

CITY OF DODGE CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CITY OF DODGE CENTER, MINNESOTA

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CITY OF DODGE CENTER
INTRODUCTORY SECTION
DECEMBER 31, 2020

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**CITY OF DODGE CENTER
CITY OFFICIALS
December 31, 2020**

Bill Ketchum	Mayor
Gary Trelstad	Council Member
Paul Blaisdell	Council Member
Cathy Skogen	Council Member
Matt Maas	Council Member
Joshua Tetzlaff	Administrator
Marianne Sobek	Finance Analyst / Clerk

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CITY OF DODGE CENTER

FINANCIAL SECTION

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Dodge Center, 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 Dodge Center, as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the City of Dodge Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Report on Summarized Comparative Information

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2019, from which such partial information was derived.

We have previously audited the City's 2019 financial statements and our report dated May 13, 2020, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3 through 13 and the 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information in Relation to the Financial Statements as a Whole

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dodge Center's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare basic the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section and supplementary information 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 it.

Smith, Schafn and Associates, Ltd.

CITY OF DODGE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Dodge Center exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$22,484,872 (*net position*). Of this amount, \$6,139,436 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$2,969,867.
- As of the close of the current fiscal year, the City of Dodge Center's governmental funds reported combined ending fund balances of \$6,867,684. Approximately 86 percent of this total amount or \$5,899,745 is available for use within the City's designations and policies.
- At the end of the current fiscal year, committed, assigned and unassigned fund balance for the general fund was \$1,808,961 or 110 percent of total general fund expenditures.
- The City of Dodge Center increased total outstanding debt obligations by \$6,460,000 during the current fiscal year, related to bonding for the 2020 street and utility improvement project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Dodge Center's basic financial statements. The City's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

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

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

CITY OF DODGE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Dodge Center that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highways, sanitation and waste removal, culture and recreation, airport operations, and economic development. The business-type activities of the City include water, sewer, and ambulance services. The government-wide financial statements can be found on pages 14-16 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 of Dodge Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Dodge Center maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Improvement, Equipment Replacement, 2020 Street Reconstruction, Central Avenue South, General Obligation Bonds of 2020A, all of which are considered to be major funds. Data from the other seventeen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and certain special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 23-27) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds. The City of Dodge Center maintains one type of proprietary funds – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and ambulance services.

**CITY OF DODGE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The basic proprietary fund financial statements can be found on pages 28-30 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 31-55 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 58-61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Dodge Center, assets and deferred outflows exceeded liabilities and deferred inflows by \$22,484,872 at the close of the most recent fiscal year.

A significant portion of the City's net position (66 percent) reflects its investment in capital assets (e.g. land, buildings, vehicles, and 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 Dodge Center's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,912,809	\$ 4,850,664	\$ 2,729,583	\$ 2,219,621	\$ 11,642,392	\$ 7,070,285
Capital assets	12,655,312	11,215,779	8,318,879	4,827,949	20,974,191	16,043,728
Total assets	21,568,121	16,066,443	11,048,462	7,047,570	32,616,583	23,114,013
Deferred Outflows	58,243	36,542	40,118	25,862	98,361	62,404
Long-term liabilities						
outstanding	5,096,221	2,324,843	4,071,000	385,000	9,167,221	2,709,843
Other liabilities	626,620	492,536	364,200	257,991	990,820	750,527
Total liabilities	5,722,841	2,817,379	4,435,200	642,991	10,158,041	3,460,370
Deferred Inflows	43,854	122,396	28,177	78,646	72,031	201,042
Net Position:						
Net investment in						
capital assets	7,559,091	8,890,936	4,247,879	4,442,949	11,806,970	13,333,885
Restricted	2,161,142	995,058			2,161,142	995,058
Unrestricted	6,139,436	3,277,216	2,377,324	1,908,846	8,516,760	5,186,062
Total net position	\$ 15,859,669	\$ 13,163,210	\$ 6,625,203	\$ 6,351,795	\$ 22,484,872	\$ 19,515,005

**CITY OF DODGE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

A portion of the City of Dodge Center's net position (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,516,760) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the City of Dodge Center's net position by \$2,696,459. The most significant change in governmental net position is due to the effect of accounting for net position under full accrual accounting, current year infrastructure capital outlay, which was funded during the year, will be expensed over its useful life.

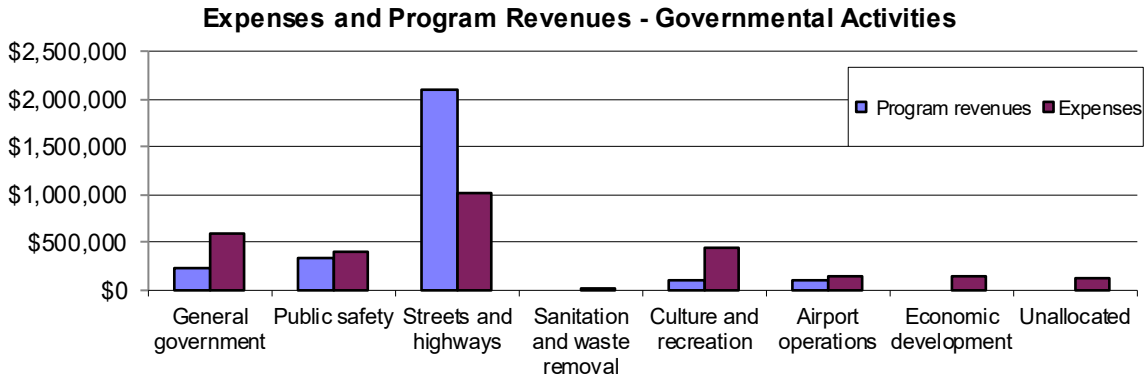
Business-type activities. Business-type activities increased the City of Dodge Center's net position by \$273,408.

A condensed version of the Statement of Activities follows:

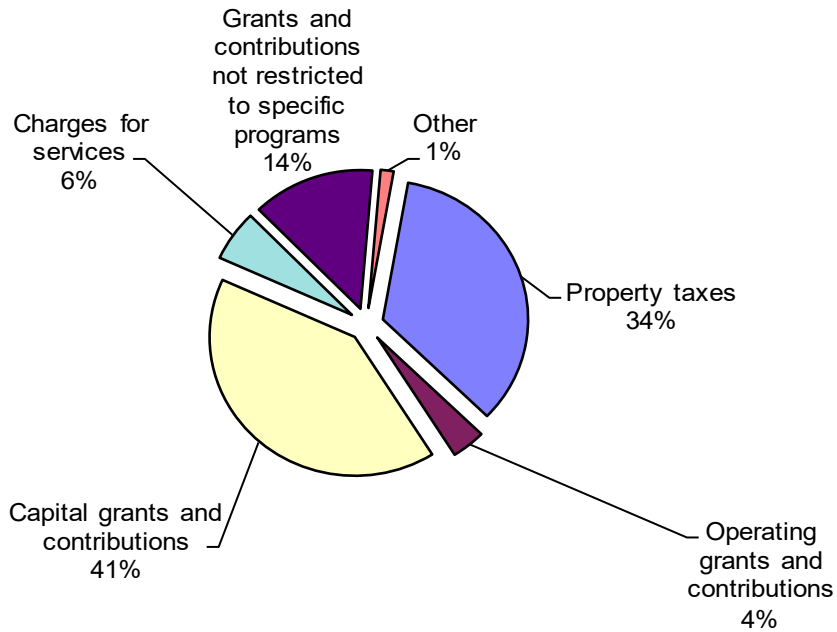
	City of Dodge Center's Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue:						
Program revenues:						
Charges for services	\$ 334,139	\$ 339,754	\$ 1,849,235	\$ 1,784,289	\$ 2,183,374	\$ 2,124,043
Operating grants and contributions	213,182	324,172	44,942		258,124	324,172
Capital grants and contributions	2,292,028	51,955	177,569	19,273	2,469,597	71,228
General revenues:						
Property taxes	1,942,157	1,755,914			1,942,157	1,755,914
Tax increments		24,103				24,103
Grants and contributions not restricted to specific programs	768,024	726,550			768,024	726,550
Other	81,735	96,083	2,192	5,064	83,927	101,147
Total revenues	<u>5,631,265</u>	<u>3,318,531</u>	<u>2,073,938</u>	<u>1,808,626</u>	<u>7,705,203</u>	<u>5,127,157</u>
Expenses:						
General government	593,653	675,409			593,653	675,409
Public safety	405,207	529,934			405,207	529,934
Streets and highways	1,007,287	981,468			1,007,287	981,468
Sanitation and waste removal	3,103	12,102			3,103	12,102
Culture and recreation	447,448	358,677			447,448	358,677
Airport operations	146,200	183,366			146,200	183,366
Economic development	147,239	253,514			147,239	253,514
Interest on long-term debt	136,325	54,373			136,325	54,373
Water			450,008	407,396	450,008	407,396
Sewer			462,833	456,904	462,833	456,904
Ambulance			821,066	730,809	821,066	730,809
Total expenses	<u>3,001,429</u>	<u>3,053,873</u>	<u>1,733,907</u>	<u>1,595,109</u>	<u>4,735,336</u>	<u>4,648,982</u>
Change in net position before transfers	2,629,836	264,658	340,031	213,517	2,969,867	478,175
Transfers	66,623		(66,623)			
Increase (Decrease) in net position	<u>2,696,459</u>	<u>264,658</u>	<u>273,408</u>	<u>213,517</u>	<u>2,969,867</u>	<u>478,175</u>
Net position, beginning of year	13,163,210	12,898,552	6,351,795	6,138,278	19,515,005	19,036,830
Net position, end of year	<u>\$ 15,859,669</u>	<u>\$ 13,163,210</u>	<u>\$ 6,625,203</u>	<u>\$ 6,351,795</u>	<u>\$ 22,484,872</u>	<u>\$ 19,515,005</u>

CITY OF DODGE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.



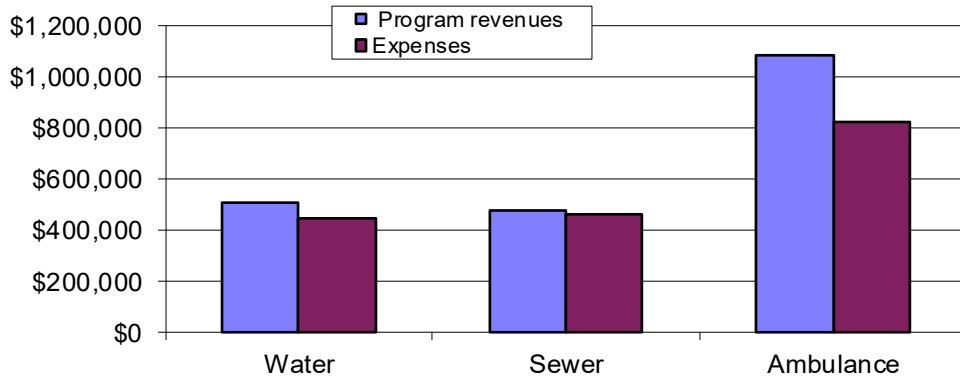
Revenues by Source - Governmental Activities



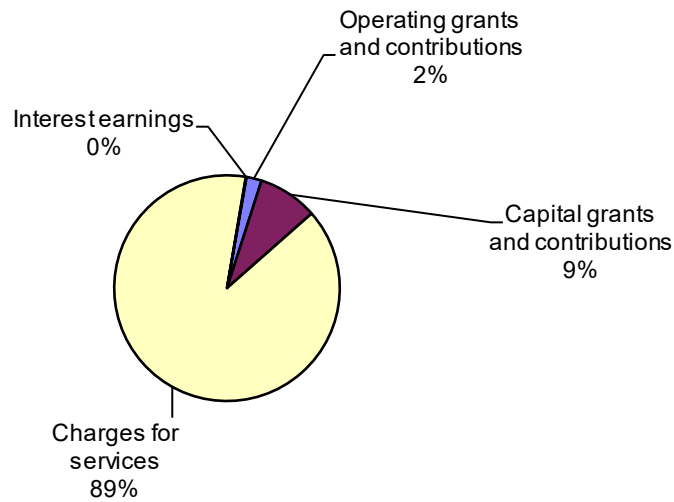
**CITY OF DODGE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenses. Since all three of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenses to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Dodge Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF DODGE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds (continued)

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

Governmental Accounting Standards require fund balances to be classified as follows:

Nonspendable – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items, and inventory.

Restricted – reports resources that have external constraints placed upon their use.

Committed – reports those resources for a specific purpose by Council action. The constraints cannot be changed or removed without Council action.

Assigned – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator to assign fund balance.

Unassigned – comparable to the old unreserved, undersigned classification of fund balance, this represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above unless a fund has a negative fund balance.

Detailed information regarding the fund balance classifications are found in Note 7 in the Notes to Financial Statements.

As of the end of the current fiscal year, the City of Dodge Center's governmental funds reported combined ending fund balances of \$6,867,684, an increase of \$3,187,104. Approximately 86 percent of this total amount, or \$5,899,745 constitutes *unassigned, assigned, and committed fund balance*, which is available for spending at the government's discretion. \$2,161,142 represents the portion of fund balance that is restricted by external creditors, grantors, and regulations. The remainder of this fund balance is *nonspendable* to indicate that it is not available for new spending because it has already been spent 1) on expenditure for the upcoming year, or 2) to repay interfund advances or other debt.

The general fund is the chief operating fund of the City of Dodge Center. At the end of the current fiscal year, committed fund balance of the general fund was \$806,000 while total fund balance decreased to \$1,850,974. As a measure of the general fund's liquidity, it may be useful to compare committed, assigned and unassigned fund balance and total fund balance to total fund expenditures. Committed and assigned fund balance represents 84 percent of total general fund expenditures, while total fund balance represents 110 percent of that same amount.

The General Fund's total fund balance decreased by \$63,378 during the current fiscal year. Revenues exceeded projections by \$224,988 largely as a result of allocation of local government aid, building permit activity, and CARES Act funds.

General Fund Expenditures were \$1,678,821, \$49,822 below budget but \$186,977 higher than 2019 expenditures.

**CITY OF DODGE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Government's Funds (continued)

General Government expenditures were \$627,761, \$37,282 over budget and \$88,287 higher than 2019 expenditures due to HVAC improvements.

Public Safety expenses of \$285,115 were under budget \$548 and \$5,778 higher than 2019.

Streets, Highway, Storm Water and Street Lighting spent \$426,255, under budget by \$151,513.

At \$199,992, **Culture and Recreation** expenses were \$40,577 under budget.

Waste Removal (Brush Dump) expenditures of \$3,103, under budget by \$2,322.

Economic Development expenditures of \$21,628, under budget by \$7,110 and \$453 higher than 2019.

The City's six Special Revenue Funds (Library, Economic Development, Revolving Loan, Fire, Airport, Urban Development Grant) performed as follows in 2020. The Library Fund ran a deficit of \$4,410 on expenditures of \$182,386. In the Airport Fund there was a deficit of \$7,895. Federal Grants for the dual fuel system, the joint seal/taxiway design project and the transient aircraft hangar remain open. Discussion between MNDOT Aeronautics and Minnesota Weights and Measures regarding whether or not the current fuel system meets state requirements are ongoing and are delaying the closing of the fuel system grant. An open insurance claim on the Transient Aircraft Hangar has held this grant up. The taxiway grant is also open as the City performed all the joint sealing that it could but has not yet completed the design of the asphalt taxiway reconstruction. Fire Department fund balance was up \$38,006. Total expenditures were \$172,172. The Urban Development Grant Fund received \$93,234 in grant dollars and revenues as deferred mortgages were paid to the City when properties rehabbed through the SCDP Program were sold. Overall, fund balance increased to a surplus of \$36,142. The Revolving Loan Fund received \$2,435 in repayments and made no new loans in 2020. Its fund balance is \$95,605.

The City maintained five debt funds in 2020, the 2006A Fund, the 2014A Fund, the 2014B, the 2017A Fund and the 2020A Fund. The 2006A Debt Service Fund will continue to operate for the purpose of accounting for the advancement of funds associated with the call of debt associated with the Aquatic Center. The 2014A fund service debt associated with the 2007 improvement of Central Avenue and the 2014 improvement of Main Street, 1st Ave NW and 1st Street NW. The 2017A Fund will service debt issued for the 2017 Improvement Project. The 2020A Fund will service debt issued for the 2020 Improvement Project.

CITY OF DODGE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds (continued)

Finally, the City's Capital Funds all performed as anticipated in 2020.

Proprietary funds. The City of Dodge Center's proprietary funds statements found on pages 28-30 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net positions in the respective proprietary funds are Water - \$897,431, Sewer - \$703,296, and Ambulance - \$776,597. A significant portion of the unrestricted net position of the Sewer Fund's unrestricted net position, \$227,173 is currently involved in the advance used to pay off the 2006 Bonds and is not available for immediate use. The Water Fund's net position decreased by \$3,901. Sewer Fund net position increased by \$18,365.

The net position of the Ambulance Fund increased by \$258,944. This is an improvement over the \$150,485 increase in net position that occurred in 2019. Revenues remained consistent as new billing practices were implemented, and collection efficiency increased in the prior year. A new ambulance facility was built in 2017 as an addition to the Fire Hall utilizing monies saved by the Ambulance Fund over a period of many years. While minor upgrades may be required at the Kasson facility, this project addressed the major facilities needs of the service. Ambulance operations continue to require monitoring as the potential for funding volatility remains high.

General Fund Budgetary Highlights

- Revenues were over budget by \$224,988 primarily due to local government aid allocation, COVID Act funding and building permits.
- Expenditures were under budget by \$49,821 primarily in streets and highways, COVID Act expenses and culture and recreation, offset by COVID Act expenditures.

**CITY OF DODGE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital assets. The City of Dodge Center's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$20,974,191 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's reported investment in capital assets for the current fiscal year was \$4,930,461.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 574,226	\$ 574,226	\$ 111,268	\$ 111,268	\$ 685,494	\$ 685,494
Construction in process	2,040,164	80,853	3,719,720		5,759,884	80,853
Buildings and improvements	1,802,517	1,877,989	4,348,035	4,592,373	6,150,552	6,470,362
Improvements other than buildings	7,438,244	7,829,633			7,438,244	7,829,633
Furniture and fixtures	43,953	51,060			43,953	51,060
Machinery and equipment	756,208	802,020	139,856	124,308	896,064	926,328
Total	\$ 12,655,312	\$ 11,215,781	\$ 8,318,879	\$ 4,827,949	\$ 20,974,191	\$ 16,043,730

Additional information on the City of Dodge Center's capital assets can be found in Note 4 on pages 42-43 of this report.

Long-term debt. At the end of the current fiscal year, the City of Dodge Center had \$9,160,000 in bonds outstanding, with the whole amount comprised of debt backed by the full faith and credit of the government.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 5,089,000	\$ 2,315,000	\$4,071,000	\$ 385,000	\$ 9,160,000	\$ 2,700,000
Total	\$ 5,089,000	\$ 2,315,000	\$4,071,000	\$ 385,000	\$ 9,160,000	\$ 2,700,000

The City's total bonds payable increased during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 5, on pages 43-45.

CITY OF DODGE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

- Dodge Center continues to plan for the replacement of aging infrastructure and the provision of services to newly developed areas. While almost all of the costs of new development are born by the developer, reconstruction projects place a significant financial burden upon the City. The City also needs to continue to plan for increased street maintenance including sealcoating and mill/overlay/reclaim projects. With the percentage of PVC water and sewer mains steadily increasing, reclaiming streets may offer an effective alternative to full reconstruction.
- While minor progress has been made, the City continues to be very dependent upon Local Government Aid to maintain current operations. With continued concerns about LGA volatility, the City may wish to consider ways of reducing its dependence upon this aid for day-to-day activities. Independence from state aid is a goal that would most likely take many years to accomplish and would have to be approached in an incremental fashion unless significant tax increases, major reductions in service levels, or substantial reductions in capital spending were contemplated. Current bills before the state legislature contemplate increases in LGA and the City may wish to apply any increase to saving for capital projects or economic development activities.
- The City will need to determine how aggressive it wishes to be in pursuing economic development opportunities. In recent decades, the City has taken a fairly laissez faire attitude to economic development opportunities. If a more proactive approach is desired, additional funds will need to be made available for this work.

All of these factors were considered in preparing the City of Dodge Center's budget for the 2021 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Dodge Center's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator, P.O. Box 430, Dodge Center, MN 55976.

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CITY OF DODGE CENTER
BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

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CITY OF DODGE CENTER
STATEMENT OF NET POSITION
December 31, 2020
With Comparative Totals for December 31, 2019

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
Assets				
Cash and investments	\$ 7,066,084	\$ 1,924,011	\$ 8,990,095	\$ 5,265,753
Receivables	1,553,255	526,392	2,079,647	1,265,465
Internal balances	(227,173)	227,173		
Due from other governmental units	18,767	98	18,865	72,850
Inventory		19,477	19,477	42,907
Prepaid expenses	58,730	32,432	91,162	111,127
Net pension asset	443,146		443,146	312,184
Capital assets:				
Nondepreciable	2,614,391	3,830,988	6,445,379	766,347
Depreciable, net	10,040,921	4,487,891	14,528,812	15,277,381
Total Assets	21,568,121	11,048,462	32,616,583	23,114,014
Deferred Outflows of Resources				
Deferred outflows from pension activity	58,243	40,118	98,361	62,404
Liabilities				
Accounts payable	49,432	24,857	74,289	57,094
Deposits payable	24,670		24,670	25,430
Compensated absences	33,741		33,741	22,163
Accrued liabilities	9,240		9,240	3,254
Accrued interest payable	56,932	48,510	105,442	28,890
Unearned revenue				
Noncurrent liabilities:				
Due within one year	305,000	360,000	665,000	343,000
Due in more than one year	4,791,221	3,711,000	8,502,221	2,366,843
Net pension liability	452,605	290,833	743,438	613,696
Total Liabilities	5,722,841	4,435,200	10,158,041	3,460,370
Deferred Inflows of Resources				
Deferred inflows from pension activity	43,854	28,177	72,031	201,042
Net Position				
Net investment in capital assets	7,559,091	4,247,879	11,806,970	13,333,885
Restricted for:				
Economic development	38,761		38,761	121,352
Debt service	2,122,381		2,122,381	850,070
Capital projects				23,636
Unrestricted	6,139,436	2,377,324	8,516,760	5,186,062
Total Net Position	\$ 15,859,669	\$ 6,625,203	\$ 22,484,872	\$ 19,515,005

See Notes to Financial Statements

CITY OF DODGE CENTER, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

With Comparative Totals for The Year Ended December 31, 2019

Functions/Programs	<u>Expenses</u>	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 593,653	\$ 106,308	\$ 122,052
Public safety	405,207	99,219	186,653
Streets and highways	1,007,287	14,157	2,083,128
Sanitation and waste removal	3,103		
Culture and recreation	447,448	52,935	26,387
Airport operations	146,200	61,520	142
Economic development	147,239		
Interest on long-term debt	136,325		
Unallocated	114,967		
Total governmental activities	3,001,429	334,139	213,182
Business-Type activities:			
Water	450,008	506,594	5,050
Sewer	462,833	480,092	
Ambulance	821,066	862,549	44,942
Total business-type activities	1,733,907	1,849,235	44,942
Total	\$ 4,735,336	\$ 2,183,374	\$ 258,124
General revenues:			
General property taxes			
Tax increments			
Local government aid			
Interest earnings			
Miscellaneous			
Transfers			
Total general revenues and transfers			
Change in net position			
Net position - beginning			
Net position - ending			

See Notes to Financial Statements

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2020	2019
\$ (365,293)	\$	\$ (365,293)	\$ (540,188)
(79,473)		(79,473)	(126,008)
1,089,998		1,089,998	(986,014)
(3,103)		(3,103)	(12,102)
(352,766)		(352,766)	(263,774)
(52,912)		(52,912)	(96,989)
(147,239)		(147,239)	(253,514)
(136,325)		(136,325)	(54,373)
(114,967)		(114,967)	(5,030)
<u>(162,080)</u>		<u>(162,080)</u>	<u>(2,337,992)</u>
	61,636	61,636	54,157
	17,259	17,259	3,811
	<u>258,944</u>	<u>258,944</u>	<u>150,485</u>
	<u>337,839</u>	<u>337,839</u>	<u>208,453</u>
<u>(162,080)</u>	<u>337,839</u>	<u>175,759</u>	<u>(2,129,539)</u>
1,942,157		1,942,157	1,755,914
768,024		768,024	24,103
14,581	2,192	16,773	726,550
67,154		67,154	29,228
66,623	(66,623)		71,919
<u>2,858,539</u>	<u>(64,431)</u>	<u>2,794,108</u>	<u>2,607,714</u>
2,696,459	273,408	2,969,867	478,175
<u>13,163,210</u>	<u>6,351,795</u>	<u>19,515,005</u>	<u>19,036,830</u>
<u>\$ 15,859,669</u>	<u>\$ 6,625,203</u>	<u>\$ 22,484,872</u>	<u>\$ 19,515,005</u>

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CITY OF DODGE CENTER
FUND FINANCIAL STATEMENTS
DECEMBER 31, 2020

CITY OF DODGE CENTER, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020
With Comparative Totals for December 31, 2019

	Capital Project				
	101 General	426 Capital Improvement	420 Equipment Replacement	443 2020 Street Reconstruction	444 Central Avenue South
ASSETS					
Cash and investments	\$ 1,591,014	\$ 1,218,076	\$ 800,683	\$ 1,953,474	\$
Accounts receivable (net of allowance for uncollectibles)	20,515				
Taxes receivable delinquent	19,431	10,831	4,234		
Special assessments receivable:					
Delinquent	389				
Deferred	8,900				
Loans receivable					
Due from other funds	245,408				
Due from other governmental units	6,285	2,605	974		
Advances to other funds		8,866			
Prepaid items	42,013				
TOTAL ASSETS	\$ 1,933,955	\$ 1,240,378	\$ 805,891	\$ 1,953,474	\$
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 20,351	\$	\$	\$ 500	\$
Deposits payable	24,670				
Accrued liabilities	9,240				
Due to other funds					98,950
Advances from other funds					
Total Liabilities	54,261			500	98,950
Deferred Inflows of Resources:					
Unavailable revenue:					
Property taxes	19,431	10,831	4,234		
Special assessments	9,289				
Loans receivable					
Total Deferred Inflows of Resources	28,720	10,831	4,234		
Fund Balance:					
Nonspendable:					
Prepaid items	42,013				
Advances to other funds		8,866			
Restricted:					
Creditors					
Grantors					
Regulations					
Committed	806,000		801,657		
Assigned	604,883	1,220,681		1,952,974	
Unassigned	398,078				(98,950)
Total Fund Balance	1,850,974	1,229,547	801,657	1,952,974	(98,950)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 1,933,955	\$ 1,240,378	\$ 805,891	\$ 1,953,474	\$

See Notes to Financial Statements

Debt Service 385 General Obligation Bonds of 2020A	Other Governmental Funds	Total Governmental Funds	
		2020	2019
		\$ 359,209	\$ 1,143,628
	14,103	34,618	39,227
	13,468	47,964	42,498
	15,682	16,071	12,763
816,862	476,221	1,301,983	573,724
	152,619	152,619	155,054
		245,408	306,231
	8,903	18,767	72,239
		8,866	75,394
	16,717	58,730	68,654
<u>\$ 1,176,071</u>	<u>\$ 1,841,341</u>	<u>\$ 8,951,110</u>	<u>\$ 5,147,278</u>
\$	\$ 28,581	\$ 49,432	\$ 45,177
		24,670	25,430
		9,240	3,254
	146,458	245,408	227,892
	236,039	236,039	380,906
	<u>411,078</u>	<u>564,789</u>	<u>682,659</u>
	13,468	47,964	42,498
816,862	491,903	1,318,054	586,487
	152,619	152,619	155,054
<u>816,862</u>	<u>657,990</u>	<u>1,518,637</u>	<u>784,039</u>
	16,717	58,730	68,654
		8,866	75,394
359,209	504,992	864,201	415,581
	36,142	36,142	116,298
			23,636
		1,607,657	1,429,808
	478,178	4,256,716	1,608,731
	(263,756)	35,372	(57,522)
<u>359,209</u>	<u>772,273</u>	<u>6,867,684</u>	<u>3,680,580</u>
<u>\$ 1,176,071</u>	<u>\$ 1,841,341</u>	<u>\$ 8,951,110</u>	<u>\$ 5,147,278</u>

CITY OF DODGE CENTER, MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Capital Project				
	101 General	426 Capital Improvement	420 Equipment Replacement	443 2020 Street Reconstruction	444 Central Avenue South
REVENUES					
General property taxes	\$ 708,837	\$ 499,482	\$ 180,436	\$	
Tax increments					
Special assessments	2,257				
Licenses and permits	77,614				
Fines and forfeits	6,641				
Intergovernmental revenues	917,064		22,044		
Charges for services	60,898				
Investment income	11,686				
Rents and royalties					
Miscellaneous revenues	58,134				890,992
Total Revenues	<u>1,843,131</u>	<u>499,482</u>	<u>202,480</u>		<u>890,992</u>
EXPENDITURES					
General government	627,761				
Public safety	285,115				
Street and highways	426,255				
Culture and recreation	199,992				
Sanitation and waste removal	3,103				
Airport operations					
Economic development	21,628				
Debt service					
Capital outlay				958,621	
Miscellaneous	114,967				969,168
Total Expenditures	<u>1,678,821</u>			<u>958,621</u>	<u>969,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>164,310</u>	<u>499,482</u>	<u>202,480</u>	<u>(958,621)</u>	<u>(78,176)</u>
OTHER FINANCING					
SOURCES (USES)					
Bond proceeds				3,032,978	
Transfers in	26,908				
Transfers out	(254,596)		(24,631)	(40,530)	
Total Other Financing Sources (Uses)	<u>(227,688)</u>		<u>(24,631)</u>	<u>2,992,448</u>	
Net change in fund balances	(63,378)	499,482	177,849	2,033,827	(78,176)
Fund Balance - Beginning	<u>1,914,352</u>	<u>730,065</u>	<u>623,808</u>	<u>(80,853)</u>	<u>(20,774)</u>
Fund Balance - Ending	<u>\$ 1,850,974</u>	<u>\$ 1,229,547</u>	<u>\$ 801,657</u>	<u>\$ 1,952,974</u>	<u>\$ (98,950)</u>

See Notes to Financial Statements

Debt Service 385 General Obligation Bonds of 2020A	Other Governmental Funds	Total Governmental Funds	
		2020	2019
		\$	\$ 547,936
318,679	139,633	460,569	24,103
		77,614	76,135
	588	7,229	80,645
	279,649	1,218,757	10,920
	4,200	65,098	1,160,094
	699	12,385	94,372
	61,520	61,520	24,164
	116,767	1,065,893	55,288
318,679	1,150,992	4,905,756	153,740
		627,761	539,474
	144,464	429,579	409,392
		426,255	399,071
	179,761	379,753	389,852
		3,103	12,102
	77,169	77,169	69,688
	132,301	153,929	227,674
	363,887	363,887	298,884
	314,061	1,272,682	417,969
		1,084,135	6,893
	1,211,643	4,818,253	2,770,999
318,679	(60,651)	87,503	672,602
		3,032,978	
40,530	321,219	388,657	208,935
	(2,277)	(322,034)	(208,935)
40,530	318,942	3,099,601	
359,209	258,291	3,187,104	672,602
	513,982	3,680,580	3,007,978
\$ 359,209	\$ 772,273	\$ 6,867,684	\$ 3,680,580

**CITY OF DODGE CENTER, MINNESOTA
RECONCILIATION OF NET POSITION IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS**

December 31, 2020

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

Total governmental fund balances (page 18)		\$ 6,867,684
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 20,776,824	
Less: Accumulated depreciation	<u>(8,121,512)</u>	12,655,312
Some receivables are not available soon enough to pay for current period expenditures and therefore are unavailable in the funds.		
Delinquent property taxes	\$ 47,964	
Deferred and delinquent special assessments	1,318,054	
Notes receivable	<u>152,619</u>	1,518,637
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (5,096,221)	
Compensated absences	(33,741)	
Accrued interest	(56,932)	
Net pension asset	443,146	
Net pension liability	<u>(438,216)</u>	<u>(5,181,964)</u>
Net position of governmental activities (page 14)		<u>\$ 15,859,669</u>

CITY OF DODGE CENTER, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

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

Net change in fund balances - total governmental funds (page 20)	\$ 3,187,104
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Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 2,224,249	
Depreciation expense	(784,718)	
		1,439,531

Certain revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.

Deferred inflows of resources, December 31, 2020	\$ 1,518,637	
Deferred inflows of resources, December 31, 2019	(784,039)	
		734,598

The governmental funds report long-term proceeds as financing sources, while repayment of long-term debt principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows.

Principal retirement on long-term debt	\$ 310,000	
Change in accrued interest	(34,038)	
Issuance of long-term debt	(3,084,000)	
Amortization of bond premium	2,622	
		(2,805,416)

In the statement of activities, certain operating expenses - net pension liability, compensated absences, and other postemployment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Net pension liability	\$ 6,867	
Change in compensated absences	(11,578)	
Change in net pension liability	14,391	
		140,642

Change in net position of governmental activities (pages 15 and 16)	\$ 2,696,459
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See Notes to Financial Statements

CITY OF DODGE CENTER, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
Property Tax Levy					
Property tax collected	\$ 702,730	\$ 702,730	\$ 708,837	\$ 6,107	\$ 695,981
Licenses and Permits					
Business licenses	6,000	6,000	5,915	(85)	5,915
Non-Business licenses	20,450	20,450	71,699	51,249	74,730
Total Licenses and Permits	26,450	26,450	77,614	51,164	80,645
Intergovernmental Revenues					
Local government aid	766,538	766,538	768,024	1,486	724,991
State grants and aids			38,124	38,124	1,559
CARES Act funding			110,916	110,916	
County grants and aids					7,396
Total Intergovernmental	766,538	766,538	917,064	150,526	733,946
Charges for Services					
General government	6,375	6,375	11,049	4,674	24,878
Public safety					338
Public works	1,500	1,500	763	(737)	12,273
Recreation	56,500	56,500	49,086	(7,414)	56,883
Total Charges for Services	64,375	64,375	60,898	(3,477)	94,372
Special Assessments					
	1,000	1,000	2,257	1,257	2,768
Fines and Forfeits					
	9,350	9,350	6,641	(2,709)	9,424
Investment Income					
	10,000	10,000	11,686	1,686	22,470
Miscellaneous Revenues					
Cable TV franchise fee	12,000	12,000	12,881	881	13,103
Insurance dividends	11,000	11,000	13,038	2,038	8,078
Refunds and reimbursements			10,909	10,909	3,059
Storm sewer	12,000	12,000	12,844	844	12,861
Sale of property			8,000	8,000	8,000
Other miscellaneous	2,700	2,700	462	(2,238)	20,055
Total Miscellaneous Revenues	37,700	37,700	58,134	20,434	65,156
TOTAL REVENUES	\$ 1,618,143	\$ 1,618,143	\$ 1,843,131	\$ 224,988	\$ 1,704,762

See Notes to Financial Statements

CITY OF DODGE CENTER, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
EXPENDITURES					
General Government					
Mayor and Council					
Employee services	\$ 33,640	\$ 33,640	\$ 32,914	\$ 726	\$ 28,164
Employee benefits and retirement	2,574	2,574	2,437	137	2,064
Insurance	2,520	2,520	2,566	(46)	2,335
Other charges	7,025	7,025	2,389	4,636	10,980
Total Mayor and Council	<u>45,759</u>	<u>45,759</u>	<u>40,306</u>	<u>5,453</u>	<u>43,543</u>
Publication of Ordinances and Proceedings	<u>7,800</u>	<u>7,800</u>	<u>5,833</u>	<u>1,967</u>	<u>8,461</u>
Elections					
Employee services	3,000	3,000	3,735	(735)	
Other charges	950	950	204	746	
Total Elections	<u>3,950</u>	<u>3,950</u>	<u>3,939</u>	<u>11</u>	
Finance and Administration					
Employee services	204,442	204,442	195,562	8,880	155,529
Employee benefits and retirement	81,577	81,577	34,784	46,793	32,211
Materials and supplies	6,200	6,200	2,726	3,474	6,504
Insurance	6,258	6,258	5,783	475	6,305
Telephone	4,800	4,800	4,687	113	4,210
Professional fees	250	250	2,124	(1,874)	704
Repairs and maintenance	700	700	798	(98)	721
Other charges	15,545	15,545	24,330	(8,785)	27,452
Total Finance and Administration	<u>319,772</u>	<u>319,772</u>	<u>270,794</u>	<u>48,978</u>	<u>233,636</u>
Professional Services					
Legal and audit	56,850	56,850	65,105	(8,255)	50,155
Assessor	13,300	13,300	13,538	(238)	13,754
Total Professional Services	<u>70,150</u>	<u>70,150</u>	<u>78,643</u>	<u>(8,493)</u>	<u>63,909</u>
Planning and Zoning					
Employee services	44,206	44,206	43,092	1,114	67,532
Employee benefits and retirement	23,485	23,485	18,224	5,261	15,017
Professional fees	36,000	36,000	54,518	(18,518)	68,554
Other charges	3,500	3,500	2,448	1,052	8,719
Total Planning and Zoning	<u>\$ 107,191</u>	<u>\$ 107,191</u>	<u>\$ 118,282</u>	<u>\$ (11,091)</u>	<u>\$ 159,822</u>

See Notes to Financial Statements

CITY OF DODGE CENTER, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Government Buildings					
Employee services	\$ 7,495	\$ 7,495	\$ 6,189	\$ 1,306	\$ 3,630
Employee benefits and retirement	3,837	3,837	1,979	1,858	584
Professional fees	100	100		100	136
Insurance	945	945	968	(23)	687
Utilities	10,050	10,050	8,025	2,025	14,855
Repairs and maintenance	4,500	4,500	3,538	962	1,818
Capital outlay			84,053	(84,053)	
Other charges	1,000	1,000	361	639	710
Total Government Buildings	<u>27,927</u>	<u>27,927</u>	<u>105,113</u>	<u>(77,186)</u>	<u>22,420</u>
Community Center					
Repairs and maintenance	1,300	1,300	944	356	350
Utilities	3,700	3,700	2,782	918	6,310
Other charges	2,930	2,930	1,125	1,805	1,023
Total Community Center	<u>7,930</u>	<u>7,930</u>	<u>4,851</u>	<u>3,079</u>	<u>7,683</u>
Total General Government	<u>590,479</u>	<u>590,479</u>	<u>627,761</u>	<u>(37,282)</u>	<u>539,474</u>
Public Safety					
Police Protection					
Contractual services	283,163	283,163	283,163		276,991
Telephone	600	600	525	75	630
Utilities	650	650	587	63	553
Total Police Protection	<u>284,413</u>	<u>284,413</u>	<u>284,275</u>	<u>138</u>	<u>278,174</u>
Emergency Management					
Other charges	1,250	1,250	840	410	871
Animal Control					
					292
Total Public Safety	<u>\$ 285,663</u>	<u>\$ 285,663</u>	<u>\$ 285,115</u>	<u>\$ 548</u>	<u>\$ 279,337</u>

See Notes to Financial Statements

CITY OF DODGE CENTER, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Streets, Highway, Storm Water and Street Lighting					
Streets and Highway					
Employee services	\$ 120,203	\$ 120,203	\$ 111,100	\$ 9,103	\$ 130,432
Employee benefits and retirement	25,269	25,269	41,437	(16,168)	25,010
Materials and supplies	26,650	26,650	20,908	5,742	31,016
Insurance	38,210	38,210	36,420	1,790	36,837
Telephone	2,000	2,000	2,481	(481)	2,295
Utilities	11,200	11,200	9,245	1,955	11,200
Professional fees	9,000	9,000	8,358	642	8,458
Repairs and maintenance	257,500	257,500	120,821	136,679	48,448
Other charges	400	400	469	(69)	49,598
Capital outlay	37,500	37,500	24,631	12,869	9,600
Total Streets and Highways	<u>527,932</u>	<u>527,932</u>	<u>375,870</u>	<u>152,062</u>	<u>352,894</u>
Storm Water					
Professional fees					686
Repairs and maintenance	6,500	6,500	8,773	(2,273)	12,018
Total Storm Water	<u>6,500</u>	<u>6,500</u>	<u>8,773</u>	<u>(2,273)</u>	<u>12,704</u>
Street Lighting					
	<u>43,336</u>	<u>43,336</u>	<u>41,612</u>	<u>1,724</u>	<u>33,473</u>
Total Streets, Highway, Storm Water and Street Lighting	<u>577,768</u>	<u>577,768</u>	<u>426,255</u>	<u>151,513</u>	<u>399,071</u>
Culture and Recreation					
Recreation Activities and Facilities					
Employee services	98,206	98,206	93,969	4,237	103,640
Employee benefits and retirement	1,176	1,176	1,458	(282)	1,203
Materials and supplies	22,000	22,000	14,989	7,011	15,885
Insurance	17,004	17,004	16,205	799	15,215
Telephone	350	350	347	3	329
Utilities	16,300	16,300	15,903	397	17,434
Professional fees	100	100	168	(68)	69
Repairs and maintenance	14,400	14,400	2,866	11,534	10,063
Aquatic center food	7,500	7,500	5,437	2,063	3,757
Other charges	5,200	5,200	4,450	750	9,450
Total Recreation Activities and Facilities	<u>\$ 182,236</u>	<u>\$ 182,236</u>	<u>\$ 155,792</u>	<u>\$ 26,444</u>	<u>\$ 177,045</u>

See Notes to Financial Statements

CITY OF DODGE CENTER, MINNESOTA
GENERAL FUND
Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
EXPENDITURES (Continued)					
Parks, Boulevards, and Forestry					
Employee services	\$ 10,931	\$ 10,931	\$ 9,406	\$ 1,525	\$ 13,048
Employee benefits and retirement	4,246	4,246	3,491	755	3,555
Materials and supplies	4,100	4,100	1,126	2,974	2,506
Insurance	11,556	11,556	10,608	948	8,877
Repairs and maintenance	8,000	8,000	470	7,530	17,635
Other charges	19,500	19,500	19,099	401	17,113
Total Parks, Boulevards, and Forestry	<u>58,333</u>	<u>58,333</u>	<u>44,200</u>	<u>14,133</u>	<u>62,734</u>
Total Culture and Recreation	<u>240,569</u>	<u>240,569</u>	<u>199,992</u>	<u>40,577</u>	<u>239,779</u>
Waste Removal					
Employee services	5,425	5,425	3,038	2,387	3,255
Other charges			65	(65)	8,847
Total Waste Removal	<u>5,425</u>	<u>5,425</u>	<u>3,103</u>	<u>2,322</u>	<u>12,102</u>
Economic Development					
Employee services	14,735	14,735	14,150	585	7,099
Employee benefits and retirement	7,829	7,829	5,674	2,155	1,191
Other services and charges	6,175	6,175	1,804	4,371	13,791
Total Economic Development	<u>28,739</u>	<u>28,739</u>	<u>21,628</u>	<u>7,111</u>	<u>22,081</u>
UNALLOCATED - CARES ACT			114,967	(114,967)	
TOTAL EXPENDITURES	<u>1,728,643</u>	<u>1,728,643</u>	<u>1,678,821</u>	<u>49,822</u>	<u>1,491,844</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,500)</u>	<u>(110,500)</u>	<u>164,310</u>	<u>274,810</u>	<u>212,918</u>
Other Financing Sources (Uses)					
Transfers in	235,500	235,500	26,908	(208,592)	2,802
Transfers out			(254,596)	(254,596)	
Total Other Financing Sources (Uses)	<u>235,500</u>	<u>235,500</u>	<u>(227,688)</u>	<u>(463,188)</u>	<u>2,802</u>
Net change in fund balance	125,000	125,000	(63,378)	(188,378)	215,720
FUND BALANCE - Beginning	<u>1,914,352</u>	<u>1,914,352</u>	<u>1,914,352</u>		<u>1,698,632</u>
FUND BALANCE - Ending	<u>\$ 2,039,352</u>	<u>\$ 2,039,352</u>	<u>\$ 1,850,974</u>	<u>\$ (188,378)</u>	<u>\$ 1,914,352</u>

See Notes to Financial Statements

CITY OF DODGE CENTER

PROPRIETARY FUNDS

DECEMBER 31, 2020

**CITY OF DODGE CENTER
PROPRIETARY FUNDS
Statement of Net Position**

December 31, 2020

With Comparative Totals for December, 31, 2019

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Ambulance	TOTALS	
	Fund	Fund	Fund	2020	2019
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 916,869	\$ 464,682	\$ 542,460	\$ 1,924,011	\$ 1,464,258
Accounts receivable	65,604	63,684	397,104	526,392	442,199
Inventory of supplies			19,477	19,477	42,907
Advance to other funds		227,173		227,173	227,173
Due from other governments	49	49		98	611
Prepaid expense	5,124	9,355	17,953	32,432	42,473
Total Current Assets	<u>987,646</u>	<u>764,943</u>	<u>976,994</u>	<u>2,729,583</u>	<u>2,219,621</u>
Noncurrent Assets:					
Capital assets:					
Nondepreciable	1,677,874	2,153,114		3,830,988	111,268
Depreciable	4,789,434	5,093,596	932,389	10,815,419	10,861,077
Less: Accumulated depreciation	(2,560,620)	(3,336,454)	(430,454)	(6,327,528)	(6,144,396)
Net capital assets	<u>3,906,688</u>	<u>3,910,256</u>	<u>501,935</u>	<u>8,318,879</u>	<u>4,827,949</u>
TOTAL ASSETS	<u>4,894,334</u>	<u>4,675,199</u>	<u>1,478,929</u>	<u>11,048,462</u>	<u>7,047,570</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows from pension activity	7,047	4,937	28,134	40,118	25,862
LIABILITIES					
Current Liabilities:					
Current maturities of bonds payable	197,000	163,000		360,000	33,000
Accounts payable	18,025	22	6,810	24,857	11,917
Accrued interest payable	24,888	23,622		48,510	5,996
Total Current Liabilities	<u>239,913</u>	<u>186,644</u>	<u>6,810</u>	<u>433,367</u>	<u>50,913</u>
Noncurrent Liabilities:					
Bonds payable, net of current maturities	2,014,500	1,696,500		3,711,000	352,000
Net pension liability	49,550	39,148	202,135	290,833	240,078
Total Liabilities	<u>2,303,963</u>	<u>1,922,292</u>	<u>208,945</u>	<u>4,435,200</u>	<u>642,991</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows from pension activity	4,799	3,792	19,586	28,177	78,646
NET POSITION					
Net investment in capital assets	1,695,188	2,050,756	501,935	4,247,879	4,442,949
Unrestricted	897,431	703,296	776,597	2,377,324	1,908,846
Total Net Position	<u>\$ 2,592,619</u>	<u>\$ 2,754,052</u>	<u>\$ 1,278,532</u>	<u>\$ 6,625,203</u>	<u>\$ 6,351,795</u>

See Notes to Financial Statements

**CITY OF DODGE CENTER
PROPRIETARY FUNDS
Statement of Revenues, Expenses and
Changes in Fund Net Position**

For the Year Ended December, 31, 2020
With Comparative Totals For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Ambulance	TOTALS	
	Fund	Fund	Fund	2020	2019
Operating Revenues					
Service charges	\$ 491,835	\$ 466,986	\$ 1,590,283	\$ 2,549,104	\$ 2,421,491
Contract adjustments			(727,734)	(727,734)	(673,130)
Net Operating Revenues	<u>491,835</u>	<u>466,986</u>	<u>862,549</u>	<u>1,821,370</u>	<u>1,748,361</u>
Operating Expenses					
Employee services	71,557	40,135	367,758	479,450	416,086
Employee benefits and retirement	23,179	12,485	57,313	92,977	92,359
Materials and supplies	50,105	7,663	23,005	80,773	87,775
Professional fees	12,354	3,647	4,423	20,424	24,312
Insurance	6,477	15,384	37,213	59,074	59,314
Telephone			12,422	12,422	7,679
Utilities	28,802		6,246	35,048	42,181
Contractual services		208,838	30,343	239,181	259,711
Repairs and maintenance	51,800	43,346	11,167	106,313	71,077
Depreciation	145,461	92,957	49,504	287,922	290,188
Uncollectible accounts and charges-offs			16,417	16,417	157,350
Other services and charges	27,562	14,756	42,191	84,509	72,572
Total Operating Expenses	<u>417,297</u>	<u>439,211</u>	<u>658,002</u>	<u>1,514,510</u>	<u>1,580,604</u>
Operating Income (Loss)	<u>74,538</u>	<u>27,775</u>	<u>204,547</u>	<u>306,860</u>	<u>167,757</u>
Nonoperating Revenues (Expenses)					
Interest expense and fiscal charges	(32,711)	(23,622)		(56,333)	(14,505)
Contributions and other			14,925	14,925	12,323
Utility connection charges	5,050			5,050	6,950
Investment income	1,086	1,106		2,192	5,064
CARES Act funding			157,594	157,594	
CARES Act expenses			(154,520)	(154,520)	
Other grants			44,942	44,942	
Other revenue (expenses)	14,759	13,106	(8,544)	19,321	35,928
Total Nonoperating Revenues (Expenses)	<u>(11,816)</u>	<u>(9,410)</u>	<u>54,397</u>	<u>33,171</u>	<u>45,760</u>
Income Before Transfers	62,722	18,365	258,944	340,031	213,517
Transfers out	<u>(66,623)</u>			<u>(66,623)</u>	
Change in net position	(3,901)	18,365	258,944	273,408	213,517
Net Position - Beginning of Year	<u>2,596,520</u>	<u>2,735,687</u>	<u>1,019,588</u>	<u>6,351,795</u>	<u>6,138,278</u>
Net Position - End of Year	<u>\$ 2,592,619</u>	<u>\$ 2,754,052</u>	<u>\$ 1,278,532</u>	<u>\$ 6,625,203</u>	<u>\$ 6,351,795</u>

See Notes to Financial Statements

**CITY OF DODGE CENTER
PROPRIETARY FUNDS
Statement of Cash Flows**

For the Year Ended December 31, 2020
With Comparative Totals For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Ambulance	TOTALS	
	Fund	Fund	Fund	2020	2019
Cash Flows From Operating Activities					
Cash received from customers	\$ 494,109	\$ 469,523	\$ 757,641	\$ 1,721,273	\$ 1,531,815
Cash payments to suppliers	(164,322)	(295,564)	(145,416)	(605,302)	(707,688)
Cash payments to employees or on their behalf	(94,736)	(52,621)	(425,071)	(572,428)	(536,494)
Net Cash Provided By Operating Activities	<u>235,051</u>	<u>121,338</u>	<u>187,154</u>	<u>543,543</u>	<u>287,633</u>
Cash Flows From Noncapital Financing Activities					
Contributions and other	19,809	13,106	54,397	87,312	55,201
Transfers in (out)	(66,623)			(66,623)	
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>(46,814)</u>	<u>13,106</u>	<u>54,397</u>	<u>20,689</u>	<u>55,201</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(1,487,924)	(2,231,796)	(59,132)	(3,778,852)	(39,089)
Proceeds from long-term debt	1,673,550	2,045,450		3,719,000	
Principal paid on bonds	(33,000)			(33,000)	(21,000)
Interest paid on bonds	(13,819)			(13,819)	(17,369)
Net Cash (Used In) Capital and Related Financing Activities	<u>138,807</u>	<u>(186,346)</u>	<u>(59,132)</u>	<u>(106,671)</u>	<u>(77,458)</u>
Cash Flows From Investing Activities					
Investment earnings received	1,086	1,106		2,192	5,064
Net Increase (Decrease) in Cash and Cash Equivalents	328,130	(50,796)	182,419	459,753	270,440
Cash and Cash Equivalents, Beginning of Year	588,739	515,478	360,041	1,464,258	1,193,818
Cash and Cash Equivalents, End of Year	<u>\$ 916,869</u>	<u>\$ 464,682</u>	<u>\$ 542,460</u>	<u>\$ 1,924,011</u>	<u>\$ 1,464,258</u>

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Ambulance	TOTALS	
	Fund	Fund	Fund	2020	2019
Operating Income	\$ 74,538	\$ 27,775	\$ 204,547	\$ 306,860	\$ 167,757
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	145,461	92,957	49,504	287,922	290,188
Change in net pension liability	(2,023)	(1,598)	(10,349)	(13,970)	6,392
(Increase) Decrease In:					
Accounts receivable	2,017	2,281	(88,491)	(84,193)	(58,615)
Due from other governments	257	256		513	(581)
Prepaid expenses	(1,129)	925	10,245	10,041	(6,069)
Inventory			23,430	23,430	(30,540)
Increase (Decrease) In:					
Accounts payable	15,930	(1,257)	(1,732)	12,941	(52,850)
Accrued liabilities		(1)		(1)	(28,049)
Net Cash Provided By Operating Activities	<u>\$ 235,051</u>	<u>\$ 121,338</u>	<u>\$ 187,154</u>	<u>\$ 543,543</u>	<u>\$ 287,633</u>

See Notes to Financial Statements

CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

CITY OF DODGE CENTER

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of Dodge Center was first incorporated in 1872. The City operates under the “optional Plan A” form of government as defined by Minnesota State Statutes which prescribes a Mayor-Council form of government. Four Council members and the Mayor are each elected to four-year terms.

The City’s major operations include police and fire protection, parks, library, recreation, public works, economic development, and general administrative services. In addition, the City owns and operates a water and sewer system and a regional ambulance department.

Reporting Entity

The City's financial statements include the primary government and the component units of the City of Dodge Center, defined as follows:

Primary Government - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of Dodge Center.

Component Units - Component units are legally separate organizations for which the elected officials of the City of Dodge Center are financially accountable or for which the nature or significance of their relationship with the City would cause the general purpose financial statements to be misleading or incomplete. Because its sole purpose is to encourage future development within the City, the Dodge Center Economic Development Authority (EDA), has been reported as a blended component unit in the financial statements of the City of Dodge Center.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before requirements are met are recorded as a deferred inflow of resources.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major governmental funds:

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

The *Economic Development fund* accounts for monies used to improve the economy within Dodge Center.

The *Capital Improvement fund* accounts for the accumulation of resources for capital improvements within the improvement plan.

The *Equipment Replacement fund* accounts for the accumulation of resources for the purchase of equipment within the equipment replacement plan.

The *2020 Street Reconstruction fund* accounts for the activity associated with the 2020 street and utility project.

The *Public Project Revenue Bonds of 2006A fund* accounts for the accumulation of resources for payment of the bonds.

The *General Obligation Bonds of 2017A fund* accounts for the accumulation of resources for payment of the bonds.

The *General Obligation Bonds of 2014A fund* accounts for the accumulation of resources for payment of the bonds.

The *General Obligation Bonds of 2020A fund* accounts of the accumulation of resources for payment of the bonds.

The City reports the following major proprietary funds:

The *Water fund* accounts for the operation of the City owned water utility system.

The *Sewer fund* accounts for the operation of the City owned sewer utility system.

The *Ambulance fund* accounts for the operations of the City's ambulance department.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary accounting is employed as a management control for funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and may be amended by formal council action. All budget appropriations lapse at the end of the fiscal year. Budgeted amounts for the General and Major Special Revenue Funds have been presented in the financial statements with the exception of the TIF Districts, which adopts a project length budget.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The cost of inventories are recorded as expense when consumed rather than when purchased.

Cash and Investments

Except where otherwise required, the City maintains all deposits in bank accounts in the name of the City. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

The City has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to Dodge County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. Delinquent taxes receivable are fully offset by deferred inflows of resources in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues from property taxes are accrued and recognized in the year collectable, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July and December.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Special Assessments

Assessments are levied at various times by City resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to fifteen years with interest charges of 4.0% to 8.0%. Revenue from these assessments is recognized when the City certifies the assessment in the government wide financial statements and as the annual installments become collectible in the fund financial statements. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. Delinquent assessments receivable are fully offset by deferred inflows of resources in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

Tax Increment Districts

Property tax revenues received on tax increment districts are recorded in the Debt Service Fund to the extent required to service bond principal and interest payments due plus 5 percent of such payments. Any remaining property tax revenues are recognized in the Capital Projects Funds for the tax increment district.

Short-Term Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "advances from other funds" or "advances to other funds".

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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, net of interest earned on the invested debt proceeds over the same period.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Capital Assets (continued)

Property, plant, and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	<u>Useful Life in Years</u>
Buildings	20 - 40
Improvements other than buildings	20 - 40
Furniture and fixtures	5 - 10
Machinery and Equipment	5 - 10

Historical cost, accumulated depreciation and depreciation expense related to infrastructure assets constructed prior to January 1, 2004 are not included in the City's financial statements.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund of the fund financial statements that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense and liability in the government wide financial statements. Vested or accumulated vacation leave of enterprise funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

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 statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported separately and expensed in the year of issuance.

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.

Fund Balance

In the fund financial statements, governmental fund types report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows of Resources

In addition to assets, the financial statements 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 that time. The City has one type and is pension related and is reported on the statement of net position.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City recognized two types. The first type of deferred inflows of resources occurs because governmental fund revenues are not recognized until available under the modified accrual basis of accounting. The second type is pension related and reported in the statement of net position.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts receivable. Credit risk associated with cash and investments are discussed in Note 2.

The City's accounts receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of Dodge Center.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the city administrator.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Cash and Investments

Summary of Cash and Investments

As of December 31, 2020, the City's cash and investments consisted of the following items, all of which are held in an internal cash and investment pool:

Cash and Investments	Maturities	Ratings	Fair Value
Cash on hand	None	N/A	\$ 1,097
Deposits	None	N/A	3,523,092
Money Market Mutual Funds	None	N/A	4,921,727
Non-negotiable Certificate of deposits	November 2022	N/A	544,179
Cash and Investments per Statement of Net Position			<u>\$ 8,990,095</u>

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c) General obligations of the State of Minnesota or its municipalities.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer into the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Cash and Investments (Continued)

Collateralization of Cash Deposits

The City's deposits are covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds, or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state or local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Fair Value Measurement

Fair value measurements are determined by utilizing the framework established by the Governmental Accounting Standards Board. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, Level 2, inputs must be observable for substantially the full term of the asset or liability

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Cash and Investments (Continued)

Interest Rate Risk

The City does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City has no investment policy that would limit its investment choices.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Investments that are more than 5 percent of the City's total investments are as follows:

<u>Investments</u>	<u>Ratings</u>	<u>of Total</u>
Non-negotiable Certificate of deposits	N/A	6%

3. Due From Other Governmental Units

Amounts due from other governmental units at December 31, 2020 are as follows:

<u>Fund</u>	<u>Dodge County</u>
General	\$ 6,285
Special Revenue	6,535
Debt Service	2,316
Capital Projects	3,631
Subtotal - Governmental Funds	<u>18,767</u>
Water	49
Sewer	49
Subtotal - Enterprise Funds	<u>98</u>
Total	<u>\$ 18,865</u>

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 574,226	\$	\$	\$ 574,226
Construction in process	80,853	1,959,311		2,040,164
Total capital assets, not being depreciated	655,079	1,959,311		2,614,390
Capital assets, being depreciated:				
Buildings	3,002,504			3,002,504
Improvements other than buildings	11,887,438	146,662		12,034,100
Furniture and fixtures	94,105			94,105
Machinery and equipment	2,913,449	118,276		3,031,725
Total capital assets, being depreciated	17,897,496	264,938		18,162,434
Less accumulated depreciation for:				
Buildings	1,124,515	75,472		1,199,987
Improvements other than buildings	4,057,805	538,051		4,595,856
Furniture and fixtures	43,045	7,107		50,152
Machinery and equipment	2,111,429	164,088		2,275,517
Total accumulated depreciation	7,336,794	784,718		8,121,512
Total capital assets, being depreciated, net	10,560,702	(519,780)		10,040,922
Governmental activities capital assets, net	\$ 11,215,781	\$ 1,439,531	\$	\$ 12,655,312
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 111,268	\$	\$	\$ 111,268
Construction in process		3,719,720		3,719,720
Total capital assets, not being depreciated	111,268	3,719,720		3,830,988
Capital assets, being depreciated:				
Buildings and improvements	9,390,764			9,390,764
Machinery and equipment	1,470,313	59,132	104,790	1,424,655
Total capital assets, being depreciated	10,861,077	59,132	104,790	10,815,419
Less accumulated depreciation for:				
Buildings and improvements	4,798,391	244,338		5,042,729
Machinery and equipment	1,346,005	43,584	104,790	1,284,799
Total accumulated depreciation	6,144,396	287,922	104,790	6,327,528
Total capital assets, being depreciated, net	4,716,681	(228,790)		4,487,891
Business-type activities capital assets, net	\$ 4,827,949	\$ 3,490,930	\$	\$ 8,318,879

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

4. Capital Assets (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 34,182
Public safety	90,570
Streets and highways	489,321
Culture and recreation	102,161
Airport operations	<u>68,484</u>
Total depreciation expense - governmental activities	<u><u>\$ 784,718</u></u>
Business-Type Activities:	
Water	\$ 145,461
Sewer	92,957
Ambulance	<u>49,504</u>
Total depreciation expense - business-type activities	<u><u>\$ 287,922</u></u>

5. Long-Term Debt

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable and compensated absences.

General Obligation Improvement Bonds:

These bonds are payable partly from special assessments being levied and collected for local improvements and are backed by the full faith and credit of the City. The City's general policy is to charge the benefiting property owners a portion of the cost of street and public utility improvements. The City levies additional taxes to fund its share of the bond payments. The utility funds also contribute to payments.

A summary of interest rates, maturities and December 31, 2020 balances is as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2020
General Obligation Improvement Bonds:			
2014A Refunding	1.75-2.60%	2024	\$ 275,000
2014B Improvement	1.50-3.00%	2025	860,000
2017A Improvement	1.25-3.00%	2034	870,000
2020A Improvement	1.87%	2031	3,084,000
General Obligation Revenue Notes:			
2018A Water Revenue	3.75%	2029	352,000
2020A Sewer / Water Revenue	1.87%	2031	<u>3,719,000</u>
Total			<u><u>\$ 9,160,000</u></u>

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

5. Long-Term Debt (Continued)

The 2014B General Improvement Bonds were issued to fund the 2014 Main Street improvement and reclaim projects.

On August 4, 2014, the City of Dodge Center issued \$1,580,000 of General Obligation Crossover Refunding Bonds, Series 2014A. The proceeds of this issue were used to refund the outstanding principal and interest of the City's 2007A General Improvement Bonds on February 1, 2015.

The City issued \$945,000 of 2017A General Obligation Improvement Bonds to fund the 2017 Street improvement project.

The City issued \$406,000 of 2018A General Obligation Revenue Note to fund the 2018 water project.

The City issued \$3,719,000 of 2020A General Obligation Revenue Note to fund the 2020 utility project, as well as a \$3,084,000 General Obligation Improvement Bond for the 2020 Street Improvement project.

The changes in the Long-Term Debt of the City during the year ended December 31, 2020 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds:					
General Obligation Improvement Bonds:					
2014A Refunding	\$ 365,000	\$	\$ 90,000	\$ 275,000	\$ 85,000
2014B Improvement	1,010,000		150,000	860,000	150,000
2017A Improvement	940,000		70,000	870,000	70,000
2020A Improvement		3,084,000		3,084,000	
Unamortized Discount	(8,722)		(581)	(8,141)	
Unamortized Premium	18,565		3,203	15,362	
Total Bonds	2,324,843	3,084,000	312,622	5,096,221	305,000
Other Liabilities:					
Compensated absences	22,163	11,578		33,741	
Governmental Activities Long-term Liabilities	2,347,006	3,095,578	312,622	5,129,962	305,000
BUSINESS-TYPE ACTIVITIES					
General Obligation Revenue Notes:					
2018A Water Revenue	385,000		33,000	352,000	34,000
2020A Utility Revenue		3,719,000		3,719,000	326,000
Long-term Liabilities	385,000	3,719,000	33,000	4,071,000	360,000
Total	\$ 2,732,006	\$ 6,814,578	\$ 345,622	\$ 9,200,962	\$ 665,000

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

5. Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2020 are summarized below.

Years	General Obligation Improvement and Refunding Bonds		General Obligation Revenue Notes	
	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>				
2021	\$ 305,000	\$ 87,333	\$ 360,000	\$ 62,075
2022	603,000	95,886	347,000	75,375
2023	614,000	84,367	354,000	68,227
2024	594,000	70,934	361,000	60,930
2025	544,000	58,268	369,000	53,466
2026 - 2030	1,904,000	168,107	1,551,000	135,920
2031 - 2034	525,000	17,965	729,000	20,514
Totals	<u>\$ 5,089,000</u>	<u>\$ 582,860</u>	<u>\$ 4,071,000</u>	<u>\$ 476,507</u>

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

6. Individual Fund Disclosures

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

	Transfers In	Transfers Out
General Fund	\$ 26,908	\$ 254,596
Special Revenue:		
Economic Development		2,277
Debt Service:		
GO Bonds of 2014B	66,623	
GO Bonds of 2020A	40,530	
Capital Projects:		
2017 Street Project	147,623	
2020 Street Project		40,530
Equipment Replacement		24,631
Cultural Capital Project	106,973	
Subtotal - Governmental Funds	388,657	322,034
Enterprise:		
Water		66,623
Subtotal - Enterprise Funds		66,623
Totals	\$ 388,657	\$ 388,657

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due and to move general fund revenues to finance various programs that the government accounts for in other funds.

At December 31, 2020 the following funds have deficit fund balances:

Debt Service:		
Public Project Revenue Bonds of 2006A		\$ 235,674
Capital Projects:		
Culture Capital Project		2,551
Central Avenue South		98,950
TIF #13 Greystone Holding		9,357
TIF #14 IMS Holding LLC		9,281
TIF #15 McNeilus Expansion		6,893

The City intends to fund accumulated deficits through additional revenue sources.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

6. Individual Fund Disclosures (Continued)

The amounts due to and from and advanced to and from other funds at December 31, 2020, at the individual fund level are summarized below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 245,408	\$
Capital Projects Funds:		
Cultural Capital Project		120,927
TIF #13 Greystone Housing		9,357
TIF #14 IMS Holding LLC		9,281
TIF #15 McNeilus Expansion		6,893
Central Avenue South		98,950
	\$ 245,408	\$ 245,408
	Advances to Other Funds	Advances From Other Funds
Capital Project Fund:		
Capital Improvement	\$ 8,866	\$
Debt Service Fund:		
Public Project Revenue Bonds of 2006A		236,039
Enterprise Funds:		
Sewer	227,173	
	\$ 236,039	\$ 236,039

Advances were used for interfund borrowings to prepay the Public Project Revenue Bonds of 2006A. The funding mechanisms scheduled to repay these bonds will now be used to repay the interfund advances.

Excess of expenditures over appropriations at the individual fund level during 2020 are as follows:

Fire	\$ 36,767
Library	16,431

All excess expenditures were the result of planned processes.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

7. Fund Equity

The City has restricted portions of fund balance in the fund financial statements and fund equity in the government-wide financial statements. The restricted fund balance / net position represents the portion not available for expenditure or legally segregated for specific use. A summary of the restricted portion of the fund balance / equity at December 31, 2020 is as follows:

Specific Purpose	Restriction Imposed By	
	Grantors	Creditors
Restricted Fund Balance		
Urban Development Grant Fund:		
Economic development	\$ 36,142	\$
Debt Service Funds:		
Debt service requirements		864,201
Total Restricted Fund Balance	<u>\$ 36,142</u>	<u>\$ 864,201</u>
Restricted Net Position		
Economic development	\$ 38,761	\$
Debt service requirements		2,122,381
Total Restricted Net Position	<u>\$ 38,761</u>	<u>\$ 2,122,381</u>

The City has committed portions of the fund equity in the governmental funds. A summary of the committed portion of the fund equity at December 31, 2020 is as follows:

	General	Equipment Replacement
Committed Fund Balance:		
Capital Reserve	\$ 106,000	\$
Cash Flow	700,000	
Equipment Replacement		801,657
	<u>\$ 806,000</u>	<u>\$ 801,657</u>

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

8. Commitments and Contingencies

The City participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City does not anticipate any audit adjustments or disallowed program expenditures that would-be material in relation to the general purpose financial statements taken as a whole.

9. Defined Benefit Pension Plans - Statewide

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 either the Coordinated Plan. Coordinated Plan members are covered by Social Security.

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 are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% 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 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 years of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Defined Benefit Pension Plans – Statewide (Continued)

Contributions

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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Plan for the year ended December 31, 2020, were \$66,431. The City's contributions were equal to the required contributions as set by state statute.

Pension Costs

At December 31, 2020, the City reported a liability of \$743,438 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$22,957. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion 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 proportion was .0124% at the end of the measurement period and .0111% for the beginning of the period.

City's proportionate share of net pension liability	\$743,438
State of Minnesota's proportionate share of the net Pension liability associated with the City	\$22,957

For the year ended December 31, 2020, the City recognized pension expense of \$21,256 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized additional \$1,998 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 6,096	\$ 2,813
Changes in actuarial assumptions		26,781
Difference between projected and actual investment earnings	5,478	
Changes in proportion	53,906	42,443
Contributions paid to PERA subsequent to the measurement date	32,880	
Total	<u>\$ 98,361</u>	<u>\$ 72,031</u>

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Defined Benefit Pension Plans - Statewide (Continued)

The \$32,880 is reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31:</u>	<u>Pension Expense Amount</u>
2021	\$ (51,729)
2022	(2,798)
2023	30,009
2024	17,961

Actuarial Assumptions

Pension expense recognized by the City of the year ended December 31, 2020 is as follows:

General Employees Fund	\$21,256
------------------------	----------

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

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

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

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

The following changes in actuarial assumptions occurred in 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%
- The payroll growth assumption was decreased from 3.25% to 3.00%
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study.
The net effect is assumed rates that average 0.25% less than previous rates.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Defined Benefit Pension Plans - Statewide (Continued)

Actuarial Assumptions (Continued)

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

Changes in Plan Provisions:

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

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Stocks	35.5%	5.10%
International Stocks	17.5%	5.30%
Bonds (Fixed Income)	20.0%	0.75%
Alternative Assets (Private Market)	25.0%	5.90%
Cash	2.0%	0.00%
	100%	

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Defined Benefit Pension Plans - Statewide (Continued)

Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota Statutes. Based on these assumption, the fiduciary net positions of the General Employees Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

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

Sensitive Analysis			
<i>Net Pension Liability at Different Discount Rates</i>			
			General Employees Fund
1% Lower	6.50%	\$	1,191,471
Current Discount Rate	7.50%	\$	743,438
1% Higher	8.50%	\$	373,844

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

10. Defined Benefit Pension Plan – Volunteer Fire Relief Association

Plan Description

The City contributes to the Dodge Center Fire Relief Association ("Association"), a single employer defined benefit retirement plan that acts as a common investment and administrator for the City's firefighters. Volunteer firefighters of the City are members of the Dodge Center Fire Relief Association. As of December 31, 2020, the plan covered 25 active firefighters and 6 inactive members entitled to deferred benefits.

Plan Description

Association members are eligible to receive a lump sum pension benefit after reaching the later of age 50 or after completion of 20 years of service. If a member is both age 50 and has completed with 10 years of service, but not 20 years of service, the lump sum pension will be reduced by 6% for each year of service less than 20 years. Members are eligible for lump sum distributions equal to \$1,650 per year of service to the Fire Relief. These benefit provisions are consistent with enabling state statutes. Volunteers of the department are not required to contribute to the relief association. If a member leaves the department before 5 years of service, they are not eligible for any pension benefit. The City levies property taxes at the direction of and for the benefit of the fire relief association and through state aids allocated to the plan, all in accordance with enabling state statutes.

Contributions

The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota Statutes, and voluntary City contributions. The State of Minnesota contributed \$30,246 in state aid to the plan on behalf of the Association for the year ended December 31, 2020, which was recorded as revenue. The City made voluntary contributions of \$2,500 to the plan.

Pension Costs

At December 31, 2020, the City reported a net pension asset of \$179,227 for the plan. The net pension asset was measured as of December 31, 2020. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by applying an actuarial formula to specific census data certified by the fire department as of December 31, 2020. The following table presents the changes in net pension asset during the year.

Funding Status and Progress ---

At December 31, 2020 the Association funding status is as follows:

Total plan assets	\$ 879,236
Total accrued liability	(436,090)
Excess (Deficiency) of Plan Assets over Accrued Liability	\$ 443,146

**CITY OF DODGE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

10. Defined Benefit Pension Plan – Volunteer Fire Relief Association (Continued)

Contributions Required and Contributions Made

Financial requirements of the Association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. The City was not obligated to make a contribution in 2019.

The computation of the pension contribution requirements for 2019 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

11. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT) and provides employee health insurance through a private insurance carrier.

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2020.

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$1,000,000 per claim for plan year 2020. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

CITY OF DODGE CENTER
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2020

CITY OF DODGE CENTER, MINNESOTA
Schedules of City Contributions
December 31, 2020

Schedule of City Contributions
PERA General Employees Retirement Fund

Year Ended December 31	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
2014	\$ 45,934	\$ 45,934	\$	\$ 612,453	7.5%
2015	48,614	48,614		648,186	7.5%
2016	56,680	56,680		755,733	7.5%
2017	61,820	61,820		824,267	7.5%
2018	62,537	62,537		833,827	7.5%
2019	59,057	59,057		787,427	7.5%
2020	66,431	66,431		885,747	7.5%
2021					
2022					
2023					

CITY OF DODGE CENTER, MINNESOTA
Schedules of Proportionate Share of Net Pension Liability
December 31, 2020

Schedule of Proportionate Share of Net Pension Liability
PERA General Employees Retirement Fund

Fiscal Year Ended June 30	Proportionate (Percentage) of Net Pension Liability (Asset)	Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability (Asset) (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Position Liability Associated with the City (a+b)	Covered Payroll (c)	Proportionate Share (Amount) of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b) / c	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0121%	\$ 568,397	\$	\$ 568,397	\$ 654,081	86.9%	78.70%
2015	0.0112%	580,442		580,442	719,994	80.6%	78.19%
2016	0.0122%	990,579	12,875	1,003,454	778,002	129.0%	68.91%
2017	0.0128%	817,144	10,271	827,415	790,000	104.7%	75.90%
2018	0.0124%	687,901	22,553	710,454	829,047	85.7%	79.50%
2019	0.0111%	613,696	19,166	632,862	810,627	78.1%	80.23%
2020	0.0124%	743,438	22,957	766,395	836,587	91.6%	79.06%
2021							
2022							
2023							

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CITY OF DODGE CENTER
COMBINING AND INDIVIDUAL FUND STATEMENTS
DECEMBER 31, 2020

CITY OF DODGE CENTER, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020

	Special Revenue						Capital Projects	
	211 Library	225 Fire	230 Airport	216 Revolving Loan	202	215 Economic Development	436	437
					Urban Development Grant		Downtown Street Lights	Cultural Capital Project
ASSETS								
Cash and investments	\$ 68,026	\$ 230,704	\$ 11,195	\$ 95,605	\$ 36,142	\$ 91,492	\$ 450	\$ 106,973
Accounts receivable		2,700						11,403
Taxes receivable delinquent	3,115	2,240				208		
Special assessments receivable								
Delinquent								
Deferred								
Loans receivable				2,619		150,000		
Due from other governmental units	687	504	5,344			52		
Prepaid items	1,535	10,612	4,570					
TOTAL ASSETS	\$ 73,363	\$ 246,760	\$ 21,109	\$ 98,224	\$ 36,142	\$ 241,752	\$ 450	\$ 118,376
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 1,486	\$ 23,236	\$ 3,859	\$	\$	\$	\$	\$
Advances from other funds								120,927
Due to other funds								120,927
Total Liabilities	1,486	23,236	3,859					120,927
Deferred Inflows of Resources:								
Unavailable revenue:								
Property taxes	3,115	2,240				208		
Special assessments								
Loans receivable				2,619		150,000		
Total Deferred Inflows of Resources	3,115	2,240		2,619		150,208		
Fund Balance:								
Nonspendable:								
Prepaid items	1,535	10,612	4,570					
Restricted:								
Creditors								
Grantors					36,142			
Assigned	67,227	210,672	12,680	95,605		91,544	450	
Unassigned								(2,551)
Total Fund Balance	68,762	221,284	17,250	95,605	36,142	91,544	450	(2,551)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 73,363	\$ 246,760	\$ 21,109	\$ 98,224	\$ 36,142	\$ 241,752	\$ 450	\$ 118,376

Capital Projects					Debt Service				Total Nonmajor Governmental Funds 2020
438 2017 Street Project	416 TIF #11 Rozell II	440 TIF #13 Greystone Housing	441 TIF #14 IMS Holding LLC	442 TIF #15 McNeilus Expansion	376 General Obligation Bonds of 2006A	382 General Obligation Bonds of 2014A	383 General Obligation Bonds of 2014B	384 General Obligation Bonds of 2017A	
\$	\$	\$	\$	\$	\$	\$ 232,194	\$ 15,462	\$ 255,385	\$ 1,143,628
					1,558	4,387	1,960		14,103
						10,596	2,082	3,004	15,682
						91,332	82,035	302,854	476,221
									152,619
					365	329	337	1,285	8,903
									16,717
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,923</u>	<u>\$ 338,838</u>	<u>\$ 101,876</u>	<u>\$ 562,528</u>	<u>\$ 1,841,341</u>
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 28,581
					236,039				236,039
		9,357	9,281	6,893					146,458
		<u>9,357</u>	<u>9,281</u>	<u>6,893</u>	<u>236,039</u>				<u>411,078</u>
					1,558	4,387	1,960		13,468
						101,928	84,117	305,858	491,903
									152,619
					<u>1,558</u>	<u>106,315</u>	<u>86,077</u>	<u>305,858</u>	<u>657,990</u>
									16,717
						232,523	15,799	256,670	504,992
									36,142
									478,178
		(9,357)	(9,281)	(6,893)	(235,674)				(263,756)
		<u>(9,357)</u>	<u>(9,281)</u>	<u>(6,893)</u>	<u>(235,674)</u>	<u>232,523</u>	<u>15,799</u>	<u>256,670</u>	<u>772,273</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,923</u>	<u>\$ 338,838</u>	<u>\$ 101,876</u>	<u>\$ 562,528</u>	<u>\$ 1,841,341</u>

CITY OF DODGE CENTER, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	Special Revenue						Capital Project	
	211 Library	225 Fire	230 Airport	216 Revolving Loan	202	215 Economic Development	436 Downtown Street Lights	437 Cultural Capital Project
					Urban Development Grant			
REVENUES								
General property taxes	\$ 129,139	\$ 95,007	\$	\$	\$	\$ 9,996	\$	\$
Special assessments								
Fines and forfeits	588							
Intergovernmental revenues								
County grant	26,387							
Federal and state grants	18,034	65,301	31,768		67,890			70,269
Charges for services		4,200						
Investment income	567			132				
Rents and royalties			61,520					
Miscellaneous revenues	3,261	45,670	11,285	2,435	25,344			28,772
TOTAL REVENUES	177,976	210,178	104,573	2,567	93,234	9,996		99,041
EXPENDITURES								
Culture and recreation	179,761							
Airport operations			77,169					
Public Safety		144,464						
Economic development				23,260	85,405			
Debt service								
Capital outlay	2,625	27,708	35,299					99,006
TOTAL EXPENDITURES	182,386	172,172	112,468	23,260	85,405			99,006
Excess (deficiency) of revenues over (under) expenditures	(4,410)	38,006	(7,895)	(20,693)	7,829	9,996		35
OTHER FINANCING SOURCES (USES)								
Transfers in								106,973
Transfers out						(2,277)		
Total other financing sources (uses)						(2,277)		106,973
Net change in fund balances	(4,410)	38,006	(7,895)	(20,693)	7,829	7,719		107,008
Fund Balance - Beginning	73,172	183,278	25,145	116,298	28,313	83,825	450	(109,559)
Fund Balance - Ending	\$ 68,762	\$ 221,284	\$ 17,250	\$ 95,605	\$ 36,142	\$ 91,544	\$ 450	\$ (2,551)

Capital Projects					Debt Service				Total Nonmajor Governmental Funds 2020
438 2017 Street Project	416 TIF #11 Rozell II	440 TIF #13 Greystone Housing	441 TIF #14 IMS Holding LLC	442 TIF #15 McNeilus Expansion	376 General Obligation Bonds of 2006A	382 General Obligation Bonds of 2014A	383 General Obligation Bonds of 2014B	384 General Obligation Bonds of 2017A	
\$	\$	\$	\$	\$	\$ 66,752	\$ 100,679	\$ 97,413	\$ 48,950	\$ 547,936
						14,334	45,651	79,648	139,633
									588
									26,387
									253,262
									4,200
									699
									61,520
									116,767
					66,752	115,013	143,064	128,598	1,150,992
									179,761
									77,169
									144,464
	23,636								132,301
						174,496	99,133	90,258	363,887
147,623		1,800							314,061
147,623	23,636	1,800			174,496	99,133	90,258		1,211,643
(147,623)	(23,636)	(1,800)			66,752	(59,483)	43,931	38,340	(60,651)
147,623						66,623			321,219
									(2,277)
147,623						66,623			318,942
	(23,636)	(1,800)			66,752	7,140	43,931	38,340	258,291
	23,636	(7,557)	(9,281)	(6,893)	(302,426)	8,659	188,592	218,330	513,982
\$	\$	\$ (9,357)	\$ (9,281)	\$ (6,893)	\$ (235,674)	\$ 15,799	\$ 232,523	\$ 256,670	\$ 772,273

CITY OF DODGE CENTER, MINNESOTA
LIBRARY FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
Property tax levy					
Property tax collected	\$ 128,757	\$ 128,757	\$ 129,139	\$ 382	\$ 125,912
Intergovernmental revenues					
State aids					2,500
County grants	31,748	31,748	26,387	(5,361)	24,948
CARES Act funding			18,034		
Fines and forfeits	1,500	1,500	588	(912)	1,496
Investment income			567	567	1,302
Miscellaneous revenues					
First read program	1,000	1,000	1,033	33	1,357
Other miscellaneous revenue	2,800	3,800	2,228	(1,572)	4,724
TOTAL REVENUES	165,805	166,805	177,976	(6,863)	162,239
EXPENDITURES					
Employee services	105,891	105,891	106,307	(416)	100,312
Employee benefits and retirement	15,216	15,216	21,443	(6,227)	14,382
Books, periodicals and video tapes	11,600	11,600	9,257	2,343	9,880
First read program	1,000	1,000	761	239	877
Materials and supplies	6,050	6,050	7,637	(1,587)	5,973
Insurance	3,048	3,048	2,595	453	2,513
Telephone	900	900	822	78	867
Utilities	4,400	4,400	4,178	222	4,474
Professional fees	9,000	9,000	7,505	1,495	8,546
Repairs and maintenance	1,300	1,300	705	595	909
Other charges	1,550	2,550	517	2,033	1,340
Capital outlay	5,000	5,000	2,625	2,375	6,166
Total Library	164,955	165,955	164,352	1,603	156,239
Unallocated - CARES Act					
Books, periodicals, supplies			18,034	(18,034)	
TOTAL EXPENDITURES	164,955	165,955	182,386	(16,431)	156,239
Net Change in Fund Balance	850	850	(4,410)	(5,260)	6,000
FUND BALANCE - Beginning	73,172	73,172	73,172		67,172
FUND BALANCE - Ending	\$ 74,022	\$ 74,022	\$ 68,762	\$ (5,260)	\$ 73,172

CITY OF DODGE CENTER, MINNESOTA
FIRE FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
Property tax levy					
Property tax collected	\$ 94,683	\$ 94,683	\$ 95,007	\$ 324	\$ 90,394
Intergovernmental revenues					
State and Federal grants	5,000	5,000		(5,000)	7,850
CARES Act Funding			16,997		
Fire relief aid			22,865	22,865	21,246
Township contributions	21,500	21,500	25,439	3,939	26,355
Charges for services	3,000	3,000	4,200	1,200	
Miscellaneous income			45,670	45,670	15,483
TOTAL REVENUES	124,183	124,183	210,178	68,998	161,328
EXPENDITURES					
Employee services	6,755	6,755	5,275	1,480	6,620
Materials and supplies	11,800	11,800	25,960	(14,160)	26,678
Insurance	20,517	20,517	19,097	1,420	17,775
Other charges	7,836	7,836	12,681	(4,845)	16,005
Firemen's relief	15,000	15,000	37,864	(22,864)	39,505
Professional fees	2,300	2,300	5,001	(2,701)	6,337
Repairs and maintenance	29,200	29,200	12,904	16,296	8,924
Telephone	13,100	13,100	4,172	8,928	4,342
Utilities	9,500	9,500	4,413	5,087	3,869
Capital outlay	2,300	2,300	27,708	(25,408)	14,604
Unallocated - CARES Act					
Medical and cleaning supplies			17,097	(17,097)	
TOTAL EXPENDITURES	118,308	118,308	172,172	(36,767)	144,659
Net Change in Fund Balance	5,875	5,875	38,006	32,131	16,669
FUND BALANCE - Beginning	183,278	183,278	183,278		166,609
FUND BALANCE - Ending	\$ 189,153	\$ 189,153	\$ 221,284	\$ 32,131	\$ 183,278

CITY OF DODGE CENTER, MINNESOTA
AIRPORT FUND
Schedule of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	Budgeted Amounts		2020 Actual Amounts	Variance with Final Budget - Positive (Negative)	2019 Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental revenues					
Airport aid	\$ 33,621	\$ 33,621	\$ 31,768	\$ (1,853)	\$ 31,063
Rents	43,800	43,800	49,997	6,197	45,472
Royalties	12,000	12,000	11,523	(477)	9,816
Miscellaneous revenues			11,285	11,285	822
TOTAL REVENUES	89,421	89,421	104,573	15,152	87,173
EXPENDITURES					
Employee services	26,325	26,325	23,917	2,408	24,009
Employee benefits and retirement	11,047	11,047	9,277	1,770	5,745
Materials and supplies	800	800	98	702	464
Insurance	5,670	5,670	5,314	356	4,995
Telephone	470	470	430	40	537
Utilities	9,800	9,800	5,509	4,291	8,642
Professional fees	1,400	1,400	3,774	(2,374)	1,634
Repairs and maintenance	9,200	9,200	15,238	(6,038)	11,470
Capital outlay	715,000	715,000	35,299	679,701	38,581
Other charges	13,575	13,575	13,612	(37)	12,192
TOTAL EXPENDITURES	793,287	793,287	112,468	680,819	108,269
Net Change in Fund Balance	(703,866)	(703,866)	(7,895)	695,971	(21,096)
FUND BALANCE - Beginning	25,145	25,145	25,145		46,241
FUND BALANCE - Ending	\$ (678,721)	\$ (678,721)	\$ 17,250	\$ 695,971	\$ 25,145

**CITY OF DODGE CENTER
SUPPLEMENTAL INFORMATION
DECEMBER 31, 2020**

CITY OF DODGE CENTER, MINNESOTA
WATER FUND
Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Year Ended December 31, 2020
With Comparative Totals for The Year Ended December 31, 2019

	2020	2019
Operating Revenue		
Service charges	\$ 434,078	\$ 393,457
Debt service charge	57,757	44,734
Total Operating Revenue	491,835	438,191
Operating Expenses		
Employee services	71,557	72,395
Employee benefits and retirement	23,179	16,276
Materials and supplies	50,105	47,610
Professional fees	12,354	8,610
Insurance	6,477	4,268
Utilities	28,802	34,551
Repairs and maintenance	51,800	32,131
Depreciation	145,461	153,235
Other services and charges	27,562	23,815
Total Operating Expenses	417,297	392,891
Operating Income	74,538	45,300
Nonoperating Revenues (Expenses)		
Investment income	1,086	2,494
Utility connection/reconnection charges	5,050	6,950
Interest expense and fiscal charges	(32,711)	(14,505)
Other revenue	14,759	16,412
Total Nonoperating Revenues (Expenses)	(11,816)	11,351
INCOME BEFORE TRANSFERS	62,722	56,651
Transfers out	(66,623)	
Change in net position	(3,901)	56,651
Net Position - Beginning of Year	2,596,520	2,539,869
Net Position - End of Year	\$ 2,592,619	\$ 2,596,520

**CITY OF DODGE CENTER, MINNESOTA
SEWER FUND**

**Statement of Revenues, Expenses
and Changes in Fund Net Position**

For the Year Ended December 31, 2020

With Comparative Totals for The Year Ended December 31, 2019

	2020	2019
Operating Revenue		
Service charges	\$ 466,986	\$ 441,199
Operating Expenses		
Employee services	40,135	43,429
Employee benefits and retirement	12,485	10,703
Materials and supplies	7,663	12,996
Professional fees	3,647	1,366
Insurance	15,384	11,770
Contractual services	208,838	234,253
Repairs and maintenance	43,346	33,533
Depreciation	92,957	94,181
Other services and charges	14,756	14,673
Total Operating Expenses	439,211	456,904
Operating Income (loss)	27,775	(15,705)
Nonoperating Revenues (Expenses)		
Interest income	1,106	2,570
Interest expense and fiscal charges	(23,622)	
Other income	13,106	19,516
Total Nonoperating Revenues (Expenses)	(9,410)	22,086
Change in net position	18,365	6,381
Net Position - Beginning of Year	2,735,687	2,729,306
Net Position - End of Year	\$ 2,754,052	\$ 2,735,687

**CITY OF DODGE CENTER, MINNESOTA
AMBULANCE FUND**

**Statement of Revenues, Expenses
and Changes in Fund Net Position**

For the Year Ended December 31, 2020

With Comparative Totals for The Year Ended December 31, 2019

	2020	2019
Operating Revenue		
Service charges	\$ 1,590,283	\$ 1,542,101
Contract adjustments	(727,734)	(673,130)
Net Operating Revenue	862,549	868,971
Operating Expenses		
Employee services	367,758	300,262
Employee benefits and retirement	57,313	65,380
Materials and supplies	23,005	27,169
Professional fees	4,423	14,336
Insurance	37,213	43,276
Telephone	12,422	7,679
Utilities	6,246	7,630
Contractual services	30,343	25,458
Repairs and maintenance	11,167	5,413
Depreciation	49,504	42,772
Uncollectible accounts and charge-offs	16,417	157,350
Other services and charges	42,191	34,084
Total Operating Expenses	658,002	730,809
Operating Income	204,547	138,162
Nonoperating Revenues (Expenses)		
Donations and other	14,925	12,323
CARES Act funding	157,594	
CARES Act expenses	(154,520)	
Other grants	44,942	
Other nonoperating expenses	(8,544)	
Total Nonoperating Revenues	54,397	12,323
Change in net position	258,944	150,485
Net Position - Beginning of Year	1,019,588	869,103
Net Position - End of Year	\$ 1,278,532	\$ 1,019,588

MINNESOTA LEGAL COMPLIANCE

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Dodge Center, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Dodge Center, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the City of Dodge Center, Minnesota's basic financial statements, and have issued our report thereon dated March 16, 2021.

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

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

Smith, Schaffer and Associates, Ltd.

Rochester, Minnesota
March 16, 2021