19,600	-	-
-	(1,350)	-	-
-	(189,576)	-	-
<u>(129,612)</u>	<u>(3,595,083)</u>	-	-
<u>(54,679)</u>	<u>(1,053,715)</u>	-	-
75,496	(1,153,682)	19,729	-
<u>682,398</u>	<u>11,291,264</u>	<u>317,844</u>	-
<u>\$ 757,894</u>	<u>\$ 10,137,582</u>	<u>\$ 337,573</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, 2022

	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)	\$ 1,200,437	\$ 88,284	\$ 739,268
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	616,888	1,223,965	435,864
(Increase) decrease in assets			
Accounts receivable	(2,525)	70,966	(77,919)
Inventories	-	-	43,530
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	14,209	38,104	43,988
Deferred other postemployment benefit resources	(908)	190	742
Increase (decrease) in liabilities			
Accounts payable	9,203	38,670	78,956
Accrued wages payable	2,773	(387)	2,193
Due to other governments	(528)	2,744	(12,004)
Compensated absences payable	(6,117)	5,988	(8,376)
Other postemployment benefit liability	6,747	594	(3,138)
Net pension liability	186,670	282,140	267,784
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(151,388)	(264,432)	(267,733)
Deferred other postemployment benefit resources	171	(1,625)	(2,023)
Net Cash Provided by Operating Activities	\$ 1,875,632	\$ 1,485,201	\$ 1,241,132
Schedule of Noncash Investing, Capital and Financing Activities			
Amortization of Bond Discount (Premium)	\$ (218)	\$ (3,689)	\$ -
Capital Items Acquired on Account	\$ 6,794	\$ 548,601	\$ 38,294

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			
\$ 38,956	\$ 2,066,945	\$ 12,729	
225,425	2,502,142	-	
(1,565)	(11,043)	-	
-	43,530	-	
1,931	98,232	18,278	
(57)	(33)	-	
(4,462)	122,367	5,544	
842	5,421	2,571	
-	(9,788)	-	
214	(8,291)	-	
500	4,703	-	
24,411	761,005	56,119	
(19,954)	(703,507)	(75,512)	
(54)	(3,531)	-	
<u>\$ 266,187</u>	<u>\$ 4,868,152</u>	<u>\$ 19,729</u>	
\$ -	\$ (3,907)	\$ -	
<u>\$ -</u>	<u>\$ 593,689</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, 2022

**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.

**Blended Presented Component Unit.** 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.

**Discretely Presented Component Unit.** 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 one discretely presented component unit. While the Housing and Redevelopment Authority is considered to be a major component unit, it is 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, 2022

**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, 2022

**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, 2022:

- US government and agency securities and asset backed securities of \$10,945,142 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposit of \$2,791,258 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 \$20,620 as of December 31, 2022.

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, 2022

**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 2022. 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.

***Lease Receivable***

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

***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.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

***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.

***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 assets 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.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. 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.

***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		
City's proportionate share	\$ 598,168	\$ 662,316	\$ 774	\$ 180,964	\$ 1,442,222
Proportionate share of State's contribution	17,325	54,693	-	-	72,018
Total pension expense	<u>\$ 615,493</u>	<u>\$ 717,009</u>	<u>\$ 774</u>	<u>\$ 180,964</u>	<u>\$ 1,514,240</u>

## **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 assets 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.

There is also one item, deferred lease resources, which is presented in both the governmental funds and on the statement of net position. This is the result of long term lease receivables.

### ***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 2022, 50 percent of the next year's budgeted operating expenditures is \$4,099,445.

## **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, Historical Preservation fund, Police Reserve fund, Police Forfeiture fund, Safe Haven Grant fund, Fire Relief fund, PEG Channel fund, Recovery Coordinator Grand fund, American Rescue fund, and the Economic Development Authority 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, Annexation and Growth, and Water Funds in 2022. The General Fund was amended to account for grant funding for new AED's and to reflect additional building permit revenue with an adjustment to building permit expenditures. The Capital Improvement Fund to reallocate expenditures for various projects The Water Fund was amended to account for the American Rescue Plan Act funding for investment in the Water Utility infrastructure. The Annexation and Growth Fund was adjusted to account for additional funding for growth projects.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**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			
Historical Preservation Fund	\$ 250	\$ 876	\$ 626
Police Reserve Fund	5,500	8,649	3,149
Police Forfeiture Fund	3,000	15,698	12,698
Safe Haven Grant Fund	121,301	130,908	9,607
Fire Relief Fund	79,285	81,706	2,421
Capital Project			
Annexation and Growth	7,800	10,293	2,493

- The Historical Preservation fund was established to account for the grant funding and expenditures relating of the Historical Preservation of Waseca. The excess expenditures over appropriations in 2022 relate to a grant received by the Historical Preservation Committee.
- The Safe Haven Grant fund accounts for funding and activity for the Safe Have Supervised Visitation and Safe Exchange Grant. The excess expenditures over appropriations were due to additional expenses related to the staffing and operations of the facility. These excess expenditures are offset with additional revenue for charges for services.
- 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 2022 relate to increased contribution for pensions and were covered by excess revenues.
- The Police Reserve fund accounts for Police Reserve activity for the City of Waseca. The excess in appropriations were due to additional charges for services that were offset with additional revenue.
- The Police Forfeiture fund was established to provide for separate allocation of forfeiture, DUI and other revenue sources that must be expended in accordance with State statute. The excess in appropriations was due to the purchase of the replacement of equipment. Available fund balance was used to fund the excess expenditures.
- 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.

**C. Deficit Fund Equity**

Fund	Amount
Special Revenue	
Historical Preservation	\$ 6,084
Fire Relief Fund	1,434
Recovery Coordinator Grant	91,331
Internal Service	
Central Garage Services	48,840

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 2. Stewardship, Compliance and Accountability (Continued)**

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

**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 \$4,935,481 and the bank balance was \$6,056,933. Of the total bank balance, the FDIC covered \$1,249,883 and the remaining deposits were collateralized with securities held by the pledging of financial institution's trust department in the City's name.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit - HRA***

At year end, the carrying amount of the HRA's deposits was \$487,977 and the bank balance was \$502,496 . The total bank balance was covered by the FDIC.

***Investments***

As of December 31, 2022, 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
<b>Pooled Investments at Amortized Costs</b>					
Broker Money Market Funds	N/A	less than 1 year	\$ 616,195	\$ -	\$ -
<b>Non-pooled Investments at Fair Value</b>					
Asset Backed Securities	N/A	1 to 5 years	262,212	262,212	-
Government Agency Securities	AAA	less than 1 year	196,298	196,298	-
Government Agency Securities	AA	1 to 5 years	3,841,282	3,841,282	-
Government Agency Securities	AA+	1 to 5 years	507,381	507,381	-
Government Agency Securities	Aa1	1 to 5 years	548,695	548,695	-
Government Agency Securities	AAA	1 to 5 years	142,008	142,008	-
Government Agency Securities	Aa2	1 to 5 years	301,992	301,992	-
Government Agency Securities	AA+	more than 5 years	1,466,080	1,466,080	-
Government Agency Securities	AA	more than 5 years	2,450,408	2,450,408	-
Government Agency Securities	Aa2	more than 5 years	568,160	568,160	-
Government Agency Securities	AAA	more than 5 years	660,626	660,626	-
Negotiable certificates of deposit	N/A	less than 1 year	827,140	-	827,140
Negotiable certificates of deposit	N/A	1 to 5 years	1,964,118	-	1,964,118
<b>Total Investments</b>			<b>\$ 14,352,595</b>	<b>\$ 10,945,142</b>	<b>\$ 2,791,258</b>

(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, 2022

**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 - Housing and Redevelopment Authority	Total
Investments	\$ 14,352,595	\$ -	\$ 14,352,595
Deposits	4,935,481	487,977	5,423,458
Petty Cash and Change Funds	1,384	60	1,444
<b>Total</b>	<b>\$ 19,289,460</b>	<b>\$ 488,037</b>	<b>\$ 19,777,497</b>
Cash and Investments	\$ 19,067,828	\$ 467,417	\$ 19,535,245
Restricted Assets	221,632	20,620	242,252
<b>Total</b>	<b>\$ 19,289,460</b>	<b>\$ 488,037</b>	<b>\$ 19,777,497</b>

- *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  
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**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 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, 2022 is \$446,312. 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 \$446,312.

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 or 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, 2022 is \$168,429.

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, 2022 is \$42,235.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

Capital asset activity for governmental activities for the year ended December 31, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Transfer of Assets	Ending Balances
Capital Assets Not Being Depreciated					
Land	\$ 1,778,339	\$ -	\$ -	\$ -	\$ 1,778,339
Construction in progress	657,493	1,970,305	(1,726,505)	-	901,293
Total Capital Assets Not Being Depreciated	<u>2,435,832</u>	<u>1,970,305</u>	<u>(1,726,505)</u>	<u>-</u>	<u>2,679,632</u>
Depreciable Capital Assets					
Infrastructure	28,959,984	1,256,051	-	-	30,216,035
Buildings	9,506,442	-	-	-	9,506,442
Improvements other than buildings	17,070,849	718,224	(89,247)	-	17,699,826
Equipment	7,869,010	937,454	(290,299)	34,185	8,550,350
Total Depreciable Capital Assets	<u>63,406,285</u>	<u>2,911,729</u>	<u>(379,546)</u>	<u>34,185</u>	<u>65,972,653</u>
Accumulated Depreciation					
Infrastructure	(18,446,466)	(873,286)	-	-	(19,319,752)
Buildings	(3,125,445)	(388,960)	-	-	(3,514,405)
Improvements other than buildings	(4,887,693)	(900,107)	89,247	-	(5,698,553)
Equipment	(4,248,514)	(636,235)	230,153	(34,185)	(4,688,781)
Total Accumulated Depreciation	<u>(30,708,118)</u>	<u>(2,798,588)</u>	<u>319,400</u>	<u>(34,185)</u>	<u>(33,221,491)</u>
Total Capital Assets Being Depreciated, Net	<u>32,698,167</u>	<u>113,141</u>	<u>(60,146)</u>	<u>-</u>	<u>32,751,162</u>
Governmental Activities Capital Assets, Net	<u>\$ 35,133,999</u>	<u>\$ 2,083,446</u>	<u>\$ (1,786,651)</u>	<u>\$ -</u>	<u>\$ 35,430,794</u>

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

Capital asset activity for business-type activities for the year ended December 31, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Transfer of Assets	Ending Balances
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 257,465	\$ -	\$ -	\$ -	\$ 257,465
Construction in progress	114,655	1,427,036	(1,519,517)	-	22,174
Total Capital Assets Not Being Depreciated	<u>372,120</u>	<u>1,427,036</u>	<u>(1,519,517)</u>	-	<u>279,639</u>
<b>Depreciable Capital Assets</b>					
Infrastructure	4,315,244	301,085	-	-	4,616,329
Buildings	16,161,347	-	-	-	16,161,347
Improvements other than buildings	44,554,358	2,202,701	(68,096)	-	46,688,963
Equipment	8,086,420	674,799	(1,105)	(34,185)	8,725,929
Total Depreciable Capital Assets	<u>73,117,369</u>	<u>3,178,585</u>	<u>(69,201)</u>	<u>(34,185)</u>	<u>76,192,568</u>
<b>Accumulated Depreciation</b>					
Infrastructure	(2,781,029)	(88,426)	-	-	(2,869,455)
Buildings	(5,847,667)	(477,768)	-	-	(6,325,435)
Improvements other than buildings	(20,982,074)	(1,567,569)	68,096	-	(22,481,547)
Equipment	(5,686,992)	(368,379)	1,105	34,185	(6,020,081)
Total Accumulated Depreciation	<u>(35,297,762)</u>	<u>(2,502,142)</u>	<u>69,201</u>	<u>34,185</u>	<u>(37,696,518)</u>
Total Capital Assets Being Depreciated, Net	<u>37,819,607</u>	<u>676,443</u>	<u>-</u>	<u>-</u>	<u>38,496,050</u>
Business-type Activities Capital Assets, Net	<u>\$ 38,191,727</u>	<u>\$ 2,103,479</u>	<u>\$ (1,519,517)</u>	<u>\$ -</u>	<u>\$ 38,775,689</u>

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

**Governmental Activities**

General Government	\$ 200,756
Public Safety	194,062
Streets and Highways	1,720,732
Culture and Recreation	513,224
Airport	169,814
Total Depreciation Expense - Governmental Activities	<u>\$ 2,798,588</u>

**Business-type Activities**

Water Fund	\$ 616,888
Sanitary Sewer Fund	1,223,965
Electric	435,864
Storm Water	225,425
Total Depreciation - Business-type Activities	<u>\$ 2,502,142</u>

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**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, 2022 are as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets not Being Depreciated				
Land	\$ 61,996	\$ -	\$ -	\$ 61,996
Construction in progress	-	11,000	-	11,000
Total capital Assets Not Being Depreciated	<u>61,996</u>	<u>11,000</u>	<u>-</u>	<u>72,996</u>
Depreciable Capital Assets				
Buildings	2,500,258	-	-	2,500,258
Property and equipment	156,461	-	-	156,461
Total Depreciable Capital Assets	<u>2,656,719</u>	<u>-</u>	<u>-</u>	<u>2,656,719</u>
Accumulated Depreciation	(2,093,341)	(74,775)	-	(2,168,116)
Total Capital Assets Being Depreciated, Net	<u>563,378</u>	<u>(74,775)</u>	<u>-</u>	<u>488,603</u>
Business-type Activities Capital Assets, Net	<u>\$ 625,374</u>	<u>\$ (74,775)</u>	<u>\$ -</u>	<u>\$ 561,599</u>

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

Low Rent Public Housing	<u>\$ 74,775</u>
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***Construction Commitments***

The City has active construction projects as of December 31, 2022. The projects include construction that improves access and safety on prioritized routes to the schools.

Project	Contractor	Paid to Date	Contract Remaining
Clear Lake Park Improvements	Met-Con Construction, Inc.	<u>\$ 656,522</u>	<u>\$ 97,149</u>

**D. Investment in Real Property**

This amount represents the cost of land on lots being held for sale on the Demi property (\$770,901), the Huebert property and the Cunningham Estate (\$137,687), and the Gator Lake property (\$660,661). The balance as of December 31, 2022 is as follows:

Land	<u>\$ 1,569,249</u>
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City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**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 2022 revenue flow provides for costs.

The composition of interfund balances as of December 31, 2022 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor funds	\$ 327,784

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, 2022:

Transfers Out	Transfers In				Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Water Fund	
General Fund	\$ -	\$ -	\$ 32,464	\$ -	\$ 32,464
Nonmajor					
Governmental Funds	-	493,926	-	189	494,115
Water Fund	77,250	-	968,787	-	1,046,037
Sanitary Sewer Fund	120,468	-	-	-	120,468
Electric Fund	437,000	-	-	-	437,000
Nonmajor					
Enterprise Funds	6,400	-	-	-	6,400
Total	\$ 641,118	\$ 493,926	\$ 1,001,251	\$ 189	\$ 2,136,484

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, 2022, the government made the following one-time transfers:

- 1) A transfer for \$968,787 from the Water Utility to Annexation and Growth Fund to allow for future funding of growth project
- 2) A transfer for \$6,368 from the General fund to the TIF DCU Waseca fund which was decertified during the year.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

**F. Lease Receivables**

The City has three long-term leases that are required to be reported under GASB 87.

*Library Location – Waseca LeSueur Regional Library System:* The City leases library space to the Waseca LeSueur Regional Library System. The lease agreement began January 1, 2021, and continues through December 31, 2025. There is one possible renewal option, but it is unknown if it will be exercised.

*Tink Larson Field –* The City leases Tink Larson Field to ISD #829, and has been since January of 1949. Regular lease payments are expected to be received until January 1, 2027.

*Verizon Wireless Water Tower Antenna Site –* The City leases a water tower site to Verizon Wireless for their communication equipment. The lease began in 1997 and expires May 31, 2028.

Long-term lease activity for the year ended December 31, 2022 was as follows:

Description	Issue Date	Discount Rate		Current Year Inflow of Resources	Balance at Year End
Library Location - Waseca LeSueur Regional Library System	1/1/2021	1.43 %	\$	21,600	\$ 63,393
Verizon Wireless Water Tower Antenna Site (Midwest Wireless)	11/1/1997	0.83		27,090	144,439
Tink Larson Field - ISD #829	1/4/1949	0.83		10,000	48,774
					<u>\$ 256,606</u>

**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	\$ 2,285,000
General Obligation Refunding Bonds Series 2014B	1,375,000	3.00 - 4.00	12/18/14	02/01/33	980,000
Total General Obligation Bonds					<u>\$ 3,265,000</u>

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

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

Year	<b>G.O. Bonds</b> Governmental Activities		
	Principal	Interest	Total
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	200,000	55,000	255,000
2028 - 2032	1,090,000	178,441	1,268,441
2033 - 2035	525,000	23,353	548,353
<b>Total</b>	<b>\$ 3,265,000</b>	<b>\$ 570,544</b>	<b>\$ 3,835,544</b>

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	\$ 330,000
G.O. Utility Revenue Bonds 2020A	1,020,000	1.15	10/07/20	02/01/31	925,000
<b>Total Revenue Bonds</b>					<b>\$ 1,255,000</b>

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

Year	<b>G.O. Revenue Bonds</b> Business-Type Activities		
	Principal	Interest	Total
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	100,000	5,463	105,463
2028 - 2031	425,000	15,436	440,436
<b>Total</b>	<b>\$ 1,255,000</b>	<b>\$ 74,501</b>	<b>\$ 1,329,501</b>



City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**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	\$ 3,819,000
General Obligation 2018 PFA Loan - Drinking Water	2,321,393	1.00	09/05/18	08/20/33	1,785,000
General Obligation 2018 PFA Loan - Clean Water	3,424,234	1.00	09/05/18	08/20/33	2,635,000
					<u>\$ 8,239,000</u>

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

Year	<b>G.O. Revenue Notes</b> Business-Type Activities		
	Principal	Interest	Total
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	957,000	73,927	1,030,927
2028 - 2032	3,211,000	129,035	3,340,035
2032 - 2033	423,000	4,231	427,231
Total	<u>\$ 8,239,000</u>	<u>\$ 681,390</u>	<u>\$ 8,920,390</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	\$ 2,779,252	\$ 2,817,205
Principal and Interest	223,821	1,005,296
Percent of Revenue	8.05%	35.68%

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

Change in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
<b>Bonds Payable</b>					
General obligation bonds	\$ 3,645,000	\$ -	\$ (380,000)	\$ 3,265,000	\$ 385,000
Plus: bond premium	136,182	-	(15,131)	121,051	-
Total Bonds Payable	<u>3,781,182</u>	<u>-</u>	<u>(395,131)</u>	<u>3,386,051</u>	<u>385,000</u>
Compensated absences	452,016	470,048	(556,010)	366,054	273,292
	<u>\$ 4,233,198</u>	<u>\$ 470,048</u>	<u>\$ (951,141)</u>	<u>\$ 3,752,105</u>	<u>\$ 658,292</u>
<b>Governmental Activities Long-term Liabilities</b>					
<b>Business-type Activities</b>					
<b>Bonds Payable</b>					
Revenue bonds	\$ 1,425,000	\$ -	\$ (170,000)	\$ 1,255,000	\$ 175,000
Plus: bond premium	19,535	-	(3,907)	15,628	-
G.O. Revenue notes	9,109,000	-	(870,000)	8,239,000	886,000
Total Bonds Payable	<u>10,553,535</u>	<u>-</u>	<u>(1,043,907)</u>	<u>9,509,628</u>	<u>1,061,000</u>
Compensated absences	108,943	110,156	(118,447)	100,652	59,625
	<u>\$ 10,662,478</u>	<u>\$ 110,156</u>	<u>\$ (1,162,354)</u>	<u>\$ 9,610,280</u>	<u>\$ 1,120,625</u>
<b>Business-type Activities Long-term Liabilities</b>					

**Discretely Presented Component Units**

**HRA**

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated Absences	<u>\$ 5,505</u>	<u>\$ 5,373</u>	<u>\$ (4,609)</u>	<u>\$ 6,269</u>	<u>\$ 4,529</u>

**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.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 3. Detailed Notes on All Funds (Continued)**

*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.

**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.

#### **Note 4: Defined Benefit Pension Plans – Statewide (Continued)**

##### 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.

##### 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 2022 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, 2022, 2021 and 2020 were \$264,869, \$269,963 and \$259,702 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 2022 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, 2022, 2021 and 2020 were \$307,684, \$295,925 and \$295,189, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

**D. Pension Costs**

General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$3,960,017 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 \$203,472. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0500 percent which was a 0.0015 percent increase from its proportion measured as of June 30, 2021.

City's Proportionate Share of the Net Pension Liability	\$ 3,960,017
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>115,947</u>
Total	<u><u>\$ 4,075,964</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$598,168 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$17,325 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, 2022, 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	\$ 33,077	\$ 40,958
Changes in Actuarial Assumptions	870,150	15,301
Net Difference Between Projected and Actual Earnings on Plan Investments	106,412	-
Changes in Proportion	82,691	-
Contributions paid to PERA Subsequent to the Measurement Date	<u>131,867</u>	<u>-</u>
Total	<u><u>\$ 1,224,197</u></u>	<u><u>\$ 56,259</u></u>

The \$131,867 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 412,404
2024	376,608
2025	(111,066)
2026	358,125

City of Waseca, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$6,453,430 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 through June 30, 2022 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.1483 percent which was a 0.0079 percent increase from its proportion measured as of June 30, 2021.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. 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, 2021. 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.

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, 2022, the City recognized negative pension expense of \$662,316 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$54,693 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 \$13,347 for the year ended December 31, 2022 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, 2022, 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	\$ 386,753	\$ 15,949
Changes in Actuarial Assumptions	3,770,720	85,684
Net Difference Between Projected and Actual Earnings on Plan Investments	174,560	-
Changes in Proportion	147,183	13,559
Contributions Paid to PERA Subsequent to the Measurement Date	152,830	-
Total	\$ 4,632,046	\$ 115,192

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

The \$152,830 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023		\$	875,047
2024			877,944
2025			753,365
2026			1,320,728
2027			536,940

**E. Long-Term Expected Return on Investment**

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 %
International Equity	16.50	5.30
Fixed Income	25.00	0.75
Private Markets	25.00	5.90
Total	100.00 %	

**F. Actuarial Assumptions**

The total pension liability in the June 30, 2022, 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 27 years of service. 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.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

Actuarial assumptions used in the June 30, 2022 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 2022:

General Employees Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50 percent to 5.40 percent.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**G. Discount Rate**

The discount rate used to measure the total pension liability in 2022 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 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.



City of Waseca, Minnesota  
Notes to the Financial Statements  
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**Note 4: Defined Benefit Pension Plans - Statewide (Continued)**

**H. 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	\$ 6,255,054	\$ 3,960,017

	City Proportionate Share of NPL		
	1 Percent Decrease (4.40%)	Current (5.40%)	1 Percent Increase (6.00%)
	Police and Fire Fund	9,766,439	6,453,430

**I. 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](http://www.mnpera.org).

**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 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 774	\$ 774	5.00%	5.00%	5.00%

The City's contributions to the PEDCP for the years ended December 31, 2022, 2021 and 2020 were \$774, \$704 and \$1,145, respectively.

City of Waseca, Minnesota  
Notes to the Financial Statements  
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**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, 2022, 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.

**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 \$78,986 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2022, 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, 2022 were \$78,986. 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.

City of Waseca, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

**D. Pension Costs**

At December 31, 2022, the City reported a net pension liability (asset) of (\$631,567) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined 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, 2022	\$ 1,497,048	\$ 2,134,009	\$ (636,961)
Changes for the Year			
Service cost	47,644	-	47,644
Interest cost	84,958	-	84,958
Plan changes	278,093	-	278,093
Municipal contributions	-	10,000	(10,000)
Nonemployer contributions	-	78,042	(78,042)
Projected investment return	-	119,625	(119,625)
(Gain)/loss	-	203,709	(203,709)
Administrative expenses	-	(6,075)	6,075
Total Net Changes	<u>410,695</u>	<u>405,301</u>	<u>5,394</u>
Ending Balance December 31, 2022	<u>\$ 1,907,743</u>	<u>\$ 2,539,310</u>	<u>\$ (631,567)</u>

For the year ended December 31, 2022 the City recognized pension expense of \$180,964.

At December 31, 2022, 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	\$ 12,607	\$ 46,440
Changes in Actuarial Assumptions	3,453	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	290,070
State Aid to City Subsequent to the Measurement Date	<u>78,986</u>	<u>-</u>
Total	<u>\$ 95,046</u>	<u>\$ 336,510</u>

City of Waseca, Minnesota  
Notes to the Financial Statements  
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**Note 6: Defined Benefit Pension Plans - Fire Relief Association (Continued)**

Deferred outflows of resources totaling \$78,986 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2023	\$	(82,979)
2024		(111,249)
2025		(73,410)
2026		(46,845)
2027		(2,517)
Thereafter		(3,450)

**E. Actuarial Assumptions**

The total pension liability at December 31, 2022 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	5.50%
Salary Increases	3.25%
Cost of Living Increases	5.00%
Investment Rate of Return	7.50%
20 Year Municipal Bond Yield	5.50%

There were no changes in actuarial assumptions in 2022 apart from a benefit level increase from \$4,300 to \$5,500 that was reflected in the active liability.

**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.

**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	\$ (581,542)	\$ (631,567)	\$ (678,633)

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

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

**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.

**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, 2022, the following employees were covered by the benefit terms:

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

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 7: Postemployment Benefits Other than Pensions (Continued)**

**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 2022, the City implicitly contributed \$26,681 and direct contributions of \$24,301 were made by the City in 2022.

**C. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$567,135 was measured as of January 1, 2022, and was determined by an actuarial valuation as of January 1, 2021. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

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	6.25% grading to 5.00% over 5 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 January 1, 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.

**D. Changes in the Total OPEB Liability**

	Total OPEB Liability (a)
Balances at December 31, 2021	\$ 567,408
Changes for the Year:	
Service cost	42,211
Interest	11,654
Benefit payments	(54,138)
Net Changes	(273)
Balances at December 31, 2022	\$ 567,135

There were no changes in assumptions or benefit terms since the prior measurement date.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**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 (1.0%)	Current (2.0%)	1 Percent Increase (3.0%)
\$ 602,304	\$ 567,135	\$ 533,781

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 (5.25 percent decreasing to 4.00 percent) or 1-percentage-point higher (7.25 percent increasing to 6.00 percent) than the current cost trend rate:

1 Percent Decrease (5.25% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.25% Decreasing to 5.0%)	1 Percent Increase (7.25% Decreasing to 6.0%)
\$ 511,365	\$ 567,135	\$ 633,498

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

For the year ended December 31, 2022, the City recognized OPEB negative expense of \$12,848. At December 31, 2022, 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	\$ 19,289	\$ 6,999
Changes in Actuarial Assumptions	16,084	68,685
Contributions to OPEB Subsequent to the Measurement Date	50,982	-
Total	\$ 86,355	\$ 75,684

Deferred outflows of resources totaling \$50,982 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, 2023. 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	
2023	\$ (7,857)
2024	(7,857)
2025	(7,851)
2026	(2,901)
2027	(6,922)
Thereafter	(6,923)

City of Waseca, Minnesota  
Notes to the Financial Statements  
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**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, 2022

**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 2022 was \$3,133,869, which accounted for 48.4 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, 2022, 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, 2022, 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 twenty-one 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 \$429,636 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  
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**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, 2022 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			26,497
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>351</u>
Total			<u>\$ 64,782</u>

**Note 10: Prior Period Adjustment**

Two prior period adjustments were required to record items in the proper period. The effect of these adjustments is as follows:

<u>Fund</u>	<u>December 31, 2022</u>			<u>Net Position January 1, 2022 as Restated</u>
	<u>Net Position January 1, 2022 as Previously Reported</u>	<u>Prior Period Adjustment (1)</u>	<u>Prior Period Adjustment (2)</u>	
Governmental Activities	<u>\$ 37,755,821</u>	<u>\$ 789,693</u>	<u>\$ 660,661</u>	<u>\$ 39,206,175</u>
Governmental Activities Capital Improvement Fund	<u>\$ 852,411</u>	<u>\$ -</u>	<u>\$ 660,661</u>	<u>\$ 1,513,072</u>

(1) It was discovered during the 2022 audit that the Economic Development Authority fund previously reported as a discretely presented component unit, should have been shown as a blended component unit. A prior period adjustment was required to move the Economic Development Authority's December 31, 2021 ending net position to be shown with governmental activities. This change positively impacted governmental activities by \$789,693.

(2) A prior period adjustment was also required to appropriately account for land held for resale on land purchased in 2016. The purchase price of the is land was \$660,661.

City of Waseca, Minnesota  
Notes to the Financial Statements  
December 31, 2022

**Note 11: Change in Accounting Principles**

For fiscal year 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had no effect on the beginning net position.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Waseca, Minnesota  
Required Supplementary Information  
For the Year Ended December 31, 2022

**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
06/30/22	0.0500 %	\$ 3,960,017	\$ 115,947	\$ 4,075,964	\$ 3,597,796	110.1 %	76.7 %
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)
12/31/22	\$ 264,869	\$ 264,869	\$ -	\$ 3,531,582	7.5 %
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, 2022

**Notes to the Required Supplementary Information - General Employee Fund**

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

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, 2022

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

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

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, 2022

**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
06/30/22	0.1483 %	\$ 6,453,430	\$ 281,961	\$ 6,735,391	\$ 1,732,823	372.4 %	70.5 %
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)
12/31/22	\$ 307,684	\$ 307,684	\$ -	\$ 1,738,326	17.7 %
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	16.9
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, 2022

**Notes to the Required Supplementary Information - Police and Fire Fund**

Changes in Actuarial Assumptions

2022 - The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021. The single discount rate changed from 6.50 percent to 5.40 percent.

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, 2022

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

Changes in Plan Provisions

2022 - There were no changes in plan provisions since the previous valuation.

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, 2022

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

	2022 (Fire Relief Report Date 2021)	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)
<b>Total Pension Liability</b>								
Service cost	\$ 47,644	\$ 49,354	\$ 48,150	\$ 40,669	\$ 36,701	\$ 45,337	\$ 46,774	\$ 45,633
Interest	84,958	77,224	70,625	66,776	65,319	73,349	69,146	64,654
Plan Changes	278,093	-	-	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)	-
<b>Net Change in Total Pension Liability</b>	<b>410,695</b>	<b>142,337</b>	<b>118,775</b>	<b>(4,096)</b>	<b>(17,089)</b>	<b>(29,175)</b>	<b>51,598</b>	<b>110,287</b>
<b>Total Pension Liability - January 1</b>	<b>1,497,048</b>	<b>1,354,711</b>	<b>1,235,936</b>	<b>1,240,032</b>	<b>1,257,121</b>	<b>1,286,296</b>	<b>1,234,698</b>	<b>1,124,411</b>
<b>Total Pension Liability - December 31 (A)</b>	<b>\$ 1,907,743</b>	<b>\$ 1,497,048</b>	<b>\$ 1,354,711</b>	<b>\$ 1,235,936</b>	<b>\$ 1,240,032</b>	<b>\$ 1,257,121</b>	<b>\$ 1,286,296</b>	<b>\$ 1,234,698</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 10,000	\$ -	\$ -	\$ -	\$ 73,240	\$ 70,664	\$ 87,644	\$ 81,626
Nonemployer contributions	78,042	75,785	71,862	72,961	-	-	-	-
Net investment income	323,334	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	(6,075)	(4,900)	(4,850)	(4,800)	(5,630)	(5,465)	(4,530)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>405,301</b>	<b>306,197</b>	<b>339,891</b>	<b>(119,748)</b>	<b>52,775</b>	<b>64,951</b>	<b>22,779</b>	<b>180,080</b>
<b>Plan Fiduciary Net Position - January 1</b>	<b>2,134,009</b>	<b>1,827,812</b>	<b>1,487,921</b>	<b>1,607,669</b>	<b>1,554,894</b>	<b>1,489,943</b>	<b>1,467,164</b>	<b>1,287,084</b>
<b>Plan Fiduciary Net Position - December 31 (B)</b>	<b>\$ 2,539,310</b>	<b>\$ 2,134,009</b>	<b>\$ 1,827,812</b>	<b>\$ 1,487,921</b>	<b>\$ 1,607,669</b>	<b>\$ 1,554,894</b>	<b>\$ 1,489,943</b>	<b>\$ 1,467,164</b>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)</b>	<b>\$ (631,567)</b>	<b>\$ (636,961)</b>	<b>\$ (473,101)</b>	<b>\$ (251,985)</b>	<b>\$ (367,637)</b>	<b>\$ (297,773)</b>	<b>\$ (203,647)</b>	<b>\$ (232,466)</b>
<b>Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability (B/A)</b>	<b>133.11%</b>	<b>142.55%</b>	<b>134.92%</b>	<b>120.39%</b>	<b>129.65%</b>	<b>123.69%</b>	<b>115.83%</b>	<b>118.83%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Fire Relief's Net Pension Liability (Asset) As a Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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, 2022

**Notes to the Required Supplementary Information - Fire Relief Association**

Changes in Actuarial Assumptions

2022 - No changes noted  
 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

2022 - No changes noted  
 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)
12/31/22	\$ 78,986	\$ 78,986	\$ -
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, 2022

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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 42,211	\$ 40,982	\$ 43,818	\$ 36,950	\$ 32,488
Interest	11,654	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	<u>(54,138)</u>	<u>(44,268)</u>	<u>(47,710)</u>	<u>(43,789)</u>	<u>(37,397)</u>
Net Change in Total OPEB Liability	(273)	(40,483)	46,360	(21,773)	14,327
Total OPEB Liability - Beginning	<u>567,408</u>	<u>607,891</u>	<u>561,531</u>	<u>583,304</u>	<u>568,977</u>
Total OPEB Liability - Ending	<u>\$ 567,135</u>	<u>\$ 567,408</u>	<u>\$ 607,891</u>	<u>\$ 561,531</u>	<u>\$ 583,304</u>
Covered - Employee Payroll	\$ 4,932,106	\$ 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 %	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

2022 - No changes noted

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

2022 - No changes noted

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, 2022

City of Waseca, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet  
 December 31, 2022

	Special Revenue	Capital Projects	Total
<b>Assets</b>			
Cash and investments	\$ 1,328,219	\$ 2,961,581	\$ 4,289,800
Taxes receivable	2,193	-	2,193
Receivables			
Accounts	11,913	-	11,913
Special assessments	-	570,716	570,716
Loans receivable (net of allowance)	213,664	-	213,664
Due from other governments	362,390	602,444	964,834
Land held for resale	137,687	770,901	908,588
	<u>2,056,066</u>	<u>4,905,642</u>	<u>6,961,708</u>
<b>Total Assets</b>			
<b>Liabilities</b>			
Accounts payable	\$ 14,130	\$ 516	\$ 14,646
Accrued wages payable	8,925	-	8,925
Due to other funds	327,784	-	327,784
Unearned revenue	19,603	-	19,603
<b>Total Liabilities</b>	<u>370,442</u>	<u>516</u>	<u>370,958</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - taxes	2,193	-	2,193
Unavailable revenue - intergovernmental	-	592,749	592,749
Unavailable revenue - assessments	-	570,716	570,716
<b>Total deferred inflows of resources</b>	<u>2,193</u>	<u>1,163,465</u>	<u>1,165,658</u>
<b>Fund Balances</b>			
Restricted for			
Revolving loan	66,230	-	66,230
Tax increment	10,993	-	10,993
Police forfeitures	35,651	-	35,651
Municipal state aid construction	-	775,595	775,595
PEG Channel	74,918	-	74,918
Committed for			
Police reserves	429	-	429
Waseca housing fund	115,421	-	115,421
Equipment replacement	-	620,657	620,657
Assigned for			
Capital projects funds	-	200,946	200,946
Northwest commercial development	-	1,071,281	1,071,281
Annexation and growth	-	1,073,182	1,073,182
Operations	432,585	-	432,585
Economic development	995,954	-	995,954
Police safe haven	25,480	-	25,480
Tax abatements	24,619	-	24,619
Unassigned	(98,849)	-	(98,849)
<b>Total Fund Balances</b>	<u>1,683,431</u>	<u>3,741,661</u>	<u>5,425,092</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,056,066</u>	<u>\$ 4,905,642</u>	<u>\$ 6,961,708</u>



City of Waseca, Minnesota  
 Nonmajor Governmental Funds  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the Year Ended December 31, 2022

	Special Revenue	Capital Projects	Total
<b>Revenues</b>			
Taxes	\$ 202,878	\$ 704,219	\$ 907,097
Intergovernmental	555,791	150,817	706,608
Charges for services	140,157	2,145	142,302
Fines and forfeitures	3,426	-	3,426
Special assessments	-	144,599	144,599
Contributions	11,000	-	11,000
Interest earnings (loss)	(126,991)	(193,710)	(320,701)
Miscellaneous	33,811	6,531	40,342
Total Revenues	<u>820,072</u>	<u>814,601</u>	<u>1,634,673</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	26,245	10,293	36,538
Public safety	217,820	-	217,820
Economic development	305,371	-	305,371
Airport	131,401	-	131,401
<b>Capital outlay</b>			
General government	301	-	301
Public safety	19,141	157,243	176,384
Streets and highways	-	189,177	189,177
Airport	58,860	-	58,860
Total Expenditures	<u>759,139</u>	<u>356,713</u>	<u>1,115,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>60,933</u>	<u>457,888</u>	<u>518,821</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	32,464	968,787	1,001,251
Transfers out	(189)	(493,926)	(494,115)
Total Other Financing Sources (Uses)	<u>32,275</u>	<u>474,861</u>	<u>507,136</u>
Net Change in Fund Balances	93,208	932,749	1,025,957
Fund Balance, January 1	<u>1,590,223</u>	<u>2,808,912</u>	<u>4,399,135</u>
Fund Balances, December 31	<u>\$ 1,683,431</u>	<u>\$ 3,741,661</u>	<u>\$ 5,425,092</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.

*Tax Abatement Levy Fund* – This fund was established to account for revenue and expenditures related to tax abatement agreements.

*Economic Development Authority* – This fund was established to account for the financial activities of the EDA.

City of Waseca, Minnesota  
 Nonmajor Governmental Funds  
 Combining Balance Sheet - Special Revenue Funds  
 December 31, 2022

	205 EDPG Clear Lake Press	212 2014 Revolving Loan Fund	TIF Funds	230 Airport	250 Waseca Housing Fund	255 Historical Preservation Fund	257 Tax Abatement Fund
<b>Assets</b>							
Cash and investments	\$ 169,196	\$ 96,691	\$ 16,102	\$ 343,112	\$ 112,421	\$ -	\$ 23,814
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	2,158	-	-	-
Loans receivable (net of allowance)	-	-	-	-	3,000	-	-
Due from other governments	-	-	-	104,487	-	873	805
Land held for resale	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 169,196</b>	<b>\$ 96,691</b>	<b>\$ 16,102</b>	<b>\$ 449,757</b>	<b>\$ 115,421</b>	<b>\$ 873</b>	<b>\$ 24,619</b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,342	\$ -	\$ -	\$ -
Accrued wages payable	-	-	-	-	-	-	-
Due to other funds	-	-	5,109	-	-	6,957	-
Unearned revenue	-	-	-	14,830	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>5,109</b>	<b>17,172</b>	<b>-</b>	<b>6,957</b>	<b>-</b>
<b>Deferred Inflow of Resources</b>							
Unavailable revenue - taxes	-	-	-	-	-	-	-
<b>Fund Balances</b>							
<b>Restricted for</b>							
Revolving loan	-	66,230	-	-	-	-	-
Tax increment	-	-	10,993	-	-	-	-
Police forfeitures	-	-	-	-	-	-	-
PEG Channel	-	-	-	-	-	-	-
<b>Committed for</b>							
Police reserves	-	-	-	-	-	-	-
Waseca housing fund	-	-	-	-	115,421	-	-
<b>Assigned for</b>							
Operations	-	-	-	432,585	-	-	-
Economic development	169,196	30,461	-	-	-	-	-
Police safe haven	-	-	-	-	-	-	-
Tax abatements	-	-	-	-	-	-	24,619
Unassigned	-	-	-	-	-	(6,084)	-
<b>Total Fund Balance</b>	<b>169,196</b>	<b>96,691</b>	<b>10,993</b>	<b>432,585</b>	<b>115,421</b>	<b>(6,084)</b>	<b>24,619</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 169,196</b>	<b>\$ 96,691</b>	<b>\$ 16,102</b>	<b>\$ 449,757</b>	<b>\$ 115,421</b>	<b>\$ 873</b>	<b>\$ 24,619</b>

261 Economic Development Authority	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
\$ 441,717	\$ -	\$ 49,719	\$ -	\$ -	\$ 75,447	\$ -	\$ -	\$ 1,328,219
2,193	-	-	-	-	-	-	-	2,193
7,845	1,000	-	910	-	-	-	-	11,913
210,664	-	-	-	-	-	-	-	213,664
1,596	-	-	30,011	-	-	224,618	-	362,390
137,687	-	-	-	-	-	-	-	137,687
<u>\$ 801,702</u>	<u>\$ 1,000</u>	<u>\$ 49,719</u>	<u>\$ 30,921</u>	<u>\$ -</u>	<u>\$ 75,447</u>	<u>\$ 224,618</u>	<u>\$ -</u>	<u>\$ 2,056,066</u>
\$ 80	\$ -	\$ 11,468	\$ 240	\$ -	\$ -	\$ -	\$ -	\$ 14,130
959	-	-	2,383	-	529	5,054	-	8,925
-	571	-	2,818	1,434	-	310,895	-	327,784
2,173	-	2,600	-	-	-	-	-	19,603
<u>3,212</u>	<u>571</u>	<u>14,068</u>	<u>5,441</u>	<u>1,434</u>	<u>529</u>	<u>315,949</u>	<u>-</u>	<u>370,442</u>
2,193	-	-	-	-	-	-	-	2,193
-	-	-	-	-	-	-	-	66,230
-	-	-	-	-	-	-	-	10,993
-	-	35,651	-	-	-	-	-	35,651
-	-	-	-	-	74,918	-	-	74,918
-	429	-	-	-	-	-	-	429
-	-	-	-	-	-	-	-	115,421
-	-	-	-	-	-	-	-	432,585
796,297	-	-	-	-	-	-	-	995,954
-	-	-	25,480	-	-	-	-	25,480
-	-	-	-	-	-	-	-	24,619
-	-	-	-	(1,434)	-	(91,331)	-	(98,849)
<u>796,297</u>	<u>429</u>	<u>35,651</u>	<u>25,480</u>	<u>(1,434)</u>	<u>74,918</u>	<u>(91,331)</u>	<u>-</u>	<u>1,683,431</u>
<u>\$ 801,702</u>	<u>\$ 1,000</u>	<u>\$ 49,719</u>	<u>\$ 30,921</u>	<u>\$ -</u>	<u>\$ 75,447</u>	<u>\$ 224,618</u>	<u>\$ -</u>	<u>\$ 2,056,066</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, 2022

	205 EDPG Clear Lake Press	212 2014 Revolving Loan Fund	TIF Funds	230 Airport	250 Waseca Housing Fund	255 Historical Preservation Fund	257 Tax Abatement Fund
Revenues							
Taxes							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,810
Tax increment	-	-	31,438	-	-	-	-
Intergovernmental	-	-	-	124,797	-	873	-
Charges for services	-	-	-	129,768	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Interest earnings (loss)	(17,548)	(10,028)	(1,284)	(31,802)	(11,660)	-	(1,063)
Miscellaneous	-	-	-	448	-	-	-
Total Revenues	<u>(17,548)</u>	<u>(10,028)</u>	<u>30,154</u>	<u>223,211</u>	<u>(11,660)</u>	<u>873</u>	<u>76,747</u>
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Economic development	-	-	29,929	-	-	876	52,128
Airport	-	-	-	131,401	-	-	-
Capital outlay							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Airport	-	-	-	58,860	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>29,929</u>	<u>190,261</u>	<u>-</u>	<u>876</u>	<u>52,128</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(17,548)</u>	<u>(10,028)</u>	<u>225</u>	<u>32,950</u>	<u>(11,660)</u>	<u>(3)</u>	<u>24,619</u>
Other Financing Sources (Uses)							
Transfers in	-	-	6,368	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>6,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(17,548)	(10,028)	6,593	32,950	(11,660)	(3)	24,619
Fund Balance, January 1	<u>186,744</u>	<u>106,719</u>	<u>4,400</u>	<u>399,635</u>	<u>127,081</u>	<u>(6,081)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 169,196</u>	<u>\$ 96,691</u>	<u>\$ 10,993</u>	<u>\$ 432,585</u>	<u>\$ 115,421</u>	<u>\$ (6,084)</u>	<u>\$ 24,619</u>

261 Economic Development Authority	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
\$ 93,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,440
-	-	-	-	-	-	-	-	31,438
-	-	-	126,517	78,986	-	224,618	-	555,791
-	-	-	10,389	-	-	-	-	140,157
-	-	3,426	-	-	-	-	-	3,426
-	1,000	-	-	-	10,000	-	-	11,000
(39,050)	-	(5,240)	-	(1,768)	(7,548)	-	-	(126,991)
28,128	5,235	-	-	-	-	-	-	33,811
<u>82,708</u>	<u>6,235</u>	<u>(1,814)</u>	<u>136,906</u>	<u>77,218</u>	<u>2,452</u>	<u>224,618</u>	<u>-</u>	<u>820,072</u>
-	-	-	-	-	26,245	-	-	26,245
-	8,649	4,230	123,235	81,706	-	-	-	217,820
72,948	-	-	-	-	-	149,490	-	305,371
-	-	-	-	-	-	-	-	131,401
-	-	-	-	-	301	-	-	301
-	-	11,468	7,673	-	-	-	-	19,141
-	-	-	-	-	-	-	-	58,860
<u>72,948</u>	<u>8,649</u>	<u>15,698</u>	<u>130,908</u>	<u>81,706</u>	<u>26,546</u>	<u>149,490</u>	<u>-</u>	<u>759,139</u>
<u>9,760</u>	<u>(2,414)</u>	<u>(17,512)</u>	<u>5,998</u>	<u>(4,488)</u>	<u>(24,094)</u>	<u>75,128</u>	<u>-</u>	<u>60,933</u>
-	-	-	-	2,600	23,496	-	-	32,464
-	-	-	-	-	-	-	(189)	(189)
-	-	-	-	2,600	23,496	-	(189)	32,275
9,760	(2,414)	(17,512)	5,998	(1,888)	(598)	75,128	(189)	93,208
<u>786,537</u>	<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>1,590,223</u>
<u>\$ 796,297</u>	<u>\$ 429</u>	<u>\$ 35,651</u>	<u>\$ 25,480</u>	<u>\$ (1,434)</u>	<u>\$ 74,918</u>	<u>\$ (91,331)</u>	<u>\$ -</u>	<u>\$ 1,683,431</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Tax increment	\$ 31,088	\$ 31,438	\$ 350
Interest earnings (loss)	-	(1,284)	(1,284)
Total Revenues	<u>31,088</u>	<u>30,154</u>	<u>(934)</u>
Expenditures			
Current			
Economic development	<u>29,980</u>	<u>29,929</u>	<u>51</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,108	225	(883)
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>6,368</u>	<u>6,368</u>
Net Change in Fund Balances	1,108	6,593	5,485
Fund Balance, January 1	<u>4,400</u>	<u>4,400</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 5,508</u>	<u>\$ 10,993</u>	<u>\$ 5,485</u>



City of Waseca, Minnesota  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Airport Fund  
For the Year Ended December 31, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 805,763	\$ 124,797	\$ (680,966)
Charges for services	94,722	129,768	35,046
Interest earnings (loss)	2,000	(31,802)	(33,802)
Miscellaneous	250	448	198
Total Revenues	<u>902,735</u>	<u>223,211</u>	<u>(679,524)</u>
Expenditures			
Current			
Airport	69,300	131,401	(62,101)
Capital outlay			
Airport	1,000,000	58,860	941,140
Total Expenditures	<u>1,069,300</u>	<u>190,261</u>	<u>879,039</u>
Net Change in Fund Balances	(166,565)	32,950	199,515
Fund Balance, January 1	<u>399,635</u>	<u>399,635</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 233,070</u>	<u>\$ 432,585</u>	<u>\$ 199,515</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Interest earnings (loss)	\$ 500	\$ (11,660)	\$ (12,160)
Fund Balance, January 1	127,081	127,081	-
Fund Balances, December 31	<u>\$ 127,581</u>	<u>\$ 115,421</u>	<u>\$ (12,160)</u>

**City of Waseca, Minnesota**  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Historical Preservation Fund  
 For the Year Ended December 31, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ -	\$ 873	\$ 873
Expenditures			
Current			
Economic development	\$ 250	\$ 876	\$ (626)
Net Change in Fund Balances	(250)	(3)	247
Fund Balance, January 1	(6,081)	(6,081)	-
Fund Balances, December 31	<u>\$ (6,331)</u>	<u>\$ (6,084)</u>	<u>\$ 247</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Contributions	\$ 1,000	\$ 1,000	\$ -
Miscellaneous	4,500	5,235	735
Total Revenues	<u>5,500</u>	<u>6,235</u>	<u>735</u>
Expenditures			
Current			
Public safety	<u>5,500</u>	<u>8,649</u>	<u>(3,149)</u>
Net Change in Fund Balances	-	(2,414)	(2,414)
Fund Balance, January 1	<u>2,843</u>	<u>2,843</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 2,843</u>	<u>\$ 429</u>	<u>\$ (2,414)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Fines and Forfeitures	\$ 1,000	\$ 3,426	\$ 2,426
Interest earnings (loss)	200	(5,240)	(5,440)
Total Revenues	<u>1,200</u>	<u>(1,814)</u>	<u>(3,014)</u>
Expenditures			
Current			
Public safety	3,000	4,230	(1,230)
Capital outlay			
Public safety	-	11,468	11,468
Total expenditures	<u>3,000</u>	<u>15,698</u>	<u>(12,698)</u>
Net Change in Fund Balances	(1,800)	(17,512)	(15,712)
Fund Balance, January 1	<u>53,163</u>	<u>53,163</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 51,363</u>	<u>\$ 35,651</u>	<u>\$ (15,712)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 132,071	\$ 126,517	\$ (5,554)
Charges for services	200	10,389	10,189
Total Revenues	<u>132,271</u>	<u>136,906</u>	<u>4,635</u>
Expenditures			
Current			
Public safety	118,301	123,235	(4,934)
Capital outlay			
Public safety	3,000	7,673	4,673
Total expenditures	<u>121,301</u>	<u>130,908</u>	<u>(9,607)</u>
Net Change in Fund Balances	10,970	5,998	(4,972)
Fund Balance, January 1	<u>19,482</u>	<u>19,482</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 30,452</u>	<u>\$ 25,480</u>	<u>\$ (4,972)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 75,785	\$ 78,986	\$ 3,201
Interest earnings (loss)	-	(1,768)	(1,768)
Total Revenues	<u>75,785</u>	<u>77,218</u>	<u>1,433</u>
Expenditures			
Current			
Public safety	<u>79,285</u>	<u>81,706</u>	<u>(2,421)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,500)	(4,488)	(988)
Other Financing Sources (Uses)			
Transfers in	<u>3,500</u>	<u>2,600</u>	<u>(900)</u>
Net Change in Fund Balances	-	(1,888)	(1,888)
Fund Balance, January 1	<u>454</u>	<u>454</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 454</u>	<u>\$ (1,434)</u>	<u>\$ (1,888)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Contributions	\$ 20,000	\$ 10,000	\$ (10,000)
Interest earnings (loss)	500	(7,548)	(8,048)
Total Revenues	<u>20,500</u>	<u>2,452</u>	<u>(18,048)</u>
Expenditures			
Current			
General government	33,320	26,245	7,075
Capital outlay			
General government	3,200	301	2,899
Total Expenditures	<u>36,520</u>	<u>26,546</u>	<u>9,974</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,020)	(24,094)	(8,074)
Other Financing Sources (Uses)			
Transfers in	<u>20,646</u>	<u>23,496</u>	<u>2,850</u>
Net Change in Fund Balances	4,626	(598)	(5,224)
Fund Balance, January 1	<u>75,516</u>	<u>75,516</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 80,142</u>	<u>\$ 74,918</u>	<u>\$ (5,224)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 164,925	\$ 224,618	\$ 59,693
Expenditures			
Current			
Economic development	165,201	149,490	15,711
Net Change in Fund Balances	(276)	75,128	75,404
Fund Balance, January 1	(166,459)	(166,459)	-
Fund Balances, December 31	<u>\$ (166,735)</u>	<u>\$ (91,331)</u>	<u>\$ 75,404</u>

City of Waseca, Minnesota  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
American Rescue Fund  
For the Year Ended December 31, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 968,787	\$ -	\$ (968,787)
Other Financing Sources (Uses)			
Transfers out	(968,787)	(189)	968,598
Net Change in Fund Balances	-	(189)	(189)
Fund Balance, January 1	189	189	-
Fund Balances, December 31	\$ 189	\$ -	\$ (189)

City of Waseca, Minnesota  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Economic Development Authority Fund  
For the Year Ended December 31, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes	\$ 92,604	\$ 93,630	\$ 1,026
Interest earnings (loss)	1,500	(39,050)	(40,550)
Miscellaneous	100	28,128	28,028
Total Revenues	<u>94,204</u>	<u>82,708</u>	<u>(11,496)</u>
Expenditures			
Current			
Economic development	<u>85,238</u>	<u>72,948</u>	<u>12,290</u>
Net Change in Fund Balances	8,966	9,760	794
Fund Balance, January 1	<u>786,537</u>	<u>786,537</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 795,503</u>	<u>\$ 796,297</u>	<u>\$ 794</u>

City of Waseca, Minnesota  
 Non Major Governmental Funds  
 Combining Balance Sheet - TIF Special Revenue Funds  
 December 31, 2022

	<b>222</b> TIF Charter Oaks Fund	<b>227</b> TIF Fox Meadows Fund	<b>228</b> TIF DCU Waseca Fund	Total
<b>Assets</b>				
Cash and Investments	\$ 16,102	\$ -	\$ -	\$ 16,102
<b>Liabilities</b>				
Due to other funds	\$ -	\$ 5,109	\$ -	\$ 5,109
<b>Fund Balances</b>				
Restricted for				
Tax increment	16,102	-	-	16,102
Unassigned	-	(5,109)	-	(5,109)
Total Fund Balance	16,102	(5,109)	-	10,993
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 16,102</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,102</b>

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, 2022

	<b>222</b> TIF Charter Oaks Fund	<b>227</b> TIF Fox Meadows Fund	<b>228</b> TIF DCU Waseca Fund	Total
Revenues				
Taxes				
Tax increments	\$ 13,077	\$ 18,011	\$ 350	\$ 31,438
Interest earnings (loss)	(1,284)	-	-	(1,284)
Total Revenues	<u>11,793</u>	<u>18,011</u>	<u>350</u>	<u>30,154</u>
Expenditures				
Current				
Economic development	<u>12,319</u>	<u>17,460</u>	<u>150</u>	<u>29,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(526)	551	200	225
Other Financing Sources (Uses)				
Transfers in	<u>-</u>	<u>-</u>	<u>6,368</u>	<u>6,368</u>
Net Change in Fund Balances	(526)	551	6,568	6,593
Fund Balance, January 1	<u>16,628</u>	<u>(5,660)</u>	<u>(6,568)</u>	<u>4,400</u>
Fund Balances, December 31	<u>\$ 16,102</u>	<u>\$ (5,109)</u>	<u>\$ -</u>	<u>\$ 10,993</u>

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## Nonmajor Governmental Funds

### **Capital Projects**

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

*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, 2022

	<b>402</b> Municipal State Aid Construction	<b>440</b> Special Assessment Fund	<b>445</b> Northwest Commercial Development	<b>470</b> Annexation and Growth	<b>705</b> Equipment Replacement Fund	Total
<b>Assets</b>						
Cash and investments	\$ 775,595	\$ 198,834	\$ 300,380	\$ 1,073,182	\$ 613,590	\$ 2,961,581
Receivables						
Special assessments	-	570,716	-	-	-	570,716
Due from other governments	592,749	2,112	-	-	7,583	602,444
Land held for resale	-	-	770,901	-	-	770,901
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$ 1,368,344</u></b>	<b><u>\$ 771,662</u></b>	<b><u>\$ 1,071,281</u></b>	<b><u>\$ 1,073,182</u></b>	<b><u>\$ 621,173</u></b>	<b><u>\$ 4,905,642</u></b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 516	\$ 516
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - intergovernmental	592,749	-	-	-	-	592,749
Unavailable revenue - assessments	-	570,716	-	-	-	570,716
<b>Total Deferred Inflows of Resources</b>	<b><u>592,749</u></b>	<b><u>570,716</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,163,465</u></b>
<b>Fund Balances</b>						
Restricted for						
Municipal state aid construction	775,595	-	-	-	-	775,595
Committed for						
Equipment replacement	-	-	-	-	620,657	620,657
Assigned for						
Capital projects funds	-	200,946	-	-	-	200,946
Northwest commercial development	-	-	1,071,281	-	-	1,071,281
Annexation and growth	-	-	-	1,073,182	-	1,073,182
<b>Total Fund Balance</b>	<b><u>775,595</u></b>	<b><u>200,946</u></b>	<b><u>1,071,281</u></b>	<b><u>1,073,182</u></b>	<b><u>620,657</u></b>	<b><u>3,741,661</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 1,368,344</u></b>	<b><u>\$ 771,662</u></b>	<b><u>\$ 1,071,281</u></b>	<b><u>\$ 1,073,182</u></b>	<b><u>\$ 621,173</u></b>	<b><u>\$ 4,905,642</u></b>



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, 2022

	<b>402</b> Municipal State Aid Construction	<b>440</b> Special Assessment Fund	<b>445</b> Northwest Commercial Development	<b>470</b> Annexation and Growth	<b>705</b> Equipment Replacement Fund	Total
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 704,219	\$ 704,219
Intergovernmental	150,817	-	-	-	-	150,817
Charges for services	-	-	-	2,145	-	2,145
Special assessments	-	144,599	-	-	-	144,599
Interest earnings (loss)	(61,162)	(43,779)	(31,153)	(11,133)	(46,483)	(193,710)
Miscellaneous	-	-	-	-	6,531	6,531
<b>Total Revenues</b>	<u>89,655</u>	<u>100,820</u>	<u>(31,153)</u>	<u>(8,988)</u>	<u>664,267</u>	<u>814,601</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	-	-	-	10,293	-	10,293
<b>Capital outlay</b>						
Public safety	-	-	-	-	157,243	157,243
Streets and highways	-	-	-	-	189,177	189,177
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,293</u>	<u>346,420</u>	<u>356,713</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>89,655</u>	<u>100,820</u>	<u>(31,153)</u>	<u>(19,281)</u>	<u>317,847</u>	<u>457,888</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	968,787	-	968,787
Transfers out	(144,226)	(349,700)	-	-	-	(493,926)
<b>Total Other Financing Sources (Uses)</b>	<u>(144,226)</u>	<u>(349,700)</u>	<u>-</u>	<u>968,787</u>	<u>-</u>	<u>474,861</u>
<b>Net Change in Fund Balances</b>	(54,571)	(248,880)	(31,153)	949,506	317,847	932,749
<b>Fund Balance, January 1</b>	<u>830,166</u>	<u>449,826</u>	<u>1,102,434</u>	<u>123,676</u>	<u>302,810</u>	<u>2,808,912</u>
<b>Fund Balances, December 31</b>	<u>\$ 775,595</u>	<u>\$ 200,946</u>	<u>\$ 1,071,281</u>	<u>\$ 1,073,182</u>	<u>\$ 620,657</u>	<u>\$ 3,741,661</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Intergovernmental	\$ 230,910	\$ 150,817	\$ (80,093)
Interest earnings (loss)	5,000	(61,162)	(66,162)
Total Revenues	<u>235,910</u>	<u>89,655</u>	<u>(146,255)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(121,625)</u>	<u>(144,226)</u>	<u>(22,601)</u>
Net Change in Fund Balances	114,285	(54,571)	(168,856)
Fund Balance, January 1	<u>830,166</u>	<u>830,166</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 944,451</u>	<u>\$ 775,595</u>	<u>\$ (168,856)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Special assessments	\$ 164,800	\$ 144,599	\$ (20,201)
Interest earnings (loss)	-	(43,779)	(43,779)
Total Revenues	<u>164,800</u>	<u>100,820</u>	<u>(63,980)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(349,700)</u>	<u>(349,700)</u>	<u>-</u>
Net Change in Fund Balances	(184,900)	(248,880)	(63,980)
Fund Balance, January 1	<u>449,826</u>	<u>449,826</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 264,926</u></u>	<u><u>\$ 200,946</u></u>	<u><u>\$ (63,980)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Charges for services	\$ -	\$ 2,145	\$ 2,145
Interest earnings (loss)	1,000	(11,133)	(12,133)
Total revenues	<u>1,000</u>	<u>(8,988)</u>	<u>(9,988)</u>
Expenditures			
Current			
General government	<u>7,800</u>	<u>10,293</u>	<u>(2,493)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,800)	(19,281)	(12,481)
Other Financing Sources			
Transfers in	<u>968,787</u>	<u>968,787</u>	<u>-</u>
Net Change in Fund Balances	961,987	949,506	(12,481)
Fund Balance, January 1	<u>123,676</u>	<u>123,676</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 1,085,663</u></u>	<u><u>\$ 1,073,182</u></u>	<u><u>\$ (12,481)</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, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>			
Property taxes	\$ 704,219	\$ 704,219	\$ -
Interest earnings (loss)	500	(46,483)	(46,983)
Miscellaneous	-	6,531	6,531
<b>Total Revenues</b>	<u>704,719</u>	<u>664,267</u>	<u>(40,452)</u>
<b>Expenditures</b>			
<b>Capital outlay</b>			
General government	20,000	-	20,000
Public safety	192,000	157,243	34,757
Streets and highways	263,000	189,177	73,823
<b>Total Expenditures</b>	<u>475,000</u>	<u>346,420</u>	<u>128,580</u>
<b>Net Change in Fund Balances</b>	229,719	317,847	88,128
<b>Fund Balance, January 1</b>	<u>302,810</u>	<u>302,810</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 532,529</u>	<u>\$ 620,657</u>	<u>\$ 88,128</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget
<b>Revenues</b>				
Property taxes	\$ 780,688	\$ 780,688	\$ 780,688	\$ -
Intergovernmental	1,448,500	1,448,500	1,406,608	(41,892)
Charges for services	-	-	406	406
Contributions	10,000	10,000	9,390	(610)
Interest earnings (loss)	500	500	(22,929)	(23,429)
Miscellaneous	-	-	4,714	4,714
<b>Total Revenues</b>	<u>2,239,688</u>	<u>2,239,688</u>	<u>2,178,877</u>	<u>(60,811)</u>
<b>Expenditures</b>				
<b>Current</b>				
Streets and highways	100,000	100,000	71,329	28,671
<b>Capital outlay</b>				
General government	20,000	20,000	-	20,000
Streets and highways	2,329,450	2,329,450	1,500,643	828,807
Culture and recreation	1,250,092	1,250,092	1,222,376	27,716
<b>Total Expenditures</b>	<u>3,699,542</u>	<u>3,699,542</u>	<u>2,794,348</u>	<u>905,194</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,459,854)	(1,459,854)	(615,471)	844,383
<b>Other Financing Sources (Uses)</b>				
Transfers in	471,325	471,325	493,926	22,601
<b>Net Change in Fund Balance</b>	(988,529)	(988,529)	(121,545)	866,984
<b>Fund Balance, January 1</b>	<u>1,513,072</u>	<u>1,513,072</u>	<u>1,513,072</u>	<u>-</u>
<b>Fund Balances, December 31</b>	<u>\$ 524,543</u>	<u>\$ 524,543</u>	<u>\$ 1,391,527</u>	<u>\$ 866,984</u>

City of Waseca, Minnesota  
 General Fund  
 Comparative Balance Sheets  
 December 31, 2022  
 (With Comparative Totals for December 31, 2021)

	2022	2021
<b>Assets</b>		
Cash and investments	\$ 3,267,501	\$ 3,535,977
Receivables		
Taxes	97,986	155,934
Accounts	100,116	79,319
Interest	95,762	88,362
Leases	63,393	-
Due from other governments	258,865	215,044
Due from other funds	327,784	190,229
Prepaid items	1,059	1,259
 Total Assets	 \$ 4,212,466	 \$ 4,266,124
<b>Liabilities</b>		
Accounts payable	\$ 103,262	\$ 36,864
Accrued wages payable	5,022	95,343
Due to other governments	23,515	8,679
Unearned revenue	55,701	49,292
Total Liabilities	187,500	190,178
<b>Deferred Inflows of Resources</b>		
Deferred lease resources	63,020	-
Unavailable revenue - taxes	97,986	155,934
Deferred Inflows of Resources	161,006	155,934
<b>Fund Balances</b>		
Nonspendable		
Prepaid items	1,059	1,259
Restricted for		
Library	34,352	34,352
Unassigned	3,828,549	3,884,401
Total Fund Balance	3,863,960	3,920,012
 Total Liabilities, Deferred Inflow of Resources and Fund Balances	 \$ 4,212,466	 \$ 4,266,124

City of Waseca, Minnesota  
 General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual  
 For the Year Ended December 31, 2022  
 (With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 2,927,344	\$ 2,927,344	\$ 2,996,481	\$ 69,137	\$ 3,080,002
Franchise taxes	212,000	212,000	206,012	(5,988)	204,405
Lodging taxes	28,000	28,000	26,752	(1,248)	27,264
Licenses	60,700	60,700	55,298	(5,402)	55,722
Permits and fees	203,000	221,500	250,678	29,178	295,855
Intergovernmental	3,480,449	3,507,514	3,484,324	(23,190)	3,449,919
Charges for services	335,048	335,048	346,536	11,488	353,534
Fines and forfeitures	30,000	30,000	21,862	(8,138)	24,314
Contributions	10,100	10,100	14,935	4,835	15,538
Interest earnings (loss)	80,500	80,500	(188,356)	(268,856)	(308,183)
Miscellaneous	69,994	69,994	91,646	21,652	77,839
Total revenues	<u>7,437,135</u>	<u>7,482,700</u>	<u>7,306,168</u>	<u>(176,532)</u>	<u>7,276,209</u>
Expenditures					
Current					
General government					
Legislative	176,474	176,474	156,141	20,333	181,195
Administration	296,079	296,079	298,167	(2,088)	293,201
Elections	21,328	21,328	28,854	(7,526)	-
Finance	391,328	391,328	378,498	12,830	383,064
Legal	103,000	103,000	113,828	(10,828)	96,103
Information technology	175,835	175,835	166,485	9,350	149,155
Buildings and grounds	115,779	115,779	105,108	10,671	92,791
Community development	261,132	261,132	188,503	72,629	294,732
Total general government	<u>1,540,955</u>	<u>1,540,955</u>	<u>1,435,584</u>	<u>105,371</u>	<u>1,490,241</u>
Public safety					
Police department	2,701,240	2,707,715	2,679,917	27,798	2,538,849
Community services	33,527	33,527	28,519	5,008	28,930
Fire department	555,113	557,703	581,664	(23,961)	502,239
Civil defense	6,000	6,000	3,625	2,375	3,625
Building inspections	293,848	373,848	384,357	(10,509)	302,122
Total public safety	<u>3,589,728</u>	<u>3,678,793</u>	<u>3,678,082</u>	<u>711</u>	<u>3,375,765</u>
Streets and highways					
Engineering	523,788	523,788	490,472	33,316	479,029
Street maintenance	880,371	880,371	798,369	82,002	812,226
Snow removal	264,334	264,334	251,910	12,424	262,273
Traffic signs	51,509	51,509	41,840	9,669	33,817
Total streets and highways	<u>1,720,002</u>	<u>1,720,002</u>	<u>1,582,591</u>	<u>137,411</u>	<u>1,587,345</u>
Sanitation					
Street cleaning	59,860	59,860	58,770	1,090	46,291



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, 2022  
(With Comparative Actual Amounts for the Year Ended December 31, 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Cultural and recreation					
Recreation	\$ 124,039	\$ 124,039	\$ 119,281	\$ 4,758	\$ 122,342
Water park	315,052	333,052	333,722	(670)	321,703
Park maintenance	672,889	690,489	720,092	(29,603)	671,462
Library	34,118	39,118	42,752	(3,634)	30,169
Total culture and recreation	<u>1,146,098</u>	<u>1,186,698</u>	<u>1,215,847</u>	<u>(29,149)</u>	<u>1,145,676</u>
Total Expenditures	<u>8,056,643</u>	<u>8,186,308</u>	<u>7,970,874</u>	<u>215,434</u>	<u>7,645,318</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(619,508)</u>	<u>(703,608)</u>	<u>(664,706)</u>	<u>38,902</u>	<u>(369,109)</u>
Other Financing Sources (Uses)					
Transfers in	641,118	641,118	641,118	-	636,118
Transfers out	<u>(21,610)</u>	<u>(21,610)</u>	<u>(32,464)</u>	<u>(10,854)</u>	<u>(301,734)</u>
Total Other Financing Sources (Uses)	<u>619,508</u>	<u>619,508</u>	<u>608,654</u>	<u>(10,854)</u>	<u>334,384</u>
Net Change in Fund Balances	-	(84,100)	(56,052)	28,048	(34,725)
Fund Balance, January 1	<u>3,920,012</u>	<u>3,920,012</u>	<u>3,920,012</u>	<u>-</u>	<u>3,954,737</u>
Fund Balance, December 31	<u>\$ 3,920,012</u>	<u>\$ 3,835,912</u>	<u>\$ 3,863,960</u>	<u>\$ 28,048</u>	<u>\$ 3,920,012</u>

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## Nonmajor Governmental Funds

### Debt Service

*2014A GO Bond* - Accounts for the debt issued for various construction projects including 7<sup>th</sup> 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, 2022

	<b>390</b> 2014A GO Bond	<b>395</b> 2014B Refunding Bonds	Total
<b>Assets</b>			
Cash and investments	\$ 162,155	\$ 92,153	\$ 254,308
Due from other governments	6,721	1,894	8,615
<b>Total Assets</b>	<b><u>\$ 168,876</u></b>	<b><u>\$ 94,047</u></b>	<b><u>\$ 262,923</u></b>
<b>Liabilities</b>			
Accounts payable	\$ 425	\$ 425	\$ 850
<b>Fund Balances</b>			
Restricted for debt service	<u>168,451</u>	<u>93,622</u>	<u>262,073</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<b><u>\$ 168,876</u></b>	<b><u>\$ 94,047</u></b>	<b><u>\$ 262,923</u></b>

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, 2022

	<b>390</b> 2014A GO Bond	<b>395</b> 2014B Refunding Bonds	Total
Revenues			
Property taxes	\$ 380,425	\$ 107,502	\$ 487,927
Interest earnings (loss)	-	(4,813)	(4,813)
Total Revenues	<u>380,425</u>	<u>102,689</u>	<u>483,114</u>
Expenditures			
Debt Service			
Bond principal	305,000	75,000	380,000
Interest and fiscal charges	76,099	32,825	108,924
Total Expenditures	<u>381,099</u>	<u>107,825</u>	<u>488,924</u>
Net Change in Fund Balances	(674)	(5,136)	(5,810)
Fund Balance, January 1	<u>169,125</u>	<u>98,758</u>	<u>267,883</u>
Fund Balances, December 31	<u>\$ 168,451</u>	<u>\$ 93,622</u>	<u>\$ 262,073</u>

City of Waseca, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2022

	<b>701</b> Central Garage Services	<b>702</b> Property & Liability Insurance	<b>703</b> Workers Compensation Insurance	Total
<b>Assets</b>				
Cash and investments	\$ 71,199	\$ 46,382	\$ 219,992	\$ 337,573
Accounts receivable	-	1,696	-	1,696
<b>Total Assets</b>	<b>71,199</b>	<b>48,078</b>	<b>219,992</b>	<b>339,269</b>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	41,943	-	-	41,943
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	17,124	51	-	17,175
Accrued wages payable	6,270	-	-	6,270
<b>Total Current Liabilities</b>	<b>23,394</b>	<b>51</b>	<b>-</b>	<b>23,445</b>
<b>Noncurrent Liabilities</b>				
Net pension liability	138,468	-	-	138,468
<b>Total Liabilities</b>	<b>161,862</b>	<b>51</b>	<b>-</b>	<b>161,913</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension resources	120	-	-	120
<b>Net Position</b>				
Unrestricted	\$ (48,840)	\$ 48,027	\$ 219,992	\$ 219,179

City of Waseca, Minnesota  
Internal Service Funds  
Combining Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended December 31, 2022

	<b>701</b>	<b>702</b>	<b>703</b>	
	Central Garage Services	Property & Liability Insurance	Workers Compensation Insurance	Total
Operating Revenues				
Charges to other funds	\$ 317,060	\$ 124,934	\$ 295,733	\$ 737,727
Miscellaneous	-	22,108	41,247	63,355
Total Operating Revenues	<u>317,060</u>	<u>147,042</u>	<u>336,980</u>	<u>801,082</u>
Operating Expenses				
Personal services	189,471	-	-	189,471
Supplies	122,916	-	-	122,916
Services and charges	3,558	9,891	-	13,449
Insurance payment	-	6,043	-	6,043
Insurance premiums	-	119,494	336,980	456,474
Total Operating Expenses	<u>315,945</u>	<u>135,428</u>	<u>336,980</u>	<u>788,353</u>
Change in Net Position	1,115	11,614	-	12,729
Net Position, January 1	<u>(49,955)</u>	<u>36,413</u>	<u>219,992</u>	<u>206,450</u>
Net Position, December 31	<u>\$ (48,840)</u>	<u>\$ 48,027</u>	<u>\$ 219,992</u>	<u>\$ 219,179</u>

City of Waseca, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2022

	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	\$ 317,060	\$ 147,042	\$ 336,980	\$ 801,082
Cash payments to employees for services	(188,015)	-	-	(188,015)
Cash payments for interfund services used	(119,870)	(136,488)	(336,980)	(593,338)
Net Cash Provided (Used) by Operating Activities	<u>9,175</u>	<u>10,554</u>	<u>-</u>	<u>19,729</u>
Net Cash Increase (Decrease) in Cash and Cash Equivalents	9,175	10,554	-	19,729
Cash and Cash Equivalents, January 1	<u>62,024</u>	<u>35,828</u>	<u>219,992</u>	<u>317,844</u>
Cash and Cash Equivalents, December 31	<u>\$ 71,199</u>	<u>\$ 46,382</u>	<u>\$ 219,992</u>	<u>\$ 337,573</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,115	\$ 11,614	\$ -	\$ 12,729
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Decrease in deferred outflows of resources				
Deferred pension resources	18,278	-	-	18,278
Increase (decrease) in liabilities				
Accounts payable	6,604	(1,060)	-	5,544
Accrued wages payable	2,571	-	-	2,571
Net pension liability	56,119	-	-	56,119
Decrease in deferred inflows of resources				
Deferred pension resources	(75,512)	-	-	(75,512)
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,175</u>	<u>\$ 10,554</u>	<u>\$ -</u>	<u>\$ 19,729</u>



## Component Units

*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  
HOUSING REDEVELOPMENT AUTHORITY

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

City of Waseca, Minnesota  
Discretely Presented Component Unit - Housing Redevelopment Authority  
Statement of Net Position  
Proprietary Funds  
December 31, 2022

Assets	
Current Assets	
Cash and investments	\$ 467,417
Cash and investments - restricted	20,620
Accounts receivable	1,088
Interest receivable	58
Prepaid items	17,446
Total Current Assets	506,629
Noncurrent Assets	
Capital assets	
Land	61,996
Buildings	2,500,258
Property and equipment	156,461
Construction in progress	11,000
Less accumulated depreciation	(2,168,116)
Total Noncurrent Assets	561,599
Total Assets	1,068,228
Liabilities and Net Position	
Current Liabilities	
Accounts payable	2,919
Accrued wages payable	2,309
Accrued liabilities	9,319
Tenant security deposits	20,600
Due to other governments	18,105
Unearned revenue	20
Accrued compensated absences - current portion	4,529
Total Current Liabilities	57,801
Noncurrent Liabilities	
Accrued compensated absences payable	1,740
Total Liabilities	59,541
Net Position	
Net investment in capital assets	561,599
Unrestricted net position	447,088
Total Net Position	\$ 1,008,687

**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, 2022

Operating Revenues	
Net tenant rental revenue	\$ 270,956
Tenant revenue - other	18,743
Total Operating Revenues	<u>289,699</u>
Operating Expenses	
Administration	109,161
Tenant services	27,702
Utilities	74,914
Ordinary maintenance and operations	150,253
Insurance premiums	20,234
Payments in lieu of taxes	18,105
Depreciation	74,775
Total Operating Expenses	<u>475,144</u>
Operating Loss	<u>(185,445)</u>
Nonoperating Revenues	
HUD PHA operating grants	130,045
Investment income - unrestricted	178
Other revenue	60,148
Total Nonoperating Revenues	<u>190,371</u>
Change in Net Position	4,926
Net Position, January 1	<u>1,003,761</u>
Net Position, December 31	<u><u>\$ 1,008,687</u></u>

City of Waseca, Minnesota  
Discretely Presented Component Unit - Housing Redevelopment Authority  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Cash received from tenants	\$ 271,915
Other cash received	19,459
Cash paid to employees	(249,007)
Cash paid to suppliers	(147,699)
Net Cash Used by Operating Activities	<u>(105,332)</u>
Cash Flows from Noncapital Financing Activities	
HUD PHA operating grants	130,045
Other revenue	59,432
Net Cash Provided by Noncapital Financing Activities	<u>189,477</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	<u>(11,000)</u>
Cash Flows from Investing Activities	
Interest received	<u>593</u>
Net Increase (Decrease) in Cash and Cash Equivalents	73,738
Cash and Cash Equivalents, January 1	<u>414,299</u>
Cash and Cash Equivalents, December 31	<u>\$ 488,037</u>
Cash and Investments	\$ 467,417
Cash and Investments - Restricted	<u>20,620</u>
Total Cash and Cash Equivalents	<u>\$ 488,037</u>
Reconciliation of Operating Loss to Net Cash	
Provided (Used) By Operating Activities	
Operating income (loss)	\$ (185,445)
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	74,775
Other income related to operations	716
(Increase) decrease in assets	
Accounts receivable, net of allowance	40
Prepaid items	1,102
Increase (decrease) in liabilities	
Accounts payable	872
Accrued wages and compensated absences	376
Due to other governments	186
Accrued liabilities	1,127
Tenant security deposits	934
Unearned revenue	(15)
Net Cash Provided (Used) by Operating Activities	<u>\$ (105,332)</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, 2022 and 2021

	Total		Percent Increase (Decrease)
	2022	2021	
Revenues			
Taxes	\$ 5,404,957	\$ 5,335,354	1.30 %
Licenses	55,298	55,722	(0.76)
Permits and fees	250,678	295,855	(15.27)
Intergovernmental	5,597,540	5,810,134	(3.66)
Charges for services	489,244	467,484	4.65
Fines and forfeitures	25,288	29,764	(15.04)
Special assessments	144,599	188,487	(23.28)
Contributions	35,325	69,235	(48.98)
Interest earnings (loss)	(536,799)	(303,825)	76.68
Miscellaneous	136,702	91,973	48.63
Total Revenues	<u>\$ 11,602,832</u>	<u>\$ 12,040,183</u>	(3.63) %
Per Capita	<u>\$ 1,258</u>	<u>\$ 1,305</u>	(3.60) %
Expenditures			
Current			
General government	\$ 1,472,122	\$ 1,535,319	(4.12) %
Public safety	3,895,902	3,572,476	9.05
Streets and highways	1,653,920	1,660,039	(0.37)
Sanitation	58,770	46,291	26.96
Cultural and recreation	1,215,847	1,145,676	6.12
Economic development	305,371	179,520	70.10
Airport	131,401	66,775	96.78
Capital outlay			
General government	301	59,189	(99.49)
Public safety	176,384	103,529	70.37
Streets and highways	1,689,820	1,470,567	14.91
Cultural and recreation	1,222,376	346,830	252.44
Airport	58,860	39,920	47.44
Debt service			
Bond principal	380,000	360,000	5.56
Interest and fiscal charges	108,924	121,700	(10.50)
Total Expenditures	<u>\$ 12,369,998</u>	<u>\$ 10,707,831</u>	15.52 %
Per Capita	<u>\$ 1,342</u>	<u>\$ 1,160</u>	15.69 %
Total Long-term Indebtedness	\$ 3,265,000	\$ 3,645,000	(10.43) %
Per Capita	354	395	(10.38)
General Fund Balance - December 31	\$ 3,863,960	\$ 3,920,012	(1.43) %
Per Capita	419	425	(1.41)

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, 2022

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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				
	2022	2021	2020	2019	2018
Governmental Activities					
Net investment in capital assets	\$ 31,977,932	\$ 31,352,817	\$ 31,640,948	\$ 31,636,226	\$ 31,519,508
Restricted	1,607,623	1,300,459	1,482,365	1,216,839	1,418,608
Unrestricted	6,378,852	5,102,545	3,452,335	2,901,673	3,576,887
Total Governmental Activities Net Position	<u>\$ 39,964,407</u>	<u>\$ 37,755,821</u>	<u>\$ 36,575,648</u>	<u>\$ 35,754,738</u>	<u>\$ 36,515,003</u>
Business-type Activities					
Net investment in capital assets	\$ 28,672,372	\$ 27,638,192	\$ 26,914,409	\$ 30,357,788	\$ 28,166,709
Unrestricted	10,515,959	11,842,777	10,885,614	6,331,501	6,520,762
Total Business-type Activities Net Position	<u>\$ 39,188,331</u>	<u>\$ 39,480,969</u>	<u>\$ 37,800,023</u>	<u>\$ 36,689,289</u>	<u>\$ 34,687,471</u>
Primary government					
Net investment in capital assets	\$ 60,650,304	\$ 58,991,009	\$ 58,555,357	\$ 61,994,014	\$ 59,686,217
Restricted	1,607,623	1,300,459	1,482,365	1,216,839	1,418,608
Unrestricted	16,894,811	16,945,322	14,337,949	9,233,174	10,097,649
Total Primary Government Net Position	<u>\$ 79,152,738</u>	<u>\$ 77,236,790</u>	<u>\$ 74,375,671</u>	<u>\$ 72,444,027</u>	<u>\$ 71,202,474</u>

**Table 1**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 28,373,525	\$ 27,305,824	\$ 25,785,983	\$ 23,663,579	\$ 28,196,258
1,657,371	1,536,862	3,399,647	3,000,951	1,305,426
5,344,361	4,469,800	1,844,500	6,084,836	4,655,314
<u>\$ 35,375,257</u>	<u>\$ 33,312,486</u>	<u>\$ 31,030,130</u>	<u>\$ 32,749,366</u>	<u>\$ 34,156,998</u>
\$ 30,161,233	\$ 26,610,969	\$ 26,373,317	\$ 25,591,737	\$ 22,627,509
3,272,276	5,869,147	6,644,275	8,105,324	8,567,098
<u>\$ 33,433,509</u>	<u>\$ 32,480,116</u>	<u>\$ 33,017,592</u>	<u>\$ 33,697,061</u>	<u>\$ 31,194,607</u>
\$ 58,534,758	\$ 53,916,793	\$ 52,159,300	\$ 49,255,316	\$ 50,823,767
1,657,371	1,536,862	3,399,647	3,000,951	1,305,426
8,616,637	10,338,947	8,488,775	14,190,160	13,222,412
<u>\$ 68,808,766</u>	<u>\$ 65,792,602</u>	<u>\$ 64,047,722</u>	<u>\$ 66,446,427</u>	<u>\$ 65,351,605</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 1,714,989	\$ 1,737,588	\$ 2,137,792	\$ 1,614,986	\$ 1,563,396
Public safety	4,506,498	3,291,461	3,609,696	3,581,679	3,216,722
Streets and highways	3,517,289	3,200,795	3,488,327	3,623,241	8,264,920
Sanitation	58,770	46,291	47,933	46,756	45,940
Culture and recreation	1,722,289	1,629,015	1,420,530	1,408,384	1,406,698
Economic development	304,842	170,858	49,537	54,490	116,187
Interest and fees	88,731	101,778	113,515	126,511	134,132
Airport	309,250	236,050	242,366	164,243	139,261
Other	-	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b><u>12,222,658</u></b>	<b><u>10,413,836</u></b>	<b><u>11,109,696</u></b>	<b><u>10,620,290</u></b>	<b><u>14,887,256</u></b>
<b>Business-type Activities</b>					
Water	1,604,855	1,329,096	1,336,028	1,078,730	1,137,599
Sewer	2,881,093	2,787,152	2,726,716	2,434,754	2,044,936
Electric	6,794,415	6,596,807	6,516,164	6,639,813	6,600,965
Storm water	354,584	310,809	302,519	278,858	206,433
<b>Total Business-type Activities Expenses</b>	<b><u>11,634,947</u></b>	<b><u>11,023,864</u></b>	<b><u>10,881,427</u></b>	<b><u>10,432,155</u></b>	<b><u>9,989,933</u></b>
<b>Total Primary Government Expenses</b>	<b><u>\$ 23,857,605</u></b>	<b><u>\$ 21,437,700</u></b>	<b><u>\$ 21,991,123</u></b>	<b><u>\$ 21,052,445</u></b>	<b><u>\$ 24,877,189</u></b>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
<b>Charges for services</b>					
General government	\$ 151,530	\$ 154,069	\$ 151,677	\$ 184,988	\$ 171,421
Public safety	387,600	412,984	311,940	257,217	186,312
Streets and highways	406	-	-	-	-
Culture and recreation	159,059	181,180	704	170,231	168,133
Economic development	19,211	6,044	16,197	30,906	34,810
Airport	129,768	110,592	93,779	91,919	104,252
Operating grants and contributions	1,042,375	947,178	1,298,072	1,465,973	642,580
Capital grants and contributions	1,491,025	1,183,629	1,406,973	1,758,075	6,479,679
<b>Total Governmental Activities Program Revenues</b>	<b><u>3,380,974</u></b>	<b><u>2,995,676</u></b>	<b><u>3,279,342</u></b>	<b><u>3,959,309</u></b>	<b><u>7,787,187</u></b>
<b>Business-type Activities</b>					
<b>Charges for services</b>					
Water	1,837,699	1,830,321	1,784,933	1,690,227	1,466,858
Sewer	2,817,205	2,783,556	2,715,582	2,720,493	2,496,771
Electric	7,534,104	7,598,143	7,069,467	7,566,076	7,469,642
Storm water	392,441	367,864	310,944	261,286	207,963
Operating grants and contributions	969,910	532,086	50,938	-	-
Capital grants and contributions	253,514	16,008	310,950	1,012,964	-
<b>Total Business-type Activities Program Revenues</b>	<b><u>13,804,873</u></b>	<b><u>13,127,978</u></b>	<b><u>12,242,814</u></b>	<b><u>13,251,046</u></b>	<b><u>11,641,234</u></b>
<b>Total Primary Government Program Revenues</b>	<b><u>\$ 17,185,847</u></b>	<b><u>\$ 16,123,654</u></b>	<b><u>\$ 15,522,156</u></b>	<b><u>\$ 17,210,355</u></b>	<b><u>\$ 19,428,421</u></b>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (8,841,684)	\$ (7,418,160)	\$ (7,830,354)	\$ (6,660,981)	\$ (7,100,069)
Business-type activities	2,169,926	2,104,114	1,361,387	2,818,891	1,651,301
<b>Total Primary Government Net Expense</b>	<b><u>\$ (6,671,758)</u></b>	<b><u>\$ (5,314,046)</u></b>	<b><u>\$ (6,468,967)</u></b>	<b><u>\$ (3,842,090)</u></b>	<b><u>\$ (5,448,768)</u></b>

**Table 2**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 1,667,203	\$ 1,164,360	\$ 1,477,440	\$ 1,450,120	\$ 1,311,191
3,083,121	3,328,678	2,449,568	2,626,754	2,385,006
9,057,626	3,131,504	2,323,408	2,348,043	2,657,336
53,744	52,080	33,654	43,942	37,434
1,190,307	1,141,929	1,313,046	1,173,439	1,221,298
100,151	117,407	155,571	343,547	442,247
144,411	198,893	260,674	223,502	132,580
234,621	205,104	262,750	135,732	150,248
-	-	218,782	168,451	127,292
<u>15,531,184</u>	<u>9,339,955</u>	<u>8,494,893</u>	<u>8,513,530</u>	<u>8,464,632</u>
1,074,885	926,845	967,243	1,057,817	968,149
2,392,231	2,310,888	2,166,795	2,550,773	2,432,682
6,640,004	6,517,894	5,821,031	5,992,829	6,282,197
178,152	459,274	188,134	223,549	-
<u>10,285,272</u>	<u>10,214,901</u>	<u>9,143,203</u>	<u>9,824,968</u>	<u>9,683,028</u>
<u>\$ 25,816,456</u>	<u>\$ 19,554,856</u>	<u>\$ 17,638,096</u>	<u>\$ 18,338,498</u>	<u>\$ 18,147,660</u>
\$ 191,846	\$ 169,599	\$ 119,087	\$ 150,630	\$ 128,304
182,468	135,279	258,968	156,120	157,290
-	-	71	-	-
154,150	152,792	163,593	145,208	150,269
27,100	9,400	-	-	-
105,887	109,631	109,066	127,100	133,251
1,505,463	1,416,973	817,754	1,372,862	934,697
8,574,136	1,502,662	477,165	957,390	463,360
<u>10,741,050</u>	<u>3,496,336</u>	<u>1,945,704</u>	<u>2,909,310</u>	<u>1,967,171</u>
1,326,102	1,091,015	1,135,623	1,124,343	1,051,180
2,361,043	2,062,084	1,897,349	1,965,329	1,994,116
7,051,730	7,195,163	6,632,275	6,748,614	6,859,913
152,058	106,623	106,425	106,104	-
5,663	264,648	5,170	17,665	-
-	-	-	26,500	-
<u>10,896,596</u>	<u>10,719,533</u>	<u>9,776,842</u>	<u>9,988,555</u>	<u>9,905,209</u>
<u>\$ 21,637,646</u>	<u>\$ 14,215,869</u>	<u>\$ 11,722,546</u>	<u>\$ 12,897,865</u>	<u>\$ 11,872,380</u>
\$ (4,790,134)	\$ (5,843,619)	\$ (6,549,189)	\$ (5,604,220)	\$ (6,497,461)
611,324	504,632	633,639	163,587	222,181
<u>\$ (4,178,810)</u>	<u>\$ (5,338,987)</u>	<u>\$ (5,915,550)</u>	<u>\$ (5,440,633)</u>	<u>\$ (6,275,280)</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
General Revenues and Other					
Changes in Net Position					
Governmental Activities					
Taxes - general	\$ 3,109,012	\$ 3,059,295	\$ 4,405,719	\$ 4,000,666	\$ 3,906,081
Taxes - debt service	1,956,731	1,989,189	480,414	469,823	489,088
Tax increment	31,438	31,438	31,121	44,397	44,534
Lodging taxes	26,752	27,264	18,927	27,296	27,730
Franchise taxes	206,012	204,405	209,013	218,094	216,958
Unrestricted grants and contributions	3,152,800	3,083,119	2,986,339	2,794,343	2,786,056
Unrestricted investment earnings (loss)	(536,799)	(303,825)	60,240	55,116	424,835
Gain on disposal of assets	44,254	52,772	2,588	5,952	20,921
Contributions of capital assets	-	-	-	-	-
Transfers	1,609,716	454,676	456,903	390,999	396,726
Total Governmental Activities	<u>9,599,916</u>	<u>8,598,333</u>	<u>8,651,264</u>	<u>8,006,686</u>	<u>8,312,929</u>
Business-type Activities					
Taxes - general	181,267	-	-	-	-
Unrestricted investment earnings	(1,053,715)	17,908	184,481	3,032	58,826
Gain on disposal of assets	19,600	13,600	21,769	-	-
Contributions of capital assets	-	-	-	-	-
Transfers	(1,609,716)	(454,676)	(456,903)	(390,999)	(396,726)
Total Business-type Activities	<u>(2,462,564)</u>	<u>(423,168)</u>	<u>(250,653)</u>	<u>(387,967)</u>	<u>(337,900)</u>
Total Primary Government	<u>\$ 7,137,352</u>	<u>\$ 8,175,165</u>	<u>\$ 8,400,611</u>	<u>\$ 7,618,719</u>	<u>\$ 7,975,029</u>
Changes in Net Position					
Governmental Activities	\$ 758,232	\$ 1,180,173	\$ 820,910	\$ 1,345,705	\$ 1,212,860
Business-type Activities	<u>(292,638)</u>	<u>1,680,946</u>	<u>1,110,734</u>	<u>2,430,924</u>	<u>1,313,401</u>
Total Primary Government	<u>\$ 465,594</u>	<u>\$ 2,861,119</u>	<u>\$ 1,931,644</u>	<u>\$ 3,776,629</u>	<u>\$ 2,526,261</u>



**Table 2 (Continued)**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 3,414,987	\$ 3,309,454	\$ 3,022,586	\$ 3,227,394	\$ 3,487,983
483,049	431,771	478,022	208,866	-
80,443	264,027	294,704	270,383	269,351
29,820	23,945	26,392	29,710	20,787
216,203	219,436	214,422	211,599	205,519
2,695,662	2,689,289	3,054,961	2,631,156	2,273,651
158,354	82,683	86,258	44,033	40,550
827	-	17,216	2,998	8,664
44,000	-	-	(2,697,428)	-
(270,440)	1,105,370	481,673	419,528	491,562
<u>6,852,905</u>	<u>8,125,975</u>	<u>7,676,234</u>	<u>4,348,239</u>	<u>6,798,067</u>
-	-	-	-	-
71,629	63,262	76,687	49,512	49,169
-	-	38,176	11,455	23,033
-	-	-	2,697,428	-
270,440	(1,105,370)	(481,673)	(419,528)	(491,562)
<u>342,069</u>	<u>(1,042,108)</u>	<u>(366,810)</u>	<u>2,338,867</u>	<u>(419,360)</u>
<u>\$ 7,194,974</u>	<u>\$ 7,083,867</u>	<u>\$ 7,309,424</u>	<u>\$ 6,687,106</u>	<u>\$ 6,378,707</u>
\$ 2,062,771	\$ 2,282,356	\$ 1,127,045	\$ (1,255,981)	\$ 300,606
953,393	(537,476)	266,829	2,502,454	(197,179)
<u>\$ 3,016,164</u>	<u>\$ 1,744,880</u>	<u>\$ 1,393,874</u>	<u>\$ 1,246,473</u>	<u>\$ 103,427</u>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 1,059	\$ 1,259	\$ 715	\$ 1,572	\$ 2,667
Restricted for					
Library	34,352	34,352	34,352	34,352	-
Parkland dedication	-	-	63,135	72,739	53,139
PEG channel	-	-	-	-	-
Unassigned	3,828,549	3,884,401	3,856,535	3,731,584	3,842,959
Total General Fund	<u>\$ 3,863,960</u>	<u>\$ 3,920,012</u>	<u>\$ 3,954,737</u>	<u>\$ 3,840,247</u>	<u>\$ 3,898,765</u>
All Other Governmental Funds					
Restricted for					
Debt service	\$ 262,073	\$ 267,883	\$ 265,218	\$ 273,996	\$ 290,327
Capital projects funds	-	-	-	-	-
Clear lake press	-	-	-	-	-
Revolving loan	66,230	66,230	66,230	66,230	66,230
TIF funds	10,993	4,400	2,866	14,569	14,379
Historical preservation	-	-	-	-	-
Police safe haven	-	-	-	-	-
Police crime victims	-	-	-	-	-
Police reserves	-	-	330	-	-
Police forfeitures	35,651	53,163	47,629	45,760	48,772
PEG Channel	74,918	75,516	71,018	53,826	44,596
Municipal state aid	775,595	830,166	964,574	699,948	955,114
Reserved, reported in					
Airport	-	55,525	51,628	63,129	293,870
Police reserves	429	2,843	2,513	2,017	1,239
Police explorers	-	-	-	-	-
Waseca housing fund	115,421	127,081	126,886	103,576	103,576
Equipment replacement	620,657	302,810	208,732	-	-
Assigned to					
Capital projects funds	1,592,473	1,302,237	300,797	1,192,290	1,652,682
NW commercial development	1,071,281	1,102,434	1,101,915	1,095,730	1,095,631
Annexation & growth	1,073,182	123,676	130,326	133,638	134,088
Equipment replacement	-	-	-	-	793,806
Future projects	-	-	-	-	-
Operations	432,585	344,564	268,991	72,144	71,368
American Rescue	-	189	-	-	-
Highway 14 reconstruction	-	-	-	-	-
Library remodel	-	-	-	-	-
Economic development	995,954	227,233	226,772	220,503	203,632
Police safe haven	25,480	19,482	21,469	4,868	17,185
Tax abatements	24,619	-	-	-	-
Unassigned	(98,849)	(172,540)	(956,154)	(1,174,903)	(1,231,546)
Total All Other Governmental Funds	<u>\$ 7,078,692</u>	<u>\$ 4,732,892</u>	<u>\$ 2,901,740</u>	<u>\$ 2,867,321</u>	<u>\$ 4,554,949</u>
Total All Funds	<u>\$ 10,942,652</u>	<u>\$ 8,652,904</u>	<u>\$ 6,856,477</u>	<u>\$ 6,707,568</u>	<u>\$ 8,453,714</u>

**Table 3**

		Fiscal Year							
		2017	2016	2015	2014	2013			
\$	19,749	\$	22,323	\$	4,271	\$	80,000	\$	-
	-		-		-		-		-
	49,639		84,139		88,503		78,403		38,905
	-		-		38,847		13,245		-
	3,679,700		3,608,772		3,503,891		3,078,746		3,007,118
<b>\$</b>	<b>3,749,088</b>	<b>\$</b>	<b>3,715,234</b>	<b>\$</b>	<b>3,635,512</b>	<b>\$</b>	<b>3,250,394</b>	<b>\$</b>	<b>3,046,023</b>
\$	278,315	\$	303,228	\$	1,797,332	\$	1,576,552	\$	110,923
	443,940		-		-		-		-
	87,287		130,710		130,476		137,656		197,295
	12,602		12,530		54,998		88,922		10,495
	2,981		97,403		601,238		500,303		406,374
	6,668		-		18		18		2,687
	-		19,944		14,627		3,546		1,379
	-		-		-		-		19,656
	-		-		-		-		-
	56,050		63,972		63,326		56,436		50,974
	40,971		23,634		-		-		-
	937,801		860,439		714,514		591,382		469,957
	363,532		323,847		275,979		302,284		242,463
	1,821		728		728		148		458
	-		-		-		-		-
	103,576		89,926		76,276		69,451		97,801
	-		-		-		-		-
	2,508,963		1,697,105		501,223		2,050,884		994,667
	1,091,970		1,121,057		1,119,587		1,117,737		1,116,693
	163,652		218,278		244,738		243,221		248,648
	547,919		395,949		280,116		205,563		194,913
	-		-		-		421,370		243,645
	160,863		148,637		149,901		143,661		143,859
	-		-		-		-		-
	-		-		-		38,514		50,151
	-		-		-		8,696		-
	51,688		-		-		-		-
	16,185		-		-		-		-
	-		-		-		-		-
	-		(18,864)		228,667		(13,808)		(1,595,500)
<b>\$</b>	<b>6,876,784</b>	<b>\$</b>	<b>5,488,523</b>	<b>\$</b>	<b>6,253,744</b>	<b>\$</b>	<b>7,542,536</b>	<b>\$</b>	<b>3,007,538</b>
<b>\$</b>	<b>10,625,872</b>	<b>\$</b>	<b>9,203,757</b>	<b>\$</b>	<b>9,889,256</b>	<b>\$</b>	<b>10,792,930</b>	<b>\$</b>	<b>6,053,561</b>

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

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 5,404,957	\$ 5,335,354	\$ 5,067,523	\$ 4,703,645	\$ 4,693,723
Licenses	55,298	55,722	54,585	59,401	51,844
Permits and fees	250,678	295,855	262,111	218,693	166,137
Intergovernmental	5,597,540	5,810,134	4,998,637	5,625,909	9,536,010
Charges for services	489,244	467,484	205,248	283,225	305,472
Program income	-	-	-	-	-
Fines	25,288	29,764	40,548	43,336	18,564
Assessments	144,599	188,487	149,888	99,867	144,832
Contributions	35,325	69,235	44,668	107,006	130,917
Interest earnings (loss)	(536,799)	(303,825)	60,240	55,116	423,142
Miscellaneous	136,702	91,973	151,703	260,175	345,497
Total Revenues	<u>11,602,832</u>	<u>12,040,183</u>	<u>11,035,151</u>	<u>11,456,373</u>	<u>15,816,138</u>
Expenditures					
Current					
General government	1,472,122	1,535,319	1,942,624	1,457,652	1,481,050
Public safety	3,895,902	3,572,476	3,497,276	3,382,061	3,246,824
Streets and highways	1,653,920	1,660,039	1,690,589	1,697,022	1,493,871
Sanitation	58,770	46,291	47,933	46,756	45,940
Cultural and recreation	1,215,847	1,145,676	956,762	1,063,454	1,034,358
Economic development	305,371	179,520	47,594	51,984	115,457
Other services	-	-	-	-	-
Airport	131,401	66,775	73,243	70,200	64,734
Debt service					
Bond principal	380,000	360,000	350,000	335,000	325,000
Interest and fiscal charges	108,924	121,700	133,292	146,100	153,575
Bond issue costs	-	-	-	-	-
Capital outlay	3,147,741	2,020,035	2,606,420	4,914,857	10,448,789
Total Expenditures	<u>12,369,998</u>	<u>10,707,831</u>	<u>11,345,733</u>	<u>13,165,086</u>	<u>18,409,598</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(767,166)</u>	<u>1,332,352</u>	<u>(310,582)</u>	<u>(1,708,713)</u>	<u>(2,593,460)</u>
Other Financing Sources (Uses)					
Transfers in	2,136,295	1,158,338	3,088,789	3,083,275	2,334,191
Proceeds from bond issue	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Sale of capital assets	-	9,399	2,588	5,952	24,576
Transfers out	(526,579)	(703,662)	(2,631,886)	(2,692,276)	(1,937,465)
Total Other Financing Sources (Uses)	<u>1,609,716</u>	<u>464,075</u>	<u>459,491</u>	<u>396,951</u>	<u>421,302</u>
Net Change in Fund Balances	<u>\$ 842,550</u>	<u>\$ 1,796,427</u>	<u>\$ 148,909</u>	<u>\$ (1,311,762)</u>	<u>\$ (2,172,158)</u>
Debt service as a percentage of noncapital expenditures	5.2%	5.5%	5.5%	28.8%	7.1%

**Table 4**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 4,262,803	\$ 4,216,217	\$ 4,036,353	\$ 3,957,954	\$ 4,004,044
71,418	44,582	21,238	56,769	52,205
175,938	102,573	216,416	139,247	114,455
11,219,020	5,453,442	3,903,768	4,469,623	3,288,940
275,805	176,791	26,425	23,713	30,287
-	117,942	286,733	269,125	277,916
14,040	23,863	31,802	26,559	53,351
224,428	207,278	324,738	286,732	276,661
445,080	106,104	15,690	51,635	25,074
156,998	82,346	84,805	-	-
1,031,635	158,696	193,531	257,340	245,403
<u>17,877,165</u>	<u>10,689,834</u>	<u>9,141,499</u>	<u>9,538,697</u>	<u>8,368,336</u>
1,562,440	1,473,754	1,314,549	1,324,419	1,202,393
2,885,026	2,721,098	2,486,324	2,420,384	2,268,008
1,106,332	1,255,685	1,216,528	1,696,586	1,636,017
53,744	52,080	33,654	43,942	37,434
967,728	926,447	850,065	854,458	966,410
97,380	116,953	158,507	337,229	441,927
-	-	218,782	168,451	189,299
161,561	205,104	170,795	66,034	68,916
320,000	2,485,000	295,000	355,000	840,000
163,792	248,790	211,970	112,201	140,220
-	-	-	118,566	-
8,809,269	2,895,792	3,587,888	3,587,166	3,496,170
<u>16,127,272</u>	<u>12,380,703</u>	<u>10,544,062</u>	<u>11,084,436</u>	<u>11,286,794</u>
<u>1,749,893</u>	<u>(1,690,869)</u>	<u>(1,402,563)</u>	<u>(1,545,739)</u>	<u>(2,918,458)</u>
2,363,663	3,946,200	2,352,700	2,400,381	3,099,822
-	-	-	5,500,000	-
-	-	-	242,096	-
827	-	17,216	6,924	8,664
<u>(2,692,268)</u>	<u>(2,940,830)</u>	<u>(1,871,027)</u>	<u>(1,980,853)</u>	<u>(2,608,260)</u>
<u>(327,778)</u>	<u>1,005,370</u>	<u>498,889</u>	<u>6,168,548</u>	<u>500,226</u>
<u>\$ 1,422,115</u>	<u>\$ (685,499)</u>	<u>\$ (903,674)</u>	<u>\$ 4,622,809</u>	<u>\$ (2,418,232)</u>
6.5%	12.8%	9.0%	11.6%	13.1%

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
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
2022	488,623,000	59,309,300	49,541,600	1,649,900	3,323,900

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>
\$ 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
2,320,400	604,768,100	597,473,900	88.33

**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>
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
2022	77.14	11.19	88.33

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	
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
31.45	65.47	3.53	1.62	102.06	190.39

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

Taxpayer	Type of Property	2022		
		Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Birds Eye Foods-Conagra	Vegetable Processing	915,967	1	21.39 %
MJ Property Holdings LLC	Inds Land & Bldg	250,586	2	5.85
Walmart Real Estate Trust	Retail	171,819	3	4.01
Northern States Power CO	Utility	154,096	4	3.60
Lineage Logistics LLC	Manufacturing	142,828	5	3.34
Berry Family LLC	Manufacturing	127,032	6	2.97
ML Wingate LLC	Industrial	84,616	7	1.98
Woodville Holdings LLC	Manufacturing	83,867	8	1.96
Gary & Kathy Worke Family LLC	Residential	82,307	9	1.92
Dakota MN & Eastern RR Corp	Rail Road	69,306	10	1.62
Alliance Development Corp	Residential	-		-
Gruner & Jahr Print & Pub Co (Quad)	Printing & Publishing	-		-
Waseca Properties	Radio Manufacturing	-		-
FHS Waseca/Portage LP-HyVee	Commercial	-		-
Clear Lake Press Inc	Printing & Publishing	-		-
<b>Total</b>		<b><u>\$ 2,082,422</u></b>		<b><u>48.64 %</u></b>
<b>Total Tax Capacity</b>				<b><u>\$ 4,281,921</u></b>

Source: Waseca County, Minnesota Assessor's Office

**Table 7**

2013		
<u>Net Tax Capacity</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Net Tax Capacity</u>
51,120	6	0.98 %
		-
86,384	3	1.66
87,702	2	1.68
		-
		-
		-
39,177	8	0.75
36,639	5	0.70
		-
64,706	4	1.24
179,704	1	3.44
49,081	7	0.94
33,762	9	0.65
31,490	10	0.60
<u>\$ 659,765</u>		<u>12.64 %</u>
		<u>\$ 5,219,208</u>

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
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	24,145	4,436,692	99.3
2019	4,667,914	4,589,184	98.3	23,593	4,612,777	98.8
2020	5,030,237	4,915,797	97.7	114,263	5,030,060	100.0
2021	5,154,403	5,084,391	98.6	70,012	5,154,403	100.0
2022	5,545,509	5,445,330	98.2	-	5,445,330	98.2

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

**Table 9**

Fiscal Year	Governmental Activities	Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income	Population	Per Capita
	General Obligation Bonds	General Obligation Revenue Bonds	General Obligation Revenue Notes				
2013	\$ 2,959,216	\$ 2,183,007	\$ 7,815,000	\$ 12,957,223	1.73	9,427	\$ 1,374
2014	8,348,376	2,661,585	7,416,000	18,425,961	2.20	9,365	1,968
2015	8,039,717	1,329,370	7,006,000	16,375,087	1.84	9,365	1,749
2016	5,546,835	893,629	6,585,000	13,025,464	1.59	9,351	1,393
2017	5,211,704	720,164	6,153,000	12,084,868	1.54	9,124	1,325
2018	4,871,574	646,257	11,881,412	17,399,243	2.21	9,094	1,913
2019	4,521,443	572,350	10,797,340	15,891,133	1.93	9,027	1,760
2020	4,156,312	1,523,443	9,962,000	15,641,755	1.79	8,996	1,739
2021	3,781,182	1,444,535	9,109,000	14,334,717	1.93	9,229	1,553
2022	3,386,051	1,270,628	8,239,000	12,895,679	N/A	9,221	1,399

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.

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		
2013	\$ 12,957,223	\$ 110,923	\$ 12,846,300	3.47 %	\$ 1,363
2014	18,425,961	1,576,552	16,849,409	4.49	1,799
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
2022	12,895,679	219,781	12,675,898	2.12	1,375

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 187.

City of Waseca, Minnesota  
 Computation of Direct and Overlapping Debt  
 as of December 31, 2022

**Table 11**

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt			
Waseca County	\$ 5,415,000	13.82 %	\$ 748,353
Independent School District #829	29,240,000	74.64	21,824,736
Total Overlapping			22,573,089
City of Waseca Direct Debt	3,386,051	11.54	390,750
Total Direct and Overlapping Debt			\$ 22,963,839

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

	2022	2021	2020	2019	2018
Debt Limit	\$ 17,924,217	\$ 15,303,615	\$ 13,017,732	\$ 12,946,653	\$ 11,726,100
Total Net Debt Applicable to Limit	3,265,000	3,645,000	4,005,000	4,355,000	4,690,000
Legal Debt Margin	<u>\$ 14,659,217</u>	<u>\$ 11,658,615</u>	<u>\$ 9,012,732</u>	<u>\$ 8,591,653</u>	<u>\$ 7,036,100</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.22%	23.82%	30.77%	33.64%	40.00%

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**

2017	2016	2015	2014	2013
\$ 11,705,490	\$ 10,953,759	\$ 10,867,815	\$ 11,246,697	\$ 11,120,463
5,015,000	5,335,000	7,020,000	7,185,000	1,910,000
<u>\$ 6,690,490</u>	<u>\$ 5,618,759</u>	<u>\$ 3,847,815</u>	<u>\$ 4,061,697</u>	<u>\$ 9,210,463</u>
42.84%	48.70%	64.59%	63.89%	17.18%

Legal Debt Margin Calculation for Fiscal Year 2021

Taxable Market Value	<u>\$ 597,473,900</u>
Debt limit (3% of taxable market value)	<u>\$ 17,924,217</u>
Debt applicable to limit	
Total Bonded Debt	12,759,000
Less: revenue bonds	(1,255,000)
Less: revenue notes	<u>(8,239,000)</u>
Debt applicable to limit	<u>3,265,000</u>
Legal Debt Margin	<u>\$ 14,659,217</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		
2013	\$ 91,249	\$ 495,000	\$ 17,762	\$ 512,762	0.18	
2014	-	-	-	-	-	
2015	-	-	-	-	-	
2016	-	-	-	-	-	
2017	-	-	-	-	-	
2018	-	-	-	-	-	
2019	-	-	-	-	-	
2020	-	-	-	-	-	
2021	-	-	-	-	-	
2022	-	-	-	-	-	

Water Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	2,590,066	961,927	1,628,139	42,190	26,631	68,821	23.66

Sanitary Sewer Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	2,478,453	1,504,956	973,497	842,810	162,486	1,005,296	0.97

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
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	957,778	50,409	1,904	3.8
2022	9,221	Not available	Not available	1,690	5.0

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	2022		
		Employees	Rank	Percentage of Total City Employment
Waseca Public Schools	Elementary/Secondary Schools	560	1	6.07 %
Itron Inc.	Instruments to Measure Electricity	320	2	3.47
Federal Correctional Institute	Government-Correction Institution	195	3	2.11
Cinch Conectivity	Electronic Components	192	4	2.08
Waseca Area Medical Center	General Medical/Surgical Hospital	138	5	1.50
County of Waseca	Government Offices	137	6	1.48
I Can, Inc	Residential Care	134	7	1.45
Conagra (BirdsEye) Foods	Frozen Specialties	95	8	1.03
Winegar Incorporated	Precision Machining	80	9	0.87
Berry Pallets	Lumber/Wood Merchant	70	10	0.76
Mediacom	Cable programming	-		-
Elm Homes	Residential Care	-		-
Quad Graphics (closed)	Commercial Printing/Lithographic	-		-
Total		<u>1,921</u>		<u>20.82 %</u>

Source: Official Statements used for City Debt Issues

**Table 15**

2012		
<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
428	2	4.55 %
400	3	4.25
223	5	2.37
154	8	1.64
359	4	3.82
		-
165	7	1.75
125	9	1.33
		-
		-
100	10	1.06
168	6	1.79
836	1	8.88
<u>2,958</u>		<u>31.44 %</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,				
	2022	2021	2020	2019	2018
<b>General Government</b>					
Administration	1.0	2.0	2.0	1.0	1.0
Finance	3.0	3.0	3.0	5.0	4.0
Economic development	2.0	2.0	2.0	1.0	1.0
Community development	1.5	2.5	2.5	2.0	2.0
<b>Total General Government</b>	<b>7.5</b>	<b>9.5</b>	<b>9.5</b>	<b>9.0</b>	<b>8.0</b>
<b>Public Safety</b>					
Police	17.0	19.0	19.0	19.0	19.0
Safe haven	1.0	1.0	1.0	1.0	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
<b>Total Public Safety</b>	<b>22.0</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>25.0</b>
<b>Public Works</b>					
Engineering	4.5	4.5	4.5	5.0	5.0
Streets/shop	10.0	11.0	10.0	11.0	11.0
<b>Total Public Works</b>	<b>14.5</b>	<b>15.5</b>	<b>14.5</b>	<b>16.0</b>	<b>16.0</b>
<b>Culture and Recreation</b>					
Parks	4.0	4.0	4.0	4.0	4.0
Water park	0.5	0.5	0.5	-	1.0
<b>Total Culture and Recreation</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.0</b>	<b>5.0</b>
<b>Enterprise</b>					
Water/WWTP	5.5	6.5	5.0	6.0	5.0
Electric	4.0	4.0	4.0	4.0	4.0
Utility administration	4.0	1.0	1.5	1.0	1.0
Utility billing	-	3.0	3.0	3.0	3.0
<b>Total Enterprise</b>	<b>13.5</b>	<b>14.5</b>	<b>13.5</b>	<b>14.0</b>	<b>13.0</b>
<b>Total</b>	<b>62.0</b>	<b>68.0</b>	<b>66.0</b>	<b>67.0</b>	<b>67.0</b>

Source: City Finance Department

**Table 16**

Full-time Equivalent Employees as of December 31,					
2017	2016	2015	2014	2013	
2.0	2.0	2.0	2.0	3.0	3.0
4.0	4.0	3.5	3.5	3.5	3.5
1.0	1.0	1.0	-	-	-
2.0	2.0	4.0	4.0	2.0	2.0
<u>9.0</u>	<u>9.0</u>	<u>10.5</u>	<u>9.5</u>	<u>8.5</u>	<u>8.5</u>
18.0	18.0	18.0	16.0	16.0	16.0
2.0	1.0	2.0	1.0	-	-
1.0	1.0	-	-	-	-
3.0	3.0	3.0	3.0	3.0	3.0
<u>24.0</u>	<u>23.0</u>	<u>23.0</u>	<u>20.0</u>	<u>19.0</u>	<u>19.0</u>
5.0	5.0	3.0	3.0	3.0	3.0
10.0	10.0	10.0	10.0	10.0	10.0
<u>15.0</u>	<u>15.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>
4.0	4.0	4.0	4.0	4.0	4.0
1.0	1.0	1.0	1.0	1.0	1.0
<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
6.0	5.0	5.0	5.0	5.0	5.0
4.0	5.0	4.0	4.0	4.0	4.0
1.0	1.0	2.0	2.0	2.0	2.0
3.0	3.0	2.5	2.5	2.5	2.5
<u>14.0</u>	<u>14.0</u>	<u>13.5</u>	<u>13.5</u>	<u>13.5</u>	<u>13.5</u>
<u>67.0</u>	<u>66.0</u>	<u>65.0</u>	<u>61.0</u>	<u>59.0</u>	<u>59.0</u>

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

Function/Program	2022	2021	2020	2019	2018
<b>General Government</b>					
Elections	2	-	1	1	1
Registered voters	4,770	4,855	5,337	4,629	4,857
Number of votes cast	3,455	-	4,462	315	3,388
Voter participation (registered)	72.4%	0.0%	83.6%	-	70.0%
<b>Public Safety</b>					
<i>Police</i>					
Admin Fines	83	97	120	222	346
Arrests	214	278	211	329	280
All citations & warnings	618	771	672	1,033	1,025
Calls for service	7,865	8,729	8,230	9,788	9,188
<i>Fire</i>					
Medical	681	599	581	465	495
Fire	146	121	134	144	152
Other Services	33	53	41	63	58
<i>Inspections</i>					
Building Permits	522	468	523	563	546
Value of Building Permits	\$ 20,433,822	\$ 34,616,753	\$ 30,110,292	\$ 19,754,214	\$ 13,680,190
<b>Culture and Recreation</b>					
<i>Parks</i>					
Park Reservations	97	142	- *	116	95
Water Park-Attendance	17,182	19,933	- *	21,185	21,121
<i>Electric</i>					
Outages	21	18	12	23	39

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**

2017	2016	2015	2014	2013
-	1	-	1	-
-	5,129	-	4,701	-
-	4,194	-	2,808	-
-	81.8%	-	59.7%	-
306	66	279	189	214
298	259	280	274	330
857	648	908	855	1,024
9,348	10,336	9,622	8,070	7,583
497	423	450	452	422
162	139	131	164	132
54	65	56	48	55
539	743	1,436	860	475
\$ 20,139,183	\$ 8,150,734	\$ 18,461,646	\$ 9,352,477	\$ 10,194,793
98	99	106	107	99
23,973	24,954	22,938	20,191	26,637
35	29	40	36	35

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

Function/Program	2022	2021	2020	2019	2018
Public safety					
Police					
Stations	1	1	1	1	1
Patrol squads	12	11	12	12	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)	52	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)	56	49	46	46	46
Storm Sewer					
Storm sewer (miles)	39	39	37	37	37
Water					
Water main (miles)	61.82	60.1	56	56	56
Electric					
Annual consumption (KWH)	56,949,434	57,143,326	56,307,980	57,431,808	59,379,699

**Table 18**

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
1	1	1	1	1
11	11	10	9	9
1	1	1	1	1
4	4	4	4	4
14	14	14	14	14
50	50	50	50	48
1	1	1	1	1
1	1	1	1	1
15	15	15	15	15
46	46	46	46	46
37	37	36	36	40
56	56	56	56	56
60,540,595	62,801,782	64,508,651	62,658,100	64,313,814

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 10, 2023.

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  
August 10, 2023

**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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 10, 2023.

**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  
August 10, 2023



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FEDERAL AWARD PROGRAMS

CITY OF WASECA  
WASECA, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2022

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

Honorable Mayor and City Council  
City of Waseca, Minnesota

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited the City of Waseca, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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**Abdo**  
Mankato, Minnesota  
August 10, 2023

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City of Waseca, Minnesota  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

Federal Funding Source	Administering Department	Program Name	Assistance Listing Number	State or Other Contract Number	Federal Program Clusters	Total Federal Expenditures
U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction	20.205	8120-251	<u>\$ 172,313</u>	
		Total Highway Safety Cluster				\$ 172,313
U.S. Department of Commerce	Minnesota Department of Commerce	Economic Adjustment Assistance	11.307	06-69-06156	<u>224,618</u>	
		Total Economic Development Cluster				224,618
U.S. Department of Justice	Minnesota Department of Corrections	Crime Victim Assistance	16.575	A-CVS-2022-WASECAPD-130		93,397
U.S. Department of Justice	Direct	Bulletproof Vest Partnership Program	16.607	N/A		2,124
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106	A8101-30 A8101-34		79,278
U.S. Department of Transportation	Minnesota Department of Transportation	Airport Improvement Program	20.106C	A8101-C2		13,000
U.S. Department of Treasury	Minnesota Department of Revenue	Coronavirus Relief Fund	21.027C	N/A		968,787
Department of Health and Human Services	Federal Emergency Management Agency	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A		1,123
U.S. Department of Health and Human Services	Minnesota Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A		<u>400</u>
Total Federal Expenditures						<u>\$ 1,555,040</u>

City of Waseca, Minnesota  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2022

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Waseca, Minnesota (the City) under programs of the federal government for the year ended December 31, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit-Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Pass-through Entity Identifying Numbers**

Pass-through entity identifying numbers are presented where available.

**4. Subrecipients**

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

**5. Indirect Cost Rate**

During the year ended December 31, 2022, the City did not elect to use the 10 percent de minimis indirect cost rate.

City of Waseca, Minnesota  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2022

**Section I - Summary of Auditor's Results**

**Financial Statements**

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

**Federal Awards**

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

**Identification of Major Programs/Projects**

	<b>ALN</b>
Coronavirus Relief Fund	21.027C
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

**Section II - Financial Statement Findings**

None

**Section III - Major Federal Award Findings and Questioned Costs**

None