



**Comprehensive Annual Financial Report**  
For the Year Ended December 31, 2020



Prairie Park Pickleball Courts – Opened 2020



# City of Otsego, Minnesota



## Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2020

Adam Flaherty  
City Administrator

Prepared by:  
Finance Department

Member of the:

Government Finance Officers' Association  
of the United States and Canada

**CITY OF OTSEGO, MINNESOTA**  
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May 24, 2021

Honorable Mayor and Members of the City Council  
City of Otsego

Transmitted herewith is the Comprehensive Annual Financial Report of the City of Otsego for the fiscal year ended December 31, 2020.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City following the policies and procedures specified by the City's system of internal control. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures deemed necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Minnesota Statutes require that the financial statements of the City be audited annually by the State Auditor or a Certified Public Accountant selected by the City Council. These financial statements have been audited by BerganKDV (the Auditors). The Auditors expressed an unmodified opinion on the financial statements, and their opinion letter is included as the first component within the financial section of this report.

The Auditors have also issued a number of other reports on compliance with Government Auditing Standards and Minnesota Legal Compliance. These reports have been issued under separate cover.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's 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's MD&A can be found immediately following the report of the auditors.

## **PROFILE OF THE CITY**

The first town site in Otsego was originally platted in 1857 in what was once known as the Big Woods, heavily laden with deciduous trees, and interspersed with rivers, ponds, and prairies. The first settlers to the area were of European descent settling the area in 1852. On April 5, 1858, Otsego Township was established. The area remained a township until 1990 when it was incorporated into the City of Otsego to more fully serve its residents and to manage growth.

Otsego is located at the confluence of the Mississippi and Crow Rivers approximately thirty miles northwest of Minneapolis. The Mississippi River runs along the northern and eastern borders of the City and the Crow River runs along the southern border in the far eastern part of the City until it enters the Mississippi River.

The City is located in the northeast corner of Wright County and covers an area of about 30.5 square miles. The State Demographer's most recent population estimate was 18,130, compared with 6,389 from the 2000 US Census. Otsego is the fastest growing City in Wright County and outpaces growth in neighboring cities outside Wright County.

The City operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the government of the City is directed by a City Council consisting of an elected mayor and four elected councilmembers at large. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The mayor and councilmembers serve four year terms with two councilmembers elected to four year terms every two years. The mayor is also elected to a four year term.

The City provides its residents and businesses a full range of municipal services consisting of the construction & maintenance of highways, streets, and other infrastructure, park facilities, recreational opportunities, and general administrative services. The City services also provide public utilities including water, sanitary sewer and storm water services accounted for in enterprise funds. Police protection has been provided for more than 25 years through an agreement with the Wright County Sheriff's department which provides 48 hours of service each and every day. Fire suppression and emergency response services are provided through agreements with the neighboring cities of Albertville, Elk River and Rogers, with each agreement having geographical boundaries based upon response times.

Financial planning and control for the City of Otsego are based on the annual Operating Budget and the multi-year Capital Improvement Plan. Under Minnesota Statutes, a preliminary property tax levy must be adopted by the City Council no later than September 30th of each year for the ensuing year's collection. This establishes a maximum levy that may subsequently be lowered but may not be increased at time of final adoption. A ceiling on the increase of the annual property tax levy is established from time to time by the Minnesota Legislature. Such a limit was not in place for taxes payable 2020 and 2021.

Effective establishment of this levy means that a preliminary operating budget must be prepared. The City Administrator, with the assistance of the Finance Director and management staff, prepares such a budget each year and presents it along with the preliminary levy for City Council review. The City Council is required to adopt a final tax levy and annual budget each December for the subsequent year, which begins on January 1. Departments may make transfers of appropriations within their department. However, transfers of budget appropriations between departments needs authorization of the City Administrator. The legal level of budgetary control is at the fund level, so any appropriation transfers between funds needs the approval of the City Council.

In addition, a Capital Improvement Plan covering a ten year period is reviewed and revised during the annual budget process. This includes projects for which the City may issue debt and/or assess portions of the cost to adjacent or benefitting property owners. Because there are limited funds available each year and the City does not wish to issue excessive amounts of debt, these projects are reviewed and reprioritized each year.

## **ECONOMIC CONDITION**

Otsego continues to experience strong residential and commercial growth due to its ideal location. The City is 30 miles from downtown Minneapolis, the center of the Twin Cities metropolitan area and has excellent transportation access with Interstate 94 and State Highway 101. The City maintains a Comprehensive Plan document for land use and development to manage and encourage growth.

The residential growth can be expressed with the 403 new residential construction permits issued during 2020. The average number of new residential construction permits through the past five years is 286. The latest estimates from the State Demographer's office show total households at 6,254 or a growth of 32 percent since 2010.

The City is expecting for this trend in residential housing growth to continue into the future as well. There have been a number of builders continuing to develop properties and go through the final platting process.

The taxable market value of property within the City increased \$196 million (10.32 percent) to a total of \$2,087,427,000 for taxes payable 2021. According to Wright County, for taxes payable 2020, there was approximately \$98 million of value added for new residential and commercial / industrial development. The remaining portion of the growth would be due to market driven factors. The increased taxable value translates into increased tax capacity and has allowed the City to maintain or slightly decrease the property tax rate in seven consecutive years. The City's tax rate for payable 2021 is 34.653.

During 2020, the City approved a large commercial-industrial project within one of the City's industrial parks. The project encompasses an approximate 54 acre site, will include more than 55 thousand square feet of office, shop, and warehousing space and will add a significant number of jobs in the City.

Aligned with the City's Strategic Plan of having diverse housing options, and currently under construction, The Village of Otsego Apartments and the Parkview Grand Apartments will provide continued expansion of multiple family housing choices for residents looking to call Otsego home. The first phases of these complexes include 170 market rate apartment units, with one, two- and three-bedroom options, with leasing expected to begin in the winter of 2021-2022.

In 2020, Independent School District No. 728 initiated construction of the first middle school within the City. The new middle school will help serve the educational needs of the rapid residential growth occurring within the City. The City is working closely with School District officials on the project, with construction expected to be complete for the 2022-2023 school year.

The City is committed to efforts in growing the commercial, retail and industrial sectors within the City to provide employment, services and tax base within the community.

## **LONG-TERM FINANCIAL PLANNING**

The City has adopted and annually updates a ten-year Capital Improvement Plan (CIP) to facilitate the growth and maintenance of public infrastructure, community facilities and capital equipment. Projects in the CIP demonstrate the importance of developing long range financial planning strategies to facilitate the growth and prosperity of the City. The process assists with both short and long range financial planning needs by:

- Prioritizing capital projects and equipment acquisitions
- Estimating resource needs and related cash flows
- Identifying adequate and sustainable funding sources

## MAJOR INITIATIVES

With all of the growth that has been experienced in Otsego, the City has identified the need to expand our future planning, and has illustrated this by developing a Strategic Plan. Within this Plan, the City has developed a practical vision of what Otsego should be in three to five years. The following list outlines the City's strategic directions with certain examples of initiatives that have been accomplished in 2020 or set as goals in 2021.

- Positioning for Growth.
  - *Completed a Utility Rate Study*
  - *Initiated design of West Wastewater Facility Expansion Project*
  - *Initiated a facility and space needs analysis for City Hall & Public Works*
- Empowering the Organization.
  - *Commitment to an annual Strategic Planning process*
  - *Conducted an Employee Survey to gauge employee engagement*
  - *Implemented 1-on-1 Employee & Supervisor Meetings*
- Engaging Stakeholders.
  - *Soil Improvements of City Owned Property for Development*
  - *Establish a Community Survey to Obtain Feedback from Residents*
  - *Participation in Legislative Focus Groups for Transportation*

## RELEVANT FINANCIAL POLICIES

The City Council has approved a fund balance policy that established the minimum fund balance requirements of the General Fund at forty-five percent of the subsequent year's expenditures. The policy also includes the annual review of the fund balance reserves of all other funds and the criteria for the use of reserves. Reserve balances are reviewed annually as part of the budget/financial planning process and at the time the Capital Improvement Plan is approved by the City Council.

Financial management staff of the City of Otsego have developed and implemented internal controls designed to protect the City's assets from loss, abuse, theft or other misappropriation. 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 are also important to deriving maximum benefit from these controls.

Policies relating to investment of City funds, billing and collection of public utility charges, management of long term debt, purchasing, fund balances and general accounting procedures have been developed. In addition, goals and objectives have been established for internal and external financial reporting and for long-term financial planning strategies.

## **FINANCIAL REPORTING AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Otsego for its 2019 Comprehensive Annual Financial Report (CAFR). The City first applied for this award in 2012, and has received the award every year since.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both accounting principles generally accepted in the United States and applicable federal, state and local legal requirements.

A Certificate of Achievement is valid for a period of one year. It is expected that the 2020 report conforms to the Certificate of Achievement program requirements. It will be submitted to the GFOA to determine the City's eligibility for another Certificate.

## **ACKNOWLEDGEMENTS**

The preparation of this report would not have been possible without the expertise and dedication of the City's staff. Further, the City Council's support to promote and sustain the highest standards of professionalism in the financial management of the City of Otsego are acknowledged and appreciated.

Respectfully submitted,



Adam Flaherty  
City Administrator & Finance Director

**CITY OF OTSEGO, MINNESOTA**  
ELECTED OFFICIALS AND ADMINISTRATION

**ELECTED OFFICIALS**

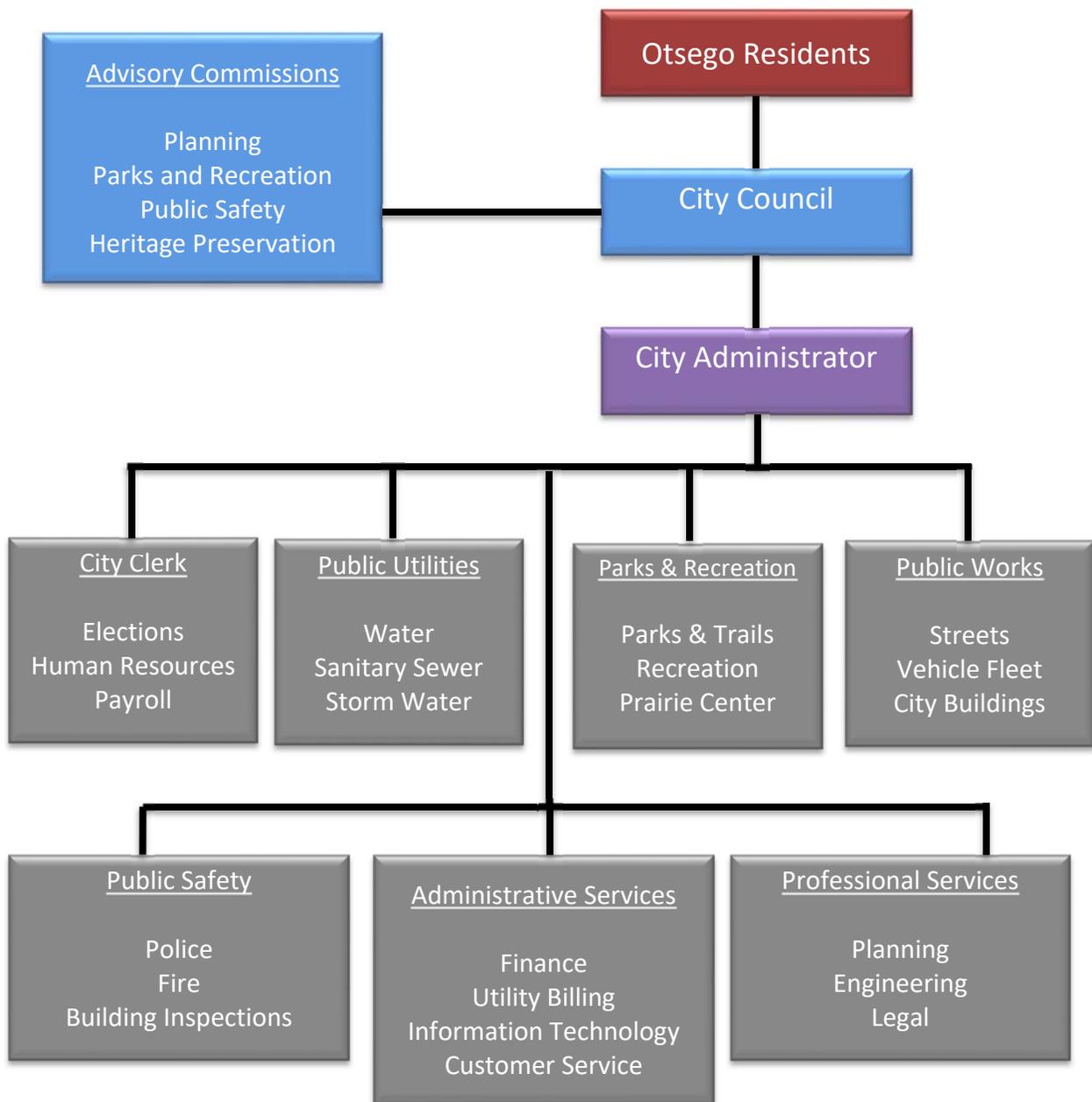
<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Jessica Stockamp	Mayor	December 31, 2020
Jason Warehime	Council Member	December 31, 2020
Corey Tanner	Council Member	December 31, 2020
Tina Goede	Council Member	December 31, 2022
Tom Darkenwald	Council Member	December 31, 2022

**ADMINISTRATION**

<u>Name</u>	<u>Position</u>
Audra Etzel	City Clerk
Adam Flaherty	City Administrator & Finance Director
Kevin Lamson	Street Operations Manager
Ross Demant	Parks & Recreation Director
Kurt Neidermeier	Public Utilities Manager
David Kendall	City Attorney
Daniel Licht	City Planner
Ron Wagner	City Engineer



## Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Otsego  
Minnesota**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morill*

Executive Director/CEO



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## Independent Auditor's Report

Honorable Mayor and Members  
of the City Council  
City of Otsego  
Otsego, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Otsego, Minnesota, as of and for the year ended December 31, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

The City of Otsego's 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 misstatements, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Otsego, Minnesota, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgeting comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Matters (Continued)

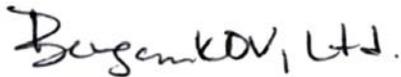
### *Other Information (Continued)*

The supplementary information contains prior year comparative information taken from the City's 2019 financial statements. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2019, which are not presented with the accompanying financial statements. In our report dated May 20, 2020, we expressed unmodified opinions on the respective financial statements of governmental activities, business type activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2019 supplementary information is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2019, taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of the City of Otsego'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 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 of Otsego's internal control over financial reporting and compliance.



St. Cloud, Minnesota  
May 24, 2021

As management of the City of Otsego, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. 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 on pages 1-6 of this report.

**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 \$116,012,488 (net position). Of this amount, \$37,380,503 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$15,358,510 (15.26%) from the previous year. The net position of the governmental activities increased \$4,892,984 (9.71%). The increase is primarily attributable to the investment in public assets and infrastructure by the City and housing developers in the community. This infrastructure consists of streets, trail systems and park additions. The business type activities increased \$10,465,526 (20.82%) due to a combination of connection fees to the City's public utility system, and similar to the governmental activities, the investment in public assets and infrastructure.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$19,110,873, which is an increase of \$2,097,107 (12.33%) from the previous year. Of the total fund balance, the unassigned portion is \$1,174,774, which is free from any internal or external constraints upon its use.
- The General fund has a fund balance of \$5,987,733 at the close of the current fiscal year. During 2020, the fund balance increased \$1,667,923 (38.61%) from the previous year. The increase in fund balance can be attributed to license and permit, as well as intergovernmental revenues exceeding budget. In accordance with the City's fund balance policy, a transfer of \$932,244 was made to the Capital Improvements, Trails Management, and City Buildings & Property Maintenance funds. That policy indicates that any fund balance exceeding 45% of the subsequent years budget will be transferred, and set aside for future capital expenditures. There is \$334,946 (5.59%) of fund balance that is nonspendable, which is a combination of prepaid items and land held for resale. The remainin fund balance is either assigned, \$242,785 (4.05%) or is unassigned, \$5,410,002 (90.36%).
- The City issued \$2,950,000 of General Obligation Revenue Refunding bonded debt during the year to refund the 2010D and the 2011A bond issues to take advantage of lower interest rates, resulting in a decrease of future debt service payments. The City's total outstanding bonded debt decreased by \$3,885,000 (16.36%) during the current fiscal year.

**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 include 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.

**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, liabilities and deferred inflows/outflows 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 City's overall financial position is stable, 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 the 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, special assessments and earned but unused personal time off).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, public works, culture & recreation, economic development, and interest on long-term debt. The business-type activities of the City include: water utility, sanitary sewer utility and storm water utility.

The government-wide financial statements can be found on pages 28 through 29 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. 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. Both the governmental funds balance sheet and governmental funds 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 23 individual governmental funds. 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 following: General fund, the Debt Service fund, the MSA Construction fund, the Capital Improvements fund, and the Development & Builder Escrows fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements or schedules, elsewhere in this report.

The City adopts an annual appropriated budget for the General Fund, the Debt Service Fund, the Revolving Loan, Tax Increment District No. 1, Tax Increment District No. 3 special revenue funds. A budgetary comparison statement has been provided in the basic financial statements for the General fund.

The basic governmental fund financial statements can be found on pages 30 through 37 of this report.

**Proprietary Funds:** Proprietary funds provide similar information to the government-wide financial statements, but in more detail. The City maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer and storm water utilities. All of the City's enterprise funds are considered to be major funds, and separate information is provided for each of them in the basic financial statements.

The basic proprietary fund financial statements can be found on pages 38 through 40 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 on pages 41 through 74 of this report.

**Other Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in relation to the City's net pension liability. The schedules can be found on pages 76 through 80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 82 through 114 of this report.

**CITY OF OTSEGO, MINNESOTA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2020**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$116,012,488 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$71,186,563 or 61.36%) reflects its investment in capital assets, which includes: land, infrastructure, buildings, and machinery & equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF OTSEGO - SUMMARY OF NET POSITION**

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Current Assets	\$ 31,770,371	\$ 27,290,747	\$ 4,479,624	\$ 26,894,333	\$ 19,540,834	\$ 7,353,499
Capital Assets	40,752,252	38,752,165	2,000,087	61,029,397	48,860,266	12,169,131
Total Assets	<u>72,522,623</u>	<u>66,042,912</u>	<u>6,479,711</u>	<u>87,923,730</u>	<u>68,401,100</u>	<u>19,522,630</u>
Deferred Outflows of Resources	193,838	115,522	78,316	54,113	29,860	24,253
Long-term Liabilities	6,009,043	7,079,876	(1,070,833)	22,268,031	15,442,116	6,825,915
Other Liabilities	7,755,864	5,245,641	2,510,223	4,967,557	2,679,487	2,288,070
Total Liabilities	<u>13,764,907</u>	<u>12,325,517</u>	<u>1,439,390</u>	<u>27,235,588</u>	<u>18,121,603</u>	<u>9,113,985</u>
Deferred Inflows of Resources	3,668,954	3,443,301	225,653	12,367	44,995	(32,628)
Net Investment in Capital Assets	34,622,760	31,373,524	3,249,236	36,563,803	31,344,999	5,218,804
Restricted	7,445,422	7,658,124	(212,702)	-	-	-
Unrestricted	13,214,418	11,357,968	1,856,450	24,166,085	18,919,363	5,246,722
Total Net Position	<u>\$ 55,282,600</u>	<u>\$ 50,389,616</u>	<u>\$ 4,892,984</u>	<u>\$ 60,729,888</u>	<u>\$ 50,264,362</u>	<u>\$ 10,465,526</u>

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

A portion of the City's net position (6.42%) represents resources that are subject to external restrictions on how they may be used. The unrestricted portion (32.22%) may be used to meet the City's ongoing obligations to citizens and creditors.

The governmental activities experienced significant increases in both current and capital assets. The increase of current assets is due to increased cash and investment balances, with the General fund increasing as a result of the CARES Act stimulus funding, and the Development & Builder Escrows fund increased as a result of additional active development projects within the City. The increase in capital assets can be explained with projects such as Parkview Avenue & 88th Street Improvements, Pickleball Courts, Splash Pad, and fleet vehicles and equipment. The increase in liabilities is a net result, with long-term liabilities decreasing as a result of continued debt service payments, with current liabilities increasing in the Development & Builder Escrows fund due to active development projects.

The assets of the business-type activities increased as a result of cash and investment balances from continued growth in development, which generates revenues such as water and sewer access fees. Additional current asset increases attributable to a due from other government balance for the 2020 PFA Note, and increased special assessments. The capital asset increases were attributable to ongoing investment in the utility system infrastructure. The long-term liabilities increased with the issuance of the 2020 PFA Note and the current liabilities increased with accounts payable balances for the ongoing infrastructure projects.

**CITY OF OTSEGO - CHANGES IN NET POSITION**

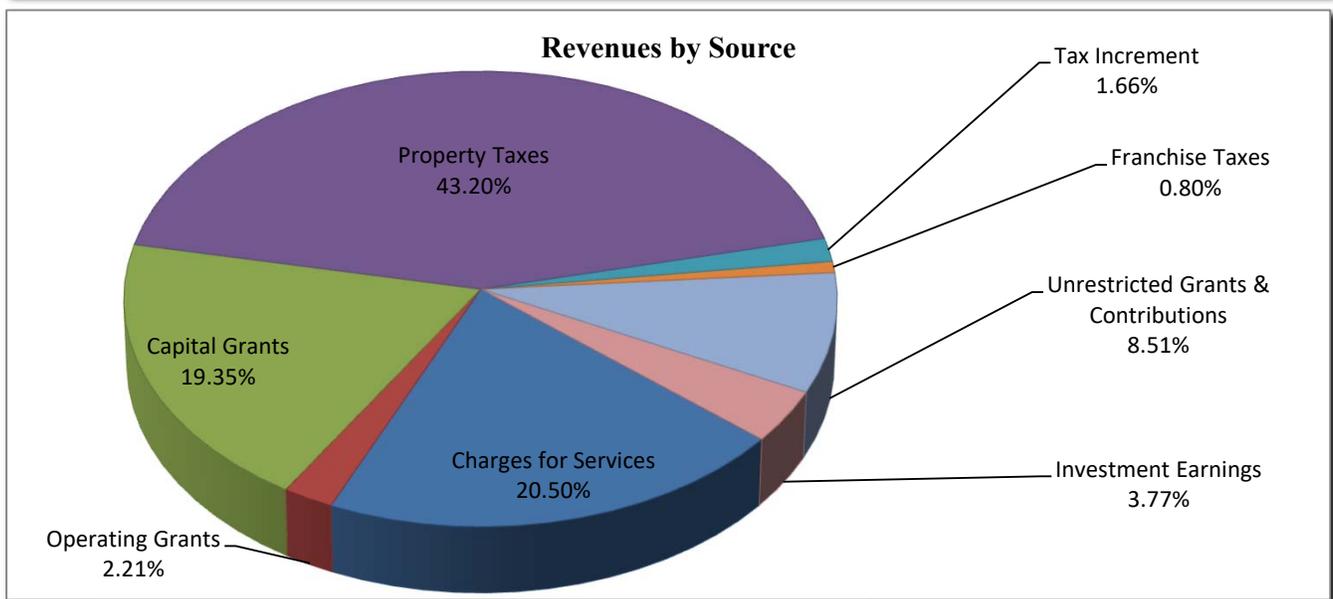
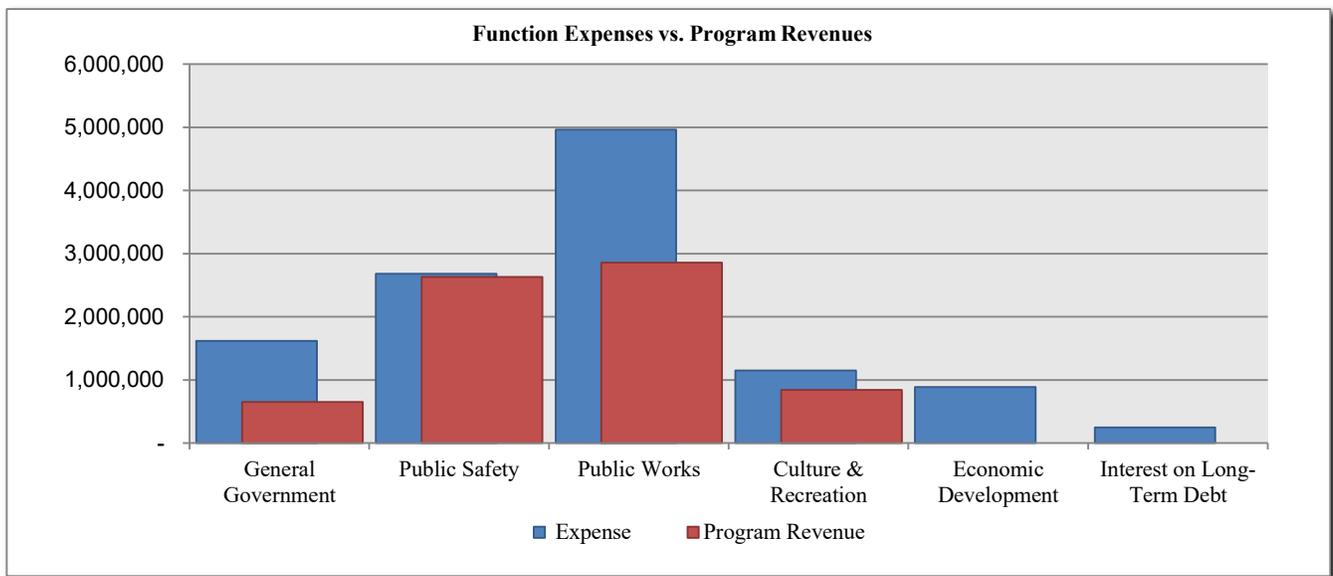
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
<b>Program Revenues</b>						
Charges for Services	\$ 3,401,691	\$ 2,564,173	\$ 837,518	\$ 4,702,829	\$ 4,098,150	\$ 604,679
Operating Grants and Contributions	366,461	319,332	47,129	2,157	-	2,157
Capital Grants and Contributions	3,212,230	3,361,497	(149,267)	9,214,377	6,543,224	2,671,153
<b>General Revenues</b>						
Property Taxes	7,170,868	6,681,989	488,879	32,000	30,000	2,000
Tax Increment	275,445	97,419	178,026	-	-	-
Franchise Taxes	132,137	137,510	(5,373)	-	-	-
Grants and Contributions not						
Restricted to Specific Programs	1,411,685	162,120	1,249,565	-	-	-
Unrestricted Investment Earnings	625,964	754,079	(128,115)	688,236	748,799	(60,563)
Other General Revenues	-	47,362	(47,362)	-	-	-
<b>Total Revenues</b>	<b>16,596,481</b>	<b>14,125,481</b>	<b>2,471,000</b>	<b>14,639,599</b>	<b>11,420,173</b>	<b>3,219,426</b>
<b>Expenses</b>						
General Government	1,616,634	1,383,291	233,343	-	-	-
Public Safety	2,683,103	2,411,751	271,352	-	-	-
Public Works	4,967,363	3,387,481	1,579,882	-	-	-
Culture and Recreation	1,151,569	1,177,721	(26,152)	-	-	-
Economic Development	889,173	741,705	147,468	-	-	-
Interest on Long-term Debt	247,702	212,402	35,300	-	-	-
Water Utility	-	-	-	1,443,522	1,729,938	(286,416)
Sanitary Sewer Utility	-	-	-	2,739,519	2,600,436	139,083
Storm Water Utility	-	-	-	138,985	123,163	15,822
<b>Total Expenses</b>	<b>11,555,544</b>	<b>9,314,351</b>	<b>2,241,193</b>	<b>4,322,026</b>	<b>4,453,537</b>	<b>(131,511)</b>
Increase Before Transfers	5,040,937	4,811,130	229,807	10,317,573	6,966,636	3,350,937
Transfers	262,369	212,869	49,500	(262,369)	(212,869)	(49,500)
Transfers - Capital Assets	(410,322)	(520,896)	110,574	410,322	520,896	(110,574)
Change in Net Position	4,892,984	4,503,103	389,881	10,465,526	7,274,663	3,190,863
Net Position - January 1	50,389,616	45,886,513	4,503,103	50,264,362	42,989,699	7,274,663
Net Position - December 31	<b>\$ 55,282,600</b>	<b>\$ 50,389,616</b>	<b>\$ 4,892,984</b>	<b>\$ 60,729,888</b>	<b>\$ 50,264,362</b>	<b>\$ 10,465,526</b>

**Governmental Activities**

Governmental activities resulted in an increase of the City's net position by \$4,892,984. Key elements of this change is as follows:

- Revenues increased \$2,471,000 (17.49%) from the previous year; with the most notable increase within grants and contributions not restricted to specific programs which is specifically related to the CARES Act stimulus funding. Charges for services also increased, with offsetting decreases in capital grants and contributions, and unrestricted investment earnings.
- Expenses increased \$2,241,193 (24.06%) from the previous year. The most notable increase was within the public works, which was the result of local share contributions for two major Wright County road improvement projects. Increases were shown for all other governmental functions, with the exception of the culture and recreation function, which had decreased activity due to COVID-19.

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

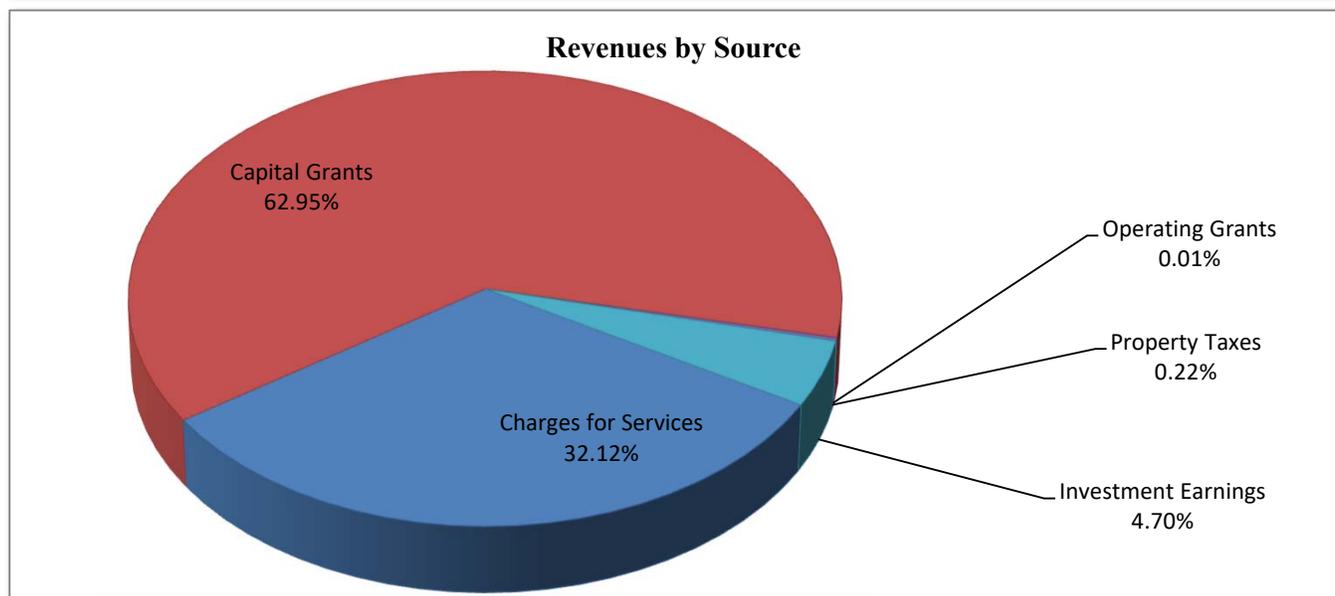
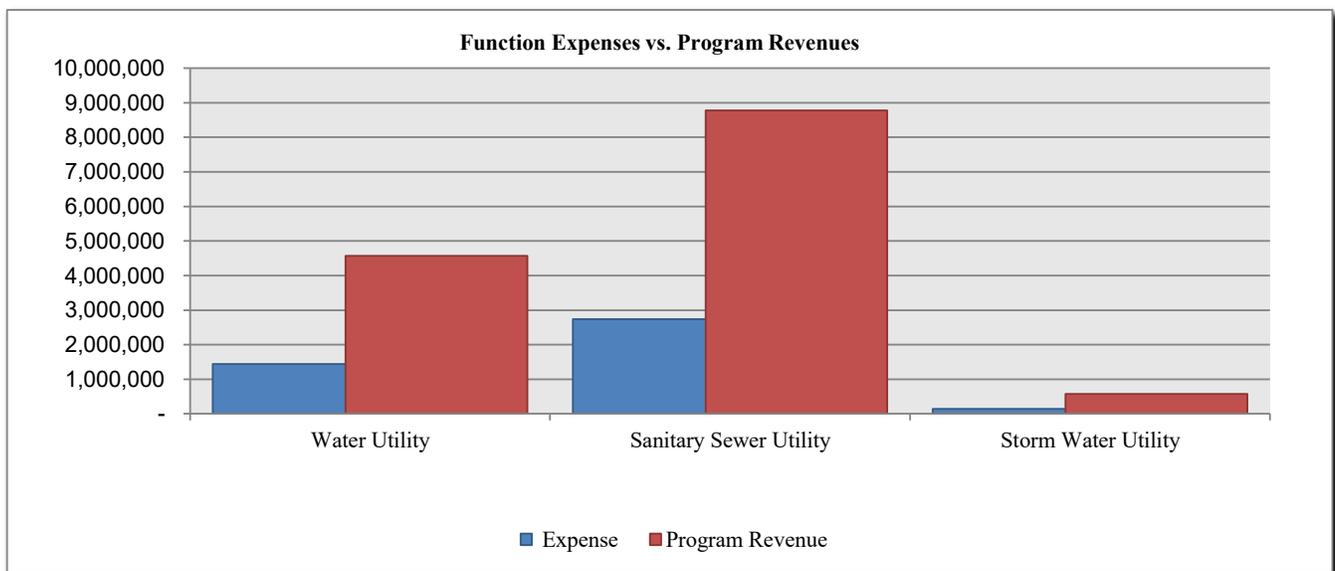


**Business-type Activities**

Business-type activities resulted in an increase of net position by \$10,465,526. Key elements of this change are as follows:

- An increase was noted in revenues, \$3,219,426 (28.19%), most significantly in capital grants and contributions, and represents a combination of utility system availability and connection fees, as well as capital asset contributions from developers.
- Expenses decreased \$131,511 (2.95%), attributable to services and other charges within the Water Utility fund.
- Revenues exceeded expenses by \$10,317,573 primarily the result of the continued residential growth within the City. This housing growth generates connection fees to the public utility system, which is used to retire debt service and for future capital costs.

Below are specific graphs which provide comparisons of the business-type activities revenues and expenses:



**Financial Analysis of the Government's Funds**

**Governmental Funds:** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available 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 \$19,110,873, which is an increase of \$2,097,107 (12.33%) from the previous year. The unassigned fund balance, which is not subject to internal or external constraints upon its use, \$1,174,774 (6.15% of total).

***Major Funds***

The General fund is the primary operating fund of the City. At the end of the current fiscal year, total fund balance is \$5,987,733, an increase of \$1,667,923 (38.61%). The increase in fund balance was largely the result of revenues exceeding expenditures by \$2,398,372. Revenues were over budget by \$2,944,725, with the two primary factors being that actual licenses and permits exceeded estimates from the budget process; and the CARES Act stimulus funding. Expenditures were in excess of budget, most significantly in the economic development function, the result of grants awarded to local businesses, made possible through the CARES Act stimulus funding. In accordance with the City's fund balance policy, a transfer out of \$932,244 was made to the Capital Improvements, Trails Management, and City Buildings & Property Maintenance funds for future capital needs. As a measure of the General fund's liquidity, it may be useful to compare both unassigned and total fund balance, to total fund expenditures. The unassigned fund balance, which is \$5,410,002, represents 81.26% of the current year General fund expenditures. Total General fund balance represents 89.94% of those same expenditures.

The Debt Service fund has a total fund balance of \$1,120,071 at the end of the year, a decrease of \$427,779 (27.64%) from the previous year. The City retired \$4,500,000 of principal on the outstanding bonded debt during 2020.

The MSA Construction fund has a deficit fund balance of \$4,235,228 and is the result of ongoing capital expenditures for the 85th Street and Maciver Avenue street extension project, which totaled \$683,811 during the year. The fund balance deficit will be reduced over the next five years, as municipal-state-aid for construction revenue will reimburse the City for the project costs.

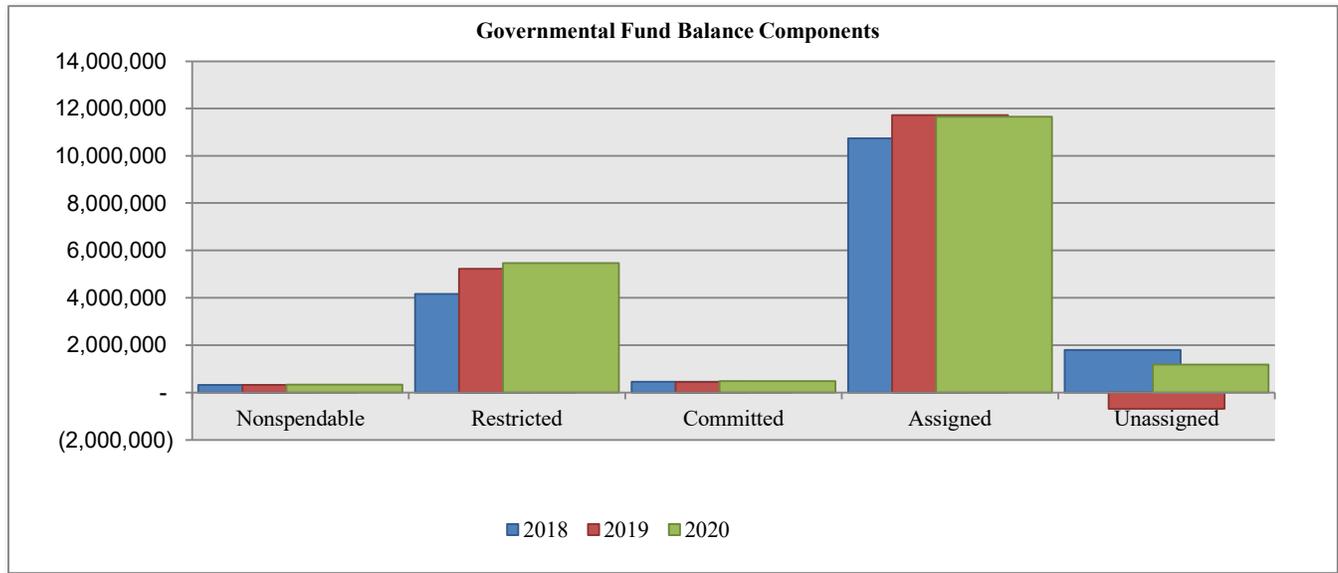
The Capital Improvements fund has a fund balance of \$1,514,242 at the end of the year, a decrease of \$1,503,593 (49.82%) from the previous year. Expenditures for the year totaled \$2,609,023, which were for the Parkview Avenue and 88th Street improvement project, as well as the local share contributions for two major Wright County road improvement projects.

The Development & Builder Escrows fund has no fund balance at the end of the current fiscal year. The fund has assets in the amount of \$5,667,316, all of which are cash and investment balances that offset the accounts and deposits payable within the fund. The revenues and expenditures in this fund correlate with the level of development activity within the City.

**Proprietary Funds:** The City's proprietary funds provide the same type of information presented as business-type activities found in the government-wide financial statements, but in more detail.

The enterprise funds have a combined ending net position of \$60,729,888, an increase of \$10,465,526 (20.82%). There are two components to net position in the enterprise funds, unrestricted (\$24,166,085 or 39.79%) and net investment in capital assets (\$36,563,803 or 60.21%). As a measure of liquidity, the unrestricted net position amounts to 628.78% of the current year operating expenses. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Below is a graph with comparative amounts for each fund balance component for fiscal years 2018, 2019 and 2020:



The City's Unassigned fund balance is currently \$1,174,774, and represents 6.15% of total governmental fund balance. The City also has four other components of fund balance, including Nonspendable (1.75%), Restricted (28.64%), Committed (2.54%) and Assigned (60.92%).

- Nonspendable fund balance represents the amount of assets the City has invested in prepaid items and land assets held for resale. This fund balance component can largely fluctuate with the timing of certain payments (e.g. insurance premiums) and the net realizable value of the land assets being held by the City for future resale.
- The City's restricted fund balance is the result of external constraints placed upon it. The source of that constraint includes debt service park development, and tax increments. The debt service component has decreased slightly over the past three years as the bonds payable balance has declined, while the park dedication component has increased due to revenues exceeding expenditures.
- The committed fund balances are within the City's special revenue funds for Street Lighting and Revolving Loans. This fund balance component has stayed consistent over the past three years.
- Assigned fund balances are primarily associated with the City's capital project funds. The fund balance in this component is the result of the City accumulating resources for future capital improvement projects and capital equipment purchases.

A more detailed breakdown of the fund balance components can be found in the basic financial statements and accompanying financial statement footnotes.

**General Fund Budgetary Highlights**

During the year, there were no amendments to the General fund budget. The budgeted revenues and expenditures resulted in no change in fund balance. Actual results for the fiscal year were an increase of \$1,667,923 (38.61%). The key elements of this change are as follows:

- Actual revenues exceeded the budget by \$2,944,725 (48.19%). The largest revenue variance was provided by licenses and permits, which were over budget by \$1,446,569. The City projected 200 new residential construction permits when preparing the budget with actual results being 403 new residential construction permits. Another significant variance was within intergovernmental, which exceeded the budget by \$1,321,214 due to the CARES Act stimulus funding that was not budgeted.
- Actual expenditures exceeded the budget by \$344,653 (5.46%). The largest variance was within the economic development function and is the result of grants to local businesses, made possible with the CARES Act stimulus funding. The Building Safety department was the only other significant variance, which was over budget in services and other charges.
- Transfers in exceeded the budget by \$95. These transfers are from the Water and Sanitary Sewer utility funds, and are annual contributions to help manage the property tax levy.
- Transfers out were not budgeted for during 2020. The actual transfer out of \$932,244 is in accordance with the City's fund balance policy. That policy outlines that any General fund balance exceeding 45% of the subsequent year's expenditure budget will be transferred, and assigned for future capital items.

The ending unassigned fund balance of the General fund (\$5,410,002) represents 81.83% of the adopted 2021 budget.

**Capital Asset and Debt Administration**

**Capital Assets:** The City's investment in capital assets for its governmental and business-type activities at the end of the current year, amounts to \$101,781,649 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, street and utility infrastructure, parks equipment, trails, machinery and equipment and construction in progress. The City's investment in capital assets increased \$14,169,218 (16.17%) from the previous year.

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

- The City updated its machinery & equipment fleet with several new pieces of equipment. The City maintains a ten-year capital improvement plan budget which schedules equipment and vehicle replacements and additions.
- The Parkview Avenue and 88th Street improvement project was nearly completed during the year. The new road construction created access from CSAH 42 to the Parkview Retail commercial development. The project included new infrastructure including streets, water, sanitary sewer and storm water.
- The City received contributed infrastructure from housing developers. These assets include: streets, trail systems, and public utility infrastructure. These assets are paid for and installed by the developer, are inspected by the City Engineer to City standards, and are later accepted by the City, who is responsible for future maintenance and replacement.
- The City initiated the East Wastewater Treatment Facility Biosolids project that removes the long-term liquid storage from the facility by further processing the material into a dry matter, which can be removed from the site to landfills or distributed as fertilizer.
- The City constructed Pickleball Courts within Prairie Park. The project included construction of four courts, with common spaces between the four courts for seating and shade.
- The City made technological upgrades including updating and replacement of the City's server system, as well as audio-visual improvements to the Council Chambers to improve the experience and to accommodate electronic meetings during COVID-19.
- The City completed the construction of Well No. 9 which increases the water production ability of the City, and also initiated the Water Tower No. 4 project, which includes watermain and construction of a 1.50 million gallon water storage tank.

**CITY OF OTSEGO - CAPITAL ASSETS**  
*(net of depreciation)*

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 4,278,161	\$ 3,840,461	\$ 437,700	\$ 703,695	\$ 631,739	\$ 71,956
Construction in Progress	796,561	6,038,505	(5,241,944)	10,619,801	3,771,825	6,847,976
Buildings and Improvements	4,317,953	4,479,102	(161,149)	150,733	161,431	(10,698)
Land Improvements	3,513,709	3,778,467	(264,758)	-	-	-
Machinery and Equipment	1,893,111	1,964,075	(70,964)	1,051,808	1,051,475	333
Infrastructure	25,952,757	18,651,555	7,301,202	48,503,360	43,243,796	5,259,564
	<u>\$ 40,752,252</u>	<u>\$ 38,752,165</u>	<u>\$ 2,000,087</u>	<u>\$ 61,029,397</u>	<u>\$ 48,860,266</u>	<u>\$ 12,169,131</u>

Additional information on the City's capital assets can be found in Note 3 (B) on pages 54 through 55 of this report.

**Long-Term Debt:** At the end of the current year, the City had outstanding long-term bonded debt of \$29,303,936.

**CITY OF OTSEGO - OUTSTANDING DEBT**

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
General Obligation Bonds	\$ 5,760,000	\$ 7,310,000	\$ (1,550,000)	\$ -	\$ -	\$ -
Notes from Direct Borrowings	-	-	-	9,438,936	-	9,438,936
General Obligation Revenue Bonds	-	-	-	14,105,000	16,440,000	(2,335,000)
Unamortized Premiums	369,492	68,641	300,851	921,658	1,075,267	(153,609)
Compensated Absences	102,331	91,889	10,442	25,139	17,875	7,264
Total	<u>\$ 6,231,823</u>	<u>\$ 7,470,530</u>	<u>\$ (1,238,707)</u>	<u>\$ 24,490,733</u>	<u>\$ 17,533,142</u>	<u>\$ 6,957,591</u>

Revenue streams for the repayment of the outstanding debt liabilities include: special assessments upon benefitting properties, fees from new connections to the water and sanitary sewer utility systems, and property tax levies. Should any of these sources of revenues prove inadequate, all outstanding bonds are backed by the full faith and credit of the City.

During 2020, the City issued \$2,950,00 of General Obligation Revenue Refunding Bonds to achieve interest savings from lower interest rates. The refunding resulted in a decrease of future debt service payments in the amount of \$182,257, with a net present value cash flow savings in the amount of \$177,619. The City made scheduled principal payments of \$6,835,000, which provided a net reduction of \$3,885,000 (16.36%) in the total outstanding long-term debt.

The City's bond rating is AA+, with a stable outlook from Standard & Poor's Rating Services.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$56,762,649, with \$3,053,423 in debt outstanding that is applicable to the limit.

Additional information on the City's long-term debt can be found in Note 3 (E) on pages 58 through 62 of this report.

**Economic Factors and Next Year's Budget and Rates**

The following economic factors were identified by the City as potentially having an impact on the financial future of the City, and were considered in preparation of the 2021 operating budgets and capital improvement plans.

- The Taxable Market Value of real estate and personal property within the City increased 10.32% for taxes payable 2021. This increase is driven by both new construction within the City as well as market driven valuation increases.
- New construction in the residential sector continues within the City. During 2020, the City issued 403 building permits for new residential construction. The City also continues to see builders final platting new developments for future years construction.
- The City is initiating a project at the City's West Wastewater Treatment Facility. The project, first identified in the City's Master Sewer Plan, will provide for not only expansion of the facility, but will change the way the City completes the treatment processing within sanitary sewer operations. Construction of this facility will begin in the spring of 2022, with estimated completion in the winter of 2023
- The City has initiated the construction of Water Tower No. 4, which will be a 1.50 million gallon water storage tank located at the intersection of CSAH 38 and Macallister Avenue. This tower, identified in the City's Master Water Plan, will increase storage capacity of the water system to meet growing demand and to provide for ample storage in the event of fires within the City.
- Over the past few years, the City has worked closely on a joint effort project between the City and Wright County. During 2021, the final phase of the CSAH 39 improvements will be completed. This roadway is the most heavily travelled non-state highway in the City and will address safety issues, rising traffic counts, public and private utility improvements, and additional pedestrian trail facilities.
- The City continues to expand upon and make improvements to the Capital Improvement Plan (CIP). The adopted CIP for 2021 plans for capital purchasing ten years into the future. These long range planning efforts assure that the City is always looking into the future and that the City is adequately planning from a financial resources standpoint.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Otsego'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: Finance Director, 13400 90th Street NE, Otsego, MN 55330.



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**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 28,552,467	\$ 22,950,409	\$ 51,502,876
Receivables			
Interest	99,453	-	99,453
Accounts	14,927	489,329	504,256
Taxes	141,715	-	141,715
Special Assessments	2,625,394	1,497,436	4,122,830
Due from Other Governments	1,469	1,907,996	1,909,465
Land Held for Resale	202,200	-	202,200
Prepaid Items	132,746	49,163	181,909
Capital Assets			
Nondepreciable	5,074,722	11,323,496	16,398,218
Depreciable, Net of Accumulated Depreciation	35,677,530	49,705,901	85,383,431
Total Assets	<u>72,522,623</u>	<u>87,923,730</u>	<u>160,446,353</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
General Employees Retirement Plan Pension Resources	193,838	54,113	247,951
Total Deferred Outflows of Resources	<u>193,838</u>	<u>54,113</u>	<u>247,951</u>
<b>LIABILITIES</b>			
Accounts Payable	599,493	2,305,331	2,904,824
Deposits Payable	5,634,263	-	5,634,263
Due to Other Governments	64,989	31,556	96,545
Accrued Salaries Payable	32,163	8,028	40,191
Accrued Interest Payable	44,490	76,748	121,238
Compensated Absences Payable			
Due Within One Year	20,466	5,028	25,494
Due in More than One Year	81,865	20,111	101,976
Bonds Payable			
Due Within One Year	1,360,000	2,410,000	3,770,000
Due in More than One Year	4,769,492	12,616,658	17,386,150
Notes from Direct Borrowings			
Due Within One Year	-	130,866	130,866
Due in More than One Year	-	9,308,070	9,308,070
General Employees Retirement Plan Net Pension Payable			
Due in More than One Year	1,157,686	323,192	1,480,878
Total Liabilities	<u>13,764,907</u>	<u>27,235,588</u>	<u>41,000,495</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants for Subsequent Years	3,624,655	-	3,624,655
General Employees Retirement Plan Pension Resources	44,299	12,367	56,666
Total Deferred Inflows of Resources	<u>3,668,954</u>	<u>12,367</u>	<u>3,681,321</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	34,622,760	36,563,803	71,186,563
Restricted			
Debt Service	3,076,069	-	3,076,069
Tax Increment Financing	146,354	-	146,354
Park Development	4,222,999	-	4,222,999
Unrestricted	13,214,418	24,166,085	37,380,503
Total Net Position	<u>\$ 55,282,600</u>	<u>\$ 60,729,888</u>	<u>\$ 116,012,488</u>

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



**CITY OF OTSEGO, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	<u>General</u>	<u>Debt Service</u>
<b>ASSETS</b>		
Cash and Investments	\$ 5,644,220	\$ 1,119,658
Receivables		
Interest	99,453	-
Accounts	13,000	-
Taxes		
Current	60,284	-
Delinquent	81,431	-
Special Assessments		
Current	1,349	1,217
Deferred	6,898	1,999,522
Delinquent	515	966
Due from Other Governments	1,469	-
Due from Other Funds	-	-
Land Held for Resale	202,200	-
Prepaid Items	132,746	-
	<u>6,243,565</u>	<u>3,121,363</u>
<b>LIABILITIES</b>		
Accounts Payable	105,890	804
Accrued Salaries Payable	32,163	-
Deposits Payable	-	-
Due to Other Governments	28,935	-
Due to Other Funds	-	-
Total Liabilities	<u>166,988</u>	<u>804</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	81,431	-
Unavailable Revenue - Special Assessments	7,413	2,000,488
Grants for Subsequent Years	-	-
Total Deferred Inflows of Resources	<u>88,844</u>	<u>2,000,488</u>
<b>FUND BALANCES</b>		
Nonspendable	334,946	-
Restricted	-	1,120,071
Committed	-	-
Assigned	242,785	-
Unassigned	5,410,002	-
Total Fund Balances (Deficits)	<u>5,987,733</u>	<u>1,120,071</u>
	<u>\$ 6,243,565</u>	<u>\$ 3,121,363</u>

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

<u>MSA Construction</u>	<u>Capital Improvements</u>	<u>Development &amp; Builder Escrows</u>	<u>Other Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ -	\$ 1,288,097	\$ 5,667,316	\$ 14,833,176	\$ 28,552,467
-	-	-	-	99,453
-	-	-	1,927	14,927
-	-	-	-	60,284
-	-	-	-	81,431
-	-	-	324	2,890
-	298,675	-	313,542	2,618,637
-	-	-	2,386	3,867
-	-	-	-	1,469
-	321,401	-	-	321,401
-	-	-	-	202,200
-	-	-	-	132,746
<u>-</u>	<u>1,908,173</u>	<u>5,667,316</u>	<u>15,151,355</u>	<u>32,091,772</u>
289,172	59,202	33,053	111,372	599,493
-	-	-	-	32,163
-	-	5,634,263	-	5,634,263
-	36,054	-	-	64,989
321,401	-	-	-	321,401
<u>610,573</u>	<u>95,256</u>	<u>5,667,316</u>	<u>111,372</u>	<u>6,652,309</u>
-	-	-	-	81,431
-	298,675	-	315,928	2,622,504
3,624,655	-	-	-	3,624,655
<u>3,624,655</u>	<u>298,675</u>	<u>-</u>	<u>315,928</u>	<u>6,328,590</u>
-	-	-	-	334,946
-	-	-	4,352,483	5,472,554
-	-	-	484,582	484,582
-	1,514,242	-	9,886,990	11,644,017
(4,235,228)	-	-	-	1,174,774
<u>(4,235,228)</u>	<u>1,514,242</u>	<u>-</u>	<u>14,724,055</u>	<u>19,110,873</u>
<u>\$ -</u>	<u>\$ 1,908,173</u>	<u>\$ 5,667,316</u>	<u>\$ 15,151,355</u>	<u>\$ 32,091,772</u>

**CITY OF OTSEGO, MINNESOTA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

Fund Balances - Governmental Funds	\$ 19,110,873
Amounts reported for the governmental activities within the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.	
Cost of Capital Assets	56,911,974
Accumulated Depreciation	(16,159,722)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in governmental funds.	
Bonds Payable	(5,760,000)
Unamortized Premium on Bonds Payable	(369,492)
Accrued Interest Payable	(44,490)
Compensated Absences Payable	(102,331)
GERF Pension Payable	(1,157,686)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore, are unavailable in governmental funds.	
Delinquent Property Taxes Receivable	81,431
Special Assessments Receivable	2,622,504
Deferred resources from pensions reported in governmental activities are not financial resources and are not payable in the current period, therefore are not reported in governmental funds.	
GERF Pension Deferred Outflows of Resources	193,838
GERF Pension Deferred Inflows of Resources	(44,299)
Total Net Position - Governmental Activities	<u>\$ 55,282,600</u>

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



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**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES (DEFICITS)**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>General</u>	<u>Debt Service</u>
<b>REVENUES</b>		
Property Taxes	\$ 4,497,723	\$ 746,758
Tax Increments	-	-
Franchise Taxes	132,137	-
Licenses and Permits	2,532,789	-
Intergovernmental	1,396,214	-
Charges for Services	257,198	-
Special Assessments	5,434	363,481
Fines and Forfeitures	19,959	-
Investment Earnings (net)	177,948	-
Miscellaneous	36,295	-
Total Revenues	<u>9,055,697</u>	<u>1,110,239</u>
<b>EXPENDITURES</b>		
Current		
General Government	1,358,923	-
Public Safety	2,667,435	-
Public Works	1,204,664	-
Culture and Recreation	695,747	-
Economic Development	665,798	-
Capital Outlay		
General Government	60,712	-
Public Safety	-	-
Public Works	-	-
Culture and Recreation	4,046	-
Debt Service		
Principal	-	1,330,000
Interest	-	222,250
Fiscal Agent Fees	-	65,483
Total Expenditures	<u>6,657,325</u>	<u>1,617,733</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>2,398,372</u>	<u>(507,494)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	201,795	-
Issuance of Refunding Debt	-	2,950,000
Premium on Issuance of Debt	-	312,200
Payment to Refunded Bond Escrow Agent	-	(3,170,000)
Transfers Out	(932,244)	(12,485)
Total Other Financing Sources (Uses)	<u>(730,449)</u>	<u>79,715</u>
Net Change in Fund Balance	1,667,923	(427,779)
Fund Balance (Deficit) - January 1	<u>4,319,810</u>	<u>1,547,850</u>
Fund Balance (Deficit) - December 31	<u>\$ 5,987,733</u>	<u>\$ 1,120,071</u>

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

<u>MSA Construction</u>	<u>Capital Improvements</u>	<u>Development &amp; Builder Escrows</u>	<u>Other Nonmajor Governmental</u>	<u>Total Governmental</u>
\$ -	\$ 318,000	\$ -	\$ 1,579,491	\$ 7,141,972
-	-	-	275,445	275,445
-	-	-	-	132,137
-	-	-	-	2,532,789
754,264	-	-	390,594	2,541,072
-	-	530,661	1,207,082	1,994,941
-	52,023	-	36,668	457,606
-	-	-	-	19,959
-	45,446	-	402,570	625,964
-	57,717	-	55,460	149,472
<u>754,264</u>	<u>473,186</u>	<u>530,661</u>	<u>3,947,310</u>	<u>15,871,357</u>
-	-	120,933	-	1,479,856
-	-	-	-	2,667,435
-	-	409,728	26,500	1,640,892
-	-	-	-	695,747
-	-	-	223,375	889,173
-	31,858	-	82,080	174,650
-	-	-	32,869	32,869
683,811	2,577,165	-	1,341,038	4,602,014
-	-	-	324,404	328,450
-	-	-	-	1,330,000
-	-	-	-	222,250
-	-	-	-	65,483
<u>683,811</u>	<u>2,609,023</u>	<u>530,661</u>	<u>2,030,266</u>	<u>14,128,819</u>
<u>70,453</u>	<u>(2,135,837)</u>	<u>-</u>	<u>1,917,044</u>	<u>1,742,538</u>
-	632,244	-	1,631,309	2,465,348
-	-	-	-	2,950,000
-	-	-	-	312,200
-	-	-	-	(3,170,000)
-	-	-	(1,258,250)	(2,202,979)
-	<u>632,244</u>	<u>-</u>	<u>373,059</u>	<u>354,569</u>
70,453	(1,503,593)	-	2,290,103	2,097,107
<u>(4,305,681)</u>	<u>3,017,835</u>	<u>-</u>	<u>12,433,952</u>	<u>17,013,766</u>
<u>\$ (4,235,228)</u>	<u>\$ 1,514,242</u>	<u>\$ -</u>	<u>\$ 14,724,055</u>	<u>\$ 19,110,873</u>

**CITY OF OTSEGO, MINNESOTA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total Net Change in Fund Balances - Governmental Funds \$ 2,097,107

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation.

Capital Outlays	2,895,582
Depreciation Expense	(1,689,471)
Assets Contributed by Developers	1,204,854

Contributions of capital assets to the proprietary funds decrease net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. (410,322)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the capital assets sold. (556)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal Repayments	4,500,000
Issuance of Debt	(2,950,000)
Premium on Issuance of Debt	(312,200)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities; however, interest expense is recognized as the interest accrues, regardless of when it is due. 40,031

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property Taxes	28,896
Special Assessments	(508,626)

In the statement of activities, personnel expenses are recognized as they are accrued, however these expenses do not consume current financial resources, and under the modified accrual basis of accounting, are not reported in the governmental funds until they are due.

Compensated Absences	(10,442)
GERF Pension	8,131

Change in Net Position - Governmental Activities \$ 4,892,984

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

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 4,494,537	\$ 4,494,537	\$ 4,497,723	\$ 3,186
Franchise Taxes	141,000	141,000	132,137	(8,863)
Licenses and Permits	1,086,220	1,086,220	2,532,789	1,446,569
Intergovernmental	75,000	75,000	1,396,214	1,321,214
Charges for Services	202,615	202,615	257,198	54,583
Special Assessments	4,600	4,600	5,434	834
Fines and Forfeitures	24,000	24,000	19,959	(4,041)
Investment Earnings (net)	83,000	83,000	177,948	94,948
Miscellaneous	-	-	36,295	36,295
Total Revenues	<u>6,110,972</u>	<u>6,110,972</u>	<u>9,055,697</u>	<u>2,944,725</u>
<b>EXPENDITURES</b>				
Current				
General Government	1,451,749	1,451,749	1,358,923	(92,826)
Public Safety	2,609,518	2,609,518	2,667,435	57,917
Public Works	1,347,106	1,347,106	1,204,664	(142,442)
Culture and Recreation	760,089	760,089	695,747	(64,342)
Economic Development	125,460	125,460	665,798	540,338
Capital Outlay				
General Government	10,600	10,600	60,712	50,112
Public Works	3,450	3,450	-	(3,450)
Culture and Recreation	4,700	4,700	4,046	(654)
Total Expenditures	<u>6,312,672</u>	<u>6,312,672</u>	<u>6,657,325</u>	<u>344,653</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(201,700)</u>	<u>(201,700)</u>	<u>2,398,372</u>	<u>2,600,072</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	201,700	201,700	201,795	95
Transfers Out	-	-	(932,244)	(932,244)
Total Other Financing Sources (Uses)	<u>201,700</u>	<u>201,700</u>	<u>(730,449)</u>	<u>(932,149)</u>
Net Change in Fund Balance	-	-	1,667,923	1,667,923
Fund Balance - January 1	<u>4,319,810</u>	<u>4,319,810</u>	<u>4,319,810</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 4,319,810</u>	<u>\$ 4,319,810</u>	<u>\$ 5,987,733</u>	<u>\$ 1,667,923</u>

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

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**

	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Total Enterprise
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 7,902,926	\$ 14,622,021	\$ 425,462	\$ 22,950,409
Receivables				
Accounts	161,089	320,531	7,709	489,329
Special Assessments				
Current	-	-	776	776
Delinquent	-	-	256	256
Due from Other Governments	-	1,907,996	-	1,907,996
Prepaid Items	11,544	37,619	-	49,163
Total Current Assets	<u>8,075,559</u>	<u>16,888,167</u>	<u>434,203</u>	<u>25,397,929</u>
Noncurrent Assets				
Special Assessments				
Deferred	409,710	1,047,975	38,719	1,496,404
Capital Assets				
Land	170,178	533,517	-	703,695
Buildings and Building Improvements	109,096	68,508	-	177,604
Machinery and Equipment	441,840	1,180,147	-	1,621,987
Infrastructure	25,008,736	37,729,989	5,039,029	67,777,754
Construction in Progress	601,005	9,871,387	147,409	10,619,801
Total Capital Assets	<u>26,330,855</u>	<u>49,383,548</u>	<u>5,186,438</u>	<u>80,900,841</u>
Less: Accumulated Depreciation	<u>(6,900,483)</u>	<u>(12,594,643)</u>	<u>(376,318)</u>	<u>(19,871,444)</u>
Net Capital Assets	<u>19,430,372</u>	<u>36,788,905</u>	<u>4,810,120</u>	<u>61,029,397</u>
Total Noncurrent Assets	<u>19,840,082</u>	<u>37,836,880</u>	<u>4,848,839</u>	<u>62,525,801</u>
 Total Assets	 <u>27,915,641</u>	 <u>54,725,047</u>	 <u>5,283,042</u>	 <u>87,923,730</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
General Employees Retirement Plan Pension Resources	13,539	40,574	-	54,113
Total Deferred Outflows of Resources	<u>13,539</u>	<u>40,574</u>	<u>-</u>	<u>54,113</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	55,493	2,246,921	2,917	2,305,331
Due to Other Governments	15,142	16,414	-	31,556
Accrued Salaries Payable	2,007	6,021	-	8,028
Accrued Interest Payable	15,632	61,116	-	76,748
Bonds Payable	867,600	1,542,400	-	2,410,000
Notes from Direct Borrowings	-	130,866	-	130,866
Compensated Absences Payable	1,257	3,771	-	5,028
Total Current Liabilities	<u>957,131</u>	<u>4,007,509</u>	<u>2,917</u>	<u>4,967,557</u>
Noncurrent Liabilities				
Bonds Payable (net)	4,541,997	8,074,661	-	12,616,658
Notes from Direct Borrowings	-	9,308,070	-	9,308,070
Compensated Absences Payable	5,028	15,083	-	20,111
General Employees Retirement Plan Net Pension Payable	80,864	242,328	-	323,192
Total Noncurrent Liabilities	<u>4,627,889</u>	<u>17,640,142</u>	<u>-</u>	<u>22,268,031</u>
Total Liabilities	<u>5,585,020</u>	<u>21,647,651</u>	<u>2,917</u>	<u>27,235,588</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
General Employees Retirement Plan Pension Resources	3,094	9,273	-	12,367
Total Deferred Inflows of Resources	<u>3,094</u>	<u>9,273</u>	<u>-</u>	<u>12,367</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	14,020,775	17,732,908	4,810,120	36,563,803
Unrestricted	8,320,291	15,375,789	470,005	24,166,085
Total Net Position	<u>\$ 22,341,066</u>	<u>\$ 33,108,697</u>	<u>\$ 5,280,125</u>	<u>\$ 60,729,888</u>

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

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Total Enterprise
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 2,013,487	\$ 2,469,354	\$ 120,579	\$ 4,603,420
<b>OPERATING EXPENSES</b>				
Personal Services	138,533	415,340	12,945	566,818
Supplies	248,379	173,168	3,930	425,477
Insurance	10,514	35,245	-	45,759
Utilities	101,787	250,260	-	352,047
Services and Other Charges	161,691	514,639	26,540	702,870
Depreciation	628,728	1,026,089	95,570	1,750,387
Total Operating Expenses	<u>1,289,632</u>	<u>2,414,741</u>	<u>138,985</u>	<u>3,843,358</u>
Operating Income (Loss)	<u>723,855</u>	<u>54,613</u>	<u>(18,406)</u>	<u>760,062</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Antenna Rental	80,068	-	-	80,068
Intergovernmental	524	1,633	-	2,157
Property Taxes	-	-	32,000	32,000
Investment Earnings (net)	271,279	404,206	12,751	688,236
Miscellaneous Revenue	15,022	4,319	-	19,341
Interest and Fiscal Agent Fees	(153,890)	(324,778)	-	(478,668)
Total Nonoperating Revenues (Expenses)	<u>213,003</u>	<u>85,380</u>	<u>44,751</u>	<u>343,134</u>
Income Before Capital Contributions and Transfers	936,858	139,993	26,345	1,103,196
Connection Fees	1,857,643	5,570,535	-	7,428,178
Capital Contributions - Developer Assets	602,128	729,598	454,473	1,786,199
Capital Contributions - Governmental Funds	143,529	100,745	166,048	410,322
Transfers Out	(62,564)	(164,067)	(35,738)	(262,369)
Change in Net Position	3,477,594	6,376,804	611,128	10,465,526
Net Position - January 1	<u>18,863,472</u>	<u>26,731,893</u>	<u>4,668,997</u>	<u>50,264,362</u>
Net Position - December 31	<u>\$ 22,341,066</u>	<u>\$ 33,108,697</u>	<u>\$ 5,280,125</u>	<u>\$ 60,729,888</u>

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

**CITY OF OTSEGO, MINNESOTA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Water Utility	Sanitary Sewer Utility	Storm Water Utility	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 2,022,679	\$ 2,478,539	\$ 124,293	\$ 4,625,511
Other Operating Receipts	105,614	5,952	-	111,566
Payments to Suppliers	(491,500)	(976,319)	(27,606)	(1,495,425)
Payments to Employees	(130,801)	(392,374)	(12,945)	(536,120)
Net Cash Flows Provided by Operating Activities	<u>1,505,992</u>	<u>1,115,798</u>	<u>83,742</u>	<u>2,705,532</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property Taxes	-	-	32,000	32,000
Principal Paid on Revenue Bonds	(840,600)	(1,494,400)	-	(2,335,000)
Interest Paid on Revenue Bonds	(210,867)	(392,745)	-	(603,612)
Transfers Out	(62,564)	(164,067)	(35,738)	(262,369)
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>(1,114,031)</u>	<u>(2,051,212)</u>	<u>(3,738)</u>	<u>(3,168,981)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(2,702,167)	(7,009,682)	-	(9,711,849)
Note Proceeds from Direct Borrowings	-	7,546,308	-	7,546,308
Connection Fees	1,664,275	4,792,831	-	6,457,106
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(1,037,892)</u>	<u>5,329,457</u>	<u>-</u>	<u>4,291,565</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on Investments	271,279	404,206	12,751	688,236
Net Increase (Decrease) in Cash and Cash Equivalents	(374,652)	4,798,249	92,755	4,516,352
Cash and Cash Equivalents - January 1	8,277,578	9,823,772	332,707	18,434,057
Cash and Cash Equivalents - December 31	<u>\$ 7,902,926</u>	<u>\$ 14,622,021</u>	<u>\$ 425,462</u>	<u>\$ 22,950,409</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ 723,855	\$ 54,613	\$ (18,406)	\$ 760,062
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:				
Depreciation	628,728	1,026,089	95,570	1,750,387
GERF Pension Activity	4,748	14,014	-	18,762
Other Income Related to Operations	95,614	5,952	-	101,566
(Increase) Decrease in Assets & Deferred Outflows of Resources:				
Accounts Receivable	2,351	5,556	1,085	8,992
Special Assessments	6,841	-	2,629	9,470
Due from Other Governments	10,000	3,629	-	13,629
Prepaid Items	(1,293)	(4,245)	-	(5,538)
Increase (Decrease) in Liabilities & Deferred Inflows of Resources:				
Accounts Payable	26,819	(15,176)	2,864	14,507
Due to Other Governments	5,345	16,414	-	21,759
Accrued Salaries Payable	1,168	3,504	-	4,672
Compensated Absences Payable	1,816	5,448	-	7,264
Net Cash Flows Provided by Operating Activities	<u>\$ 1,505,992</u>	<u>\$ 1,115,798</u>	<u>\$ 83,742</u>	<u>\$ 2,705,532</u>
<b>NONCASH FINANCING ACTIVITIES</b>				
Amortization of Premium on Bonds Payable	\$ 55,299	\$ 98,310	\$ -	\$ 153,609
Acquisition of Capital Assets on Account	\$ 17,813	\$ 2,216,405	\$ -	\$ 2,234,218
Contribution of Capital Assets - Developer	\$ 602,128	\$ 729,598	\$ 454,473	\$ 1,786,199
Contribution of Capital Assets - Governmental Funds	\$ 143,529	\$ 100,745	\$ 166,048	\$ 410,322

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The City of Otsego, Minnesota (the City) was incorporated in 1990 after being an established township since 1858. The City operates under the "Optional Plan A" form of government, as defined in Minnesota statutes. The governing body of the City (City Council) consists of an elected Mayor, and four elected Council members, all of which are elected at-large and serve four year staggered terms. The City Council exercises legislative authority and determines all matters of policy.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units by the Governmental Accounting Standards Board (GASB).

The City includes all funds, organizations, institutions, agencies, departments, boards, and offices that are not legally separate from the City. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

Blended component units, although legally separate, are, in substance, part of the government's operations. A blended component unit is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels.

A description of the City's blended component unit follows:

The City of Otsego Economic Development Authority (EDA) – The EDA is a legal entity separate from the City. Although legally separate, the EDA is reported as if it were part of the primary government because the Board of Commissioners is made up of the Mayor and four Council members and the City has operational responsibility over the EDA. It is this criterion that results in the EDA being reported as a blended component unit within the primary government, although there is currently no financial activity for the EDA. Separate financial statements would not be prepared for the EDA, even if there was financial activity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal year 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.

The City reports the following major governmental funds:

**General Fund** - This is the City's primary operating fund, and accounts for all of the general financial resources of the City, except those required to be accounted for in another fund. Most of the current day-to-day operations of the City are financed from this fund.

**Debt Service Fund** - This fund is used to account for the collection of property taxes, special assessments and other resources which are used to repay the principal and interest on debt issued for various improvements in the City.

**Municipal State-Aid for Construction Fund** - This fund was established to account for the State allotment of construction aid. The source of the State funding is provided for through collection of gasoline taxes. The funds accumulated are used on transportation related construction projects.

**Capital Improvements Fund** - This fund was established to accumulate resources that may be used to internally finance future City projects.

**Development and Builder Escrows Fund** - This fund was established to receipt funds and to account for the expenditure of such funds, for costs associated within residential, commercial and industrial developments in the City.

The City reports the following major enterprise funds:

**Water Utility Fund** - This fund accounts for the operations of the public water utility system. The resources accumulated are primarily from system user charges and system connection fees. The accumulated funds are then used to pay for the operational costs of pumping and distributing water to the system customers. The fund also accumulates resources to finance certain capital improvements and to pay the debt service associated with the water utility.

**Sanitary Sewer Utility Fund** - This fund accounts for the operations of the public sewer utility system. The resources accumulated are primarily from system user charges and system connection fees. The accumulated funds are then used to pay for the operational costs of collection and treatment of sewage from the system. The fund also accumulates resources to finance certain capital improvements and to pay the debt service associated with the sewer utility.

**Storm Water Utility Fund** - This fund accounts for the operations of the storm water collection system. The resources accumulated are primarily from system user charges and property taxes. The accumulated funds are then used to pay for the operational costs of collection and treatment of surface water runoff that does not require treatment.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **D. DEPOSITS AND INVESTMENTS**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with a maturity of three months or less when from the date of acquisition. All of the deposits and investments allocated to the proprietary funds are considered to meet this criteria.

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.

Minnesota statute §118A.04 governs the investment of public funds and outlines the allowable investment types. The City's investment policy is more restrictive than statute, and authorizes the City to invest in the following:

- a] Securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.
- b] Shares of investment companies registered under the Federal Securities Act of 1940, and received the highest credit rating and is rated in one of the two highest categories by at least one nationally recognized statistical rating agency.
- c] Obligations of any state or local government with taxing powers rated "A" for general obligations or with a rating of "AA" or better for revenue backed obligations, with the ratings being provided by a national bond rating service.
- d] Commercial paper issued by a United States corporation or their Canadian subsidiaries that is rated in the highest quality by at least two nationally recognized rating agencies.
- e] Time deposits that are fully insured by the Federal Deposit Insurance Corporation.

Certain investments for the City are reported at fair value as disclosed in Note 3 (A). 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; and Level 3 inputs are significant unobservable inputs.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 79, the Minnesota Municipal Investment Pool (4M) securities are valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund.

**E. RECEIVABLES AND PAYABLES**

***Accounts Receivable***

Receivables include amounts billed for services provided by the City before year-end. Receivables within the enterprise funds do include unbilled charges for services provided from the middle of December to the end of the year, as the City bills for those services mid-month. The City currently has not established an allowance for doubtful accounts for either trade or utility charge receivables. The City annually certifies unpaid trade and utility charge receivable to Wright County for collection in the following year, and is the primary factor in reporting the receivables at a gross amount, rather than net of allowance.

***Property Taxes***

The City Council annually adopts a property tax levy and certifies it to Wright County in December. The County allocates this levy across taxable properties in the City based on valuations assessed in the prior year. These taxes become an enforceable lien against the property on January 1st, and are recorded as receivables by the City as of that date.

Tax statements are generated and mailed by the County to the respective taxpayers, with half of the total due on May 15th and the second half due on October 15th. The County is also the collecting agency, and remits the amounts collected to the City with primary settlements in June and December, and a minor settlement in January.

Property taxes that are unpaid as of December 31st, are then classified as delinquent. Delinquent taxes receivable include the past six years of uncollected taxes and are fully offset by a deferred inflow of resources for those collections not received within 60 days of year-end in the governmental fund financial statements.

***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 have been offset by a deferred inflow of resources for those collections not received within 60 days after year end in the governmental 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 December 31, 2020 are planned to be eliminated in 2021. Long-term interfund loans are classified as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

**F. PREPAID ITEMS**

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

**G. ASSETS HELD FOR RESALE**

Assets held for resale represent various parcels of land that are currently owned by the City with the intent to sell in the future to create economic development activity within the City. The assets are reported at their net realizable value in the General fund. During the year ended December 31, 2020, management has reviewed the reported values of the assets.

**H. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) and intangible assets such as easements and computer software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the amounts in the table below and with an estimated useful life in excess of three years. All land assets are recorded by the City with no assigned cost threshold. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Infrastructure	\$ 100,000
Buildings and Building Improvements	50,000
Land Improvements	25,000
Machinery and Equipment	5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed . For the year ended December 31, 2020 no interest was capitalized in connection with construction in progress.

Capital assets of the City, are depreciated using the straight line method over the following estimated useful lives:

Infrastructure	25 - 40 years
Buildings and Building Improvements	10 - 40 years
Land Improvements	5 - 20 years
Machinery and Equipment	3 - 15 years

**I. DEFERRED OUTFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

**J. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused personal time-off (PTO) benefits. All PTO pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of an employee retirement or resignation. The General fund is typically used to liquidate the compensated absences payable for governmental activities.

**K. 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 amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**L. PENSIONS**

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to or 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 net pension liability for governmental activities. The Water Utility and Sanitary Sewer Utility funds would be used to liquidate the net pension liability for business-type activities.

**M. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The primary objective of this Statement was to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). The City has no plans that would result in an OPEB liability and, therefore, the City anticipates it will not incur any future explicit or implicit OPEB costs for its employees, and therefore, no liability will be recorded.

**N. DEFERRED INFLOWS OF RESOURCES**

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category. One item, unavailable revenue, which arises only under a modified accrual basis of accounting, therefore, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from sources such as: property taxes and special assessments not collected within 60 days of year-end. The statement of net position and governmental funds also report deferred inflows of grants for subsequent years due to timing requirements not being met at year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item presented by the City are deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

## O. FUND EQUITY

Fund equity in the fund financial statements is classified as fund balance for governmental funds and net position for proprietary funds. Fund equity in the government-wide financial statements is classified as net position for both governmental and business-type activities.

**Fund Balance** – In the fund financial statements, governmental funds report fund balance in classifications that disclose restraints for which amounts in those funds can be spent. These classifications are as follows:

*Nonspendable* – consists of amounts that are not in spendable form or are required to be maintained intact.

*Restricted* – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* – consists of internally imposed constraints. These constraints are imposed by formal action (resolution) of the City Council, which is the highest level of decision making authority.

*Assigned* – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council or, pursuant to council resolution, the City Administrator or the Finance Director.

*Unassigned* – is the residual classification for the General fund and also reflects negative residual amounts in other funds.

When committed, assigned, or unassigned resources are available for an allowable use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned, and 3) unassigned.

The City has formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target fund balance amount of 45% of the next year's operating budget for cash flow needs.

**Net Position** – Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position can be displayed in the three following classifications:

*Net Investment in Capital Assets* – consists of capital assets, net of accumulated depreciation, and further reduced by the outstanding balance of any long-term debt used to build or acquire the respective capital assets.

*Restricted* – reported when there are limitations of use through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

*Unrestricted* – all remaining net position is reported in this classification.

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

**P. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from such estimates.

**Q. BUDGETARY INFORMATION**

An annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for the General fund, the Debt Service fund, and the Revolving Loan, Tax Increment District No. 1, and Tax Increment District No. 3 special revenue funds. All annual appropriations lapse at year-end. The City does not use encumbrance accounting.

In June of each year, General fund departments submit requests for appropriations to the City Administrator so that a budget may be prepared. The requested budget appropriations are presented and reviewed with the City Council. The proposed General fund budget and preliminary property tax levy must be certified to Wright County prior to September 30. The City Council holds public hearings and a final budget is adopted in early December, with the final property tax levy required to be certified to Wright County prior to the end of December.

The appropriated budget is prepared by fund and department. The City's department heads are authorized to make transfers of budgeted appropriations within a department. Any transfers of appropriations between a department needs authorization of the City Administrator. The legal level of budgetary control is at the fund level, so any appropriations transfers between funds needs the approval of the City Council. There were no transfers of budgeted appropriations or budget amendments during the year.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Budgetary control for governmental funds is established by each fund's total appropriations. Expenditures exceeded appropriations in the following funds for the year ending December 31, 2020:

	<u>Appropriations</u>	<u>Expenditures</u>
Major Governmental Funds:		
General	\$ 6,312,672	\$ 6,657,325

The variance with the budget in the General fund was impacted by the COVID-19 pandemic which resulted in the City having expenditures in excess of the budget within the Public Safety, Economic Development and General Government Capital Outlay functions. The variance for these expenditures were offset by additional intergovernmental revenue from the Coronavirus Relief Fund which was established by the CARES Act.

**B. DEFICIT FUND EQUITY**

Deficit fund equity exists at December 31, 2020 in the following fund:

Major Governmental Funds:	
Capital Project Funds	
MSA Construction	\$ 4,235,228

The deficit is being funded through internal borrowing. The MSA Construction fund deficit will be repaid with State-Aid funding from 2021 through 2025, which has been advanced to the City for the 85th Street and Maciver Avenue street extension project.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. DEPOSITS AND INVESTMENTS**

In accordance with Minnesota Statutes, the City maintains deposits at only those depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits with financial institutions be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that all securities pledged as collateral be placed in safekeeping in a restricted account at the 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.

At year-end, the City's carrying amount of deposits was \$1,507,704, and a bank balance of \$1,680,424.

Custodial credit risk for the City's deposits would arise in the event of a bank failure, where the City's deposits may not be returned to it. As of year-end, the City's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

As of December 31, 2020 the City had the following investments:

Investment Type	Fair Value	Investment Maturities (In Years)		
		< 1	1 - 3	3 - 5
Negotiable Certificates of Deposit	\$ 22,538,819	\$ 4,240,674	\$ 14,299,150	\$ 3,998,995
U.S. Government Agency Securities	11,446,908	3,466,190	5,699,463	2,281,255
Municipal Bonds	4,045,424	3,025,231	1,020,193	-
External Investment Pool	10,968,543	10,968,543	-	-
Brokered Money Market Accounts	994,878	994,878	-	-
<b>Total</b>	<b>\$ 49,994,572</b>	<b>\$ 22,695,516</b>	<b>\$ 21,018,806</b>	<b>\$ 6,280,250</b>

The external investment pool and brokered money market investments are valued at amortized cost. All of the remaining City investments have recurring fair value measurements using a matrix pricing model (level 2 inputs).

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

As of December 31, 2020, the City's investments in U.S. Government Agency Securities and Municipal Bonds carried the following ratings as well as their respective concentration percentage when compared to the total investment portfolio. An indication of "NR" in the ratings below mean that the respective rating organization has not provided a rating on the respective investment.

Investment Type	Moody's Rating	S & P Rating	Fair Value	Portfolio Concentration %
<b>U.S. Government Agency Securities</b>				
Federal Farm Credit Bank (FFCB)	Aaa	AA+	\$ 3,763,795	7.53%
Federal Home Loan Bank (FHLB)	Aaa	AA+	4,188,465	8.38%
Federal Home Loan Mortgage Corporation (FHLMC)	Aaa	AA+	900,763	1.80%
Federal National Mortgage Association (FNMA)	Aaa	AA+	2,593,885	5.19%
Total			\$ 11,446,908	22.90%
<b>Municipal Bonds</b>				
Swift County, Minnesota	NR	AA-	325,390	0.65%
City of Oklahoma City, Oklahoma	Aaa	AAA	501,950	1.00%
State of California	Aa2	AA-	501,555	1.00%
Pinckney School District, Michigan	NR	AA	175,576	0.35%
Milan School District, Michigan	NR	AA	508,020	1.02%
State of Connecticut	A1	A	503,855	1.01%
Milwaukee County, Wisconsin	Aa2	AA	508,885	1.02%
City of Bloomington, Minnesota	NR	AAA	161,358	0.32%
City of Minneapolis, Minnesota	NR	AAA	858,835	1.72%
Total			\$ 4,045,424	8.09%

The following is a summary of total deposits and investments as of December 31, 2020 and presented in the basic financial statements in the Statement of Net Position:

Deposits	\$ 1,507,704
Investments	49,994,572
Petty Cash and Change Funds	600
Total	\$ 51,502,876

Interest Rate Risk – This is the risk that the market values of the securities in the City's investment portfolio would decrease due to changes in market interest rates. The City identifies interest rate risk within the second and fourth objectives of the City's investment policy, which are liquidity and return on investment. The City attempts to limit its exposure to interest rate risk by keeping the investment portfolio sufficiently liquid to meet cash flow requirements, while still attempting to obtain a reasonable return on investment. The City also addresses interest rate risk by attempting to create proportions in the maturities of the City's investment portfolio which places longer term investments higher on the yield curve than those shorter term investments.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limits allowable investments to those that are in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy also addresses credit risk by further limiting investments to the list provided within Note 1-D.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the City's investment in any single issuer. The first objective of the City's investment policy is safety. To obtain this objective, diversification is to be considered in the type of investment, maturity and the issuer of the respective investments. Each of the City's certificates of deposit are purchased in amounts not exceeding federal deposit insurance. The tables above outline the concentrations of the City's other investment types, including U.S. Government Agency Securities and Municipal Bonds.

More than 5 percent of the City's investments are in Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA) and the Minnesota Municipal Investment Pool (4M). These investments are 7.53 percent, 8.38 percent, 5.19 percent, and 21.94 percent respectively, of the City's total investments.

Custodial Credit Risk – This is the risk that in the event of the failure of a counterparty to an investment, the City will not be able to recover the value of an investment or collateral securities that are in possession of an outside party. In accordance with the City's investment policy, all investment securities shall be held by a single safekeeping agent in the name of the City.

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**B. CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 3,840,461	\$ 437,700	\$ -	\$ 4,278,161
Construction in Progress	6,038,505	1,024,211	(6,266,155)	796,561
<b>Total Capital Assets, not Being Depreciated</b>	<b>9,878,966</b>	<b>1,461,911</b>	<b>(6,266,155)</b>	<b>5,074,722</b>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,562,050	-	-	6,562,050
Land Improvements	6,661,527	-	-	6,661,527
Machinery and Equipment	4,042,601	267,422	(33,332)	4,276,691
Infrastructure	26,110,048	8,226,936	-	34,336,984
<b>Total Capital Assets, Being Depreciated</b>	<b>43,376,226</b>	<b>8,494,358</b>	<b>(33,332)</b>	<b>51,837,252</b>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	2,082,948	161,149	-	2,244,097
Land Improvements	2,883,060	264,758	-	3,147,818
Machinery and Equipment	2,078,526	337,830	(32,776)	2,383,580
Infrastructure	7,458,493	925,734	-	8,384,227
<b>Total Accumulated Depreciation</b>	<b>14,503,027</b>	<b>1,689,471</b>	<b>(32,776)</b>	<b>16,159,722</b>
<b>Total Capital Assets Being Depreciated - Net</b>	<b>28,873,199</b>	<b>6,804,887</b>	<b>(556)</b>	<b>35,677,530</b>
<b>Governmental Activities Capital Assets - Net</b>	<b>\$ 38,752,165</b>	<b>\$ 8,266,798</b>	<b>\$ (6,266,711)</b>	<b>\$ 40,752,252</b>

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

Governmental Activities:	
General Government	\$ 24,946
Public Safety	5,750
Public Works	1,258,329
Culture and Recreation	400,446
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,689,471</b>

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities:</b>				
Capital Assets, not Being Depreciated:				
Land	\$ 631,739	\$ 71,956	\$ -	\$ 703,695
Construction in progress	3,771,825	10,320,440	(3,472,464)	10,619,801
<b>Total Capital Assets, not Being Depreciated</b>	<b>4,403,564</b>	<b>10,392,396</b>	<b>(3,472,464)</b>	<b>11,323,496</b>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	177,604	-	-	177,604
Machinery and Equipment	1,491,270	130,717	-	1,621,987
Infrastructure	60,908,885	6,868,869	-	67,777,754
<b>Total Capital Assets, Being Depreciated</b>	<b>62,577,759</b>	<b>6,999,586</b>	<b>-</b>	<b>69,577,345</b>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	16,173	10,698	-	26,871
Machinery and Equipment	439,795	130,384	-	570,179
Infrastructure	17,665,089	1,609,305	-	19,274,394
<b>Total Accumulated Depreciation</b>	<b>18,121,057</b>	<b>1,750,387</b>	<b>-</b>	<b>19,871,444</b>
<b>Total Capital Assets Being Depreciated - Net</b>	<b>44,456,702</b>	<b>5,249,199</b>	<b>-</b>	<b>49,705,901</b>
<b>Business-type Activities Capital Assets - Net</b>	<b>\$ 48,860,266</b>	<b>\$ 15,641,595</b>	<b>\$ (3,472,464)</b>	<b>\$ 61,029,397</b>

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

Business-type Activities:	
Water Utility	\$ 628,728
Sanitary Sewer Utility	1,026,089
Storm Water Utility	95,570
<b>Total Depreciation Expense - Business-type Activities</b>	<b>\$ 1,750,387</b>

**CITY OF OTSEGO, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**C. CONSTRUCTION COMMITMENTS**

At December 31, 2020 the City had construction project contracts in progress. The commitments related to remaining contract balances are summarized as follows:

<u>Fund &amp; Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Water Utility		
70th Street Trunk Watermain to Tower No. 4	362,843	6,590
Sanitary Sewer Utility		
East WWTF Biosolids Building	\$ 13,962,271	\$ 6,166,347
Lift Station No. 7	223,115	9,935
Total	<u>14,185,386</u>	<u>6,176,282</u>
Capital Improvements		
Parkview Avenue & 88th Street	<u>881,162</u>	54,068
Park Development		
Prairie Park Pickleball Courts	<u>151,223</u>	9,478
Total	<u>\$ 15,580,614</u>	<u>\$ 6,246,418</u>

**D. INTERFUND BALANCES AND TRANSFERS**

At December 31, 2020, the composition of balances for due to/from other funds of the City were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
Capital Improvements	\$ 321,401	\$ -
MSA Construction	-	321,401
Total	<u>\$ 321,401</u>	<u>\$ 321,401</u>

Interfund due to/from balances are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year. The balance in the Municipal State-Aid for Construction fund will be repaid with State-Aid funding for the 85th Street and Maciver Avenue extension projects.

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Transfers between funds made during the year ended December 31, 2020 were as follows:

Fund	Transfer In	Transfer Out
<b>Major Governmental Funds:</b>		
General	\$ 201,795	\$ 932,244
Debt Service	-	12,485
Capital Improvements	632,244	-
<b>Nonmajor Governmental Funds:</b>		
Pavement Management	1,111,482	-
Trails Management	200,000	-
Park Development	-	79,253
Parks Capital Equipment	80,000	-
Community Facilities	79,253	80,000
Collector Streets	-	1,071,128
Odean Improvements	-	5,075
Slabtown Improvements	-	22,794
Kadler Avenue Improvements	60,574	-
City Buildings & Property Maintenance	100,000	-
Total Governmental Funds	2,465,348	2,202,979
<b>Major Proprietary Funds:</b>		
Water Utility	-	62,564
Sanitary Sewer Utility	-	164,067
Storm Water	-	35,738
Total Proprietary Funds	-	262,369
Total All Funds	\$ 2,465,348	\$ 2,465,348

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund or to provide additional capital and infrastructure funding. In addition, interfund transfers are occasionally authorized to allow redistribution of resources between funds for the most efficient use of funds. In 2020, the following transfers were made between funds:

- The General fund transferred \$632,244 to the Capital Improvements fund; \$200,000 to the Trails Management fund; and \$100,000 to the City Buildings & Property Maintenance fund. These transfers were in accordance with the City's fund balance policy, where any balance exceeding the minimum fund balance is set aside for future capital items.
- The Water Utility and Sanitary Sewer Utility funds transferred \$50,449 and \$151,346 respectively to the General fund as an annual contribution to help manage the property tax levy.
- The Water Utility, Sanitary Sewer Utility, and Storm Water Utility funds transferred \$12,115, \$12,720, and \$35,738 respectively to the Kadler Avenue Improvements fund to contribute a portion of the project costs.
- The remainder of the interfund transfers were to close out funds that no longer serve a purpose.

**E. LONG-TERM DEBT**

*Governmental Activities*

The City issued general obligation bonds to provide funding for the acquisition and construction of major capital facilities and construction of infrastructure in the governmental activities. General obligation bonds have also been issued to refinance general obligation improvement bonds, which were originally intended to be fully repaid with collections of special assessments. All long-term indebtedness outstanding is backed by the full faith and credit of the City. Bonds in the governmental activities will be retired with future property tax levies and collections of special assessments. In the event that a deficiency exists because of unpaid or delinquent taxes or special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. At the end of the current year, there are \$3,121,363 of assets accumulated in the debt service funds for future debt service. Included within those accumulated assets, there are \$966 of delinquent special assessments receivable, of which collection is uncertain.

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/20
General Obligation Bonds:					
Refunding Bonds, Series 2010B	2.00 - 3.00%	11/30/2010	12/1/2021	\$ 3,705,000	\$ 480,000
Refunding Bonds, Series 2012A	2.00%	3/14/2012	12/1/2021	1,400,000	195,000
Improvement Bonds, Series 2018A	3.00 - 3.13%	7/11/2018	2/1/2034	2,305,000	2,135,000
Refunding Bonds 2020A	1.03 - 1.11%	11/17/2020	2/1/2028	2,950,000	2,950,000
Total - Bonded Indebtedness				<u>\$ 10,360,000</u>	5,760,000
Other Liabilities:					
Unamortized Premium on Issuance of Bonds					369,492
Compensated Absences Payable					<u>102,331</u>
Total Governmental Activities					<u>\$ 6,231,823</u>

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Annual debt service requirements to maturity for governmental activities long-term indebtedness are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 1,360,000	\$ 153,062
2022	660,000	144,431
2023	685,000	119,406
2024	460,000	98,406
2025	480,000	81,556
2026 - 2030	1,845,000	159,231
2031 - 2034	270,000	17,147
Total	<u>\$ 5,760,000</u>	<u>\$ 773,239</u>

In November 2020, the City issued \$2,950,000 of General Obligation Improvement Refunding Bond, Series 2020A for the current refunding of the General Obligation Improvement Refunding Bond, Series 2010D and the General Obligation Improvement Crossover Refunding Bond, Series 2011A. The refunding was done to take advantage of lower interest rates. The refunding resulted in a decrease of future debt service payments of \$182,257. The net present value cash flow savings from this transaction was \$177,619.

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

***Business-type Activities***

The City issued general obligation bonds to provide funding for the acquisition and construction of major capital facilities and construction of infrastructure in the business-type activities. All long-term indebtedness outstanding is backed by the full faith and credit of the City. Bonds in the business-type activities will be retired with the net revenues of the Water and Sanitary Sewer funds. (Net revenues are defined as the excess of gross revenues and earnings over the normal, reasonable and current costs of operating and maintenance). In the event that a deficiency exists because of inadequate net revenues at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. At the end of the current year, the Water and Sanitary Sewer funds provided net revenues of \$8,206,646, which accounts for a debt-service coverage ratio of 279.27%.

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/20
General Obligation Bonds:					
Revenue Bonds, Series 2010C	2.00 - 5.00%	11/30/2010	12/1/2026	\$ 21,300,000	\$ 10,580,000
Revenue Bonds, Series 2019A	4.00 - 4.00%	12/19/2019	12/1/2026	3,525,000	3,525,000
Note from Direct Borrowing:					
G.O. PFA Revenue Note, 2020	1.16%	4/27/2020	8/20/1940	17,199,866	9,438,936
Sub-Total				<u>\$ 42,024,866</u>	23,543,936
Other Liabilities:					
Unamortized Premium on Issuance of Bonds					921,658
Compensated Absences Payable					<u>25,139</u>
Total Business-type Activities					<u>\$ 24,490,733</u>

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Annual debt service requirements to maturity for business-type activities long-term indebtedness are as follows:

Year Ending December 31	Business-type Activities		Business-type Activities	
	General Obligation Bonds		Note from Direct Borrowing	
	Principal	Interest	Principal	Interest
2021	\$ 2,410,000	\$ 521,050	\$ 130,866	\$ 136,699
2022	2,550,000	400,550	808,000	198,171
2023	2,650,000	322,775	817,000	188,790
2024	2,165,000	239,300	827,000	179,305
2025	2,125,000	164,363	837,000	169,703
2026 - 2030	2,205,000	83,880	4,330,000	700,547
2031 - 2035	-	-	4,588,000	443,258
2036 - 2040	-	-	4,862,000	170,655
<b>Total</b>	<b>\$ 14,105,000</b>	<b>\$ 1,731,918</b>	<b>\$ 17,199,866</b>	<b>\$ 2,187,128</b>

In April 2020, the City issued \$17,199,866 of General Obligation PFA Revenue Note, Series 2020 for the purpose of financing the eligible projects costs of the Clean Water State Revolving Fund project to construct a Biosolids Building at the East Wastewater Treatment Facility. The aggregate principal amount of the loan disbursed and outstanding will bear interest at the rate of 1.16 percent per annum accruing from and after the date of the Note, which is April 27, 2020, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees have been paid.

The annual debt service requirements to maturity presented are based on the final projected costs and debt authorized by the Minnesota Public Facilities Authority. The balance of the debt represents costs incurred through December 31, 2020.

Interest will be payable beginning on February 20, 2021, with regular interest and principal payments every six months thereafter on a semi-annual basis. This is projected to continue until August 20, 2040, if all amounts are disbursed as projected, and all payments are made on a timely basis.

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

***Changes in Long-Term Liabilities***

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	\$ 7,310,000	\$ 2,950,000	\$ (4,500,000)	\$ 5,760,000	\$ 1,360,000
Unamortized Bond Premium	68,641	312,200	(11,349)	369,492	-
Compensated Absences	91,889	128,802	(118,360)	102,331	20,466
<b>Total - Governmental</b>	<b>7,470,530</b>	<b>3,391,002</b>	<b>(4,629,709)</b>	<b>6,231,823</b>	<b>1,380,466</b>
<b>Business-type Activities:</b>					
General Obligation Bonds	16,440,000	-	(2,335,000)	14,105,000	2,410,000
Notes from Direct Borrowings	-	9,438,936	-	9,438,936	130,866
Unamortized Bond Premium	1,075,267	-	(153,609)	921,658	-
Compensated Absences	17,875	33,433	(26,169)	25,139	5,028
<b>Total - Business-type</b>	<b>17,533,142</b>	<b>9,472,369</b>	<b>(2,514,778)</b>	<b>24,490,733</b>	<b>2,545,894</b>
<b>Grand Total Long-Term Liabilities</b>	<b>\$25,003,672</b>	<b>\$ 12,863,371</b>	<b>\$ (7,144,487)</b>	<b>\$ 30,722,556</b>	<b>\$ 3,926,360</b>

The General fund is typically used to liquidate the compensated absences payable for governmental activities.

**F. CONDUIT DEBT OBLIGATIONS**

Conduit debt obligations are certain limited-obligation revenue bonds or similar instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2020, the City's conduit debt consisted of the following:

Guardian Angels Senior Services Revenue Bonds, Series 2017	\$ 29,320,000
Guardian Angels Senior Services Revenue Refunding Bonds, Series 2017A	9,420,000
Revenue Refunding Bonds, Series 2017B	5,730,000
Kaleidoscope Charter School Revenue Bonds, Series 2014A	14,705,000

**G. TAX ABATEMENTS**

The City has entered into certain agreements for economic development purposes to either attract new businesses or retain existing business operations within the City. The authority for the City to enter into such agreements comes from *Minnesota Statute §469*. The City further has an established Business Subsidy Policy that provides evaluation criteria for any business subsidy requests. As of December 31, 2020, the City has entered into two types of agreements.

***Property Tax Abatements***

For the year ended December 31, 2020, the City abated property taxes totaling \$54,985. Details of each agreement and the abatement for the current year are as follows:

- The City has entered into a tax abatement agreement with Duke Realty for land acquisition costs paid by the developer that ultimately allowed for the City to construct street infrastructure within the Gateway North industrial park. The agreement outlines that 50 percent of taxes payable in 2016-2022 will be abated by the City, to a maximum value of \$340,000. The abatement amounted to \$54,985 in the current year.
- The City has entered into a tax abatement agreement with Wright County in order to finance the cost of Parkview Avenue and 88th Street improvements which facilitated the Parkview Retail development. The agreement outlines that the City will use tax abatement financing in an amount not to exceed \$950,000 to reimburse the costs of the public improvements. Wright County will use tax abatement financing in an amount not to exceed \$400,000 to reimburse the City for a portion of the costs of the public improvements. This abatement will begin with taxes payable 2022.

***Tax Increment Financing***

For the year ended December 31, 2020, the Tax Increment Financing Districts within the City generated increment in the amount of \$275,445 and payments to the developers in the amount of \$163,565. Details of each agreement are as follows:

- Tax Increment Financing District No. 1 was established in 2015 for the purpose of promoting industrial development on a parcel owned by the City which had been obtained through the tax forfeiture process. The parcel would not have been developed but-for tax increment financing given the existing special assessments and the extraordinary amount of soil improvements. Under the agreement, up to \$694,487 of costs incurred by the developer will be reimbursed through a tax increment revenue note, payable beginning in 2018 and concluding in 2027. Payments on the tax increment revenue note are only made to the extent of increment generated by the district. For 2020, this tax increment financing district generated increment in the amount of \$98,016 and payments to the developer in the amount of \$87,946.
- Tax Increment Financing District No. 3 was established in 2017 for the purpose of facilitating the development of a 142 unit senior housing facility, consisting of independent living, assisted living and memory care. The tax increment district is a housing district, and is intended for occupancy, in part, by persons or families of low and moderate income. In order to qualify as a housing district, the senior housing facility is required to provide at least 20% of the residential units to persons whose incomes do not exceed 50% of the County median income. By providing the affordable housing, the City believes that such a project was in the best interests of the City and its residents and agreed to reimburse the developer the lesser of \$2,389,400 or the costs of the site improvements actually incurred. The reimbursements will be made through a tax increment revenue note, payable beginning in 2020 and concluding in 2047. Payments of the tax increment revenue note are only made to the extent of increment generated by the district. For 2020, this tax increment financing district generated increment in the amount of \$168,042 and payments to the developer in the amount of \$75,619.
- Tax Increment Financing District No. 4 was established in 2018 for the purpose of facilitating the redevelopment of an existing site including the decommissioning of a private wastewater treatment facility. The redevelopment of this site will facilitate the construction of 164 units of market-rate multifamily housing, a mini-storage facility, and will create shovel ready sites for approximately 15,000 square feet of future commercial retail development. The City determined this development will ultimately preserve and enhance the tax base, redevelop sub-standard areas and provide employment opportunities within the City that would not reasonably be expected to occur solely through private investment within the foreseeable future. Under the agreement, up to \$3,359,685 of costs incurred by the developer will be reimbursed through a tax increment revenue note, payable beginning in 2021 and concluding in 2046. Payments on the tax increment revenue note are only made to the extent of increment generated by the district. For 2020, this tax increment financing district generated increment in the amount of \$9,387.

**H. FUND EQUITY**

Net position reported in the government-wide statement of net position at December 31, 2020 include the following:

**Governmental Activities**

Net Investment in Capital Assets:	
Cost of Capital Assets	\$ 56,911,974
Less: Accumulated Depreciation	(16,159,722)
Less: Related Long-Term Debt Outstanding	(6,129,492)
Total Net Investment in Capital Assets	<u>34,622,760</u>
Restricted for Tax Increment Financing	<u>146,354</u>
Restricted for Debt Service	
Fund Balance - Governmental Fund Financial Statements	1,120,071
Add: Unavailable Revenue - Special Assessments	2,000,488
Less: Accrued Interest Payable	(44,490)
Total Restricted for Debt Service	<u>3,076,069</u>
Restricted for Park Development	
Fund Balance - Governmental Fund Financial Statements	4,206,129
Add: Unavailable Revenue - Special Assessments	16,870
Total Restricted for Park Development	<u>4,222,999</u>
Unrestricted	<u>13,214,418</u>
Total Governmental Activities Net position	<u>\$ 55,282,600</u>

**Business-type Activities**

Net Investment in Capital Assets:	
Cost of Capital Assets	\$ 80,900,841
Less: Accumulated Depreciation	(19,871,444)
Less: Related Long-Term Debt Outstanding	(24,465,594)
Total Net Investment in Capital Assets	<u>36,563,803</u>
Unrestricted	<u>24,166,085</u>
Total Business-type Activities Net Position	<u>\$ 60,729,888</u>

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Aggregated funds balances reported in the governmental funds balance sheet at December 31, 2020 include the following:

**Governmental Funds**

	Nonspendable	Restricted	Committed	Assigned
General Fund				
Prepaid Items	\$ 132,746	\$ -	\$ -	\$ -
Assets Held for Resale	202,200	-	-	-
Insurance Deductibles	-	-	-	214,743
Educational Programs	-	-	-	28,042
Debt Service				
Debt Service	-	1,120,071	-	-
Capital Improvements				
City Buildings & Infrastructure	-	-	-	1,514,242
Nonmajor Governmental Funds				
Park Development	-	4,206,129	-	-
Street Light Replacement	-	-	99,193	-
Business Development Loans	-	-	385,389	-
Tax Increment Financing	-	146,354	-	-
City Buildings & Infrastructure	-	-	-	9,282,191
City Parks	-	-	-	604,799
	<u>\$ 334,946</u>	<u>\$ 5,472,554</u>	<u>\$ 484,582</u>	<u>\$ 11,644,017</u>
Total Fund Balances				

**NOTE 4 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters.

Property and casualty insurance is provided through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through member premiums and reinsures through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portions of the insurance policies. The amount of those deductibles is considered immaterial to the financial statements.

Workers' compensation coverage is provided through a pooled self-insurance program through the LMCIT. The respective insurance policy is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid. This coverage is not subject to a deductible.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City is subject to certain legal claims in the normal course of business. Management does not expect the resolution of these claims will have a material impact on the City's financial condition or results of operations.

**NOTE 5 PENSION PLAN**

*Public Employee's Retirement Association*

**A. PLAN DESCRIPTION**

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

*General Employees Retirement Plan*

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

**B. BENEFITS PROVIDED**

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

*General Employees Plan Benefits*

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 or service. Two methods are used to compute benefits for PERA's Coordinated Plan members. The retiring member, if hired prior to July 1, 1989, receives the higher of a step-rate benefit accrual formula (Method 1) or level accrual formula (Method 2), which is used for members hired after June 30, 1989. Under Method 1, the accrual rate for a Coordinated Plan member is 1.2 percent for each of the first ten years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase 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. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt for the delay to normal retirement.

**C. CONTRIBUTIONS**

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

*General Employees Fund Contributions*

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.5 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for years ended December 31, 2020, 2019 and 2018 were \$133,158, \$120,583, and \$110,473. The City's contributions were equal to the required contributions as set by state statute.

**D. PENSION COSTS**

*General Employees Fund Pension Costs*

At December 31, 2020, the City reported a liability of \$1,480,878 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 \$45,554. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2020, the City's proportionate share was 0.0247 percent at the end of the measurement period and 0.0218 percent for the beginning of the period.

City's proportionate share of the net pension liability	\$ 1,480,878
State of Minnesota's proportionate of the net pension liability associated with the City	<u>45,554</u>
Total	<u>\$ 1,526,432</u>

For the year ended December 31, 2020, the City recognized pension expense of \$147,754 for its proportionate share of the General Employees Plan's pension expense. Included in the amount, the City recognized \$3,965 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.

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

At December 31, 2020, 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 11,910	\$ 5,604
Changes in Actuarial Assumptions	-	51,062
Net Collective Difference Between		
Projected and Actual Investment Earnings	40,888	-
Changes in Proportion	128,574	-
Contributions Paid Subsequent to the Measurement Date	66,579	-
Totals	<u>\$ 247,951</u>	<u>\$ 56,666</u>

Deferred outflows totaling \$66,579 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2021	\$ (25,469)
2022	46,417
2023	67,979
2024	35,779
2025	-
Thereafter	-
Total	<u>\$ 124,706</u>

**E. ACTUARIAL ASSUMPTIONS**

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

Inflation	2.25% per year
Active Member Payroll Growth	3.00% per year
Investment Rate of Return	7.50%

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

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

The following changes in actuarial assumptions occurred in 2020:

- The prince inflation assumption was decreased from 2.5 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.0 percent.
- 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 percent 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 changes as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than 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 and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

**CITY OF OTSEGO, MINNESOTA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

The following changes in plan provisions occurred in 2020:

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

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35.50%	5.10%
International Stocks	17.50%	5.30%
Bonds (Fixed Income)	20.00%	0.75%
Alternative Assets (Private Markets)	25.00%	5.90%
Cash	2.00%	0.00%
Total	<u>100.00%</u>	

**F. DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2020 was 7.5 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 positions of the General Employees Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. PENSION LIABILITY SENSITIVITY**

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current rate.

City's Proportionate Share of the Net Pension Liability	6.50% One Point Decrease	7.50% Current Rate	8.50% One Point Increase
General Employees Fund	\$ 2,373,334	\$ 1,480,878	\$ 744,674

**H. PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**NOTE 6 NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board recently approved the following statements which were not implemented in these financial statements. The effect these standards may have on future financial statements has not been determined.

- Statement No. 87, *Leases*  
This new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency about governments' leasing activities. This statement will be effective for the year ending December, 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of Construction Period*  
This new standard enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement will be effective for the year ending December 31, 2021.



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**CITY OF OTSEGO, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS\*)**  
**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**GENERAL EMPLOYEE'S RETIREMENT FUND**

<u>Fiscal Year Ending</u>	<u>City's Proportionate (%) Share of Net Pension Liability</u>	<u>City's Proportionate (\$) Share of Net Pension Liability</u>	<u>State's Proportionate (\$) Share of the Net Pension Liability Associated With the City</u>	<u>City's Proportionate (\$) Share of the Net Pension Liability and the State's Proportionate (\$) Share of the Net Pension Liability Associated With the City</u>	<u>City's Covered Payroll</u>	<u>City's Proportionate (%) Share of Net Pension Liability Compared With Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2020	0.0247%	\$ 1,480,878	\$ 45,554	\$ 1,526,432	\$ 1,745,138	84.86%	79.10%
June 30, 2019	0.0218%	1,205,273	37,332	1,242,605	1,531,014	78.72%	80.20%
June 30, 2018	0.0215%	1,192,732	39,115	1,231,847	1,365,460	87.35%	79.50%
June 30, 2017	0.0215%	1,372,546	17,254	1,389,800	1,332,687	102.99%	75.89%
June 30, 2016	0.0198%	1,607,662	20,935	1,628,597	1,136,013	141.52%	68.91%
June 30, 2015	0.0195%	1,010,592	-	1,010,592	1,124,606	89.86%	78.19%

*This supplementary information is provided prospectively beginning with the Year Ended December 31, 2015.*

**CITY OF OTSEGO, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION (LAST TEN YEARS\*)  
 SCHEDULE OF CITY'S CONTRIBUTIONS  
 GENERAL EMPLOYEE'S RETIREMENT FUND

Year Ending	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution (Excess) Deficiency	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2020	\$ 133,158	\$ 133,158	\$ -	\$ 1,775,440	7.50%
December 31, 2019	120,583	120,583	-	1,607,772	7.50%
December 31, 2018	110,473	110,473	-	1,472,972	7.50%
December 31, 2017	98,542	98,542	-	1,313,896	7.50%
December 31, 2016	96,567	96,567	-	1,287,564	7.50%
December 31, 2015	83,256	83,256	-	1,110,085	7.50%

*This supplementary information is provided prospectively beginning with the Year Ended December 31, 2015.*

**NOTE 1 GENERAL EMPLOYEES FUND**

**CHANGES FOR 2020**

*Changes in Actuarial Assumptions*

- The price inflation assumption was decreased from 2.5 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.0 percent.
- 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 percent 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 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 and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

*Changes in Plan Provisions*

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

**CHANGES FOR 2019**

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

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

**CHANGES FOR 2018**

*Changes in Actuarial Assumptions*

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

*Changes in Plan Provisions*

- 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 4.0 percent to 3.0 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.0 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 1.0 percent per year with a provision to increase to 2.5 percent upon attainment of 90.0 percent funding ratio to 50.0 percent of the Social Security Cost of Living Adjustment, not less than 1.0 percent and not more than 1.5 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.

## **CHANGES FOR 2017**

### *Changes in Actuarial Assumptions*

- The Combined Service Annuity (CSA) loads were changed from 0.80 percent for active members and 60 percent for both vested and non-vested deferred members. The revised CSA loads are now 0.00 percent for active member liability, 15 percent for vested deferred member liability, and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044, and 2.50% percent thereafter.

### *Changes in Plan Provisions*

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16.0 million in 2017 and 2018, and \$6.0 million thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21.0 million to \$31.0 million in calendar years 2019 to 2031. The State's contribution changed from \$16.0 million to \$6.0 million in calendar years 2019 to 2031.

## **CHANGES FOR 2016**

### *Changes in Actuarial Assumptions*

- The assumed post-retirement benefit increase was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate was changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases and payroll growth were decreased by 0.25% to 3.25%. Inflation was decreased 0.25% to 2.50%.

### *Changes in Plan Provisions*

- There have been no changes since the prior valuation.

## **CHANGES FOR 2015**

### *Changes in Actuarial Assumptions*

- The assumed post-retirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

### *Changes in Plan Provisions*

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.10 billion, and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.



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**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020**

	Special Revenue	Capital Project	Total Nonmajor Governmental
<b>ASSETS</b>			
Cash and Investments	\$ 629,407	\$ 14,203,769	\$ 14,833,176
Receivables			
Accounts	1,927	-	1,927
Special Assessments			
Current	-	324	324
Deferred	-	313,542	313,542
Delinquent	-	2,386	2,386
	<u>631,334</u>	<u>14,520,021</u>	<u>15,151,355</u>
<b>Total Assets</b>	<b><u>631,334</u></b>	<b><u>14,520,021</u></b>	<b><u>15,151,355</u></b>
<b>LIABILITIES</b>			
Accounts Payable	<u>398</u>	<u>110,974</u>	<u>111,372</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Special Assessments	<u>-</u>	<u>315,928</u>	<u>315,928</u>
<b>FUND BALANCES</b>			
Restricted			
Tax Increment Financing	146,354	-	146,354
Park Development	-	4,206,129	4,206,129
Committed			
Street Light Replacement	99,193	-	99,193
Business Development Loans	385,389	-	385,389
Assigned			
City Buildings & Infrastructure	-	9,282,191	9,282,191
City Parks	-	604,799	604,799
<b>Total Fund Balances</b>	<b><u>630,936</u></b>	<b><u>14,093,119</u></b>	<b><u>14,724,055</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 631,334</u></b>	<b><u>\$ 14,520,021</u></b>	<b><u>\$ 15,151,355</u></b>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Special Revenue	Capital Project	Total Nonmajor Governmental
<b>REVENUES</b>			
Property Taxes	\$ 56,491	\$ 1,523,000	\$ 1,579,491
Tax Increments	275,445	-	275,445
Intergovernmental	-	390,594	390,594
Charges for Services	55,650	1,151,432	1,207,082
Special Assessments	-	36,668	36,668
Investment Earnings (net)	15,250	387,320	402,570
Miscellaneous	-	55,460	55,460
Total Revenues	<u>402,836</u>	<u>3,544,474</u>	<u>3,947,310</u>
<b>EXPENDITURES</b>			
Current			
Public Works	26,500	-	26,500
Economic Development	223,375	-	223,375
Capital Outlay			
General Government	-	82,080	82,080
Public Safety	-	32,869	32,869
Public Works	-	1,341,038	1,341,038
Culture and Recreation	-	324,404	324,404
Total Expenditures	<u>249,875</u>	<u>1,780,391</u>	<u>2,030,266</u>
Excess of Revenues			
Over Expenditures	<u>152,961</u>	<u>1,764,083</u>	<u>1,917,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	1,631,309	1,631,309
Transfers Out	-	(1,258,250)	(1,258,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>373,059</u>	<u>373,059</u>
Net Change in Fund Balance	152,961	2,137,142	2,290,103
Fund Balance - January 1	<u>477,975</u>	<u>11,955,977</u>	<u>12,433,952</u>
Fund Balance - December 31	<u>\$ 630,936</u>	<u>\$ 14,093,119</u>	<u>\$ 14,724,055</u>



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A special revenue fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Street Lighting

This fund accounts for the electrical service, maintenance, repair and replacement of street lights within the City's above standard street-lighting district for commercially developed areas. The primary funding source of the fund is generated through charges for services imposed upon the benefitting properties in the district.

Revolving Loans

This fund was established to provide for economic development subsidies and loans to be provided to business entities in the City through the City's Economic Development Authority (EDA).

Tax Increment District No. 1 - Great River Centre

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. The District encompasses two parcels in the Great River Centre commercial and industrial area. The increment generated is used for specific economic development incentives within the District.

Tax Increment District No. 3 - Riverview Landing

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. The District is a housing district and is located in the Waterfront East development area. The increment generated is used to provide 20% of the residential units to persons or families of low and moderate income.

Tax Increment District No. 4 - Riverbend North

This fund was established to account for the collection of tax increment generated revenues for parcels within the District. The District is a redevelopment district and includes four parcels within the Riverbend North plat, located near CSAH 42 and Highway 101. The increment generated is used to redevelop the existing site, including the decommissioning of a private wastewater facility, construction of multifamily housing, a mini-storage facility and site preparations to accommodate approximately 15,000 square feet of future commercial development.

CITY OF OTSEGO, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2020

	Street Lighting	Revolving Loans	Tax Increment District No. 1	Tax Increment District No. 3	Tax Increment District No. 4	Total Nonmajor Special Revenue
<b>ASSETS</b>						
Cash and Investments	\$ 97,266	\$ 385,389	\$ 50,880	\$ 89,209	\$ 6,663	\$ 629,407
Receivables						
Accounts	1,927	-	-	-	-	1,927
Total Assets	<u>99,193</u>	<u>385,389</u>	<u>50,880</u>	<u>89,209</u>	<u>6,663</u>	<u>631,334</u>
<b>LIABILITIES</b>						
Accounts Payable	-	-	-	-	398	398
<b>FUND BALANCES</b>						
Restricted						
Tax Increment Financing	-	-	50,880	89,209	6,265	146,354
Committed						
Street Light Replacement	99,193	-	-	-	-	99,193
Business Development Loans	-	385,389	-	-	-	385,389
Total Fund Balances	<u>99,193</u>	<u>385,389</u>	<u>50,880</u>	<u>89,209</u>	<u>6,265</u>	<u>630,936</u>
Total Liabilities and Fund Balances	<u>\$ 99,193</u>	<u>\$ 385,389</u>	<u>\$ 50,880</u>	<u>\$ 89,209</u>	<u>\$ 6,663</u>	<u>\$ 631,334</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Street Lighting	Revolving Loans	Tax Increment District No. 1	Tax Increment District No. 3	Tax Increment District No. 4	Total Nonmajor Special Revenue
<b>REVENUES</b>						
Property Taxes	\$ -	\$ 56,491	\$ -	\$ -	\$ -	\$ 56,491
Tax Increments	-	-	98,016	168,042	9,387	275,445
Charges for Services	55,650	-	-	-	-	55,650
Investment Earnings (net)	2,824	12,426	-	-	-	15,250
Total Revenues	<u>58,474</u>	<u>68,917</u>	<u>98,016</u>	<u>168,042</u>	<u>9,387</u>	<u>402,836</u>
<b>EXPENDITURES</b>						
Current						
Public Works	26,500	-	-	-	-	26,500
Economic Development	-	54,985	89,302	77,199	1,889	223,375
Total Expenditures	<u>26,500</u>	<u>54,985</u>	<u>89,302</u>	<u>77,199</u>	<u>1,889</u>	<u>249,875</u>
Net Change in Fund Balance	31,974	13,932	8,714	90,843	7,498	152,961
Fund Balance (Deficit) - January 1	<u>67,219</u>	<u>371,457</u>	<u>42,166</u>	<u>(1,634)</u>	<u>(1,233)</u>	<u>477,975</u>
Fund Balance - December 31	<u>\$ 99,193</u>	<u>\$ 385,389</u>	<u>\$ 50,880</u>	<u>\$ 89,209</u>	<u>\$ 6,265</u>	<u>\$ 630,936</u>

**CITY OF OTSEGO, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**REVOLVING LOANS FUND - SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 56,491	\$ 56,491	\$ 56,491	\$ -
Investment Earnings (net)	-	-	12,426	12,426
Total Revenues	<u>56,491</u>	<u>56,491</u>	<u>68,917</u>	<u>12,426</u>
<b>EXPENDITURES</b>				
Current				
Economic Development				
Services and Other Charges	<u>56,491</u>	<u>56,491</u>	<u>54,985</u>	<u>(1,506)</u>
Net Change in Fund Balance	-	-	13,932	13,932
Fund Balance - January 1	<u>371,457</u>	<u>371,457</u>	<u>371,457</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 371,457</u>	<u>\$ 371,457</u>	<u>\$ 385,389</u>	<u>\$ 13,932</u>

**CITY OF OTSEGO, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**TAX INCREMENT DISTRICT NO. 1 - SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Tax Increments	\$ 97,419	\$ 97,419	\$ 98,016	\$ 597
<b>EXPENDITURES</b>				
Current				
Economic Development				
Personal Services	500	500	505	5
Services and Other Charges	90,177	90,177	88,797	(1,380)
Total Expenditures	90,677	90,677	89,302	(1,375)
Net Change in Fund Balance	6,742	6,742	8,714	1,972
Fund Balance - January 1	42,166	42,166	42,166	-
Fund Balance - December 31	\$ 48,908	\$ 48,908	\$ 50,880	\$ 1,972

**CITY OF OTSEGO, MINNESOTA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**TAX INCREMENT DISTRICT NO. 3 - SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Tax Increments	\$ 163,601	\$ 163,601	\$ 168,042	\$ 4,441
<b>EXPENDITURES</b>				
Current				
Economic Development				
Personal Services	500	500	729	229
Services and Other Charges	76,120	76,120	76,470	350
Total Expenditures	76,620	76,620	77,199	579
Net Change in Fund Balance	86,981	86,981	90,843	3,862
Fund Balance (Deficit) - January 1	(1,634)	(1,634)	(1,634)	-
Fund Balance - December 31	\$ 85,347	\$ 85,347	\$ 89,209	\$ 3,862



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Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Pavement Management

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the City's street maintenance and replacement plan adopted annually within the Capital Improvement Plan. Annual projects may include: fog & seal coating, crack filling, paint striping, patching and asphalt overlays.

Trails Management

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the City's trail maintenance plan adopted annually within the Capital Improvement Plan. Annual projects will typically include: crack filling, patching and seal coating.

Park Development

This fund was established to accumulate funds that will be used to provide for the acquisition and construction of new park sites, buildings and facilities throughout our growing City.

Parks Capital Equipment

This fund was established to accumulate funds for major maintenance and future replacement of equipment within the City's park system.

Revolving Capital Equipment

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the replacement of capital equipment, most significantly the City's machinery and vehicle fleet.

Community Facilities

This fund was established to accumulate funds that will be used to provide for the costs associated with the improvements of existing City facilities and the acquisition and construction of additional City facilities.

Collector Streets

This fund was established to accumulate funds derived from ongoing residential and commercial development that will provide for the costs associated with the construction of future arterial collector street infrastructure.

Fire Reserve

This fund was established to accumulate funds that will be used to finance the costs associated with the future construction of a fire department building and the capital equipment that will be housed within.

Watershed Districts

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the maintenance of major water drainage system ditches throughout the City.

Odean Improvements

This fund was established to track the expenditures incurred for major improvements made to Odean Avenue in 1998. The outstanding special assessments to the benefitting property owners provide the funding for the costs.

Slabtown Improvements

This fund was established to track the expenditures incurred for infrastructure improvements to the Slabtown area. The outstanding special assessments to the benefitting property owners provide the funding for the costs.

Kadler Avenue Improvements

This fund was established to track the expenditures incurred for infrastructure improvements being planned for Kadler Avenue. The improvements will provide for an urban style street capable of handling the volumes and type of traffic associated with an industrial park, of which has received preliminary development approvals.

City Buildings & Property Maintenance

This fund was established to provide funds and to account for the expenditure of such funds, for costs associated with the maintenance of and improvements to City buildings and properties.

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2020**

	<u>Pavement Management</u>	<u>Trails Management</u>	<u>Park Development</u>	<u>Parks Capital Equipment</u>
<b>ASSETS</b>				
Cash and Investments	\$ 5,304,220	\$ 227,306	\$ 4,292,996	\$ 604,799
Receivables				
Special Assessments				
Current	-	-	-	-
Deferred	277,349	-	16,870	-
Delinquent	2,062	-	-	-
	<u>5,583,631</u>	<u>227,306</u>	<u>4,309,866</u>	<u>604,799</u>
Total Assets				
	<u><u>5,583,631</u></u>	<u><u>227,306</u></u>	<u><u>4,309,866</u></u>	<u><u>604,799</u></u>
<b>LIABILITIES</b>				
Accounts Payable	<u>1,107</u>	<u>23,000</u>	<u>86,867</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments	<u>279,411</u>	<u>-</u>	<u>16,870</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted				
Park Development	-	-	4,206,129	-
Assigned				
City Buildings & Infrastructure	5,303,113	204,306	-	-
City Parks	-	-	-	604,799
Total Fund Balances	<u>5,303,113</u>	<u>204,306</u>	<u>4,206,129</u>	<u>604,799</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 5,583,631</u></u>	<u><u>\$ 227,306</u></u>	<u><u>\$ 4,309,866</u></u>	<u><u>\$ 604,799</u></u>

(CONTINUED)

<u>Revolving Capital Equipment</u>	<u>Community Facilities</u>	<u>Collector Streets</u>	<u>Fire Reserve</u>	<u>Watershed Districts</u>	<u>Ocean Improvements</u>
\$ 390,669	\$ -	\$ -	\$ 1,791,201	\$ 1,508,443	\$ -
-	-	-	324	-	-
-	-	-	-	19,323	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>324</u>	<u>-</u>	<u>-</u>
<u>390,669</u>	<u>-</u>	<u>-</u>	<u>1,791,849</u>	<u>1,527,766</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>324</u>	<u>19,323</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>390,669</u>	<u>-</u>	<u>-</u>	<u>1,791,525</u>	<u>1,508,443</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>390,669</u>	<u>-</u>	<u>-</u>	<u>1,791,525</u>	<u>1,508,443</u>	<u>-</u>
<u>\$ 390,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,791,849</u>	<u>\$ 1,527,766</u>	<u>\$ -</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**DECEMBER 31, 2020**

**(CONTINUED)**

	<u>Slabtown Improvements</u>	<u>Kadler Avenue Improvements</u>	<u>City Buildings &amp; Property Maintenance</u>	<u>Total Nonmajor Capital Projects</u>
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ 84,135	\$ 14,203,769
Receivables				
Special Assessments				
Current	-	-	-	324
Deferred	-	-	-	313,542
Delinquent	-	-	-	2,386
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,386</u>
Total Assets	<u>-</u>	<u>-</u>	<u>84,135</u>	<u>14,520,021</u>
<b>LIABILITIES</b>				
Accounts Payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,974</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,928</u>
<b>FUND BALANCES</b>				
Restricted				
Park Development	-	-	-	4,206,129
Assigned				
City Buildings & Infrastructure	-	-	84,135	9,282,191
City Parks	-	-	-	604,799
Total Fund Balances	<u>-</u>	<u>-</u>	<u>84,135</u>	<u>14,093,119</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,135</u>	<u>\$ 14,520,021</u>



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**CITY OF OTSEGO, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Pavement Management</u>	<u>Trails Management</u>	<u>Park Development</u>	<u>Parks Capital Equipment</u>
<b>REVENUES</b>				
Property Taxes	\$ 950,000	\$ 33,000	\$ -	\$ 60,000
Intergovernmental	314,292	-	-	-
Charges for Services	-	-	780,930	-
Special Assessments	31,488	-	-	-
Investment Earnings (net)	124,282	1,420	132,716	16,414
Miscellaneous	-	-	-	30,947
<b>Total Revenues</b>	<u>1,420,062</u>	<u>34,420</u>	<u>913,646</u>	<u>107,361</u>
<b>EXPENDITURES</b>				
Capital Outlay				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	426,574	-	-	-
Culture and Recreation	-	32,250	265,032	-
<b>Total Expenditures</b>	<u>426,574</u>	<u>32,250</u>	<u>265,032</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>993,488</u>	<u>2,170</u>	<u>648,614</u>	<u>107,361</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	1,111,482	200,000	-	80,000
Transfers Out	-	-	(79,253)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,111,482</u>	<u>200,000</u>	<u>(79,253)</u>	<u>80,000</u>
Net Change in Fund Balance	2,104,970	202,170	569,361	187,361
Fund Balance (Deficit) - January 1	<u>3,198,143</u>	<u>2,136</u>	<u>3,636,768</u>	<u>417,438</u>
Fund Balance - December 31	<u>\$ 5,303,113</u>	<u>\$ 204,306</u>	<u>\$ 4,206,129</u>	<u>\$ 604,799</u>

(CONTINUED)

Revolving Capital Equipment	Community Facilities	Collector Streets	Fire Reserve	Watershed Districts	Ocean Improvements
\$ 280,000	\$ -	\$ -	\$ 180,000	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	370,502	-
-	-	4,782	398	-	-
10,150	-	-	54,071	47,518	-
-	-	-	-	-	-
<u>290,150</u>	<u>-</u>	<u>4,782</u>	<u>234,469</u>	<u>418,020</u>	<u>-</u>
-	-	-	-	-	-
24,907	-	-	7,962	-	-
152,436	-	755,623	-	-	-
17,422	-	-	-	-	-
<u>194,765</u>	<u>-</u>	<u>755,623</u>	<u>7,962</u>	<u>-</u>	<u>-</u>
<u>95,385</u>	<u>-</u>	<u>(750,841)</u>	<u>226,507</u>	<u>418,020</u>	<u>-</u>
-	79,253	-	-	-	-
-	(80,000)	(1,071,128)	-	-	(5,075)
-	<u>(747)</u>	<u>(1,071,128)</u>	<u>-</u>	<u>-</u>	<u>(5,075)</u>
95,385	(747)	(1,821,969)	226,507	418,020	(5,075)
<u>295,284</u>	<u>747</u>	<u>1,821,969</u>	<u>1,565,018</u>	<u>1,090,423</u>	<u>5,075</u>
<u>\$ 390,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,791,525</u>	<u>\$ 1,508,443</u>	<u>\$ -</u>

**CITY OF OTSEGO, MINNESOTA**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

(CONTINUED)

	Slabtown Improvements	Kadler Avenue Improvements	City Buildings & Property Maintenance	Total Nonmajor Capital Projects
<b>REVENUES</b>				
Property Taxes	\$ -	\$ -	\$ 20,000	\$ 1,523,000
Intergovernmental	-	76,302	-	390,594
Charges for Services	-	-	-	1,151,432
Special Assessments	-	-	-	36,668
Investment Earnings (net)	-	-	749	387,320
Miscellaneous	-	24,513	-	55,460
Total Revenues	<u>-</u>	<u>100,815</u>	<u>20,749</u>	<u>3,544,474</u>
<b>EXPENDITURES</b>				
Capital Outlay				
General Government	-	-	82,080	82,080
Public Safety	-	-	-	32,869
Public Works	-	6,405	-	1,341,038
Culture and Recreation	-	-	9,700	324,404
Total Expenditures	<u>-</u>	<u>6,405</u>	<u>91,780</u>	<u>1,780,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>94,410</u>	<u>(71,031)</u>	<u>1,764,083</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	60,574	100,000	1,631,309
Transfers Out	(22,794)	-	-	(1,258,250)
Total Other Financing Sources (Uses)	<u>(22,794)</u>	<u>60,574</u>	<u>100,000</u>	<u>373,059</u>
Net Change in Fund Balance	(22,794)	154,984	28,969	2,137,142
Fund Balance (Deficit) - January 1	<u>22,794</u>	<u>(154,984)</u>	<u>55,166</u>	<u>11,955,977</u>
Fund Balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,135</u>	<u>\$ 14,093,119</u>

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Property Taxes					
Current	\$ 4,472,537	\$ 4,472,537	\$ 4,461,923	\$ (10,614)	\$ 4,173,764
Delinquent	20,000	20,000	34,083	14,083	16,292
Penalties and interest	2,000	2,000	1,717	(283)	2,142
Total Property Taxes	<u>4,494,537</u>	<u>4,494,537</u>	<u>4,497,723</u>	<u>3,186</u>	<u>4,192,198</u>
Franchise Taxes	<u>141,000</u>	<u>141,000</u>	<u>132,137</u>	<u>(8,863)</u>	<u>137,510</u>
Licenses and Permits					
Business Licenses	35,150	35,150	31,023	(4,127)	34,765
Rental Licenses	47,000	47,000	33,202	(13,798)	39,515
Other Licenses	2,000	2,000	1,730	(270)	6,323
Right of Way Permits	40,000	40,000	79,505	39,505	64,900
Building Permits	952,770	952,770	2,371,929	1,419,159	1,543,726
Other Permits	9,300	9,300	15,400	6,100	10,650
Total Licenses and Permits	<u>1,086,220</u>	<u>1,086,220</u>	<u>2,532,789</u>	<u>1,446,569</u>	<u>1,699,879</u>
Intergovernmental					
Federal					
Other Aid & Grants	-	-	1,302,963	1,302,963	-
State					
Police Aid	65,000	65,000	78,124	13,124	75,425
Other Aid & Grants	10,000	10,000	15,127	5,127	12,503
Local					
Other Aid & Grants	-	-	-	-	400
Total Intergovernmental	<u>75,000</u>	<u>75,000</u>	<u>1,396,214</u>	<u>1,321,214</u>	<u>88,328</u>
Charges for Services					
General Government	49,300	49,300	115,675	66,375	116,323
Public Works	78,250	78,250	118,671	40,421	122,995
Culture and Recreation	75,065	75,065	22,852	(52,213)	71,553
Total Charges for Services	<u>202,615</u>	<u>202,615</u>	<u>257,198</u>	<u>54,583</u>	<u>310,871</u>
Special Assessments	<u>4,600</u>	<u>4,600</u>	<u>5,434</u>	<u>834</u>	<u>5,703</u>
Fines and Forfeitures	<u>24,000</u>	<u>24,000</u>	<u>19,959</u>	<u>(4,041)</u>	<u>26,488</u>
Investment Earnings (net)	<u>83,000</u>	<u>83,000</u>	<u>177,948</u>	<u>94,948</u>	<u>155,709</u>
Miscellaneous					
Refunds and Reimbursements	-	-	30,388	30,388	26,947
Contributions and Donations	-	-	1,000	1,000	26,829
Other	-	-	4,907	4,907	22,397
Total Miscellaneous	<u>-</u>	<u>-</u>	<u>36,295</u>	<u>36,295</u>	<u>76,173</u>
Total Revenues	<u>6,110,972</u>	<u>6,110,972</u>	<u>9,055,697</u>	<u>2,944,725</u>	<u>6,692,859</u>

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020		Actual Amounts	Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts				Actual
	Original	Final			Amounts
<b>EXPENDITURES</b>					
General Government					
City Council					
Personal Services	36,671	36,671	31,368	(5,303)	31,749
Supplies	375	375	371	(4)	80
Services and Other Charges	111,389	111,389	54,373	(57,016)	45,172
Total	<u>148,435</u>	<u>148,435</u>	<u>86,112</u>	<u>(62,323)</u>	<u>77,001</u>
City Administrator					
Personal Services	169,159	169,159	169,680	521	158,652
Supplies	50	50	63	13	47
Services and Other Charges	6,045	6,045	1,463	(4,582)	2,897
Total	<u>175,254</u>	<u>175,254</u>	<u>171,206</u>	<u>(4,048)</u>	<u>161,596</u>
Administration					
Personal Services	230,725	230,725	214,358	(16,367)	241,285
Supplies	8,650	8,650	8,211	(439)	10,039
Services and Other Charges	57,890	57,890	52,151	(5,739)	59,062
Total	<u>297,265</u>	<u>297,265</u>	<u>274,720</u>	<u>(22,545)</u>	<u>310,386</u>
Elections					
Personal Services	21,100	21,100	22,597	1,497	-
Supplies	9,500	9,500	7,237	(2,263)	921
Services and Other Charges	4,050	4,050	3,363	(687)	1,626
Total	<u>34,650</u>	<u>34,650</u>	<u>33,197</u>	<u>(1,453)</u>	<u>2,547</u>
Assessing					
Services and Other Charges	124,551	124,551	125,118	567	112,976
Finance					
Personal Services	164,479	164,479	169,227	4,748	145,308
Supplies	2,600	2,600	664	(1,936)	1,791
Services and Other Charges	61,224	61,224	78,849	17,625	66,631
Total	<u>228,303</u>	<u>228,303</u>	<u>248,740</u>	<u>20,437</u>	<u>213,730</u>
Information Technology					
Supplies	4,000	4,000	4,534	534	1,586
Services and Other Charges	84,100	84,100	88,138	4,038	69,373
Total	<u>88,100</u>	<u>88,100</u>	<u>92,672</u>	<u>4,572</u>	<u>70,959</u>
Legal					
Services and Other Charges	94,600	94,600	83,558	(11,042)	95,478
Human Resources					
Personal Services	85,614	85,614	71,573	(14,041)	173
Supplies	50	50	-	(50)	-
Services and Other Charges	11,134	11,134	17,594	6,460	119
Total	<u>96,798</u>	<u>96,798</u>	<u>89,167</u>	<u>(7,631)</u>	<u>292</u>

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020		Actual Amounts	Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts				Actual
	Original	Final			Amounts
<b>EXPENDITURES (CONTINUED)</b>					
General Government (Continued)					
Prairie Center					
Supplies	9,000	9,000	11,097	2,097	7,613
Services and Other Charges	32,508	32,508	26,947	(5,561)	33,058
Total	41,508	41,508	38,044	(3,464)	40,671
City Hall & Public Works Garage					
Supplies	12,400	12,400	17,531	5,131	9,840
Services and Other Charges	106,585	106,585	95,868	(10,717)	109,666
Total	118,985	118,985	113,399	(5,586)	119,506
Old Town Hall					
Services and Other Charges	3,300	3,300	2,990	(310)	2,916
Total General Government	1,451,749	1,451,749	1,358,923	(92,826)	1,208,058
Public Safety					
Police Services					
Services and Other Charges	1,398,696	1,398,696	1,391,755	(6,941)	1,326,668
Public Safety Commission					
Personal Services	960	960	390	(570)	670
Supplies	600	600	-	(600)	-
Services and Other Charges	1,500	1,500	-	(1,500)	-
Total	3,060	3,060	390	(2,670)	670
Fire Protection					
Supplies	500	500	450	(50)	-
Services and Other Charges	722,949	722,949	722,566	(383)	633,384
Total	723,449	723,449	723,016	(433)	633,384
Building Inspections					
Personal Services	144,419	144,419	146,365	1,946	131,188
Supplies	4,600	4,600	3,138	(1,462)	2,916
Services and Other Charges	317,294	317,294	385,589	68,295	265,828
Total	466,313	466,313	535,092	68,779	399,932
Emergency Management					
Supplies	500	500	1,785	1,285	1,944
Services and Other Charges	2,100	2,100	607	(1,493)	605
Total	2,600	2,600	2,392	(208)	2,549
Animal Control					
Services and Other Charges	15,400	15,400	14,790	(610)	16,237
Total Public Safety	2,609,518	2,609,518	2,667,435	57,917	2,379,440

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020		Actual Amounts	Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts				Actual
	Original	Final			Amounts
<b>EXPENDITURES (CONTINUED)</b>					
Public Works					
Streets Maintenance					
Personal Services	606,540	606,540	575,609	(30,931)	545,903
Supplies	166,661	166,661	146,871	(19,790)	160,829
Services and Other Charges	92,331	92,331	55,860	(36,471)	64,664
Total	<u>865,532</u>	<u>865,532</u>	<u>778,340</u>	<u>(87,192)</u>	<u>771,396</u>
Engineering					
Services and Other Charges	<u>87,150</u>	<u>87,150</u>	<u>52,253</u>	<u>(34,897)</u>	<u>90,784</u>
Street Lighting					
Services and Other Charges	<u>156,880</u>	<u>156,880</u>	<u>153,058</u>	<u>(3,822)</u>	<u>144,594</u>
Fleet Management					
Personal Services	82,431	82,431	82,946	515	79,182
Supplies	144,153	144,153	111,149	(33,004)	135,067
Services and Other Charges	10,960	10,960	26,918	15,958	19,204
Total	<u>237,544</u>	<u>237,544</u>	<u>221,013</u>	<u>(16,531)</u>	<u>233,453</u>
Total Public Works	<u>1,347,106</u>	<u>1,347,106</u>	<u>1,204,664</u>	<u>(142,442)</u>	<u>1,240,227</u>
Culture and Recreation					
Parks Maintenance					
Personal Services	296,465	296,465	276,154	(20,311)	281,008
Supplies	77,410	77,410	88,035	10,625	77,589
Services and Other Charges	129,972	129,972	136,971	6,999	122,648
Total	<u>503,847</u>	<u>503,847</u>	<u>501,160</u>	<u>(2,687)</u>	<u>481,245</u>
Recreation					
Personal Services	177,086	177,086	152,951	(24,135)	160,132
Supplies	15,150	15,150	5,279	(9,871)	7,818
Services and Other Charges	61,526	61,526	36,057	(25,469)	60,931
Total	<u>253,762</u>	<u>253,762</u>	<u>194,287</u>	<u>(59,475)</u>	<u>228,881</u>
Heritage Preservation Commission					
Personal Services	480	480	300	(180)	280
Supplies	500	500	-	(500)	-
Services and Other Charges	1,500	1,500	-	(1,500)	-
Total	<u>2,480</u>	<u>2,480</u>	<u>300</u>	<u>(2,180)</u>	<u>280</u>
Total Culture and Recreation	<u>760,089</u>	<u>760,089</u>	<u>695,747</u>	<u>(64,342)</u>	<u>710,406</u>

**CITY OF OTSEGO, MINNESOTA**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020		Actual Amounts	Variance with Final Budget - Over (Under)	2019
	Budgeted Amounts				Actual
	Original	Final			Amounts
<b>EXPENDITURES (CONTINUED)</b>					
Economic Development					
Planning Commission					
Personal Services	2,500	2,500	1,550	(950)	1,500
Services and Other Charges	1,500	1,500	-	(1,500)	-
Total	<u>4,000</u>	<u>4,000</u>	<u>1,550</u>	<u>(2,450)</u>	<u>1,500</u>
Planning					
Services and Other Charges	106,000	106,000	102,460	(3,540)	107,637
Economic Development					
Supplies	100	100	-	(100)	66
Services and Other Charges	15,360	15,360	561,788	546,428	4,938
Total	<u>15,460</u>	<u>15,460</u>	<u>561,788</u>	<u>546,328</u>	<u>5,004</u>
Total Economic Development	<u>125,460</u>	<u>125,460</u>	<u>665,798</u>	<u>540,338</u>	<u>114,141</u>
Capital Outlay					
General Government	10,600	10,600	60,712	50,112	19,507
Public Works	3,450	3,450	-	(3,450)	10,491
Culture and Recreation	4,700	4,700	4,046	(654)	4,620
Total	<u>18,750</u>	<u>18,750</u>	<u>64,758</u>	<u>46,008</u>	<u>34,618</u>
Total Expenditures	<u>6,312,672</u>	<u>6,312,672</u>	<u>6,657,325</u>	<u>344,653</u>	<u>5,686,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(201,700)</u>	<u>(201,700)</u>	<u>2,398,372</u>	<u>2,600,072</u>	<u>1,005,969</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	201,700	201,700	201,795	95	171,900
Transfers Out	-	-	(932,244)	(932,244)	(971,726)
Total Other Financing Sources (Uses)	<u>201,700</u>	<u>201,700</u>	<u>(730,449)</u>	<u>(932,149)</u>	<u>(799,826)</u>
Net Change in Fund Balance	-	-	1,667,923	1,667,923	206,143
Fund Balance - January 1	<u>4,319,810</u>	<u>4,319,810</u>	<u>4,319,810</u>	-	<u>4,113,667</u>
Fund Balance - December 31	<u>\$ 4,319,810</u>	<u>\$ 4,319,810</u>	<u>\$ 5,987,733</u>	<u>\$ 1,667,923</u>	<u>\$ 4,319,810</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**DEBT SERVICE FUND BY ACCOUNT**  
**DECEMBER 31, 2020**

	Series 2012A	Series 2018A
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Investments	\$ 169,174	\$ 428,683
Receivables		
Special Assessments		
Current	-	1,217
Deferred	54,091	1,008,419
Delinquent	<u>-</u>	<u>966</u>
Total Assets	<u>223,265</u>	<u>1,439,285</u>
<b>LIABILITIES</b>		
Accounts Payable	<u>161</u>	<u>161</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Special Assessments	<u>54,091</u>	<u>1,009,385</u>
<b>FUND BALANCES</b>		
Restricted	<u>169,013</u>	<u>429,739</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 223,265</u>	<u>\$ 1,439,285</u>

Series 2020A	Series 2010B	Series 2007B	Total Debt Service
\$ 485,614	\$ 36,187	\$ -	\$ 1,119,658
-	-	-	1,217
937,012	-	-	1,999,522
<u>-</u>	<u>-</u>	<u>-</u>	<u>966</u>
<u>1,422,626</u>	<u>36,187</u>	<u>-</u>	<u>3,121,363</u>
<u>321</u>	<u>161</u>	<u>-</u>	<u>804</u>
<u>937,012</u>	<u>-</u>	<u>-</u>	<u>2,000,488</u>
<u>485,293</u>	<u>36,026</u>	<u>-</u>	<u>1,120,071</u>
<u>\$ 1,422,626</u>	<u>\$ 36,187</u>	<u>\$ -</u>	<u>\$ 3,121,363</u>

**CITY OF OTSEGO, MINNESOTA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUND BY ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Series 2012A	Series 2018A
	<u>2012A</u>	<u>2018A</u>
<b>REVENUES</b>		
Property Taxes	\$ -	\$ 91,758
Special Assessments	34,912	193,999
Total Revenues	<u>34,912</u>	<u>285,757</u>
<b>EXPENDITURES</b>		
Debt Service		
Principal	205,000	170,000
Interest	8,000	66,856
Fiscal Agent Fees	656	656
Total Expenditures	<u>213,656</u>	<u>237,512</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	(178,744)	48,245
<b>OTHER FINANCING SOURCES (USES)</b>		
Issuance of Refunding Debt	-	-
Premium on Issuance of Debt	-	-
Payment to Refunded Bond Escrow Agent	-	-
Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(178,744)	48,245
Fund Balance - January 1	<u>347,757</u>	<u>381,494</u>
Fund Balance - December 31	<u>\$ 169,013</u>	<u>\$ 429,739</u>

Series 2020A	Series 2010B	Series 2007B	Total Debt Service
\$ 195,000	\$ 460,000	\$ -	\$ 746,758
134,570	-	-	363,481
<u>329,570</u>	<u>460,000</u>	<u>-</u>	<u>1,110,239</u>
485,000	470,000	-	1,330,000
119,834	27,560	-	222,250
63,516	655	-	65,483
<u>668,350</u>	<u>498,215</u>	<u>-</u>	<u>1,617,733</u>
(338,780)	(38,215)	-	(507,494)
2,950,000	-	-	2,950,000
312,200	-	-	312,200
(3,170,000)	-	-	(3,170,000)
-	-	(12,485)	(12,485)
<u>92,200</u>	<u>-</u>	<u>(12,485)</u>	<u>79,715</u>
(246,580)	(38,215)	(12,485)	(427,779)
<u>731,873</u>	<u>74,241</u>	<u>12,485</u>	<u>1,547,850</u>
<u>\$ 485,293</u>	<u>\$ 36,026</u>	<u>\$ -</u>	<u>\$ 1,120,071</u>

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2012A**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Special Assessments	\$ 49,890	\$ 49,890	\$ 34,912	\$ (14,978)
<b>EXPENDITURES</b>				
Debt Service				
Principal	205,000	205,000	205,000	-
Interest	8,000	8,000	8,000	-
Fiscal Agent Fees	500	500	656	156
Total Expenditures	213,500	213,500	213,656	156
Net Change in Fund Balance	(163,610)	(163,610)	(178,744)	(15,134)
Fund Balance - January 1	347,757	347,757	347,757	-
Fund Balance - December 31	\$ 184,147	\$ 184,147	\$ 169,013	\$ (15,134)

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2018A**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 91,757	\$ 91,757	\$ 91,758	\$ 1
Special Assessments	159,120	159,120	193,999	34,879
Total Revenues	<u>250,877</u>	<u>250,877</u>	<u>285,757</u>	<u>34,880</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	170,000	170,000	170,000	-
Interest	66,856	66,856	66,856	-
Fiscal Agent Fees	500	500	656	156
Total Expenditures	<u>237,356</u>	<u>237,356</u>	<u>237,512</u>	<u>156</u>
Net Change in Fund Balance	13,521	13,521	48,245	34,724
Fund Balance - January 1	<u>381,494</u>	<u>381,494</u>	<u>381,494</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 395,015</u>	<u>\$ 395,015</u>	<u>\$ 429,739</u>	<u>\$ 34,724</u>

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2020A**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 195,000	\$ 195,000	\$ 195,000	\$ -
Special Assessments	114,770	114,770	134,570	19,800
Total Revenues	<u>309,770</u>	<u>309,770</u>	<u>329,570</u>	<u>19,800</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	485,000	485,000	485,000	-
Interest	93,784	93,784	119,834	26,050
Fiscal Agent Fees	1,000	1,000	63,516	62,516
Total Expenditures	<u>579,784</u>	<u>579,784</u>	<u>668,350</u>	<u>88,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(270,014)	(270,014)	(338,780)	(68,766)
<b>OTHER FINANCING SOURCES</b>				
Issuance of Refunding Debt	-	-	2,950,000	2,950,000
Premium on Issuance of Debt	-	-	312,200	312,200
Payment to Refunded Bond Escrow Agent	-	-	(3,170,000)	(3,170,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>92,200</u>	<u>92,200</u>
Net Change in Fund Balance	(270,014)	(270,014)	(246,580)	23,434
Fund Balance - January 1	<u>731,873</u>	<u>731,873</u>	<u>731,873</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 461,859</u>	<u>\$ 461,859</u>	<u>\$ 485,293</u>	<u>\$ 23,434</u>

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2010B**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 460,000	\$ 460,000	\$ 460,000	\$ -
<b>EXPENDITURES</b>				
Debt Service				
Principal	470,000	470,000	470,000	-
Interest	27,560	27,560	27,560	-
Fiscal Agent Fees	500	500	655	155
Total Expenditures	498,060	498,060	498,215	155
Net Change in Fund Balance	(38,060)	(38,060)	(38,215)	(155)
Fund Balance - January 1	74,241	74,241	74,241	-
Fund Balance - December 31	\$ 36,181	\$ 36,181	\$ 36,026	\$ (155)

**CITY OF OTSEGO, MINNESOTA**  
**DEBT SERVICE FUND - SERIES 2007B**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Special Assessments	<u>\$ 11,376</u>	<u>\$ 11,376</u>	<u>\$ -</u>	<u>\$ (11,376)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>-</u>	<u>-</u>	<u>(12,485)</u>	<u>(12,485)</u>
Net Change in Fund Balance	11,376	11,376	(12,485)	(23,861)
Fund Balance - January 1	<u>12,485</u>	<u>12,485</u>	<u>12,485</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 23,861</u></u>	<u><u>\$ 23,861</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (23,861)</u></u>

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

	<u>Page No.</u>
<u>Financial Trends</u> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	116
<u>Revenue Capacity</u> These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	130
<u>Debt Capacity</u> These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue debt in the future.	136
<u>Demographic and Economic Information</u> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	143
<u>Operating Information</u> These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to services the City provides and the activities it performs.	145

Sources: Unless otherwise noted, the information in these tables is derived from the report for each respective year.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**NET POSITION BY COMPONENT**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 13,039,318	\$ 13,673,424	\$ 14,709,024	\$ 15,515,291
Restricted	6,547,412	6,570,533	5,882,912	5,430,795
Unrestricted	8,490,450	7,850,150	7,313,054	9,601,854
<b>Total Governmental Activities Net Position</b>	<u><u>\$ 28,077,180</u></u>	<u><u>\$ 28,094,107</u></u>	<u><u>\$ 27,904,990</u></u>	<u><u>\$ 30,547,940</u></u>
<b>Business-type activities</b>				
Net Investment in Capital Assets	\$ 16,017,362	\$ 14,795,965	\$ 13,694,517	\$ 12,619,305
Unrestricted	8,220,490	9,054,217	10,546,291	13,487,231
<b>Total Business-type Activities Net Position</b>	<u><u>\$ 24,237,852</u></u>	<u><u>\$ 23,850,182</u></u>	<u><u>\$ 24,240,808</u></u>	<u><u>\$ 26,106,536</u></u>
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 29,056,680	\$ 28,469,389	\$ 28,403,541	\$ 28,134,596
Restricted	6,547,412	6,570,533	5,882,912	5,430,795
Unrestricted	16,710,940	16,904,367	17,859,345	23,089,085
<b>Total Primary Government Net Position</b>	<u><u>\$ 52,315,032</u></u>	<u><u>\$ 51,944,289</u></u>	<u><u>\$ 52,145,798</u></u>	<u><u>\$ 56,654,476</u></u>

Sources: The data for this table has been extracted from the respective years report.

**Table 1**

2015	2016	2017	2018	2019	2020
\$ 15,303,426	\$ 19,103,702	\$ 21,496,582	\$ 25,330,507	\$ 31,373,524	\$ 34,622,760
4,547,327	4,292,589	4,973,536	6,929,688	7,658,124	7,445,422
9,627,962	10,745,858	13,338,398	13,626,318	11,357,968	13,214,418
<u>\$ 29,478,715</u>	<u>\$ 34,142,149</u>	<u>\$ 39,808,516</u>	<u>\$ 45,886,513</u>	<u>\$ 50,389,616</u>	<u>\$ 55,282,600</u>
\$ 11,553,869	\$ 15,889,294	\$ 20,504,751	\$ 24,701,888	\$ 31,344,999	\$ 36,563,803
15,474,362	15,248,794	15,679,356	18,287,811	18,919,363	24,166,085
<u>\$ 27,028,231</u>	<u>\$ 31,138,088</u>	<u>\$ 36,184,107</u>	<u>\$ 42,989,699</u>	<u>\$ 50,264,362</u>	<u>\$ 60,729,888</u>
\$ 26,857,295	\$ 34,992,996	\$ 42,001,333	\$ 50,032,395	\$ 62,718,523	\$ 71,186,563
4,547,327	4,292,589	4,973,536	6,929,688	7,658,124	7,445,422
25,102,324	25,994,652	29,017,754	31,914,129	30,277,331	37,380,503
<u>\$ 56,506,946</u>	<u>\$ 65,280,237</u>	<u>\$ 75,992,623</u>	<u>\$ 88,876,212</u>	<u>\$ 100,653,978</u>	<u>\$ 116,012,488</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN NET POSITION - CONTINUED ON THE FOLLOWING PAGES**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Expenses</b>				
General Government	\$ 956,651	\$ 1,002,690	\$ 906,102	\$ 1,230,335
Public Safety	1,647,285	1,445,397	1,447,887	1,499,538
Public Works	2,114,975	2,486,553	2,760,130	2,383,890
Culture and Recreation	569,431	575,592	573,581	792,525
Economic Development	12,353	103,884	75,303	45,024
Interest on Long-term Debt	661,447	631,129	543,821	347,503
<b>Total Expenses</b>	<u>5,962,142</u>	<u>6,245,245</u>	<u>6,306,824</u>	<u>6,298,815</u>
<b>Program Revenues</b>				
Charges for Services				
General Government	109,686	54,674	36,735	119,757
Public Safety	819,537	588,894	784,038	1,159,073
Public Works	111,873	50,906	106,913	724,009
Culture and Recreation	3,101	8,840	28,600	43,606
Operating Grants and Contributions	197,325	203,645	220,790	233,606
Capital Grants and Contributions	233,832	620,574	485,533	1,619,209
<b>Total Program Revenues</b>	<u>1,475,354</u>	<u>1,527,533</u>	<u>1,662,609</u>	<u>3,899,260</u>
<b>Net (Expense) / Revenue</b>	<u>(4,486,788)</u>	<u>(4,717,712)</u>	<u>(4,644,215)</u>	<u>(2,399,555)</u>
<b>General Revenues and Transfers</b>				
Taxes				
Property	3,719,778	4,271,751	4,333,972	4,476,810
Tax Increments	-	-	-	-
Franchise Taxes	100,176	106,547	83,681	120,964
Unrestricted Grants and Contributions	26,051	54,601	10,954	132,104
Investment Earnings (net)	290,962	212,731	(17,852)	157,640
Gain on Disposal of Capital Assets	16,500	40,009	44,343	32,355
Transfers	44,000	49,000	-	122,632
Transfers - Capital Assets	-	-	-	-
<b>Total General Revenues and Transfers</b>	<u>4,197,467</u>	<u>4,734,639</u>	<u>4,455,098</u>	<u>5,042,505</u>
<b>Change in Net Position</b>	<u>\$ (289,321)</u>	<u>\$ 16,927</u>	<u>\$ (189,117)</u>	<u>\$ 2,642,950</u>

**Table 2**  
**Page 1 of 3**

2015	2016	2017	2018	2019	2020
\$ 1,174,510	\$ 1,376,793	\$ 1,085,554	\$ 1,228,607	\$ 1,383,291	\$ 1,616,634
1,670,627	1,846,459	1,906,843	2,207,699	2,411,751	2,683,103
6,521,708	3,389,909	2,618,584	3,348,200	3,387,481	4,967,363
792,936	847,553	1,013,252	1,095,151	1,177,721	1,151,569
145,771	302,296	365,768	223,175	741,705	889,173
231,242	223,938	197,282	276,423	212,402	247,702
<u>10,536,794</u>	<u>7,986,948</u>	<u>7,187,283</u>	<u>8,379,255</u>	<u>9,314,351</u>	<u>11,555,544</u>
36,235	81,876	100,125	118,219	639,077	651,770
1,191,134	1,677,788	1,384,626	1,698,522	1,726,367	2,552,748
247,260	656,570	805,248	942,042	127,176	174,321
52,075	59,236	67,112	80,047	71,553	22,852
244,497	248,910	261,814	328,410	319,332	366,461
3,154,662	4,437,611	3,957,672	5,800,583	3,361,497	3,212,230
<u>4,925,863</u>	<u>7,161,991</u>	<u>6,576,597</u>	<u>8,967,823</u>	<u>6,245,002</u>	<u>6,980,382</u>
<u>(5,610,931)</u>	<u>(824,957)</u>	<u>(610,686)</u>	<u>588,568</u>	<u>(3,069,349)</u>	<u>(4,575,162)</u>
4,602,153	4,963,787	5,572,250	6,078,341	6,681,989	7,170,868
-	-	-	96,938	97,419	275,445
128,722	131,229	135,652	139,161	137,510	132,137
242,970	255,951	231,683	191,570	162,120	1,411,685
55,909	82,385	124,052	263,784	754,079	625,964
35,600	31,160	38,373	37,563	47,362	-
284,586	186,755	195,686	207,840	212,869	262,369
-	(162,876)	(20,643)	(1,525,768)	(520,896)	(410,322)
<u>5,349,940</u>	<u>5,488,391</u>	<u>6,277,053</u>	<u>5,489,429</u>	<u>7,572,452</u>	<u>9,468,146</u>
<u>\$ (260,991)</u>	<u>\$ 4,663,434</u>	<u>\$ 5,666,367</u>	<u>\$ 6,077,997</u>	<u>\$ 4,503,103</u>	<u>\$ 4,892,984</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN NET POSITION - CONTINUED**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Expenses</b>				
Water Utility	\$ 1,530,108	\$ 1,301,990	\$ 1,241,343	\$ 1,187,553
Sanitary Sewer Utility	2,778,657	2,326,550	2,123,381	2,052,493
Storm Water Utility	61,024	69,834	72,944	57,977
<b>Total Expenses</b>	<u>4,369,789</u>	<u>3,698,374</u>	<u>3,437,668</u>	<u>3,298,023</u>
<b>Program Revenues</b>				
Charges for Services				
Water Utility	736,448	1,049,531	1,259,942	1,167,066
Sanitary Sewer Utility	1,067,088	1,055,557	1,186,523	1,325,181
Storm Water Utility	98,873	69,608	41,831	45,570
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	333,151	1,032,687	1,267,189	2,560,270
<b>Total Program Revenues</b>	<u>2,235,560</u>	<u>3,207,383</u>	<u>3,755,485</u>	<u>5,098,087</u>
<b>Net (Expense) / Revenue</b>	<u>(2,134,229)</u>	<u>(490,991)</u>	<u>317,817</u>	<u>1,800,064</u>
<b>General Revenues and Transfers</b>				
Property Taxes	-	-	57,739	24,824
Investment Earnings (net)	235,166	152,321	(34,717)	168,320
Gain on Disposal of Capital Assets	-	-	18,733	28,440
Transfers	(44,000)	(49,000)	-	(122,632)
Transfers - Capital Assets	-	-	-	-
<b>Total General Revenues and Transfers</b>	<u>191,166</u>	<u>103,321</u>	<u>41,755</u>	<u>98,952</u>
<b>Change in Net Position</b>	<u>\$ (1,943,063)</u>	<u>\$ (387,670)</u>	<u>\$ 359,572</u>	<u>\$ 1,899,016</u>

**Table 2**  
**Page 2 of 3**

2015	2016	2017	2018	2019	2020
\$ 1,246,064	\$ 1,276,338	\$ 1,377,537	\$ 1,468,485	\$ 1,729,938	\$ 1,443,522
2,207,811	2,480,519	2,477,995	2,561,070	2,600,436	2,739,519
95,533	42,342	62,172	71,040	123,163	138,985
<u>3,549,408</u>	<u>3,799,199</u>	<u>3,917,704</u>	<u>4,100,595</u>	<u>4,453,537</u>	<u>4,322,026</u>
1,261,303	1,334,442	1,529,127	1,754,947	1,734,090	2,108,577
1,479,703	1,601,172	1,744,067	1,932,885	2,254,688	2,473,673
76,211	75,932	94,919	104,916	109,372	120,579
-	-	-	-	-	2,157
<u>2,020,299</u>	<u>4,766,947</u>	<u>5,591,332</u>	<u>5,500,794</u>	<u>6,543,224</u>	<u>9,214,377</u>
<u>4,837,516</u>	<u>7,778,493</u>	<u>8,959,445</u>	<u>9,293,542</u>	<u>10,641,374</u>	<u>13,919,363</u>
<u>1,288,108</u>	<u>3,979,294</u>	<u>5,041,741</u>	<u>5,192,947</u>	<u>6,187,837</u>	<u>9,597,337</u>
25,000	25,000	25,000	26,000	30,000	32,000
85,259	129,442	154,321	260,833	748,799	688,236
-	-	-	7,884	-	-
(284,586)	(186,755)	(195,686)	(207,840)	(212,869)	(262,369)
<u>-</u>	<u>162,876</u>	<u>20,643</u>	<u>1,525,768</u>	<u>520,896</u>	<u>410,322</u>
<u>(174,327)</u>	<u>130,563</u>	<u>4,278</u>	<u>1,612,645</u>	<u>1,086,826</u>	<u>868,189</u>
<u>\$ 1,113,781</u>	<u>\$ 4,109,857</u>	<u>\$ 5,046,019</u>	<u>\$ 6,805,592</u>	<u>\$ 7,274,663</u>	<u>\$ 10,465,526</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN NET POSITION - CONTINUED**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>TOTAL PRIMARY GOVERNMENT</b>				
<b>Expenses</b>				
Governmental Activities	\$ 5,962,142	\$ 6,245,245	\$ 6,306,824	\$ 6,298,815
Business-type Activities	<u>4,369,789</u>	<u>3,698,374</u>	<u>3,437,668</u>	<u>3,298,023</u>
<b>Total Expenses</b>	<u>10,331,931</u>	<u>9,943,619</u>	<u>9,744,492</u>	<u>9,596,838</u>
<b>Program Revenues</b>				
Governmental Activities	1,475,354	1,527,533	1,662,609	3,899,260
Business-type Activities	<u>2,235,560</u>	<u>3,207,383</u>	<u>3,755,485</u>	<u>5,098,087</u>
<b>Total Program Revenues</b>	<u>3,710,914</u>	<u>4,734,916</u>	<u>5,418,094</u>	<u>8,997,347</u>
<b>Net (Expense) / Revenue</b>	<u>(6,621,017)</u>	<u>(5,208,703)</u>	<u>(4,326,398)</u>	<u>(599,491)</u>
<b>General Revenues and Transfers</b>				
Governmental Activities	4,197,467	4,734,639	4,455,098	5,042,505
Business-type Activities	<u>191,166</u>	<u>103,321</u>	<u>41,755</u>	<u>98,952</u>
<b>Total General Revenues and Transfers</b>	<u>4,388,633</u>	<u>4,837,960</u>	<u>4,496,853</u>	<u>5,141,457</u>
<b>Change in Net Position</b>	<u>\$ (2,232,384)</u>	<u>\$ (370,743)</u>	<u>\$ 170,455</u>	<u>\$ 4,541,966</u>

Sources: The data for this table has been extracted from the respective years report.

**Table 2**  
**Page 3 of 3**

2015	2016	2017	2018	2019	2020
\$ 10,536,794	\$ 7,986,948	\$ 7,187,283	\$ 8,379,255	\$ 9,314,351	\$ 11,555,544
3,549,408	3,799,199	3,917,704	4,100,595	4,453,537	4,322,026
14,086,202	11,786,147	11,104,987	12,479,850	13,767,888	15,877,570
4,925,863	7,161,991	6,576,597	8,967,823	6,245,002	6,980,382
4,837,516	7,778,493	8,959,445	9,293,542	10,641,374	13,919,363
9,763,379	14,940,484	15,536,042	18,261,365	16,886,376	20,899,745
(4,322,823)	3,154,337	4,431,055	5,781,515	3,118,488	5,022,175
5,349,940	5,488,391	6,277,053	5,489,429	7,572,452	9,468,146
(174,327)	130,563	4,278	1,612,645	1,086,826	868,189
5,175,613	5,618,954	6,281,331	7,102,074	8,659,278	10,336,335
\$ 852,790	\$ 8,773,291	\$ 10,712,386	\$ 12,883,589	\$ 11,777,766	\$ 15,358,510

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**GOVERNMENTAL ACTIVITIES TAX REVENUE BY SOURCE**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

**Table 3**

	Property Taxes	Tax Increments	Franchise Taxes	Total
2011	\$ 3,719,778	\$ -	\$ 100,176	\$ 3,819,954
2012	4,271,751	-	106,547	4,378,298
2013	4,333,972	-	83,681	4,417,653
2014	4,476,810	-	120,964	4,597,774
2015	4,602,153	-	128,722	4,730,875
2016	4,963,787	-	131,229	5,095,016
2017	5,572,250	-	135,652	5,707,902
2018	6,078,341	96,938	139,161	6,314,440
2019	6,681,989	97,419	137,510	6,916,918
2020	7,170,868	275,445	132,137	7,578,450

Sources: The data for this table has been extracted from the respective years report.



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**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable	\$ -	\$ 11,254	\$ 11,254	\$ 80,423
Assigned	81,168	87,971	103,418	101,833
Unassigned	1,622,430	1,665,366	1,797,403	3,211,382
Total General Fund	<u>\$ 1,703,598</u>	<u>\$ 1,764,591</u>	<u>\$ 1,912,075</u>	<u>\$ 3,393,638</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 4,601	\$ 351	\$ -
Restricted	5,985,647	7,898,825	8,805,554	2,576,729
Committed	39,142	52,360	595,191	387,033
Assigned	6,517,609	5,605,265	4,267,012	5,218,020
Unassigned	(700,854)	(341,194)	(9,555)	(10,584)
Total All Other Governmental Funds	<u>\$ 11,841,544</u>	<u>\$ 13,219,857</u>	<u>\$ 13,658,553</u>	<u>\$ 8,171,198</u>

Sources: The data for this table has been extracted from the respective years report.

Note: During 2011, the City implemented GASB Statement No. 54, *Fund Balance and Governmental Fund Type Definitions*.

**Table 4**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 105,547	\$ 110,973	\$ 317,197	\$ 320,887	\$ 323,124	\$ 334,946
128,646	192,408	205,257	205,449	223,740	242,785
2,656,330	3,342,821	3,368,191	3,587,331	3,772,946	5,410,002
<u>\$ 2,890,523</u>	<u>\$ 3,646,202</u>	<u>\$ 3,890,645</u>	<u>\$ 4,113,667</u>	<u>\$ 4,319,810</u>	<u>\$ 5,987,733</u>
\$ 2,675	\$ 2,000	\$ 1,325	\$ 650	\$ -	\$ -
2,278,379	1,931,757	3,290,750	4,167,765	5,226,784	5,472,554
406,683	419,829	474,863	448,699	438,676	484,582
6,825,237	7,221,257	9,098,697	10,526,550	11,492,028	11,401,232
(26,070)	(281,273)	(355,150)	(1,790,236)	(4,463,532)	(4,235,228)
<u>\$ 9,486,904</u>	<u>\$ 9,293,570</u>	<u>\$ 12,510,485</u>	<u>\$ 13,353,428</u>	<u>\$ 12,693,956</u>	<u>\$ 13,123,140</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2011	2012	2013	2014
<b>Revenues</b>				
Property Taxes	\$ 3,886,919	\$ 4,344,415	\$ 4,564,068	\$ 4,524,092
Tax Increments	-	-	-	-
Franchise Taxes	-	-	-	120,964
Licenses and Permits	303,059	553,577	819,493	1,238,823
Intergovernmental	375,703	621,447	241,996	1,034,552
Charges for Services	200,256	86,655	170,194	1,142,453
Special Assessments	2,055,623	875,822	1,987,647	905,441
Fines and Forfeitures	1,000	2,000	-	4,000
Investment Earnings (net)	290,962	209,984	(17,852)	157,640
Miscellaneous	25,302	56,625	78,457	50,286
<b>Total Revenues</b>	<u>7,138,824</u>	<u>6,750,525</u>	<u>7,844,003</u>	<u>9,178,251</u>
<b>Expenditures</b>				
General Government	887,847	918,055	923,255	1,169,697
Public Safety	1,586,504	1,440,908	1,447,182	1,495,008
Public Works	974,557	1,009,827	1,121,981	1,023,693
Culture and Recreation	246,075	277,605	313,023	464,840
Economic Development	12,353	103,884	75,303	45,024
Capital Outlay	1,178,526	1,707,346	1,984,531	1,688,847
Debt Service				
Principal	745,000	810,000	840,000	6,965,000
Interest	489,184	554,245	574,715	454,566
Bond Issuance & Fiscal Agent Fee's	86,285	42,900	-	-
<b>Total Expenditures</b>	<u>6,206,331</u>	<u>6,864,770</u>	<u>7,279,990</u>	<u>13,306,675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>932,493</u>	<u>(114,245)</u>	<u>564,013</u>	<u>(4,128,424)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,069,009	997,325	-	612,433
Issuance of Debt	4,640,000	1,400,000	-	-
Premium on Issuance of Debt	48,529	64,542	-	-
Sales of Capital Assets	-	40,009	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-
Insurance Recovery	-	-	22,167	-
Transfers Out	(2,025,009)	(948,325)	-	(489,801)
<b>Total Other Financing Sources (Uses)</b>	<u>4,732,529</u>	<u>1,553,551</u>	<u>22,167</u>	<u>122,632</u>
<b>Net Change in Fund Balances</b>	<u>\$ 5,665,022</u>	<u>\$ 1,439,306</u>	<u>\$ 586,180</u>	<u>\$ (4,005,792)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>22.68%</u>	<u>22.37%</u>	<u>23.32%</u>	<u>60.23%</u>

Sources: The data for this table has been extracted from the respective years report.

**Table 5**

	2015	2016	2017	2018	2019	2020
\$	4,651,453	\$ 4,960,518	\$ 5,595,120	\$ 6,084,051	\$ 6,662,307	\$ 7,141,972
	-	-	-	96,938	97,419	275,445
	128,722	131,229	135,652	139,161	137,510	132,137
	1,179,136	1,661,565	1,363,384	1,672,906	1,699,879	2,532,789
	3,570,630	2,111,727	1,093,154	2,339,286	1,801,414	2,541,072
	555,660	1,274,578	2,129,514	2,328,991	2,130,542	1,994,941
	560,748	575,155	734,522	508,865	586,109	457,606
	11,998	16,223	21,092	25,616	26,488	19,959
	55,909	82,385	124,052	263,784	754,079	625,964
	105,573	119,732	294,909	233,946	141,533	149,472
	<u>10,819,829</u>	<u>10,933,112</u>	<u>11,491,399</u>	<u>13,693,544</u>	<u>14,037,280</u>	<u>15,871,357</u>
	1,141,113	1,233,680	1,072,195	1,182,959	1,313,178	1,479,856
	1,664,031	1,807,985	1,886,661	2,168,187	2,379,440	2,667,435
	1,044,024	1,019,946	1,066,349	1,205,464	1,683,958	1,640,892
	466,205	534,122	587,739	654,786	710,406	695,747
	145,771	196,534	195,716	223,175	265,498	889,173
	4,477,153	4,349,555	2,160,857	8,422,796	7,001,285	5,137,983
	1,130,000	1,210,000	1,125,000	1,160,000	1,185,000	1,330,000
	256,148	233,498	206,748	182,875	230,217	222,250
	2,979	3,362	3,267	74,512	2,874	65,483
	<u>10,327,424</u>	<u>10,588,682</u>	<u>8,304,532</u>	<u>15,274,754</u>	<u>14,771,856</u>	<u>14,128,819</u>
	<u>492,405</u>	<u>344,430</u>	<u>3,186,867</u>	<u>(1,581,210)</u>	<u>(734,576)</u>	<u>1,742,538</u>
	1,574,500	648,087	1,278,609	1,397,210	1,274,595	2,465,348
	-	-	-	2,305,000	-	2,950,000
	-	-	-	58,475	-	312,200
	35,600	31,160	78,805	75,860	68,378	-
	-	-	-	-	-	(3,170,000)
	-	-	-	-	-	-
	<u>(1,289,914)</u>	<u>(461,332)</u>	<u>(1,082,923)</u>	<u>(1,189,370)</u>	<u>(1,061,726)</u>	<u>(2,202,979)</u>
	<u>320,186</u>	<u>217,915</u>	<u>274,491</u>	<u>2,647,175</u>	<u>281,247</u>	<u>354,569</u>
\$	<u>812,591</u>	<u>\$ 562,345</u>	<u>\$ 3,461,358</u>	<u>\$ 1,065,965</u>	<u>\$ (453,329)</u>	<u>\$ 2,097,107</u>
	<u>14.22%</u>	<u>18.40%</u>	<u>19.32%</u>	<u>16.69%</u>	<u>15.85%</u>	<u>13.82%</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**ESTIMATED ACTUAL VALUE, TAXABLE MARKET VALUE AND TAX CAPACITY OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Estimated Actual Value	<u>\$ 1,122,091,900</u>	<u>\$ 1,070,068,000</u>	<u>\$ 989,365,300</u>	<u>\$ 1,051,543,200</u>
Taxable Market Value				
Real Estate	\$ 1,045,413,800	\$ 913,874,900	\$ 839,428,800	\$ 908,532,000
Personal Property	<u>14,203,900</u>	<u>14,003,900</u>	<u>14,305,700</u>	<u>14,513,300</u>
Total Taxable Market Value	<u>\$ 1,059,617,700</u>	<u>\$ 927,878,800</u>	<u>\$ 853,734,500</u>	<u>\$ 923,045,300</u>
Taxable Market Value as a Percentage of Estimated Actual Value	94.43%	86.71%	86.29%	87.78%
Tax Capacity				
Real Estate	\$ 11,376,627	\$ 9,999,046	\$ 9,184,748	\$ 9,805,499
Personal Property	<u>283,499</u>	<u>279,502</u>	<u>285,540</u>	<u>290,266</u>
Net Tax Capacity for Direct Rate	<u>\$ 11,660,126</u>	<u>\$ 10,278,548</u>	<u>\$ 9,470,288</u>	<u>\$ 10,095,765</u>
Net Tax Capacity as a Percentage of Estimated Actual Value	1.04%	0.96%	0.96%	0.96%
Property Tax Levies				
General Revenues	\$ 3,500,000	\$ 3,836,000	\$ 3,952,910	\$ 4,024,715
Debt Service	<u>466,000</u>	<u>425,000</u>	<u>425,000</u>	<u>475,285</u>
Total Property Taxes Levied	<u>\$ 3,966,000</u>	<u>\$ 4,261,000</u>	<u>\$ 4,377,910</u>	<u>\$ 4,500,000</u>
Tax Rates				
General Revenues	30.017	37.320	41.740	39.865
Debt Service	<u>3.997</u>	<u>4.135</u>	<u>4.488</u>	<u>4.708</u>
Total Direct Tax Rate	<u>34.013</u>	<u>41.455</u>	<u>46.228</u>	<u>44.573</u>

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

Table 6

2015	2016	2017	2018	2019	2020
<u>\$ 1,177,857,500</u>	<u>\$ 1,340,579,000</u>	<u>\$ 1,473,986,500</u>	<u>\$ 1,644,926,700</u>	<u>\$ 1,837,875,900</u>	<u>\$ 2,043,966,400</u>
\$ 1,039,579,100 14,952,700	\$ 1,195,720,700 16,476,000	\$ 1,327,925,100 20,388,300	\$ 1,490,919,200 23,397,400	\$ 1,666,323,700 29,560,400	\$ 1,864,979,200 27,109,100
<u>\$ 1,054,531,800</u>	<u>\$ 1,212,196,700</u>	<u>\$ 1,348,313,400</u>	<u>\$ 1,514,316,600</u>	<u>\$ 1,695,884,100</u>	<u>\$ 1,892,088,300</u>
89.53%	90.42%	91.47%	92.06%	92.27%	92.57%
\$ 11,060,135 298,480	\$ 12,909,476 328,948	\$ 14,465,922 407,194	\$ 16,228,630 467,378	\$ 18,029,678 578,862	\$ 19,955,742 541,536
<u>\$ 11,358,615</u>	<u>\$ 13,238,424</u>	<u>\$ 14,873,116</u>	<u>\$ 16,696,008</u>	<u>\$ 18,608,540</u>	<u>\$ 20,497,278</u>
0.96%	0.99%	1.01%	1.02%	1.01%	1.00%
\$ 4,070,000 610,000	\$ 4,380,206 640,000	\$ 4,974,745 655,000	\$ 5,448,302 655,000	\$ 5,975,816 734,293	\$ 6,447,491 746,758
<u>\$ 4,680,000</u>	<u>\$ 5,020,206</u>	<u>\$ 5,629,745</u>	<u>\$ 6,103,302</u>	<u>\$ 6,710,109</u>	<u>\$ 7,194,249</u>
35.832 5.370	33.087 4.834	33.448 4.404	32.632 3.923	32.114 3.946	31.456 3.643
<u>41.202</u>	<u>37.921</u>	<u>37.852</u>	<u>36.555</u>	<u>36.060</u>	<u>35.099</u>

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**TAX CAPACITY OF REAL ESTATE & PERSONAL PROPERTY**  
 Last Ten Fiscal Years

**Table 7**

	Residential		Commercial & Industrial	Agricultural	Personal Property	Other	Total
	Homestead	Non Homestead					
2011	\$ 7,547,244 64.73%	\$ 1,251,967 10.74%	\$ 1,893,120 16.24%	\$ 606,587 5.20%	\$ 283,499 2.43%	\$ 77,709 0.67%	\$ 11,660,126 100.00%
2012	6,460,276 62.85%	1,097,107 10.67%	1,821,302 17.72%	543,596 5.29%	279,502 2.72%	76,765 0.75%	10,278,548 100.00%
2013	5,906,265 62.37%	903,006 9.54%	1,788,872 18.89%	533,264 5.63%	285,540 3.02%	53,341 0.56%	9,470,288 100.00%
2014	6,607,296 65.45%	918,439 9.10%	1,664,605 16.49%	536,842 5.32%	290,266 2.88%	78,317 0.78%	10,095,765 100.00%
2015	7,732,867 68.08%	1,057,409 9.31%	1,633,988 14.39%	582,530 5.13%	298,480 2.63%	53,341 0.47%	11,358,615 100.00%
2016	8,878,089 67.06%	1,183,843 8.94%	2,166,341 16.36%	627,666 4.74%	328,948 2.48%	53,537 0.40%	13,238,424 100.00%
2017	9,942,548 66.85%	1,232,700 8.29%	2,627,164 17.66%	597,483 4.02%	407,194 2.74%	66,027 0.44%	14,873,116 100.00%
2018	11,298,428 67.67%	1,276,749 7.65%	2,981,199 17.86%	612,928 3.67%	467,378 2.80%	59,326 0.36%	16,696,008 100.00%
2019	12,807,798 68.83%	1,481,672 7.96%	3,017,858 16.22%	667,248 3.59%	578,862 3.11%	55,102 0.30%	18,608,540 100.00%
2020	14,392,621 70.22%	1,899,299 9.27%	2,935,016 14.32%	670,618 3.27%	541,536 2.64%	58,188 0.28%	20,497,278 100.00%

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Fiscal Years

**Table 8**

	Direct Rates			Overlapping Rates				Total Direct & Overlapping		
	General Revenues	Debt Service	Total	School District 728	School District 882	School District 885	County	School District 728	School District 882	School District 885
2011	30.017	3.997	34.013	43.489	27.029	51.369	39.306	116.808	100.348	124.688
2012	37.320	4.135	41.455	45.548	28.262	52.646	43.452	130.455	113.169	137.553
2013	41.740	4.488	46.228	50.058	26.229	57.213	44.288	140.574	116.745	147.729
2014	39.865	4.708	44.573	51.286	28.269	51.570	43.450	139.309	116.292	139.593
2015	35.832	5.370	41.202	42.483	22.882	51.082	40.593	124.278	104.677	132.877
2016	33.087	4.834	37.921	39.266	20.857	49.102	39.970	117.157	98.748	126.993
2017	33.448	4.404	37.852	36.659	16.242	46.893	39.599	114.110	93.693	124.344
2018	32.632	3.923	36.555	36.137	15.621	47.950	39.946	112.638	92.122	124.451
2019	32.114	3.946	36.060	32.865	16.972	47.143	44.273	113.198	97.305	127.476
2020	31.456	3.643	35.099	34.371	15.865	45.280	44.421	113.891	95.385	124.800

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

**Table 9**

Taxpayer	Classification	2020			2011		
		Net Tax Capacity	Rank	Percentage of Total Tax Capacity Value	Net Tax Capacity	Rank	Percentage of Total Tax Capacity Value
Duke Realty	Industrial	\$ 1,087,958	1	5.31%	\$ 256,574	1	2.20%
Centerpoint Energy	Utility	355,928	2	1.74%	142,430	3	1.22%
Target Corporation	Commercial	199,450	3	0.97%	248,514	2	2.13%
Wagner Spray Tech Corporation	Industrial	173,718	4	0.85%			0.00%
Evans Park, Inc.	Apartments	156,893	5	0.77%			0.00%
Ahava Realty ADA Compliant LP	Industrial	140,490	6	0.69%			0.00%
Wright-Hennepin Co-op Electric	Utility	126,920	7	0.62%	92,439	7	0.79%
Elk Inn Partners LP	Commercial	99,250	8	0.48%	99,250	6	0.85%
P & F Properties, Inc.	Industrial	87,662	9	0.43%			0.00%
Apex Business Center LLC	Industrial	76,170	10	0.37%	74,578	9	0.64%
OHW LLC	Residential				112,157	5	0.96%
GCI Capital, Inc.	Commercial				86,260	8	0.74%
Appello Group LLC	Commercial				124,530	4	1.07%
Wells Fargo Bank NA	Agricultural				70,396	10	0.60%
Totals		<u>\$ 2,504,439</u>		<u>12.23%</u>	<u>\$ 1,307,128</u>		<u>11.20%</u>

Sources: The data for this table has been provided by the Wright County Auditor / Treasurer's Office.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
 Last Ten Fiscal Years

**Table 10**

	Certified Property Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage to Date
2011	\$ 3,966,000	\$ 3,820,747	96.34%	\$ 145,253	\$ 3,966,000	100.00%
2012	4,261,000	4,111,857	96.50%	149,143	4,261,000	100.00%
2013	4,377,910	4,306,802	98.38%	71,108	4,377,910	100.00%
2014	4,500,000	4,444,153	98.76%	55,847	4,500,000	100.00%
2015	4,680,000	4,641,720	99.18%	34,573	4,676,293	99.92%
2016	5,020,206	4,979,508	99.19%	39,673	5,019,181	99.98%
2017	5,629,745	5,606,101	99.58%	21,690	5,627,791	99.97%
2018	6,103,302	6,084,700	99.70%	16,027	6,100,727	99.96%
2019	6,710,109	6,670,163	99.40%	27,231	6,697,394	99.81%
2020	7,194,249	7,134,792	99.17%	-	7,134,792	99.17%

Sources: The data for this table has been provided by Wright County and from City financial maintenance documents.

Note: The components of the Certified Property Tax Levy can be viewed in table 6 of the statistical section.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

**Table 11**

	Governmental Activities		Business-Type Activities		Total Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Equipment Certificates	General Obligation Revenue Bonds	Notes from Direct Borrowings			
2011	\$ 17,728,529	\$ 350,000	\$ 28,843,229	\$ -	\$ 46,921,758	9.17%	\$ 3,396
2012	18,413,438	310,000	28,764,347	-	47,487,785	8.82%	3,384
2013	17,601,634	265,000	28,685,465	-	46,552,099	8.26%	3,220
2014	10,664,830	220,000	28,606,583	-	39,491,413	6.33%	2,638
2015	9,553,029	175,000	28,527,701	-	38,255,730	5.61%	2,473
2016	8,380,857	130,000	26,448,820	-	34,959,677	4.68%	2,182
2017	7,293,686	85,000	24,334,937	-	31,713,623	3.95%	1,910
2018	8,534,989	40,000	22,126,056	-	30,701,045	3.53%	1,772
2019	7,378,641	-	17,515,267	-	24,893,908	2.66%	1,373
2020	6,129,492	-	15,026,658	9,438,936	30,595,086	3.10%	1,598

Sources: The data for this table has been provided from City financial maintenance documents.

Note: More detailed information for Population and Personal Income can be viewed in table 16 of the statistical section.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years

**Table 12**

	General Obligation Bonds	Equipment Certificates	Total General Bonded Debt Outstanding	Less: Amounts Restricted to Debt Service	Net General Obligation Debt	Percentage of Estimated Actual Value of Property	Per Capita
2011	\$ 17,728,529	\$ 350,000	\$ 18,078,529	6,547,412	\$ 11,531,117	1.03%	\$ 835
2012	18,413,438	310,000	18,723,438	6,570,533	12,152,905	1.14%	866
2013	17,601,634	265,000	17,866,634	5,882,912	11,983,722	1.21%	829
2014	10,664,830	220,000	10,884,830	5,430,795	5,454,035	0.52%	364
2015	9,553,029	175,000	9,728,029	4,506,243	5,221,786	0.44%	337
2016	8,380,857	130,000	8,510,857	4,292,589	4,218,268	0.31%	263
2017	7,293,686	85,000	7,378,686	3,596,348	3,782,338	0.26%	228
2018	8,534,989	40,000	8,574,989	4,484,680	4,090,309	0.25%	236
2019	7,378,641	-	7,378,641	3,979,190	3,399,451	0.18%	188
2020	6,129,492	-	6,129,492	3,076,069	3,053,423	0.15%	160

Sources: The data for this table has been provided from City financial maintenance documents.

Note: More detailed information for Population can be viewed in table 16 of the statistical section.

Note: More detailed information for Estimated Property Values can be viewed in table 6 of the statistical section.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**COMPUTATION OF DIRECT AND OVERLAPPING**  
**GOVERNMENTAL ACTIVITIES DEBT**  
**DECEMBER 31, 2020**

**Table 13**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
School Districts:			
No. 728 - Elk River	\$ 207,155,000	19.43%	\$ 40,250,217
No. 882 - Monticello	49,895,000	3.97%	1,980,832
No. 885 - St. Michael-Albertville	167,170,000	4.42%	7,388,914
Wright County	<u>153,290,000</u>	11.61%	<u>17,796,969</u>
Total Overlapping Debt	<u>\$ 577,510,000</u>		67,416,931
City of Otsego Direct Debt			<u>6,129,492</u>
Total Direct and Overlapping Debt			<u>\$ 73,546,423</u>

Sources: The majority of the data for this table has been provided by Wright County Auditor / Treasurer's Office.  
Sources: The remaining data for this table was provided by School District No. 728.

Note: More detailed information for the City's outstanding debt can be viewed in table 11 of the statistical section.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The 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.

Note: The percentage of overlapping debt applicable is estimated using tax capacity values. Applicable percentages were estimated by determining the portion of each entity's tax capacity that is within the City's boundaries, and dividing it by the entity's total tax capacity.



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**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxable Market Value	\$ 1,059,617,700	\$ 927,878,800	\$ 853,734,500	\$ 923,045,300
Debt Limit Percentage	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
Debt Limit	31,788,531	27,836,364	25,612,035	27,691,359
Total Net Debt Applicable to Limit	<u>11,531,117</u>	<u>12,152,905</u>	<u>11,983,722</u>	<u>5,454,035</u>
Legal Debt Margin	<u>\$ 20,257,414</u>	<u>\$ 15,683,459</u>	<u>\$ 13,628,313</u>	<u>\$ 22,237,324</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	36.27%	43.66%	46.79%	19.70%

Sources: The data for this table has been provided by Wright County and from City financial maintenance documents.

**Table 14**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,054,531,800	\$ 1,212,196,700	\$ 1,348,313,400	\$ 1,514,316,600	\$ 1,695,884,100	\$ 1,892,088,300
<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>	<u>3.00%</u>
31,635,954	36,365,901	40,449,402	45,429,498	50,876,523	56,762,649
<u>5,221,786</u>	<u>4,218,268</u>	<u>3,782,338</u>	<u>4,090,309</u>	<u>3,399,451</u>	<u>3,053,423</u>
<u>\$ 26,414,168</u>	<u>\$ 32,147,633</u>	<u>\$ 36,667,064</u>	<u>\$ 41,339,189</u>	<u>\$ 47,477,072</u>	<u>\$ 53,709,226</u>
16.51%	11.60%	9.35%	9.00%	6.68%	5.38%

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PLEDGED-REVENUE COVERAGE**  
 Last Ten Fiscal Years

**Table 15**

	General Obligation Revenue Bonds						Coverage
	Water and Sanitary Sewer Utility Charges	Water and Sanitary Sewer Connection Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	
2011	2,038,433	333,151	1,228,236	\$ 1,143,348	\$ -	1,343,403	85.11%
2012	2,256,616	1,032,687	1,148,605	2,140,698	-	1,006,961	212.59%
2013	2,429,661	1,233,224	1,136,790	2,526,095	-	1,007,100	250.83%
2014	2,687,572	2,435,460	1,016,382	4,106,650	-	1,007,585	407.57%
2015	2,641,566	2,020,299	2,524,073	2,137,792	-	1,007,762	212.13%
2016	2,857,174	3,662,097	2,831,346	3,687,925	2,000,000	1,007,725	122.62%
2017	3,197,486	3,577,039	2,973,383	3,801,142	2,035,000	967,815	126.59%
2018	3,588,031	4,195,354	3,229,493	4,553,892	2,130,000	886,043	150.99%
2019	3,872,764	4,930,688	3,544,713	5,258,739	4,531,906	883,087	97.11%
2020	4,482,841	7,428,178	3,704,373	8,206,646	2,335,000	603,612	279.27%

Sources: The data for this table has been provided from City financial maintenance documents.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

**Table 16**

	Population	No. of Households	Personal Income	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollments		
							No. 728 Elk River	No. 882 Monticello	No. 885 St. Michael Albertville
2011	13,816	4,826	\$ 511,523,584	37,024	6.8%	32.4	12,801	4,110	5,497
2012	14,034	4,894	538,231,968	38,352	5.9%	33.4	12,753	4,137	5,645
2013	14,457	5,035	563,823,000	39,000	5.0%	33.4	13,123	4,137	5,747
2014	14,968	5,218	623,821,336	41,677	4.2%	33.8	13,076	4,193	5,904
2015	15,472	5,394	682,361,616	44,103	3.7%	34.1	13,136	4,096	6,096
2016	16,019	5,580	746,373,267	46,593	3.9%	33.2	13,219	4,094	6,286
2017	16,605	5,787	803,366,505	48,381	3.5%	34.3	13,461	4,168	6,335
2018	17,323	5,975	869,285,463	50,181	3.0%	34.7	13,670	4,125	6,463
2019	18,130	6,254	935,671,170	51,609	3.3%	34.3	13,921	4,201	6,557
2020	19,140	6,657	987,813,284	51,609	5.2%	34.3	13,464	4,072	6,366

Sources: Population & Households - Minnesota State Demographer [2020 Estimated by City]  
 Personal Income - Calculated by the City  
 Per Capita Personal Income - US Department of Commerce; Bureau of Economic Analysis  
 Unemployment Rate - Minnesota Department of Employment and Economic Development  
 Median Age - US Department of Commerce, Bureau of the Census  
 School Enrollment - Minnesota Department of Education

Note: Some data was not yet available for 2020. In those instances, 2019 data was shown for the current year.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**PRINCIPAL EMPLOYMENT SECTORS**  
 Current Year and Nine Years Ago

**Table 17**

Employment Industry	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Education & Health Services	1,247	1	35.58%	144	5	10.06%
Trade, Transportation & Utilities	879	2	25.08%	447	1	31.24%
Leisure & Hospitality	314	3	8.96%	291	2	20.34%
Construction	401	4	11.44%	188	3	13.14%
Professional & Business Services	286	5	8.16%	149	4	10.41%
Other Services	83	6	2.37%	114	6	7.97%
Public Administration	35	8	1.00%	20	7	1.40%
Financial Activities	82	7	2.34%			0.00%
Totals	<u>3,327</u>		<u>94.92%</u>	<u>1,353</u>		<u>94.55%</u>

Sources: The data for this table has been provided from the Minnesota Department of Employment and Economic Development.

Note: Due to data privacy within the State, data for principal employers of the City is not available. Given this limitation, the City determined it was appropriate to provide data regarding employment industry data. The City felt that this data would still provide the user information to understand the degree to which the City's economy is or is not dependent on a certain employment sector.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**FULL TIME CITY GOVERNMENT POSITIONS BY FUNCTION**  
 Last Ten Fiscal Years

**Table 18**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General Government</b>										
Administration	3.0	3.0	3.0	3.0	4.0	3.5	3.6	3.6	3.6	4.0
Finance	3.9	3.9	3.7	3.9	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total General Government</b>	<u>6.9</u>	<u>6.9</u>	<u>6.7</u>	<u>6.9</u>	<u>7.0</u>	<u>6.5</u>	<u>6.6</u>	<u>6.6</u>	<u>6.6</u>	<u>7.0</u>
<b>Public Safety</b>										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Building Inspections	1.0	1.0	1.0	1.0	1.0	1.5	1.5	1.8	2.0	2.0
<b>Total Public Safety</b>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.5</u>	<u>1.5</u>	<u>1.8</u>	<u>2.0</u>	<u>2.0</u>
<b>Public Works</b>										
Street Maintenance	6.9	5.9	5.8	5.8	6.9	6.9	6.9	6.9	7.8	7.8
Mechanic	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
<b>Total Public Works</b>	<u>6.9</u>	<u>6.9</u>	<u>6.8</u>	<u>6.8</u>	<u>7.9</u>	<u>7.9</u>	<u>7.9</u>	<u>7.9</u>	<u>8.8</u>	<u>8.8</u>
<b>Culture and Recreation</b>										
Parks Maintenance	1.0	1.4	1.4	1.4	3.5	3.5	3.5	3.9	4.4	4.4
Recreation	-	0.6	1.1	1.1	1.4	1.4	1.4	1.5	1.5	2.0
<b>Total Culture and Recreation</b>	<u>1.0</u>	<u>2.0</u>	<u>2.5</u>	<u>2.5</u>	<u>4.9</u>	<u>4.9</u>	<u>4.9</u>	<u>5.4</u>	<u>5.9</u>	<u>6.4</u>
<b>Public Utilities</b>										
Water Utility	-	-	2.0	2.0	1.3	1.3	1.3	1.4	1.5	1.8
Sanitary Sewer Utility	-	-	2.0	2.0	3.7	3.7	3.7	4.1	4.5	5.4
<b>Total Public Utilities</b>	<u>-</u>	<u>-</u>	<u>4.0</u>	<u>4.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.5</u>	<u>6.0</u>	<u>7.2</u>
<b>Total</b>	<u>15.8</u>	<u>16.8</u>	<u>21.0</u>	<u>21.2</u>	<u>25.8</u>	<u>25.8</u>	<u>25.9</u>	<u>27.2</u>	<u>29.3</u>	<u>31.4</u>

Sources: The data for this table has been provided from City financial maintenance documents.

Note: Police and Fire services are contracted services with Wright County and neighboring Cities respectively, therefore no City employees.

Note: Public Utilities staffing were contracted with a service provider through 2012. In 2013, the City hired a staff and assumed operations.

**CITY OF OTSEGO, MINNESOTA**  
**STATISTICAL SECTION (UNAUDITED)**  
**OPERATING INDICATORS BY FUNCTION**  
 Last Ten Fiscal Years

**Table 19**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Administration</b>										
Rental Licenses Issued	246	292	337	372	372	387	351	329	332	300
Code Enforcement Citations	60	89	20	16	31	41	30	68	18	37
Registered Voters		7,168		7,329		9,324		9,754		13,081
Actual Votes Tallied	4,737	7,126		4,693		7,362		6,228		11,389
<b>Police</b>										
Total Calls for Service	4,111	4,234	3,856	4,060	3,575	3,619	4,310	4,279	4,484	4,145
<b>Fire</b>										
Calls - Albertville Department				82	76	93	129	131	164	158
Calls - Elk River Department				74	73	80	92	96	105	92
Calls - Rogers Department					18	15	12	27	26	28
<b>Building Inspections</b>										
Number of Permits - All Types	570	645	699	692	893	968	722	1,147	1,173	1,791
New Homes Constructed	58	143	190	188	207	219	210	300	300	403
<b>Public Works</b>										
Miles of Streets Constructed		0.45	1.33	2.30	1.66	2.59	3.93	7.80	4.68	1.47
Miles of Streets Reconstructed						0.35	1.80	5.30	-	0.78
Snow Plowing Events	40	46	37	22	16	16	22	37	21	11
<b>Culture and Recreation</b>										
Parks Acres Maintained	167.8	167.8	184.3	184.3	184.3	190.3	160.0	160.0	160.0	173.0
Prairie Festival Attendance			4,900	5,100	6,200	5,000	4,000	4,800	6,450	-
Recreation Programs Offered		17	60	106	132	100	127	231	153	52
Recreation Programs Participants		550	9,875	14,958	12,662	12,662	17,341	20,885	18,500	5,359
<b>Water Utility</b>										
Connections	2,379	2,517	2,678	2,829	3,023	3,155	3,278	3,748	4,014	4,335
Gallons Delivered	353,515,800	429,293,500	409,492,730	37,529,984	389,118,330	393,795,210	491,484,000	527,795,004	491,047,000	632,552,814
<b>Sanitary Sewer Utility</b>										
Average Daily Gallons Treated	512,000	485,000	543,000	539,000	551,000	600,000	627,000	673,000	738,000	798,000

Sources: The data for this table has been provided by each respective City department.

Note: The City made significant changes to the indicators included in this table for 2015. Not all historical data was able to be compiled, and this table will be updated on a go-forward basis.

CITY OF OTSEGO, MINNESOTA  
 STATISTICAL SECTION (UNAUDITED)  
 CAPITAL ASSET STATISTICS BY FUNCTION  
 Last Ten Fiscal Years

Table 20

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Works</b>										
Street Miles (MSA)	112.85	113.30	114.63	116.93	118.59	120.88	124.81	131.00	131.00	134.41
Heavy Duty Trucks	8	8	8	8	8	8	8	9	9	9
Light Duty Vehicles	10	11	15	15	15	15	17	17	16	19
Tractors & Grading Equipment	8	8	8	8	8	8	8	7	7	6
<b>Culture and Recreation</b>										
Trail Miles	19.68	19.68	19.68	19.68	19.96	21.13	25.11	25.60	27.95	38.31
Number of Parks	8	8	10	10	10	11	12	14	14	14
Playgrounds	6	7	7	7	7	8	9	10	10	14
Park Shelters	9	9	9	9	9	10	10	12	13	13
Ball Fields	5	5	5	5	5	6	6	6	6	7
Soccer Fields	-	-	-	-	3	3	3	3	3	3
Basketball Courts	5	5	5	5	5	5	5	6	6	7
Tennis Courts	7	7	7	7	7	8	8	8	8	8
Outdoor Ice Rinks			1	1	1	1	1	1	1	2
Mowing Equipment	4	5	5	5	5	6	6	6	6	7
<b>Water Utility</b>										
Water Towers	3	3	3	3	3	3	3	3	3	3
Wells	8	8	8	8	8	8	8	8	7	9
Miles of Water Main			63	63	74	77	79	83	87	90
Hydrants			717	722	794	846	871	923	975	1,014
Water Valves			15,555	1,603	1,659	1,841	1,881	1,983	2,106	2,360
<b>Sanitary Sewer Utility</b>										
Treatment Facilities	2	2	2	2	2	2	2	2	2	2
Lift Stations	9	9	9	9	9	10	10	10	10	10
Miles of Sanitary Sewer Lines			69	-	74	76	79.5	81.8	86.1	96.9
Manholes			1,257	1,257	1,366	1,480	1,524	1,594	1,730	1,774
Miles of Sanitary Forcemain			20	20	20	20	20	21	21	21

Sources: The data for this table has been provided by each respective City department.

Note: The City made significant changes to the statistics included in this table for 2015. Not all historical data was able to be compiled, and this table will be updated on a go-forward basis.



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