

CITY OF LITCHFIELD, MINNESOTA  
AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

CONWAY, DEUTH & SCHMIESING, PLLP  
CPAS & ADVISORS  
LITCHFIELD, MINNESOTA

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CITY OF LITCHFIELD, MINNESOTA

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CITY OF LITCHFIELD, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2020

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Keith Johnson	Mayor	January 1, 2023
Ron Dingmann	Council Member-At-Large	January 1, 2021
Eric Mathwig	Council Member - Ward 1	January 1, 2023
Darlene Kotelnicki	Council Member - Ward 2	January 1, 2021
Betty Allen	Council Member - Ward 3	January 1, 2023
Vernon Loch	Council Member - Ward 4	January 1, 2021
Sara Miller	Council Member - Ward 5	January 1, 2023
<u>Administration</u>		
Dave Cziok	City Administrator	Appointed
Joyce Spreiter	Assistant City Administrator	Appointed

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Litchfield, Minnesota, as of December 31, 2020 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Partial Comparative Information**

We have previously audited the City's 2019 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated April 20, 2020. Refer to Note 17 and Note 20 of the Notes to the Financial Statements for additional information regarding prior year partial comparative information. In our opinion, the partial 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Changes in the City's Net Pension Liability and Related Ratios, the Schedule of Changes in the City's Total OPEB Liability, and related notes 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed in the table of contents as supplementary information and the Elected and Appointed Officials section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 of *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

**Other Matters** (Cont'd)

*Supplementary and Other Information* (Cont'd)

The Elected and Appointed Officials section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on the information presented.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Conway, Deuth & Schmiesing, PLLP*

CONWAY, DEUTH & SCHMIESING, PLLP  
CPAS & ADVISORS  
LITCHFIELD, MINNESOTA

June 7, 2021

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

This section of the basic financial statements of the City of Litchfield, Minnesota (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2020. Please read it in conjunction with the City's basic financial statements following this section.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded liabilities and deferred inflows of resources by \$85.2 million. Of this amount, \$27.6 million may be used to meet the government'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 \$6,268,804, comprising of an increase in governmental activities net position of \$1,005,156 and an increase in business-type activities of \$5,263,648.
- The City's governmental funds reported combined ending fund balances of \$10.3 million. Of this total amount, approximately 12.72% is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.5 million, or 27.44% of total General Fund expenditures of \$5.6 million.

**Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of organizations outside the government. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This annual report also contains other supplementary information in addition to the basic financial statements.

**The City as a Whole: Statement of Net Position and Statement of Activities**

Our analysis of the City begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. With the exception of Fiduciary Funds, which have been excluded because they do not represent the City's financial resources, the Statement of Net Position includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting. In the Statement of Activities, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's changes in net position. You can think of the City's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the City's financial health.

Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City of Litchfield.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

*Governmental Activities* - Most of the City's basic services are reported here, including public safety, public works, airport, culture and recreation, economic development and general government. Property taxes, and state and federal grants finance most of these activities.

*Business-Type Activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Liquor, Sewer, Electric, and Water funds are reported here.

**The City's Most Significant Funds: Fund Financial Statements**

Our analysis of the City's major funds begins with the fund financial statements. These statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds - governmental, proprietary, and fiduciary - use different accounting approaches.

*Governmental Funds* - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 14-18 of this report.

*Proprietary Funds* - When the City of Litchfield charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 19-23 of this report.

*Fiduciary Funds* - The City is the trustee, or fiduciary, for resources collected to provide equipment, books and library supplies as determined by the library board. The City is also the trustee, or fiduciary, for an endowment received for the operation, maintenance, and improvement of Anderson Gardens and Lake Ripley Cemetery. The resources held in a fiduciary capacity are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements can be found on page 24 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 25-66 of this report.



CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

**Supplementary Information**

The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information to the financial statements. Combining statements and individual fund information can be found on pages 79-119 of this report.

**Statement of Net Position**

The City's net position was \$85,209,345 on December 31, 2020 (see details in Table 1). This was an increase of \$6,268,804 or 7.94% from \$78,940,541 at December 31, 2019.

	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Current and Other Assets	\$ 12,224,692	\$ 14,189,277	\$ 17,121,539	\$ 17,469,870
Noncurrent Assets	29,909,026	30,243,844	69,269,871	66,342,593
Total Assets	42,133,718	44,433,121	86,391,410	83,812,463
Deferred Outflows of Resources	711,524	1,010,014	423,558	431,607
Total Assets and Deferred Outflows of Resources	\$ 42,845,242	\$ 45,443,135	\$ 86,814,968	\$ 84,244,070
Current and Other Liabilities	\$ 371,713	\$ 440,751	\$ 1,807,349	\$ 957,891
Long-Term Liabilities	9,190,965	12,141,101	31,956,380	35,318,206
Total Liabilities	9,562,678	12,581,852	33,763,729	36,276,097
Deferred Inflows of Resources	920,834	1,504,709	203,624	384,006
Net Position				
Net Investment in Capital Assets	22,500,205	19,690,970	33,579,463	25,889,348
Restricted	1,574,173	4,391,107		
Unrestricted	8,287,352	7,274,497	19,268,152	21,694,619
Total Net Position	32,361,730	31,356,574	52,847,615	47,583,967
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 42,845,242	\$ 45,443,135	\$ 86,814,968	\$ 84,244,070

**Governmental Activities**

Net position of the City's governmental activities increased by \$1,005,156, or 3.21%. This is a smaller increase when compared to the prior year due to a decrease in capital grants and contributions for Highway 12 project related costs.

**Business-Type Activities**

Net position of the City's business-type activities increased by \$5,263,648, or 11.06%. The increase was due to the following funds change in net position: Liquor Fund (\$1,808), Sewer Fund \$985,248, Electric Fund \$4,206,070, and Water Fund \$74,138.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

**Statement of Activities**

The following table indicates the changes in net position for the City's governmental and business-type activities:

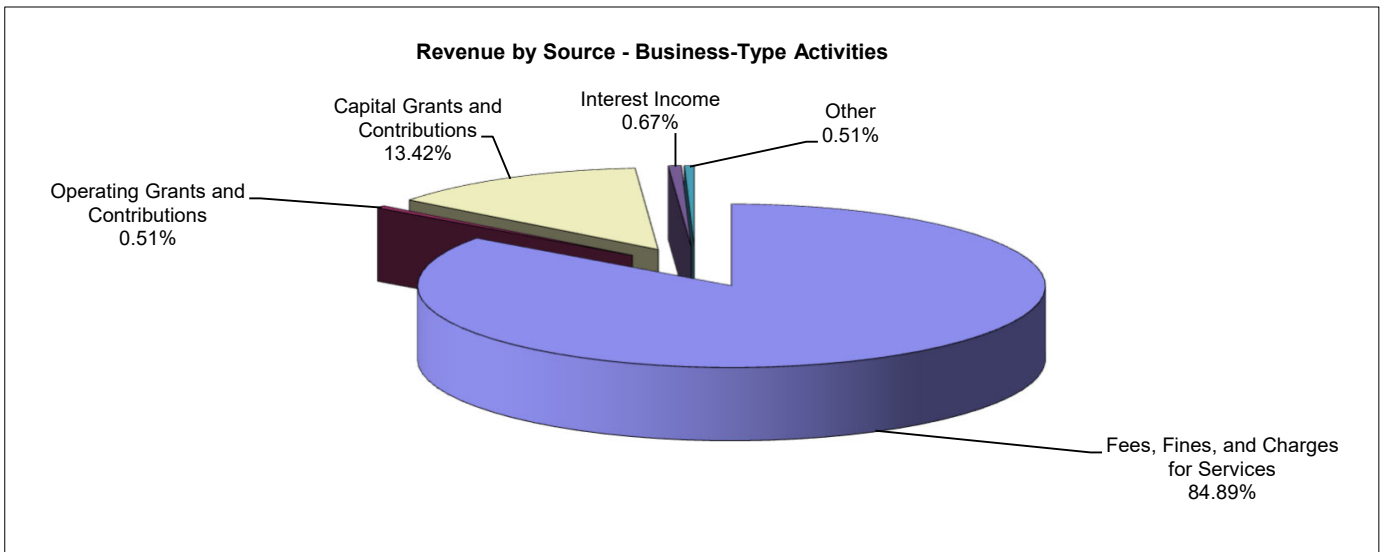
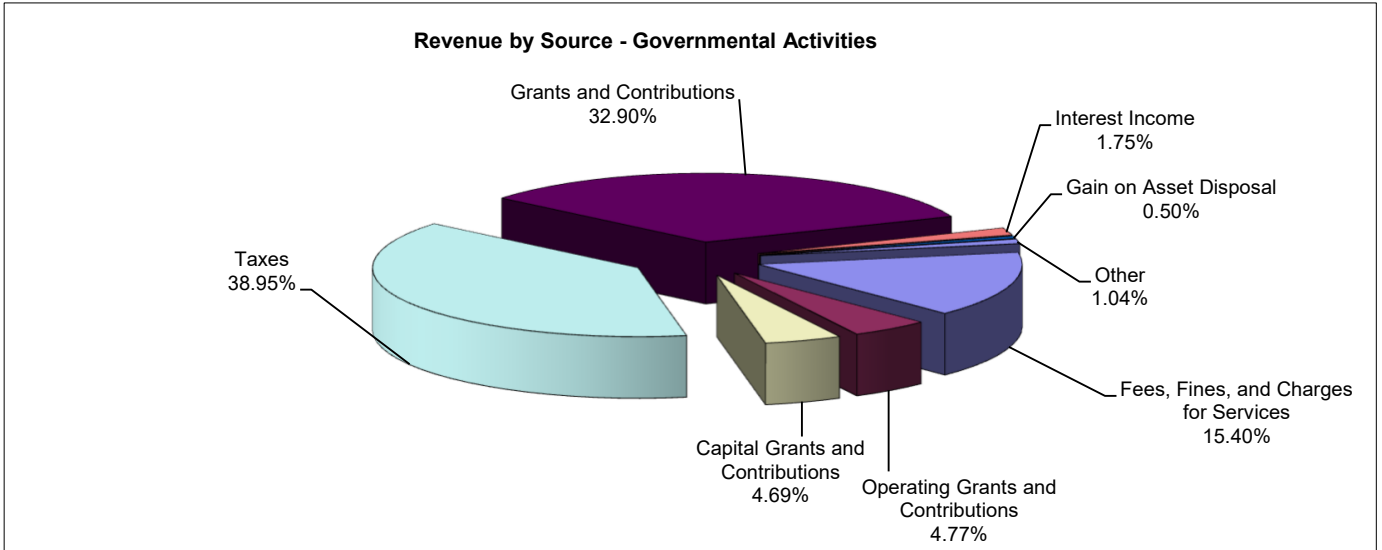
Table 2 Comparative Condensed Statement of Activities				
	Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
<b>REVENUES</b>				
Program Revenues				
Fees, Fines, and Charges for Services	\$ 1,136,839	\$ 1,194,409	\$ 18,696,034	\$ 18,434,006
Operating Grants and Contributions	352,261	364,317	111,824	
Capital Grants and Contributions	346,124	3,618,993	2,956,764	250,000
General Revenues				
Taxes	2,875,146	2,719,561		
Grants and Contributions	2,428,736	1,947,627		
Interest Income	129,188	192,788	148,164	174,644
Other	76,416	89,156	111,573	52,095
Gain on Asset Disposal	37,143	58,864		
Total Revenues	<u>7,381,853</u>	<u>10,185,715</u>	<u>22,024,359</u>	<u>18,910,745</u>
<b>EXPENSES</b>				
General Government	1,344,003	1,215,009		
Public Safety	2,057,922	2,160,867		
Public Works	2,596,077	2,024,218		
Airport	288,183	268,839		
Culture and Recreation	1,390,963	1,251,060		
Economic Development	13,212	23,628		
Interest on Long-Term Debt	231,655	338,745		
Liquor Store			2,650,621	2,444,375
Sewer Utility			3,178,502	3,343,757
Electric Utility			8,678,533	8,763,419
Water Utility			707,737	708,779
Total Expenses	<u>7,922,015</u>	<u>7,282,366</u>	<u>15,215,393</u>	<u>15,260,330</u>
Change in Net Position before Transfers	(540,162)	2,903,349	6,808,966	3,650,415
<b>TRANSFERS</b>	<u>1,545,318</u>	<u>1,926,259</u>	<u>(1,545,318)</u>	<u>(1,926,259)</u>
Change in Net Position	1,005,156	4,829,608	5,263,648	1,724,156
<b>NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>	31,356,574	26,566,141	47,583,967	45,859,811
<b>PRIOR PERIOD ADJUSTMENT</b>		(39,175)		
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	<u>31,356,574</u>	<u>26,526,966</u>	<u>47,583,967</u>	<u>45,859,811</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 32,361,730</u>	<u>\$ 31,356,574</u>	<u>\$ 52,847,615</u>	<u>\$ 47,583,967</u>

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

**Governmental Activities**

Revenues - The following chart visually illustrates the City's revenue by source for its governmental activities and business-type activities:



CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

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

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

Governmental Funds - The focus of the City's governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,345,791, a decrease of \$1,947,110 from prior year fund balance of \$12,292,901. Approximately 12.72% of this total constitutes unassigned fund balance of \$1,315,641. The remainder of the fund balance, \$9,030,150 is not available for new spending because it is either 1) nonspendable - \$159,141, 2) restricted - \$1,656,418, or 3) assigned - \$7,214,591.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,527,442, an increase of \$25,802 from the 2019 unassigned fund balance of \$1,501,640. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27.44% of the total General Fund expenditures.

The 2019A G.O. CIP Refunding Bonds fund is used to account for the activity of the related debt. The fund balance decreased in the current year due to the City paying off old debt related to the refunding.

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

Unrestricted net position in the respective proprietary funds are Liquor - \$300,505, Sewer - \$10,657,428, Electric - \$6,209,812, and Water - \$2,100,407. All proprietary funds, except the Liquor Fund, had an increase in total net position for the year with the largest increases in net position occurring in the Sewer Fund - \$985,248 and the Electric Fund - \$4,206,070. The Sewer Fund experienced an increase in charges for services over the prior year, though had less operating income than budgeted due to unbudgeted depreciation expense. The Electric Fund received capital contributions in the current year to offset costs of the electric generation improvement project.

**General Fund Budgetary Highlights**

Over the course of the year, the City of Litchfield City Council did not revise the budget. The General Fund budget did not include sufficient revenues to cover expenditures resulting in an anticipated decrease in fund balance. However, expenses for general government department were lower than budgeted and intergovernmental revenues were higher than budgeted, due to the receipt of CARES Act Coronavirus Relief Fund revenue.

**Capital Assets**

At the end of 2020, the City of Litchfield had \$152.8 million invested in a broad range of capital assets. Refer to Note 7 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

**Long-Term Liabilities**

At year-end, the City of Litchfield had \$38 million in bonds and notes outstanding. Refer to Note 9 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

The City of Litchfield was assigned an "A+" general obligation bond rating from Standard & Poor's.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

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

The City of Litchfield's appointed officials considered many factors when setting the fiscal year 2021 budget, rates, and fees that will be charged by the funds of the City. The major factor accounted for when adopting the General Fund budget was to hold all line items as much as possible to the 2020 final budget.

**Contacting the City's Financial Management**

This financial report is designed to provide our residents, customers, and creditors with a general overview of the City of Litchfield's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Litchfield, 126 Marshall Avenue North, Litchfield, Minnesota 55355, (320) 693-7201, or [cityhall@ci.litchfield.mn.us](mailto:cityhall@ci.litchfield.mn.us).

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## BASIC FINANCIAL STATEMENTS

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CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Assets</b>				
Cash and Cash Equivalents	\$ 10,399,874	\$ 14,644,035	\$ 25,043,909	\$ 27,407,344
Cash Held with Fiscal Agent	602,808		602,808	531,311
Restricted Cash		999,500	999,500	2,034,500
Receivables (Net)	680,355	6,085,037	6,765,392	7,387,373
Due from Other Governmental Units	351,546		351,546	59,716
Inventories	30,968	648,514	679,482	666,555
Prepaid Items	159,141	58,482	217,623	181,025
Capital Assets				
Assets Not Being Depreciated	6,941,786	7,726,714	14,668,500	10,255,127
Other Capital Assets, Net of Depreciation	22,849,369	56,229,128	79,078,497	79,687,291
Net Pension Asset	117,871		117,871	35,342
<b>Total Assets</b>	<b>42,133,718</b>	<b>86,391,410</b>	<b>128,525,128</b>	<b>128,245,584</b>
Deferred Outflows of Resources	711,524	423,558	1,135,082	1,441,621
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 42,845,242</b>	<b>\$ 86,814,968</b>	<b>\$ 129,660,210</b>	<b>\$ 129,687,205</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 87,852	\$ 496,107	\$ 583,959	\$ 609,940
Contracts Payable	37,373	857,107	894,480	95,785
Accrued Salaries	90,494	48,105	138,599	113,061
Accrued Interest Payable	93,723	294,898	388,621	434,723
Deposits Payable		51,100	51,100	53,850
Unearned Revenue		3,267	3,267	3,267
Due to Other Governmental Units	62,271	56,765	119,036	88,016
Long-Term Liabilities				
Net Pension Liability	1,699,256	1,075,081	2,774,337	2,375,556
Total OPEB Liability	112,068	148,130	260,198	252,592
Due Within One Year	740,000	2,508,000	3,248,000	6,348,259
Due in More than One Year	6,639,641	28,225,169	34,864,810	38,482,900
<b>Total Liabilities</b>	<b>9,562,678</b>	<b>33,763,729</b>	<b>43,326,407</b>	<b>48,857,949</b>
Deferred Inflows of Resources	920,834	203,624	1,124,458	1,888,715
Net Position				
Net Investment in Capital Assets	22,500,205	33,579,463	56,079,668	45,580,318
Restricted for Tax Increment	17,168		17,168	18,356
Restricted for Debt Service	1,557,005		1,557,005	4,372,751
Unrestricted	8,287,352	19,268,152	27,555,504	28,969,116
<b>Total Net Position</b>	<b>32,361,730</b>	<b>52,847,615</b>	<b>85,209,345</b>	<b>78,940,541</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 42,845,242</b>	<b>\$ 86,814,968</b>	<b>\$ 129,660,210</b>	<b>\$ 129,687,205</b>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals		
						2020	2019	
<b>GOVERNMENTAL ACTIVITIES</b>								
General Government	\$ 1,344,003	\$ 301,502	\$ 6,100	\$	\$ (1,036,401)	\$ (1,036,401)	\$ (831,428)	
Public Safety	2,057,922	168,797	233,634		(1,655,491)	(1,655,491)	(1,781,983)	
Public Works	2,596,077	4,415	94,394		(2,497,268)	(2,497,268)	1,701,332	
Airport	288,183	83,841	6,423	327,174	129,255	129,255	(182,172)	
Culture and Recreation	1,390,963	578,284	11,710	18,950	(782,019)	(782,019)	(648,023)	
Economic Development	13,212				(13,212)	(13,212)	(23,628)	
Interest on Long-Term Debt	231,655				(231,655)	(231,655)	(338,745)	
Total Governmental Activities	7,922,015	1,136,839	352,261	346,124	(6,086,791)	0	(6,086,791)	
<b>BUSINESS-TYPE ACTIVITIES</b>								
Liquor	2,650,621	2,936,976	3,011			289,366	201,685	
Sewer	3,178,502	4,408,011	29,544			1,259,053	929,945	
Electric	8,678,533	10,393,277	76,738	2,956,764		4,748,246	2,109,152	
Water	707,737	957,770	2,531			252,564	182,894	
Total Business-Type Activities	15,215,393	18,696,034	111,824	2,956,764	0	6,549,229	3,423,676	
Total	\$ 23,137,408	\$ 19,832,873	\$ 464,085	\$ 3,302,888	(6,086,791)	6,549,229	462,438	
<b>GENERAL REVENUES</b>								
<b>Taxes</b>								
Property Taxes, Levied for General Purposes					2,293,025	2,293,025	2,131,161	
Property Taxes, Levied for Debt Service					547,053	547,053	547,007	
Lodging Tax					35,068	35,068	41,393	
Grants and Contributions not Restricted to Specific Programs					2,428,736	2,428,736	1,947,627	
Interest Income					129,188	148,164	367,432	
Other					76,416	111,573	141,251	
Gain on Asset Disposal					37,143	37,143	58,864	
TRANSFERS					1,545,318	(1,545,318)		
Total General Revenues and Transfers					7,091,947	(1,285,581)	5,234,735	
Change in Net Position					1,005,156	5,263,648	6,268,804	
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED					31,356,574	47,583,967	78,940,541	72,425,952
PRIOR PERIOD ADJUSTMENT								(39,175)
NET POSITION, BEGINNING OF YEAR, AS RESTATED								72,386,777
NET POSITION, END OF YEAR					\$ 32,361,730	\$ 52,847,615	\$ 85,209,345	\$ 78,940,541

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	General	2019A	Nonmajor Governmental Funds	Total Governmental Funds	
		G.O. CIP Refunding Bonds		2020	2019
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,777,492	\$ 242,781	\$ 4,946,736	\$ 8,967,009	\$ 10,968,710
Cash with Fiscal Agent			602,808	602,808	531,311
Receivables					
Accounts	49,543		2,206	51,749	71,134
Contracts			13,220	13,220	12,000
Interest	101,940			101,940	127,431
Delinquent Property Taxes	60,771	2,321	12,194	75,286	43,843
Special Assessments	4,250		87,620	91,870	111,574
Capital Lease			345,417	345,417	673,334
Due from Other Funds			445,806	445,806	
Due from Other Governmental Units	19,778	696	331,055	351,529	59,693
Inventories			30,968	30,968	40,280
Prepaid Items	83,979		75,162	159,141	132,745
<b>Total Assets</b>	<b>\$ 4,097,753</b>	<b>\$ 245,798</b>	<b>\$ 6,893,192</b>	<b>\$ 11,236,743</b>	<b>\$ 12,772,055</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 20,255	\$	\$ 67,597	\$ 87,852	\$ 110,340
Contracts Payable			37,373	37,373	95,785
Accrued Salaries	86,210		4,284	90,494	75,842
Due to Other Funds			445,806	445,806	
Due to Other Governmental Units	61,630		641	62,271	41,770
<b>Total Liabilities</b>	<b>168,095</b>	<b>0</b>	<b>555,701</b>	<b>723,796</b>	<b>323,737</b>
<b>Deferred Inflows of Resources</b>					
<b>Unavailable Revenue</b>					
Delinquent Property Taxes	60,771	2,321	12,194	75,286	43,843
Special Assessments	4,250		87,620	91,870	111,574
<b>Total Deferred Inflows of Resources</b>	<b>65,021</b>	<b>2,321</b>	<b>99,814</b>	<b>167,156</b>	<b>155,417</b>
<b>Fund Balance</b>					
Nonspendable	83,979		75,162	159,141	132,745
Restricted		243,477	1,412,941	1,656,418	4,387,694
Assigned	2,253,216		4,961,375	7,214,591	6,343,841
Unassigned	1,527,442		(211,801)	1,315,641	1,428,621
<b>Total Fund Balance</b>	<b>3,864,637</b>	<b>243,477</b>	<b>6,237,677</b>	<b>10,345,791</b>	<b>12,292,901</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 4,097,753</b>	<b>\$ 245,798</b>	<b>\$ 6,893,192</b>	<b>\$ 11,236,743</b>	<b>\$ 12,772,055</b>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
YEAR ENDED DECEMBER 31, 2020  
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
Total Fund Balances - Governmental Funds	\$ 10,345,791	\$ 12,292,901
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Governmental Capital Assets	42,892,417	42,474,071
Less: Accumulated Depreciation	(15,349,270)	(14,526,702)
Net Pension Asset	117,871	35,342
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	75,286	43,843
Special Assessments	91,870	111,574
Internal service funds are used by management to charge the costs of equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
	3,681,763	3,678,355
Deferred outflows and inflows of resources related to pensions, other post-employment benefits and debt refundings are applicable to future periods and, therefore, are not recorded in the funds.		
Deferred Outflows of Resources Related to Pensions	700,034	995,792
Deferred Inflows of Resources Related to Pensions	(777,572)	(1,339,683)
Deferred Outflows of Resources Related to OPEB	11,490	14,222
Deferred Inflows of Resources Related to OPEB	(57,111)	(71,384)
Deferred Inflows of Resources Related to Refunding of Debt	(86,151)	(93,642)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Total OPEB Liability	(112,068)	(116,192)
Bonds and Notes Payable	(7,075,000)	(10,285,000)
Bond Premium	(129,799)	(138,890)
Termination Benefits		(4,259)
Compensated Absences	(174,842)	(157,663)
Net Pension Liability	(1,699,256)	(1,439,097)
Accrued Interest Payable	(93,723)	(117,014)
	<u>\$ 32,361,730</u>	<u>\$ 31,356,574</u>
Total Net Position - Governmental Activities	<u>\$ 32,361,730</u>	<u>\$ 31,356,574</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	General	2019A	Nonmajor Governmental Funds	Total Governmental Funds	
		G.O. CIP Refunding Bonds		2020	2019
<b>REVENUES</b>					
Property Taxes	\$ 2,267,514	\$ 84,368	\$ 456,753	\$ 2,808,635	\$ 2,687,228
Lodging Tax	35,068			35,068	41,393
Special Assessments			22,503	22,503	25,938
Licenses and Permits	218,445			218,445	258,752
Intergovernmental	2,605,013	50,000	461,371	3,116,384	5,928,582
Charges for Services	273,742		617,532	891,274	895,444
Fines and Forfeits	22,870			22,870	41,087
Interest Income	8,605	1,572	103,545	113,722	173,372
Miscellaneous	30,214		58,708	88,922	80,745
Total Revenues	5,461,471	135,940	1,720,412	7,317,823	10,132,541
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	1,179,119		51,599	1,230,718	1,162,870
Public Safety	2,190,614			2,190,614	2,143,620
Public Works	1,355,658		8,128	1,363,786	1,528,837
Airport			122,180	122,180	92,777
Culture and Recreation	624,547		608,301	1,232,848	1,248,368
Economic Development			12,832	12,832	23,628
<b>Capital Outlay</b>					
General Government	121,761			121,761	57,896
Public Safety	23,784			23,784	
Public Works	60,604		482,943	543,547	4,510,647
Airport			344,774	344,774	
Culture and Recreation	10,000		143,514	153,514	21,271
Economic Development			380	380	9,805
<b>Debt Service</b>					
Principal		2,395,000	815,000	3,210,000	630,000
Interest and Other Charges		85,736	185,792	271,528	304,675
Total Expenditures	5,566,087	2,480,736	2,775,443	10,822,266	11,734,394
Excess (Deficiency) of Revenues Over (Under) Expenditures	(104,616)	(2,344,796)	(1,055,031)	(3,504,443)	(1,601,853)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the Sale of an Asset	12,015			12,015	26,518
Refunding Bonds Issued					2,220,000
Bond Premium					93,642
Transfers In	850,000	100,000	1,358,704	2,308,704	2,459,823
Transfers Out	(630,783)		(132,603)	(763,386)	(592,564)
Total Other Financing Sources (Uses)	231,232	100,000	1,226,101	1,557,333	4,207,419
Net Change in Fund Balances	126,616	(2,244,796)	171,070	(1,947,110)	2,605,566
<b>FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>					
	3,738,021	2,488,273	6,066,607	12,292,901	9,726,510
<b>PRIOR PERIOD ADJUSTMENT</b>					
					(39,175)
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>					
	3,738,021	2,488,273	6,066,607	12,292,901	9,687,335
<b>FUND BALANCE, END OF YEAR</b>					
	\$ 3,864,637	\$ 243,477	\$ 6,237,677	\$ 10,345,791	\$ 12,292,901

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020  
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
Total Net Change in Fund Balances - Governmental Funds	\$ (1,947,110)	\$ 2,605,566
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital Outlay	418,346	4,777,625
Depreciation Expense	(822,568)	(872,827)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	31,443	(9,060)
Special Assessments	(19,704)	(15,327)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
OPEB Items	15,665	2,437
Termination Benefits	4,259	13,246
Compensated Absences	(17,179)	(24,784)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds from the Issuance of Bonds		(2,220,000)
Premium from the Issuance of Bonds		(93,642)
Principal Retirement of Long-Term Debt	3,210,000	630,000
Amortization of Bond Premium	16,582	3,856
Change in Accrued Interest Payable	23,291	(36,426)
Internal service funds are used by management to charge the costs of equipment to the individual funds. The net revenue (expenditure) of the internal service fund is reported with governmental activities.		
	3,408	(61,055)
In the Statement of Activities, pension expenses are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
	<u>88,723</u>	<u>129,999</u>
Change in Net Position - Governmental Activities	<u>\$ 1,005,156</u>	<u>\$ 4,829,608</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020			Over (Under) Final Budget	2019
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>REVENUES</b>					
Property Taxes	\$ 2,287,500	\$ 2,287,500	\$ 2,267,514	\$ (19,986)	\$ 2,138,462
Lodging Tax	42,100	42,100	35,068	(7,032)	41,393
Licenses and Permits	134,900	134,900	218,445	83,545	258,752
Intergovernmental	2,164,970	2,164,970	2,605,013	440,043	2,119,099
Charges for Services	233,350	233,350	273,742	40,392	284,889
Fines and Forfeits	21,000	21,000	22,870	1,870	41,087
Interest Income	70,000	70,000	8,605	(61,395)	58,477
Miscellaneous	11,500	11,500	30,214	18,714	38,923
Total Revenues	<u>4,965,320</u>	<u>4,965,320</u>	<u>5,461,471</u>	<u>496,151</u>	<u>4,981,082</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	1,533,809	1,533,809	1,179,119	(354,690)	1,109,928
Public Safety	2,175,624	2,175,624	2,190,614	14,990	2,143,620
Public Works	1,434,799	1,434,799	1,355,658	(79,141)	1,326,323
Culture and Recreation	669,782	669,782	624,547	(45,235)	636,669
Economic Development	200	200		(200)	
<b>Capital Outlay</b>					
General Government	2,856	2,856	121,761	118,905	2,756
Public Safety			23,784	23,784	
Public Works			60,604	60,604	1,300
Culture and Recreation	10,750	10,750	10,000	(750)	9,771
Total Expenditures	<u>5,827,820</u>	<u>5,827,820</u>	<u>5,566,087</u>	<u>(261,733)</u>	<u>5,230,367</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(862,500)	(862,500)	(104,616)	757,884	(249,285)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the Sale of an Asset	2,000	2,000	12,015	10,015	26,518
Transfers In	850,000	850,000	850,000		649,750
Transfers Out	(10,000)	(10,000)	(630,783)	(620,783)	(266,113)
Total Other Financing Sources (Uses)	<u>842,000</u>	<u>842,000</u>	<u>231,232</u>	<u>(610,768)</u>	<u>410,155</u>
Net Change in Fund Balances	<u>\$ (20,500)</u>	<u>\$ (20,500)</u>	126,616	<u>\$ 147,116</u>	160,870
FUND BALANCE, BEGINNING OF YEAR			<u>3,738,021</u>		<u>3,577,151</u>
FUND BALANCE, END OF YEAR			<u>\$ 3,864,637</u>		<u>\$ 3,738,021</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2020	2019
					2020	2019		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>								
<b>Assets</b>								
<b>Current Assets</b>								
Cash and Cash Equivalents	\$ 247,918	\$ 6,023,776	\$ 6,195,071	\$ 2,177,270	\$ 14,644,035	\$ 15,022,499	\$ 1,432,865	\$ 1,416,135
<b>Receivables</b>								
Accounts Receivable, Net of Allowance for Doubtful Accounts	626	533,336	893,469	83,429	1,510,860	1,521,827		
Delinquent Taxes Receivable							873	1,064
Current Portion of Special Assessments Receivable		259,648			259,648	250,989		
Due from Other Governmental Units							17	23
Inventories	313,337		335,177		648,514	626,275		
Prepaid Items	7,107	21,324	25,828	4,223	58,482	48,280		
Total Current Assets	568,988	6,838,084	7,449,545	2,264,922	17,121,539	17,469,870	1,433,755	1,417,222
<b>Noncurrent Assets</b>								
Restricted Cash			999,500		999,500	2,034,500		
<b>Special Assessments Receivable, Net of Current Portion</b>								
		4,314,529			4,314,529	4,574,177		
<b>Capital Assets</b>								
Assets Not Being Depreciated	112,600	21,373	7,349,248	243,493	7,726,714	1,576,684		
Other Capital Assets, Net of Depreciation	1,125,719	35,259,748	16,180,611	3,663,050	56,229,128	58,157,232	2,248,008	2,261,133
Total Noncurrent Assets	1,238,319	39,595,650	24,529,359	3,906,543	69,269,871	66,342,593	2,248,008	2,261,133
Total Assets	1,807,307	46,433,734	31,978,904	6,171,465	86,391,410	83,812,463	3,681,763	3,678,355
<b>Deferred Outflows of Resources</b>								
	18,732	27,537	368,829	8,460	423,558	431,607		
Total Assets and Deferred Outflows of Resources	\$ 1,826,039	\$ 46,461,271	\$ 32,347,733	\$ 6,179,925	\$ 86,814,968	\$ 84,244,070	\$ 3,681,763	\$ 3,678,355

See Accompanying Notes to the Financial Statements



CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2020	2019
					2020	2019		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>								
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts Payable	\$ 34,562	\$ 26,420	\$ 429,253	\$ 5,872	\$ 496,107	\$ 499,600	\$	\$
Contracts Payable			857,107		857,107			
Accrued Salaries	7,151	10,023	28,574	2,357	48,105	37,219		
Accrued Interest Payable		173,960	112,899	8,039	294,898	317,709		
Deposits Payable				51,100	51,100	53,850		
Unearned Revenue	3,267				3,267	3,267		
Due to Other Governmental Units	29,874		22,462	4,429	56,765	46,246		
Current Portion of Other Long-Term Liabilities		1,602,800	870,200	35,000	2,508,000	3,449,000		
<b>Total Current Liabilities</b>	<b>74,854</b>	<b>1,813,203</b>	<b>2,320,495</b>	<b>106,797</b>	<b>4,315,349</b>	<b>4,406,891</b>	<b>0</b>	<b>0</b>
<b>Long-Term Liabilities</b>								
Net Pension Liability	154,312	226,840	624,234	69,695	1,075,081	936,459		
Total OPEB Liability	21,258	31,250	86,021	9,601	148,130	136,400		
Other Long-Term Liabilities, Net of Current Portion	13,299	19,088,509	8,527,089	596,272	28,225,169	30,796,347		
<b>Total Long-Term Liabilities</b>	<b>188,869</b>	<b>19,346,599</b>	<b>9,237,344</b>	<b>675,568</b>	<b>29,448,380</b>	<b>31,869,206</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities</b>	<b>263,723</b>	<b>21,159,802</b>	<b>11,557,839</b>	<b>782,365</b>	<b>33,763,729</b>	<b>36,276,097</b>	<b>0</b>	<b>0</b>
Deferred Inflows of Resources	23,492	74,477	95,045	10,610	203,624	384,006		
<b>Net Position</b>								
Net Investment in Capital Assets	1,238,319	14,569,564	14,485,037	3,286,543	33,579,463	25,889,348	2,248,008	2,261,133
Unrestricted	300,505	10,657,428	6,209,812	2,100,407	19,268,152	21,694,619	1,433,755	1,417,222
<b>Total Net Position</b>	<b>1,538,824</b>	<b>25,226,992</b>	<b>20,694,849</b>	<b>5,386,950</b>	<b>52,847,615</b>	<b>47,583,967</b>	<b>3,681,763</b>	<b>3,678,355</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 1,826,039</b>	<b>\$ 46,461,271</b>	<b>\$ 32,347,733</b>	<b>\$ 6,179,925</b>	<b>\$ 86,814,968</b>	<b>\$ 84,244,070</b>	<b>\$ 3,681,763</b>	<b>\$ 3,678,355</b>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2020	2019
					2020	2019		
<b>OPERATING REVENUES</b>								
Sales	\$ 2,936,976	\$	\$	\$	\$ 2,936,976	\$ 2,646,060	\$	\$
Cost of Goods Sold	(2,197,018)				(2,197,018)	(2,017,146)		
Gross Profit on Sales	739,958	0	0	0	739,958	628,914	0	0
Charges for Services		4,241,543	10,370,401	957,770	15,569,714	15,573,902	682,457	595,497
Other			22,876		22,876	39,205		
Total Operating Revenues	739,958	4,241,543	10,393,277	957,770	16,332,548	16,242,021	682,457	595,497
<b>OPERATING EXPENSES</b>								
Salaries and Benefits	287,191	370,244	983,355	112,399	1,753,189	1,896,975		
Supplies	16,406	389,359	3,469		409,234	375,997		
Other Services and Charges	123,827	797,563		5,129	926,519	1,025,884	88,577	214,646
Purchased Power			6,059,200	75,210	6,134,410	6,177,295		
Production			86,005	87,301	173,306	197,021		
Distribution			373,506	84,285	457,791	337,951		
Administrative and General			184,139	25,517	209,656	200,092		
Depreciation	26,179	1,157,788	688,764	294,646	2,167,377	2,181,927	640,066	571,168
Total Operating Expenses	453,603	2,714,954	8,378,438	684,487	12,231,482	12,393,142	728,643	785,814
Operating Income (Loss)	286,355	1,526,589	2,014,839	273,283	4,101,066	3,848,879	(46,186)	(190,317)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Special Assessments		166,468			166,468	174,839		
Intergovernmental	3,011	29,544	76,738	2,531	111,824		8,000	20,000
Interest Income	2,350	54,254	71,164	20,396	148,164	174,644	15,466	19,416
Miscellaneous Revenue	1,794	21,941	86,660	1,178	111,573	52,095	1,000	
Gain (Loss) on Disposal of an Asset							25,128	32,346
Interest Expense and Fiscal Agent Charges		(458,331)	(269,105)	(20,327)	(747,763)	(850,042)		(1,500)
Miscellaneous Expense		(5,217)	(30,990)	(2,923)	(39,130)			
Total Nonoperating Revenues (Expenses)	7,155	(191,341)	(65,533)	855	(248,864)	(448,464)	49,594	70,262
Income (Loss) Before Transfers	293,510	1,335,248	1,949,306	274,138	3,852,202	3,400,415	3,408	(120,055)
<b>CAPITAL CONTRIBUTIONS</b>								
Contributions			2,956,764		2,956,764	250,000		
<b>TRANSFERS</b>								
Transfers In						12,000		59,000
Transfers Out	(295,318)	(350,000)	(700,000)	(200,000)	(1,545,318)	(1,938,259)		
Total Transfers	(295,318)	(350,000)	(700,000)	(200,000)	(1,545,318)	(1,926,259)	0	59,000
Change in Net Position	(1,808)	985,248	4,206,070	74,138	5,263,648	1,724,156	3,408	(61,055)
<b>NET POSITION, BEGINNING OF YEAR</b>	1,540,632	24,241,744	16,488,779	5,312,812	47,583,967	45,859,811	3,678,355	3,739,410
<b>NET POSITION, END OF YEAR</b>	\$ 1,538,824	\$ 25,226,992	\$ 20,694,849	\$ 5,386,950	\$ 52,847,615	\$ 47,583,967	\$ 3,681,763	\$ 3,678,355

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	2020	2019	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Customers	\$ 2,936,873	\$ 4,183,730	\$ 10,457,744	\$ 959,436	\$ 18,537,783	\$ 18,355,424	\$ 682,457	\$ 684,326
Payments to Suppliers	(2,358,202)	(1,197,592)	(6,702,865)	(274,690)	(10,533,349)	(10,394,236)	(88,577)	(214,646)
Payments to Employees	(288,054)	(381,324)	(1,023,153)	(115,742)	(1,808,273)	(1,784,201)		
Net Cash Provided (Used) by Operating Activities	290,617	2,604,814	2,731,726	569,004	6,196,161	6,176,987	593,880	469,680
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Taxes							191	967
Intergovernmental	3,011	29,544	76,738	2,531	111,824		8,006	20,543
Other Receipts	4,144	76,195	157,824	21,574	259,737	226,739	16,466	19,416
Special Assessments		417,457			417,457	417,457		
Transfers In from Other Funds						12,000		59,000
Other Expenses		(5,217)	(30,990)	(2,923)	(39,130)			
Transfers Out to Other Funds	(295,318)	(350,000)	(700,000)	(200,000)	(1,545,318)	(1,938,259)		
Net Cash Provided (Used) by Noncapital Financing Activities	(288,163)	167,979	(496,428)	(178,818)	(795,430)	(1,282,063)	24,663	99,926
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and Construction of Capital Assets		(30,240)	(2,529,134)	(16,058)	(2,575,432)	(177,398)	(626,941)	(443,468)
Proceeds from Sale of Assets							25,128	
Proceeds on Issuance of Long-Term Debt						1,655,000		
Gain on Debt Refunding						43,418		
Principal Reduction on Long-Term Debt		(2,572,000)	(847,000)	(30,000)	(3,449,000)	(2,624,000)		(75,000)
Interest and Fiscal Agent Fees Paid on Bonds and Notes		(485,023)	(284,163)	(20,577)	(789,763)	(858,763)		(1,500)
Net Cash Provided (Used) for Capital and Related Financing Activities	0	(3,087,263)	(3,660,297)	(66,635)	(6,814,195)	(1,961,743)	(601,813)	(519,968)
Net Increase (Decrease) in Cash and Cash Equivalents	2,454	(314,470)	(1,424,999)	323,551	(1,413,464)	2,933,181	16,730	49,638
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	245,464	6,338,246	8,619,570	1,853,719	17,056,999	14,123,818	1,416,135	1,366,497
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 247,918	\$ 6,023,776	\$ 7,194,571	\$ 2,177,270	\$ 15,643,535	\$ 17,056,999	\$ 1,432,865	\$ 1,416,135
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>								
Cash and Investments	\$ 247,918	\$ 6,023,776	\$ 6,195,071	\$ 2,177,270	\$ 14,644,035	\$ 15,022,499	\$ 1,432,865	\$ 1,416,135
Restricted Cash			999,500		999,500	2,034,500		
Total Cash and Cash Equivalents	\$ 247,918	\$ 6,023,776	\$ 7,194,571	\$ 2,177,270	\$ 15,643,535	\$ 17,056,999	\$ 1,432,865	\$ 1,416,135

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	2020	2019	2020	2019
	RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 286,355	\$ 1,526,589	\$ 2,014,839	\$ 273,283	\$ 4,101,066	\$ 3,848,879	\$ (46,186)	\$ (190,317)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Depreciation	26,179	1,157,788	688,764	294,646	2,167,377	2,181,927	640,066	571,168
Pension Related Adjustments	(1,463)	(12,145)	(42,352)	(3,730)	(59,690)	91,265		
OPEB Related Adjustments	(4,004)	(1,252)	7,981	2,204	4,929	12,752		
(Increase) Decrease in Assets								
Accounts Receivable (Net)	(103)	(57,813)	64,467	4,416	10,967	98,557		88,829
Inventories	(26,913)		4,674		(22,239)	15,325		
Prepaid Items	(1,198)	(4,558)	(4,238)	(208)	(10,202)	2,043		
Increase (Decrease) in Liabilities								
Accounts Payable	1,092	(6,112)	2,265	(738)	(3,493)	(78,368)		
Accrued Salaries	1,906	2,137	6,670	173	10,886	3,374		
Deposits Payable				(2,750)	(2,750)	(2,300)		
Due to Other Governmental Units	6,068		753	3,698	10,519	(1,850)		
Compensated Absences	2,698	180	(12,097)	(1,990)	(11,209)	5,383		
Net Cash Provided (Used) by Operating Activities	<u>\$ 290,617</u>	<u>\$ 2,604,814</u>	<u>\$ 2,731,726</u>	<u>\$ 569,004</u>	<u>\$ 6,196,161</u>	<u>\$ 6,176,987</u>	<u>\$ 593,880</u>	<u>\$ 469,680</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2020

	Private Purpose Trust Funds
ASSETS	
Current Assets	
Cash	\$ 236,770
Accounts Receivable	126
Total Assets	\$ 236,896
NET POSITION	
Held in Trust for Other Purposes	\$ 236,896

CITY OF LITCHFIELD, MINNESOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2020

	Private Purpose Trust Funds
ADDITIONS	
Interest Income	\$ 2,414
Change in Net Position	2,414
NET POSITION, BEGINNING OF YEAR	234,482
NET POSITION, END OF YEAR	\$ 236,896

See Accompanying Notes to the Financial Statements

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CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Litchfield, Minnesota, is a statutory city governed by an elected mayor and six council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate entities for which the City is financially accountable, or for which the exclusion of the component unit would render the financial statements of the City misleading.

The criteria used to determine if the City is financially accountable for a component unit includes whether or not 1) the City appoints the voting majority of the potential component unit's governing body and is able to impose its will on the potential component unit or is in a relationship of financial benefit or burden with the potential component unit, or 2) the potential component unit is fiscally dependent on and there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, one organization has been defined and is presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

From the category above, the specific entity is identified as follows.

Blended Component Unit

The Litchfield Economic Development Authority (EDA) is a legal separate entity from the City. Although legally separate, the Litchfield EDA is reported as if it were part of the primary government because it provides services exclusively for the City. Separate financial statements are not prepared for the Litchfield EDA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. 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.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

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. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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. Internally dedicated revenues are reported as general revenues rather than program 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. Fiduciary funds are only reported at the fund financial statement level.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary 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 after 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, special assessments, intergovernmental revenue, charges for services, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The 2019A G.O. CIP Refunding Bonds Debt Service Fund is used to account for the revenues and expenditures related to the 2019A debt.



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION  
(Cont'd)

The City reports the following major enterprise funds:

The Liquor Fund accounts for the operations of the City owned municipal liquor store.

The Sewer Fund accounts for the operations of the City's sewer utility.

The Electric Fund accounts for the operations of the City's electric utility.

The Water Fund accounts for the operations of the City's water utility.

Additionally, the City reports the following proprietary fund:

Internal Service Fund - Internal service funds are used to account for goods and services provided by one department to other departments of the City on a cost reimbursement basis.

Additionally, the City reports the following fiduciary funds:

Private Purpose Trust Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent. The City is the trustee, or fiduciary, for the following three funds:

Library Trust Fund - The City is the trustee, or fiduciary, for resources collected to provide equipment, books and library supplies as determined by the library board.

Lake Ripley Cemetery - The City is the trustee, or fiduciary, for an endowment received for the operation, maintenance, and improvement of Lake Ripley Cemetery.

Anderson Gardens Trust Fund - The City is the trustee, or fiduciary, for an endowment received for the operation, maintenance, and improvement of Anderson Gardens.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions 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.

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 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.

It is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS

The City's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

The City may invest in the following types of investments as authorized by Minn. Stat. §§118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States bank;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Cash and cash equivalents were comprised of deposits, non-negotiable certificates of deposits, and cash with escrow agent.

The City has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

**Custodial Credit Risk - Deposits:** For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy states the collateralization shall have a market value to cover 110 percent of the investment.

Authorized collateral includes the obligations of the U.S. Treasury, agencies, and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, futures contracts, repurchase and reverse purchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days, as well as certain first mortgage notes, and certain other state or local government obligations. *Minnesota Statutes* require that securities pledged as collateral be held in safekeeping by the City treasurer or in a financial institution other than that furnishing the collateral.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS (Cont'd)

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City should manage their interest rates based on safety, liquidity and the overall return on the investment.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to certificates of deposits with a maturity greater than 45 days, U.S. Treasury Bills, and repurchase agreements.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risk inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy does not address concentration of credit risk.

Custodial Credit Risk - Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk for investments.

E. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of property.

The City levies its property tax for the subsequent year during the month of December. December 30th is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Meeker County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15. Tax levies from prior years that remain unpaid are classified as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. INVENTORIES

Inventories are valued at cost, using the first in, first out method of accounting.

H. CAPITAL ASSETS

Capital assets, both tangible and intangible, which include property, plant, equipment, infrastructure assets (e.g., roads, sidewalks, and similar items) and easements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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.

Based on the age of the majority of the City's infrastructure and an exception for small governments in GASB Statement No. 34, the City has determined it is not practical to capitalize infrastructure retroactively.

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.

Tangible and intangible assets are capitalized when acquired, and depreciation is provided using the straight-line method applied over their estimated useful lives of the assets. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

I. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future reporting period. During that future period, it will be recognized as an outflow of resources (expense/expenditure). The City items that qualify for reporting in this category on the government-wide and proprietary fund Statement of Net Position which are related to pensions, OPEB, and refunding of debt.

J. UNEARNED REVENUE

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and certain other payments received before eligibility requirements are met are also recorded as unearned revenue.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation, compensatory time and certain sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide and proprietary fund Statement of Net Position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of an amount based on expected or known retirements coming in the next fiscal year. The noncurrent portion consists of the remaining amount of vacation, compensatory time and certain sick leave balances.

The City employees earn vacation days based upon the number of completed years of service. The City compensates employees for unused vacation upon termination of employment. City employees are also allowed to earn compensatory time in lieu of overtime pay. Unused compensatory time is paid to employees upon separation from the City. Employees are entitled to paid sick leave at various rates for each month of full-time service. Employees are compensated for unused sick leave based on policies adopted by the City. The City has an Option One sick leave policy in which one employee would receive all unused sick leave hours upon termination.

L. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Employees of the City pay premiums based on amounts negotiated in union contracts. Since the insurance rates are not aged based, the City has an implicit rate subsidy factor in postemployment health care expenses. Additionally, *Minnesota Statutes* require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation coverage. The City's personnel policy and union contracts do not provide for any contributions upon employee retirement.

M. PENSIONS

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

The City participates in various pension plans; total pension expense for the year ended December 31, 2020, was \$256,535. The components of pension expense are noted in the plan summaries.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position.

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.

O. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period. During that future period, it will be recognized as an inflow of resources (revenue). The City has items that qualify for reporting in this category on both the government-wide and proprietary fund Statement of Net Position and the governmental fund financial statements related to property taxes, special assessments, pensions, OPEB and refunding of debt.

P. FUND BALANCE

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in governmental funds. These classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as prepaid items and inventories that would otherwise be considered unassigned.

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

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the City Council.

*Assigned* - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council Resolution, the City Council is authorized to establish assignments of fund balance.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. FUND BALANCE (Cont'd)

*Unassigned* - is the residual classification for the General Fund and also reflects negative residual amounts in the remaining governmental funds.

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

Q. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide, proprietary and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide, proprietary and fiduciary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

R. USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

S. PRIOR YEAR INFORMATION

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2019, from which the partial information was derived.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Council submits a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

A. BUDGETARY INFORMATION (Cont'd)

2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General, Special Revenue Funds and Proprietary Funds.
4. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Proprietary Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
6. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the City Council. Appropriations for annually budgeted funds lapse at year-end.

B. DEFICIT FUND BALANCES

The following fund had deficit fund balance:

	<u>Fund Balance</u>
Nonmajor Capital Project Funds	
TH 12 Improvements	\$ (211,801)

This deficit will be financed through future revenues of the fund and transfers from other funds.



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

C. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Expenditures</u>	<u>Appropriations</u>
Nonmajor Special Revenue Funds		
Golf Course	\$ 489,533	\$ 407,036
Downtown/Heritage Preservation	11,644	
Airport	122,180	100,075
TIF District No. 4-12 Towmaster	1,188	
Infrastructure Street	8,128	
Community Reinvestment	77,192	
Lake Ripley Improvement	3,082	

NOTE 3. CASH AND CASH EQUIVALENTS

In accordance with applicable *Minnesota Statutes*, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk - Deposits: The City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

Cash in Bank Accounts	\$ 7,276,579
Non-Negotiable Certificates of Deposit	18,000,000
ATM	3,470
Petty Cash	630
Cash with Fiscal Agent	602,808
Restricted Cash	999,500
	<u>                    </u>
Total Deposits	<u><u>\$ 26,882,987</u></u>

Deposits are presented in the basic financial statements as follows:

Statement of Net Position	
Cash and Cash Equivalents	\$ 25,043,909
Cash Held with Fiscal Agent	602,808
Restricted Cash	999,500
	<u>                    </u>
Statement of Fiduciary Net Position	
Cash	236,770
	<u>                    </u>
Total Cash and Cash Equivalents	<u><u>\$ 26,882,987</u></u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 4. RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

A. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
<u>Governmental Activities</u>		
Accounts	\$ 51,749	\$
Contracts	13,220	5,220
Interest	101,940	
Delinquent Property Taxes	76,159	
Special Assessments	91,870	72,691
Capital Lease	345,417	26,667
	<u>\$ 680,355</u>	<u>\$ 104,578</u>
<u>Business-Type Activities</u>		
Accounts	\$ 1,510,860	\$
Special Assessments	4,574,177	4,314,529
	<u>\$ 6,085,037</u>	<u>\$ 4,314,529</u>

B. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Allowance for Doubtful Accounts are as follows:

<u>Business-Type Activities</u>		
Water		\$ 1,790
Electric		18,437
Sewer		8,829
		<u>\$ 29,056</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 5. INVENTORIES

Inventories are as follows:

Governmental Activities

Golf Course	
Pro Shop	\$ 14,573
Airport	
Fuel Inventory	16,395
	<hr/>
Total Governmental Activities	<u>\$ 30,968</u>

Business-Type Activities

Electric	
Transformers	\$ 275,209
Line Inventory	37,041
Pole/Conduit	22,927
Liquor	313,337
	<hr/>
Total Business-Type Activities	<u>\$ 648,514</u>

NOTE 6. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of the following:

Governmental Activities

Meeker County	\$ 23,280
State of Minnesota	328,266
	<hr/>
Total Governmental Activities	<u>\$ 351,546</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 7. CAPITAL ASSETS

Capital asset activity was as follows:

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 1,824,293	\$ 94,784	\$	\$ 1,919,077
Easements	10,428			10,428
Construction in Progress	6,843,722	211,800	(2,043,241)	5,012,281
Total Capital Assets, Not Being Depreciated	8,678,443	306,584	(2,043,241)	6,941,786
Capital Assets, Being Depreciated				
Buildings	9,777,288	344,773		10,122,061
Improvements Other than Buildings	23,384,915	2,301,951	(447,097)	25,239,769
Machinery and Equipment	9,978,699	586,441	(258,695)	10,306,445
Total Capital Assets, Being Depreciated	43,140,902	3,233,165	(705,792)	45,668,275
Less Accumulated Depreciation for				
Buildings	4,289,212	201,190		4,490,402
Improvements Other than Buildings	9,632,647	764,538	(155,242)	10,241,943
Machinery and Equipment	7,688,984	656,272	(258,695)	8,086,561
Total Accumulated Depreciation	21,610,843	1,622,000	(413,937)	22,818,906
Total Capital Assets, Being Depreciated, Net	21,530,059	1,611,165	(291,855)	22,849,369
Governmental Activities Net Capital Assets	\$ 30,208,502	\$ 1,917,749	\$ (2,335,096)	\$ 29,791,155

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 7. CAPITAL ASSETS (Cont'd)

Capital asset activity was as follows:

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 735,155	\$	\$	\$ 735,155
Construction in Progress	841,529	6,150,030		6,991,559
Total Capital Assets, Not Being Depreciated	1,576,684	6,150,030	0	7,726,714
Capital Assets, Being Depreciated				
Buildings	46,290,201			46,290,201
Improvements Other than Buildings	36,354,183			36,354,183
Machinery and Equipment	9,885,384	239,273	(294,566)	9,830,091
Total Capital Assets, Being Depreciated	92,529,768	239,273	(294,566)	92,474,475
Less Accumulated Depreciation for				
Buildings	12,413,771	1,032,340		13,446,111
Improvements Other than Buildings	14,714,712	888,183		15,602,895
Machinery and Equipment	7,244,053	246,854	(294,566)	7,196,341
Total Accumulated Depreciation	34,372,536	2,167,377	(294,566)	36,245,347
Total Capital Assets, Being Depreciated, Net	58,157,232	(1,928,104)	0	56,229,128
Business-Type Activities Net Capital Assets	<u>\$ 59,733,916</u>	<u>\$ 4,221,926</u>	<u>\$ 0</u>	<u>\$ 63,955,842</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$ 109,331
Public Safety	224,133
Public Works	882,077
Airport	166,002
Culture and Recreation	240,457
Total Depreciation Expense - Governmental Activities	<u>\$ 1,622,000</u>

Business-Type Activities

Liquor	\$ 26,179
Sewer	1,157,788
Electric	688,764
Water	294,646
Total Depreciation Expense - Business-Type Activities	<u>\$ 2,167,377</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 445,806

The purpose of the above interfund loans was to cover negative cash.

B. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	Transfer In			Total
	General	2019A G.O. CIP Refunding Bonds	Nonmajor Governmental Funds	
Transfer Out				
General	\$	\$	\$ 630,783	\$ 630,783
Liquor			295,318	295,318
Sewer	250,000		100,000	350,000
Electric	500,000	100,000	100,000	700,000
Water	100,000		100,000	200,000
Nonmajor Governmental Funds			132,603	132,603
Total	<u>\$ 850,000</u>	<u>\$ 100,000</u>	<u>\$ 1,358,704</u>	<u>\$ 2,308,704</u>

The purpose of the above transfers was to provide funding for capital improvement projects, capital outlay, operating purposes and to close funds.

NOTE 9. LONG-TERM LIABILITIES

A. GENERAL OBLIGATION BONDS

The City issues General Obligation (G.O.) Bonds to provide financing for street improvements, facility construction and tax increment projects. Debt service is covered respectively by special assessments, property taxes and tax increments against benefited properties with any shortfalls being paid from general taxes.

G.O. Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year Serial Bonds with equal debt service payments each year.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
G.O. Bonds			
G.O. CIP Bonds Refunding, Series 2019A	2.00-3.00%	02/01/2029	\$ 2,220,000
G.O. CIP Bonds, Series 2015A	2.00-2.25%	02/01/2025	520,000
G.O. Bonds, Series 2018A	3.45-4.00%	02/01/2038	3,410,000
G.O. Revenue Bonds			
Public Project Lease Revenue Bonds, Series 2007B	4.50-5.10%	02/01/2028	300,000
G.O. Housing Development Bonds, Series 2011A	2.00-3.40%	02/01/2022	625,000
Bond Premium			129,799
Compensated Absences			<u>174,842</u>
Total Governmental Activities			<u>\$ 7,379,641</u>
<u>Business-Type Activities</u>			
G.O. Bonds			
G.O. Sewer System Bonds Refunding, Series 2019A	2.00-3.00%	02/01/2029	\$ 1,035,000
G.O. Revenue Bonds			
G.O. Utility Revenue Bonds, Series 2014A	2.00-3.75%	02/01/2035	1,585,000
G.O. Sewer Revenue Bonds, Series 2019A	2.00-3.00%	02/01/2029	620,000
G.O. Special Assessment Bonds			
G.O. Improvement Bonds, Series 2013A	3.00-4.00%	02/01/2035	7,095,000
G.O. Revenue Notes			
2001 Wastewater Treatment Loan	2.680%	08/20/2022	1,400,000
2009 Clean Water Revolving Fund Loan	2.652%	08/20/2029	4,024,048
2009 Wastewater Infrastructure Fund Loan	0.000%	08/20/2042	6,000,000
Revenue Bonds			
Electric Utility Revenue Refunding Bonds, Series 2017A	3.00%	02/01/2029	8,390,000
Bond Premium			480,437
Compensated Absences			<u>103,684</u>
Total Business-Type Activities			<u>\$ 30,733,169</u>

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES (Cont'd)

Refunding Transaction - 2011A

In April 2011, the City issued \$3,000,000 of General Obligation Housing Development Bonds, Series 2011A. The bonds were issued in part to refund the Housing Development Bonds, Series 1996A. The total cash savings to the City is \$377,162 with a net present value benefit of \$245,112.

Wastewater Treatment Loan - 2001

The City of Litchfield applied to the Minnesota Public Facilities Authority for financial assistance. Capital costs incurred for the upgrading and expansion of the City of Litchfield Wastewater Treatment Facility system, totaled \$10,963,561, financed under the Capitalization Grants for State Revolving Fund. Loan interest payments, at 2.68% per annum, are due in February and August, with principal payment amounts due in August.

Wastewater Treatment Loan - 2009

The City of Litchfield applied to the Minnesota Public Facilities Authority for financial assistance. Capital costs incurred for the upgrading and expansion of the City of Litchfield Wastewater Treatment Facility system, totaled \$13,086,048, financed under the Clean Water Revolving Fund and the Wastewater Infrastructure Funding. Loan interest payments for the Clean Water Revolving fund, at 2.652% per annum, are due in February and August, with principal payment amounts due in August. Loan payments for the Wastewater Infrastructure Funding will be due in February and August after the Clean Water Revolving Fund is paid in full.

Refunding Transaction - 2015A

In April 2015, the City issued \$995,000 of General Obligation Capital Improvement Plan Bonds, Series 2015A. The bonds were issued in part to refund the Public Project Lease Revenue Bonds, Series 2005A. The total cash savings to the City is \$102,062.52 with a net present value benefit of \$94,981.91.

Refunding Transaction - 2017A

In June 2017, the City issued \$9,995,000 of Electric Utility Revenue Refunding Bonds, Series 2017A. The bonds were issued to refund the Electric Revenue Bonds, Series 2008A and Electric Revenue Bonds, Series 2009C. The total cash savings to the City is \$1,372,459 with a net present value benefit of \$1,172,098.



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

B. COMPONENTS OF LONG-TERM LIABILITIES (Cont'd)

General Obligation Bonds - 2018A

The City of Litchfield issued General Obligation Bonds on December 26, 2018 in the amount of \$3,410,000 with final maturity on February 1, 2038. \$1,050,000 of the principal is to be allocated to the Capital Notes portion to finance the Civic Arena Refrigeration System Project. \$2,360,000 of the principal is to be allocated to the Tax Abatement portion to finance the 2017 and 2018 Street Improvement Projects, the Downtown Lot Improvements, and the 2017 Bike Trail Project. Interest rates range from 3.45% to 4.00%. Principal and interest payments are scheduled for February 1 of each year with the first principal payment on February 1, 2021. Interest payments are scheduled for August 1 of each year with the first interest payment on August 1, 2019.

General Obligation Sewer Revenue and Refunding Bonds - 2019A

In December 2019, the City issued \$3,875,000 of General Obligation Sewer Revenue and Refunding Bonds, Series 2019A with final maturity of February 2, 2032. \$2,220,000 of the principal is to be used to refund the Capital Improvement Plan Bonds, Series 2011B. \$1,035,000 of the principal is to be used to refund Sewer System Bonds, Series 2011D. \$620,000 is to be allocated to finance the 2020 Sewer Projects. Interest Rates range from 2.10% to 3.00%. Principal and interest payments are scheduled for February 1 of each year with the first principal payment on February 1, 2021. Interest payments are scheduled for August 1 of each year with the first interest payment on August 1, 2020.

If an event of default occurs on Public Facilities Authority outstanding debt items including direct borrowings of the City, the City may be subject to financial consequences. The finance-related consequences could include the following: (1) an additional interest penalty by the Authority of the related debt, (2) withhold approval of any disbursement request, (3) reject any pending application for financial assistance, (4) demand immediate payment of the loan or bond, or (5) any other remedy available to the Authority by law.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. MINIMUM DEBT PAYMENTS

Annual debt service requirements to maturity for all bonded debt and notes outstanding are as follows:

Year Ending December 31	Governmental Activities			
	G.O. Bonds		G.O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 405,000	\$ 182,785	\$ 335,000	\$ 30,161
2022	430,000	169,610	355,000	18,230
2023	445,000	155,785	35,000	11,041
2024	455,000	141,429	35,000	9,291
2025	480,000	126,360	40,000	7,395
2026-2030	2,035,000	427,813	125,000	9,815
2031-2035	1,680,000	148,823		
2036-2038	220,000	11,558		
	<u>\$ 6,150,000</u>	<u>\$ 1,364,163</u>	<u>\$ 925,000</u>	<u>\$ 85,933</u>
	Business-Type Activities			
Year Ending December 31	G.O. Bonds		G. O. Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 65,000	\$ 26,230	\$ 140,000	\$ 64,933
2022	75,000	24,130	145,000	61,558
2023	75,000	21,880	150,000	57,808
2024	80,000	19,555	150,000	53,758
2025	80,000	17,155	150,000	49,708
2026-2030	455,000	48,300	845,000	176,770
2031-2035	205,000	4,308	625,000	61,184
	<u>\$ 1,035,000</u>	<u>\$ 161,558</u>	<u>\$ 2,205,000</u>	<u>\$ 525,719</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Business-Type Activities			
	G.O. Special Assessment Bonds		G.O. Revenue Notes	
	Principal	Interest	Principal	Interest
2021	\$ 375,000	\$ 241,250	\$ 1,093,000	\$ 144,238
2022	385,000	229,850	1,121,000	115,060
2023	395,000	218,150	423,000	85,130
2024	410,000	206,075	435,000	73,912
2025	420,000	193,625	446,000	62,376
2026-2030	2,310,000	760,613	2,376,048	128,016
2031-2035	2,800,000	288,800	2,350,000	
2036-2040			2,350,000	
2041-2042			830,000	
	<u>\$ 7,095,000</u>	<u>\$ 2,138,363</u>	<u>\$ 11,424,048</u>	<u>\$ 608,732</u>

Year Ending December 31	Business-Type Activities Revenue Bonds	
	Principal	Interest
2021	\$ 835,000	\$ 239,175
2022	860,000	213,750
2023	890,000	187,500
2024	910,000	160,500
2025	940,000	132,750
2026-2030	3,955,000	237,975
	<u>\$ 8,390,000</u>	<u>\$ 1,171,650</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Bonds	\$ 8,645,000	\$	\$ (2,495,000)	\$ 6,150,000	\$ 405,000
G.O. Special					
Assessment Bonds	395,000		(395,000)		
G.O. Revenue Bonds	1,245,000		(320,000)	925,000	335,000
Bond Premium	138,890		(9,091)	129,799	
Termination Benefits	4,259		(4,259)		
Compensated					
Absences	157,663	145,523	(128,344)	174,842	
Total Governmental Activities	<u>\$ 10,585,812</u>	<u>\$ 145,523</u>	<u>\$ (3,351,694)</u>	<u>\$ 7,379,641</u>	<u>\$ 740,000</u>
<u>Business-Type Activities</u>					
G.O. Bonds	\$ 2,160,000		\$ (1,125,000)	\$ 1,035,000	\$ 65,000
G.O. Revenue Bonds	2,285,000		(80,000)	2,205,000	140,000
G.O. Special					
Assessment Bonds	7,460,000		(365,000)	7,095,000	375,000
G.O. Revenue Notes	12,488,048		(1,064,000)	11,424,048	1,093,000
Revenue Bonds	9,205,000		(815,000)	8,390,000	835,000
Bond Premium	532,406		(51,969)	480,437	
Compensated					
Absences	114,893	99,485	(110,694)	103,684	
Total Business-Type Activities	<u>\$ 34,245,347</u>	<u>\$ 99,485</u>	<u>\$ (3,611,663)</u>	<u>\$ 30,733,169</u>	<u>\$ 2,508,000</u>

E. CONDUIT DEBT OBLIGATIONS

In 2011, the City issued conduit debt obligations. These obligations do not constitute an indebtedness of the City and are not a charge against its general credit or taxing powers. The obligations are payable solely from revenues of the respective entities to which the proceeds were remitted. As of December 31, 2020, the aggregate balance outstanding was \$1,204,550.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

F. PLEDGED REVENUES

<u>Bond Issue/ Use of Proceeds/ Type</u>	<u>Percent of Total Debt Service</u>	<u>Term of Pledge</u>	<u>Remaining Principal and Interest</u>	<u>Principal and Interest Paid</u>	<u>Pledged Revenue Received</u>
<u>Business-Type Activities</u>					
Electric Utility Revenue Refunding Bonds, Series 2017A Improvements Utility Charges	100%	2017-2029	\$ 9,561,650	\$ 1,078,925	
Revenue Bonds, Series 2014A Improvements Utility Charges	100%	2014-2035	790,078	51,578	
Total Electric Utility			<u>\$ 10,351,728</u>	<u>\$ 1,130,503</u>	\$ 10,370,401
Water Utility Revenue Bonds, Series 2014A Improvements Utility Charges	100%	2014-2035	\$ 790,871	\$ 49,593	\$ 957,770
Sewer Utility Revenue Bonds, Series 2014A Improvements Utility Charges	100%	2014-2035	\$ 444,419	\$ 29,012	\$ 4,241,543

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 10. RISK MANAGEMENT

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), which is a public entity risk pool currently operating as a common risk management and insurance program, with other cities in the state. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, but retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for the year is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2020, there are no other claims liabilities reported in the financial statements based on the requirements of accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 11. CITY OF LITCHFIELD'S FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN

A. PLAN DESCRIPTION

Firefighters of the City are members of the Association. The Association is the administrator of a single-employer defined benefit pension plan available to firefighters. The plan is administered by the Association pursuant to *Minnesota Statutes* Chapter 69, Chapter 424A and the Association's by-laws. As of December 31, 2020, the plan covered 27 active firefighters and 2 vested terminated fire fighters whose pension benefits are deferred.

B. BENEFITS PROVIDED

Twenty-Year Service Pension - Each member who is at least fifty years of age, has retired from the Fire Department of the City of Litchfield, has served at least ten years of active service with such department before retirement, and has been a member of the Association in good standing at least ten years prior to such retirement shall be entitled to a lump-sum service pension in the amount of \$2,200 for each year of service (including each year over twenty) but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

Disability - If a member of the Association shall become permanently or totally disabled, the Association shall pay the sum of \$2,200 for each year the member was an active member of the Litchfield Fire Department and Relief Association. If a member who received a disability pension subsequently recovers and returns to active duty, the disability pension is deducted from the service pension.

According to the bylaws of the Association and pursuant to Minnesota Statute 424A.22, members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced pension for the completed years of service times the applicable non-forfeitable percentage of pension as follows:

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 11. CITY OF LITCHFIELD'S FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

B. BENEFITS PROVIDED (Cont'd)

<u>Completed Years of Service</u>	<u>Non-forfeitable Percentage of Pension Amount</u>
10	60
11	64
12	68
13	72
14	76
15	80
16	84
17	88
18	92
19	96
20 and Thereafter	100

The payment amount will be calculated by using the amount payable per year of service in effect at the time of such early retirement, multiplied by the number of accumulative years of service, multiplied by the appropriate percentage as defined above.

During the time a member is on early vested pension, they will not be eligible for disability benefits.

These benefit provisions may be amended by a favorable vote of 2/3 of members present and voting, provided a quorum exists at any regular or special meeting. This benefit amendment must also be ratified by the City Council.

C. 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. As of December 31, 2020, the State of Minnesota contributed \$67,955 in fire state aid to the plan on behalf of the Fire Department.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 11. CITY OF LITCHFIELD'S FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS

The City reported a net pension liability (asset) of \$(117,871). The City's net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by an independent actuary applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2019	\$ 624,790	\$ 660,132	\$ (35,342)
Changes for the Year:			
Service Cost	30,865		30,865
Interest	33,083		33,083
Contributions - Member		30	(30)
Contributions - State		67,955	(67,955)
Net Investment Income		89,306	(89,306)
Benefit Payments	(51,001)	(51,001)	
Administrative Expense		(10,814)	10,814
Net Changes	<u>12,947</u>	<u>95,476</u>	<u>(82,529)</u>
Balance at December 31, 2020	<u>\$ 637,737</u>	<u>\$ 755,608</u>	<u>\$ (117,871)</u>

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2020, the City recognized pension expense of \$(11,842).

At December 31, 2020, the City reported 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	\$ 25,859	\$ 10,920
Changes in Actuarial Assumptions		5,724
Net Differences Between Projected and Actual Investment Earnings	4,189	
Contributions Paid to Plan Subsequent to Measurement Date	68,273	
State Aid Received for the Plan Subsequent to Measurement Date		68,273
Totals	<u>\$ 98,321</u>	<u>\$ 84,917</u>



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 11. CITY OF LITCHFIELD'S FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

D. PENSION COSTS (Cont'd)

\$68,273 reported as deferred outflows of resources related to pensions resulting from City contributions (both statutorily-required and voluntary, as applicable) subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. \$68,273 reported as deferred inflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ 5,870
2022	4,322
2023	12,282
2024	(8,724)
2025	2,423
Thereafter	(2,769)

E. ACTUARIAL ASSUMPTIONS

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal level of percent of pay cost
Amortization Method:	Straight-line - closed
Remaining Amortization Method:	5 Years
Asset Valuation Method:	Market Value as of the measurement date
Inflation:	2.50%
Investment Rate of Return:	5.25%

Mortality rates were based on the RP-2014 employee generational mortality table projected with mortality improvement scale MP-2018, from a base year of 2006.

The actuarial assumptions used for retirement is 50% of active members will retire when reaching retirement eligibility (later of age 50 and 20 years of service); then 50% retire each subsequent year until 100% retirement at the earlier of age 65 or 30 years of service.

The actuarial assumptions used in the November 18, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2018 - December 31, 2018.

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at a rate specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 11. CITY OF LITCHFIELD'S FIRE RELIEF ASSOCIATION - SUPPLEMENTAL PENSION PLAN (Cont'd)

G. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the City's net pension liability (asset) for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (4.25%)	Discount Rate (5.25%)	1% Increase in Discount Rate (6.25%)
City's Net Pension Liability (Asset)	\$ (103,445)	\$ (117,871)	\$ (132,032)

H. INVESTMENT POLICY:

The City of Litchfield's Fireman Relief Association does not have a formal investment policy.

I. ASSET ALLOCATION

The long-term expected rate of return on pension plan investments as determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	26.81%	4.76%
International Equity	38.55%	5.41%
Fixed Income	19.90%	2.01%
Real Estate and Alternatives	0.05%	4.53%
Cash	14.69%	0.74%
	<u>100.00%</u>	

There were no significant changes to their plan investments during the year.

J. PENSION PLAN FIDUCIARY NET POSITION:

Detailed information about the pension plan's fiduciary net position is available in a separately-issued financial report.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. PLAN DESCRIPTION

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

General Employees Retirement Plan (GERP; General Employees Plan; accounted for in the General Employees Fund):

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

Public Employees Police and Fire Plan (PEPFP; Police and Fire Plan; accounted for in the Police and Fire Fund):

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

B. BENEFITS PROVIDED

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

GERP Benefits:

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

B. BENEFITS PROVIDED (Cont'd)

GERP Benefits: (Cont'd)

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

PEPFP Benefits:

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. CONTRIBUTIONS

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

GERP Contributions:

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020; the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2020, were \$167,139. The City's contributions were equal to the required contributions as set by state statute.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

C. CONTRIBUTIONS (Cont'd)

PEFPF Contributions:

Police and Fire member's contribution rates increased from 11.30 percent of pay to 11.80 percent and employer rates increased from 16.95 percent to 17.70 percent on January 1, 2020. The City's contributions to the Police and Fire Fund for the year ended December 31, 2020, were \$133,146. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

GERP Pension Costs:

At December 31, 2020, the City reported a liability of \$1,888,569 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 \$58,288. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion share was 0.0315 percent at the end of the measurement period and 0.0297 percent for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 1,888,569
State of Minnesota's Proportionate Share of the Net Pension Liability Associated With the City	<u>58,288</u>
Total	<u><u>\$ 1,946,857</u></u>

The following changes in plan provisions occurred during 2020:

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

For the year ended December 31, 2020, the City recognized pension expense of \$167,710 for its proportionate share of GERP's pension expense. In addition, the City recognized an additional \$5,073 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 GERP's deferred outflows of resources and deferred inflows of resources from the following sources:

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

GERP Pension Costs: (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 16,283	\$ 7,145
Changes in Actuarial Assumptions		69,197
Differences Between Projected and Actual Investment Earnings	27,154	
Changes in Proportion	74,639	78,580
Contributions Paid to GERP Subsequent to Measurement Date	84,501	
	<u>202,577</u>	<u>154,922</u>
Totals	<u>\$ 202,577</u>	<u>\$ 154,922</u>

The \$84,501 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 in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (135,147)
2022	(7,952)
2023	60,625
2024	45,628

PEPFP Pension Costs:

At December 31, 2020, the City reported a liability of \$885,768 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019, through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0672 percent at the end of the measurement period and 0.0689 percent for the beginning of the period.

The State of Minnesota also contributed \$13.5 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2020. The contribution consisted of \$4.5 million in direct state aid that does meet the definition of a special funding situation and \$9.0 million in fire state aid that does not meet the definition of a special funding situation. The \$4.5 million direct state was paid on October 1, 2019. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

As a result, the State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$4.5 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2020, the City recognized pension expense of \$153,133 for its proportionate share of the Police and Fire Plan's pension expense. In addition, the City recognized an additional \$6,421 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$4.5 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City also recognized \$6,048 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

There have been no changes in plan provisions during 2020.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 37,365	\$ 40,061
Changes in Actuarial Assumptions	282,704	495,388
Differences Between Projected and Actual Investment Earnings	43,599	
Changes in Proportion	80,298	90,474
Contributions Paid to PEPFP Subsequent to Measurement Date	<u>70,487</u>	
Totals	<u>\$ 514,453</u>	<u>\$ 625,923</u>

The \$70,487 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

D. PENSION COSTS (Cont'd)

PEPFP Pension Costs: (Cont'd)

Year ended December 31,	Pension Expense Amount	
2021	\$	(56,346)
2022		(229,046)
2023		50,412
2024		55,417
2025		(2,394)

E. ACTUARIAL ASSUMPTIONS

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

Actuarial Assumptions	GERP	PEPFP
Inflation	2.50% per year	2.50% per year
Salary Growth	3.25% after 26 years of service	3.25% after 25 years of service
Investment Rate of Return	7.50%	7.50%

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 Employees Plan and 1.0 percent per year for the Police and Fire 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 for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan and the Correctional Plan were completed in 2020. The recommended assumptions for those plans were adopted by the Board and will be effective with the July 1, 2021 actuarial valuations if approved by the Legislature.

The following changes in actuarial assumptions occurred in 2020:

GERP:

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

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 LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

E. ACTUARIAL ASSUMPTIONS (Cont'd)

GERP: (Cont'd)

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

PEPFP:

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.50%	5.10%
Private Markets	17.50%	5.30%
Fixed Income	20.00%	0.75%
International Equity	25.00%	5.90%
Cash Equivalents	2.00%	0.00%
	<u>100.00%</u>	

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 12. DEFINED BENEFIT PENSION PLAN - STATEWIDE (Cont'd)

F. DISCOUNT RATE

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

G. PENSION LIABILITY SENSITIVITY

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

	<u>GERP</u>		<u>PEFPF</u>	
1% Lower	6.50%	\$ 3,026,721	6.50%	\$ 1,765,463
Current Discount Rate	7.50%	1,888,569	7.50%	885,768
1% Higher	8.50%	949,685	8.50%	157,974

H. PENSION PLAN FIDUCIARY NET POSITION

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

NOTE 13. DEFINED CONTRIBUTION PLAN

4 council members and 31 ambulance service personnel of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 13. DEFINED CONTRIBUTION PLAN (Cont'd)

Total contributions made by the City of Litchfield during the year were:

	Contribution Amount		Percentage of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
Elected Officials	\$ 840	\$ 840	5.00%	5.00%	5.00%
Ambulance Service Personnel	15,605	35,868	43.51%	100.00%	N/A

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

A. PLAN DESCRIPTION

The City operates a single-employer retiree benefit plan (the Plan) that provides health, dental, and life insurance to eligible employees and their spouses through the District's commercial insurance plans. There are 40 active participants and 5 retired participants. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

B. TOTAL OPEB LIABILITY

The City's total OPEB liability of \$260,198 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date. Update procedures were used to roll forward the total OPEB liability to December 31, 2020.

C. CHANGES IN TOTAL OPEB LIABILITY

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at December 31, 2019	\$ 252,592
Changes for the year:	
Service Cost	18,517
Interest	9,683
Changes in Assumptions or Other Inputs	(391)
Benefit Payments	(20,203)
Net Changes	7,606
Balance at December 31, 2020	\$ 260,198

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

C. CHANGES IN TOTAL OPEB LIABILITY (Cont'd)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.71% in 2019 to 2.75% in 2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	<u>1.0% Decrease in Discount Rate (1.75%)</u>	<u>Discount Rate (2.75%)</u>	<u>1.0% Increase in Discount Rate (3.75%)</u>
Total OPEB Liability	\$ 274,274	\$ 260,198	\$ 246,359

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.40% decreasing to 3.00%) or 1-percentage-point higher (7.40% decreasing to 5.00%) than the current healthcare cost trend rates:

	<u>1.0% Decrease (5.40% decreasing to 3.00%)</u>	<u>Healthcare Cost Trend Rates (6.40% decreasing to 4.00%)</u>	<u>1.0% Increase (7.40% decreasing to 5.00%)</u>
Total OPEB Liability	\$ 234,460	\$ 260,198	\$ 290,052

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$(10,736). At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$	\$ 129,565
Changes in Actuarial Assumptions or Other Inputs	4,845	3,036
Contributions Paid Subsequent to Measurement Date	<u>21,836</u>	
Totals	<u>\$ 26,681</u>	<u>\$ 132,601</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

D. OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Cont'd)

\$21,836 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	<u>Pension Expense Amount</u>
2021	\$ (21,319)
2022	(21,276)
2023	(20,795)
2024	(22,334)
2025	(22,334)
Thereafter	(19,698)

E. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	Based on the most recent disclosed assumptions for the pension plan, which the employee participates.
Healthcare Cost Trend Rates	6.40% for 2020, decreasing on average 0.04% per year to an ultimate rate of 4.00% for 2075 and later years.
Retiree's Share of Benefit-Related Costs	Assumed to increase with healthcare trend rates.

A discount rate of 2.75% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2018 – December 31, 2018.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 15. FUND BALANCE

The following is a summary of fund balance components:

	General	2019A G.O. CIP Refunding Bonds	Nonmajor Governmental Funds	Total
Nonspendable				
Prepaid Items	\$ 83,979	\$	\$ 75,162	\$ 159,141
Restricted for				
Tax Increment			17,168	17,168
Debt Service		243,477	1,395,773	1,639,250
Total Restricted	0	243,477	1,412,941	1,656,418
Assigned				
Hazardous Building Improvements	195,958			195,958
Dial-A-Ride	108,939			108,939
GAR Hall Improvements	60,862			60,862
Public Access	75,836			75,836
Tree Management	240,080			240,080
Cafeteria	8,351			8,351
Capital Outlay	1,563,190		3,052,407	4,615,597
Fund Operations			1,908,968	1,908,968
Total Assigned	2,253,216	0	4,961,375	7,214,591
Unassigned	1,527,442		(211,801)	1,315,641
	<u>\$ 3,864,637</u>	<u>\$ 243,477</u>	<u>\$ 6,237,677</u>	<u>\$ 10,345,791</u>

NOTE 16. COMMITMENTS

A. PURCHASED POWER AGREEMENT

Litchfield Public Utilities is committed to purchase all power from two agencies, Southern Minnesota Municipal Power Agency (SMMPA) of which Litchfield Public Utilities is a member and Western Area Power Administration (WAPA). Each member of SMMPA is obligated to purchase all of its power from the Agency, with the exception that the Litchfield Public Utilities may continue its purchase of hydro-power from WAPA, which amounts to approximately 24.9% of the Utilities' requirements. The remaining percentage of power usage must be purchased from SMMPA per contract requirements.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 16. COMMITMENTS (Cont'd)

B. CONSTRUCTION PROJECTS

The City has the following projects in progress:

<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Airport Snow Removal Building	\$ 272,874	\$ 28,761
Phase II Generation Improvements	8,199,800	2,224,550
2018 Splash Pad	177,233	13,612

NOTE 17. RECLASSIFICATIONS

Certain immaterial prior year financial statement amounts have been reclassified to conform to current year's presentation. There was no affect on total net position or fund balance.

NOTE 18. TAX ABATEMENTS

The City is authorized by Minnesota Statute §469.1813 to enter into property tax abatement agreements for the purpose of attracting or retaining businesses. Tax abatements, which cannot exceed 100 percent of the entity's property tax bill in any year, may be granted to any business located within or promising to relocate to the City for construction of new facilities or the creation of new full time equivalent positions. The City recaptures a prorated amount of abated taxes if these conditions are not met. The City determines the percentage amount and duration of the tax abatement, which is not to exceed twenty years. The amount of the abatement is automatically deducted from the property owner's tax bill.

For the year ended December 31, 2020, the City abated property taxes totaling \$11,096 under this program, including the following tax abatement agreements that each exceeded 10 percent of the total, which is the percentage the City considers to be material for purposes of individual disclosure:

<u>Business</u>	<u>Purpose</u>	<u>Percent Abated</u>	<u>Amount Abated</u>
First District Association	Economic Development	45.65%	\$ <u>11,096</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 19. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The following is a summary of the major components of deferred outflows and inflows as presented in the Statement of Net Position:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Governmental Activities</u>		
Related to Pensions	\$ 700,034	\$ 777,572
Related to OPEB	11,490	57,111
Related to Refunding of Debt		86,151
	<u>                    </u>	<u>                    </u>
Total Governmental Activities	<u>\$ 711,524</u>	<u>\$ 920,834</u>
<u>Business-Type Activities</u>		
Related to Pensions	\$ 115,317	\$ 88,190
Related to OPEB	15,191	75,490
Related to Refunding of Debt	293,050	39,944
	<u>                    </u>	<u>                    </u>
Total Business-Type Activities	<u>\$ 423,558</u>	<u>\$ 203,624</u>

NOTE 20. PRIOR PERIOD ADJUSTMENT

During the current year, it was determined that certain prior year golf course membership operating allocation amounts applicable to the fiscal year ending December 31, 2019 and prior totaling \$51,900 were incorrectly omitted in the Golf Course Special Revenue Fund. To correct this error, 2019 accounts payable was increased by \$51,900, expenditures were increased by \$12,725 and the beginning fund balance of the Golf Course Special Revenue Fund of \$190,995, as originally reported, has been decreased by \$39,175 to \$151,820. The Governmental Activities 2019 beginning Net Position of \$26,566,141, as originally reported, has been decreased by \$39,175 to \$26,526,966.

NOTE 21. COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.



REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
DECEMBER 31, 2020

Fiscal Year Ending	Employer's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Employer (b)	Employer's Proportionate Share of the Net Pension Liability Associated with the Employer (a+b)	Employer's Covered Payroll (c)	Employer's Proportionate Share 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
<u>Pensions</u>							
<u>GERP</u>							
June 30, 2020	0.0315%	\$ 1,888,569	\$ 58,288	\$ 1,946,857	\$ 2,242,703	86.81%	79.06%
June 30, 2019	0.0297%	1,642,046	50,998	1,693,044	2,082,257	81.31%	80.23%
June 30, 2018	0.0319%	1,769,681	57,968	1,827,649	2,083,744	87.71%	79.53%
June 30, 2017	0.0330%	2,106,698	26,470	2,133,168	2,123,338	100.46%	75.90%
June 30, 2016	0.0322%	2,614,480	34,125	2,648,605	1,993,255	132.88%	68.91%
June 30, 2015	0.0338%	1,751,691		1,751,691	1,976,514	88.63%	78.19%
<u>PEPFP</u>							
June 30, 2020	0.0672%	885,768	20,872	906,640	759,642	119.35%	87.19%
June 30, 2019	0.0689%	733,510		733,510	727,220	100.86%	89.26%
June 30, 2018	0.0576%	613,957		613,957	607,539	101.06%	88.84%
June 30, 2017	0.0600%	810,071		810,071	620,734	130.50%	85.43%
June 30, 2016	0.0640%	2,568,431		2,568,431	619,455	414.63%	63.88%
June 30, 2015	0.0670%	761,277		761,277	618,406	123.10%	86.61%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF EMPLOYER CONTRIBUTIONS  
DECEMBER 31, 2020

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
<u>Pensions</u>					
<u>GERP</u>					
12/31/2020	\$ 167,139	\$ 167,139	\$	\$ 2,228,511	7.50%
12/31/2019	162,292	162,292		2,163,877	7.50%
12/31/2018	158,245	158,245		2,109,907	7.50%
12/31/2017	156,706	156,706		2,089,401	7.50%
12/31/2016	157,377	157,377		2,098,356	7.50%
12/31/2015	147,087	147,087		1,960,930	7.50%
<u>PEFPF</u>					
12/31/2020	133,146	133,146		752,240	17.70%
12/31/2019	128,261	128,261		756,702	16.95%
12/31/2018	108,538	108,538		669,989	16.20%
12/31/2017	94,146	94,146		581,151	16.20%
12/31/2016	102,648	102,648		633,632	16.20%
12/31/2015	101,629	101,629		627,342	16.20%

The City implemented GASB Statement No. 68 for fiscal year ended December 31, 2015. Information for prior years is not available.

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
DECEMBER 31, 2020

	Measurement Date					
	December 31,					
	2019	2018	2017	2016	2015	2014
Service Cost	\$ 30,865	\$ 35,159	\$ 34,218	\$ 34,110	\$ 33,462	\$ 32,566
Interest	33,083	32,247	31,932	26,501	22,611	21,289
Differences Between Expected and Actual Experience		(14,234)		47,187		
Change in Assumptions		(703)		(3,823)	(7,185)	
Benefit Payments	(51,001)	(74,920)	(46,680)		(47,305)	
Net Change in Total Pension Liability	12,947	(22,451)	19,470	103,975	1,583	53,855
Total Pension Liability - Beginning of Year	624,790	647,241	627,771	523,796	522,213	468,358
Total Pension Liability - End of Year	\$ 637,737	\$ 624,790	\$ 647,241	\$ 627,771	\$ 523,796	\$ 522,213
Contributions - Employer	\$	\$	\$	\$	\$ 12,823	\$ 5,020
Contributions - Member	30	27	29	29	27	28
Contributions - State of Minnesota	67,955	64,236	63,207	63,210	64,241	60,640
Net Investment Income	89,306	(70,574)	71,510	20,579	(19,870)	693
Benefit Payments	(51,001)	(74,920)	(46,680)		(47,305)	
Administrative Expense	(10,814)	(7,006)	(11,354)	(3,900)	(8,916)	(6,499)
Other				1,000		
Net Change in Plan Fiduciary Net Position	95,476	(88,237)	76,712	80,918	1,000	59,882
Total Plan Fiduciary Beginning of Year	660,132	748,369	671,657	590,739	589,739	529,857
Total Plan Fiduciary Net Position End of Year	\$ 755,608	\$ 660,132	\$ 748,369	\$ 671,657	\$ 590,739	\$ 589,739
City's Net Pension Liability - End of Year	\$ (117,871)	\$ (35,342)	\$ (101,128)	\$ (43,886)	\$ (66,943)	\$ (67,526)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	118.48%	105.66%	115.62%	106.99%	112.78%	112.93%

The City implemented GASB Statement No. 68 for the year ended December 31, 2015. Information for prior years is not available.

See Accompanying Notes to the Required Supplementary Information

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY  
DECEMBER 31, 2020

	Measurement Date			
	December 31,			
	2019	2018	2017	2016
Service Cost	\$ 18,517	\$ 28,719	\$ 24,914	\$ 24,137
Interest	9,683	14,250	15,796	15,121
Differences Between Expected and Actual Experience		(173,635)		
Changes in Assumptions	(391)	(1,960)	9,804	(3,785)
Benefit Payments	(20,203)	(33,131)	(43,680)	(58,804)
Net Change in Total OPEB Liability	7,606	(165,757)	6,834	(23,331)
Total OPEB Liability - Beginning of Year	252,592	418,349	411,515	434,846
Total OPEB Liability - End of Year	\$ 260,198	\$ 252,592	\$ 418,349	\$ 411,515
Covered Employee Payroll	\$ 2,841,218	\$ 2,660,925	\$ 3,103,947	\$ 3,103,947
Total OPEB Liability as a % of Covered Employee Payroll	9.16%	9.49%	13.48%	13.26%

The City implemented GASB Statement No. 75 for the year ended December 31, 2017. Information for prior years is not available.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 1. CHANGES IN PLAN PROVISIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2020 Changes:

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

2019 Changes:

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

2018 Changes:

The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Contribution stabilizer provisions were repealed.

Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.

For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.

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

2016 Changes:

There have been no changes since the prior valuation.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2015 Changes:

On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.

An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.

New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.

Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.

Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.

Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.

Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.

Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes:

There have been no changes since the prior valuation.



CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

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

C. CITY OF LITCHFIELD'S FIREMAN'S RELIEF ASSOCIATION

2020 Changes:

There have been no changes since the prior valuation.

2019 Changes:

There have been no changes since the prior valuation.

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

There have been no changes since the prior valuation.

2016 Changes:

There have been no changes since the prior valuation.

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2020 Changes:

No changes.

2019 Changes:

Retiree premiums were updated to current levels.

Direct subsidy values were updated to current levels.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 1. CHANGES IN PLAN PROVISIONS (Cont'd)

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST (Cont'd)

2018 Changes:

No changes.

2017 Changes:

No changes.

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP)

2020 Changes:

The price inflation assumption was decreased from 2.50% to 2.25%.

The payroll growth assumption was decreased from 3.25% to 3.00%.

Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.

Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.

Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.

Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.

The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.

The assumed spouse age difference was changed from two years older for females to one year older.

The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

A. GENERAL EMPLOYEE RETIREMENT PLAN (GERP) (Cont'd)

2019 Changes:

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

2018 Changes:

The mortality projection was changed from MP-2015 to MP-2017.

The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 Changes:

The combined service annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.

The assumed post-retirement benefit increase rate was changed for 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 Changes:

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

The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

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

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP)

2020 Changes:

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2019 Changes:

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

2018 Changes:

The mortality projection was changed from MP-2016 to MP-2017.

2017 Changes:

Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.

Assumed rates of retirement were changed, resulting in fewer retirements.

The combined service annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

Assumed percentage of married female members was decreased from 65 percent to 60 percent.

Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.

The assumed percentage of female members electing joint and survivor annuities was increased.

The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.

The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2016 Changes:

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent thereafter to 1.0 percent per year for all future years.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

B. PUBLIC EMPLOYEES POLICE AND FIRE PLAN (PEPFP) (Cont'd)

2016 Changes: (Cont'd)

The assumed investment return was changed from 7.9 percent to 7.5 percent.

The single discount rate changed from 7.90 percent to 5.60 percent.

The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 Changes:

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

C. CITY OF LITCHFIELD'S FIREMAN'S RELIEF ASSOCIATION

2020 Changes:

Index rate for 20-year, tax-exempt municipal bonds (Fidelity 20-Year Municipal GO AA Index as of December 31, 2019); used in discount rate determination.

2019 Changes:

The expected investment return and discount rate increased from 5.00% to 5.25% to reflect updated capital market assumptions.

The mortality and withdrawal assumptions were updated to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation.

The inflation assumption decreased from 2.75% to 2.50%.

2018 Changes:

There have been no changes since the prior valuation.

2017 Changes:

The expected investment return and discount rate increased from 4.75% to 5.00% to reflect changes in the investment weightings.

2016 Changes:

The discount rate increased from 4.25% to 4.75%.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2020

NOTE 2. CHANGES IN ACTUARIAL ASSUMPTIONS (Cont'd)

C. CITY OF LITCHFIELD'S FIREMAN'S RELIEF ASSOCIATION (Cont'd)

2015 Changes:

There have been no changes since the prior valuation.

D. OTHER POST EMPLOYMENT BENEFITS PLAN NOT ADMINISTERED IN A TRUST

2020 Changes:

The municipal bond index rate was updated to reflect rates as of the December 31, 2019 measurement date.

2019 Changes:

The index rate for 20 year, tax-exempt municipal bonds used in the determination of the discount rate was changed from 3.31% to 3.71%.

The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

Medical per capita claims costs were updated to reflect recent experience.

Withdrawal, retirement, mortality and salary increase rates were updated from the rates used in the 7/1/2016 PERA General Employees Retirement Plan to the rates used in the 7/1/2018 valuation.

Withdrawal, retirement, mortality, disability, and salary increase rates were updated from the rates used in the 7/1/2016 PERA Police and Fire Plan to the rates used in the 7/1/2018 valuation.

The percent of future retirees not eligible for a direct subsidy assumed to elect coverage at retirement changed from 50% to 30% to reflect recent plan experience.

The percent of retirees electing spouse coverage changed from 0% to 25% to reflect recent plan experience.

2018 Changes:

The index rate for 20 year, tax-exempt municipal bonds used in the determination of the discount rate was changed from 3.81% to 3.31%.

2017 Changes:

The index rate for 20 year, tax-exempt municipal bonds used in the determination of the discount rate was changed from 3.52% to 3.81%.

SUPPLEMENTARY INFORMATION

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COMBINING STATEMENTS OF NONMAJOR FUNDS

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CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	Special Revenue	Debt Service	Capital Projects	Totals
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,959,313	\$ 443,860	\$ 2,543,563	\$ 4,946,736
Cash with Fiscal Agent		602,808		602,808
Receivables				
Accounts	2,206			2,206
Contracts	13,220			13,220
Delinquent Property Taxes		9,157	3,037	12,194
Special Assessments			87,620	87,620
Capital Lease		345,417		345,417
Due from Other Funds			445,806	445,806
Due from Other Governmental Units		3,688	327,367	331,055
Inventories	30,968			30,968
Prepaid Items	75,162			75,162
	<u>\$ 2,080,869</u>	<u>\$ 1,404,930</u>	<u>\$ 3,407,393</u>	<u>\$ 6,893,192</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 66,034	\$	\$ 1,563	\$ 67,597
Contracts Payable	8,612		28,761	37,373
Accrued Salaries	4,284			4,284
Due to Other Funds			445,806	445,806
Due to Other Governmental Units	641			641
Total Liabilities	<u>79,571</u>	<u>0</u>	<u>476,130</u>	<u>555,701</u>
<b>Deferred Inflows of Resources</b>				
<b>Unavailable Revenue</b>				
Delinquent Property Taxes		9,157	3,037	12,194
Special Assessments			87,620	87,620
Total Deferred Inflows of Resources	<u>0</u>	<u>9,157</u>	<u>90,657</u>	<u>99,814</u>
<b>Fund Balance</b>				
Nonspendable	75,162			75,162
Restricted	17,168	1,395,773		1,412,941
Assigned	1,908,968		3,052,407	4,961,375
Unassigned			(211,801)	(211,801)
Total Fund Balance	<u>2,001,298</u>	<u>1,395,773</u>	<u>2,840,606</u>	<u>6,237,677</u>
	<u>\$ 2,080,869</u>	<u>\$ 1,404,930</u>	<u>\$ 3,407,393</u>	<u>\$ 6,893,192</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>				

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2020

	Special Revenue	Debt Service	Capital Projects	Totals
<b>REVENUES</b>				
Property Taxes	\$	\$ 456,753	\$	\$ 456,753
Special Assessments		22,503		22,503
Intergovernmental	134,197		327,174	461,371
Charges for Services	617,532			617,532
Interest Income	15,769	61,168	26,608	103,545
Miscellaneous	58,708			58,708
Total Revenues	<u>826,206</u>	<u>540,424</u>	<u>353,782</u>	<u>1,720,412</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	51,599			51,599
Public Works	8,128			8,128
Airport	122,180			122,180
Culture and Recreation	608,301			608,301
Economic Development	12,832			12,832
<b>Capital Outlay</b>				
Public Works			482,943	482,943
Airport			344,774	344,774
Culture and Recreation	142,939		575	143,514
Economic Development			380	380
<b>Debt Service</b>				
Principal		815,000		815,000
Interest and Other Charges		185,792		185,792
Total Expenditures	<u>945,979</u>	<u>1,000,792</u>	<u>828,672</u>	<u>2,775,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,773)	(460,368)	(474,890)	(1,055,031)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	626,101		732,603	1,358,704
Transfers Out	(75,790)	(25,194)	(31,619)	(132,603)
Total Other Financing Sources (Uses)	<u>550,311</u>	<u>(25,194)</u>	<u>700,984</u>	<u>1,226,101</u>
Net Change in Fund Balances	430,538	(485,562)	226,094	171,070
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,570,760</u>	<u>1,881,335</u>	<u>2,614,512</u>	<u>6,066,607</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,001,298</u>	<u>\$ 1,395,773</u>	<u>\$ 2,840,606</u>	<u>\$ 6,237,677</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
DECEMBER 31, 2020

	Trail Project	Golf Course	Downtown/ Heritage Preservation	Airport	Civic Arena	TIF District No. 4-12 Towmaster
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,294	\$ 140,589	\$ 102,723	\$ 189,598	\$ 251,922	\$ 17,168
Receivables						
Accounts		639			900	
Contracts						
Inventories		14,573		16,395		
Prepaid Items		62,869		7,810	2,847	
Total Assets	<u>\$ 1,294</u>	<u>\$ 218,670</u>	<u>\$ 102,723</u>	<u>\$ 213,803</u>	<u>\$ 255,669</u>	<u>\$ 17,168</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts Payable	\$	\$ 62,467	\$	\$	\$ 2,192	\$
Contracts Payable						
Accrued Salaries Payable		1,870			2,414	
Due to Other Governmental Units		626			15	
Total Liabilities	<u>0</u>	<u>64,963</u>	<u>0</u>	<u>0</u>	<u>4,621</u>	<u>0</u>
<b>Fund Balance</b>						
Nonspendable		62,869		7,810	2,847	
Restricted						17,168
Assigned	1,294	90,838	102,723	205,993	248,201	
Total Fund Balance	<u>1,294</u>	<u>153,707</u>	<u>102,723</u>	<u>213,803</u>	<u>251,048</u>	<u>17,168</u>
Total Liabilities and Fund Balance	<u>\$ 1,294</u>	<u>\$ 218,670</u>	<u>\$ 102,723</u>	<u>\$ 213,803</u>	<u>\$ 255,669</u>	<u>\$ 17,168</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 DECEMBER 31, 2020

	Infrastructure Street	Cemetery	Community Reinvestment	Highway 12 Beautification	Lake Ripley Improvement	Totals
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 863,398	\$ 66,786	\$ 312,073	\$ 857	\$ 12,905	\$ 1,959,313
Receivables						
Accounts			667			2,206
Contracts			13,220			13,220
Inventories						30,968
Prepaid Items		1,636				75,162
	<u>863,398</u>	<u>68,422</u>	<u>325,960</u>	<u>857</u>	<u>12,905</u>	<u>2,080,869</u>
Total Assets	<u>\$ 863,398</u>	<u>\$ 68,422</u>	<u>\$ 325,960</u>	<u>\$ 857</u>	<u>\$ 12,905</u>	<u>\$ 2,080,869</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 1,370	\$ 5	\$	\$	\$	\$ 66,034
Contracts Payable			8,612			8,612
Accrued Salaries Payable						4,284
Due to Other Governmental Units						641
Total Liabilities	<u>1,370</u>	<u>5</u>	<u>8,612</u>	<u>0</u>	<u>0</u>	<u>79,571</u>
<b>Fund Balance</b>						
Nonspendable		1,636				75,162
Restricted						17,168
Assigned	862,028	66,781	317,348	857	12,905	1,908,968
Total Fund Balance	<u>862,028</u>	<u>68,417</u>	<u>317,348</u>	<u>857</u>	<u>12,905</u>	<u>2,001,298</u>
	<u>\$ 863,398</u>	<u>\$ 68,422</u>	<u>\$ 325,960</u>	<u>\$ 857</u>	<u>\$ 12,905</u>	<u>\$ 2,080,869</u>
Total Liabilities and Fund Balance	<u>\$ 863,398</u>	<u>\$ 68,422</u>	<u>\$ 325,960</u>	<u>\$ 857</u>	<u>\$ 12,905</u>	<u>\$ 2,080,869</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 DECEMBER 31, 2020

	2007B Public Project Lease	2011A G.O. Improvement	2015A G.O. Improvement	2018A G.O. Bonds	Totals
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 60,996	\$	\$ 147,048	\$ 235,816	\$ 443,860
Cash with Fiscal Agent		602,808			602,808
Receivables					
Delinquent Property Taxes	1,261		2,922	4,974	9,157
Capital Lease		345,417			345,417
Due from Other Governmental Units	369		1,088	2,231	3,688
	<u>369</u>	<u></u>	<u>1,088</u>	<u>2,231</u>	<u>3,688</u>
Total Assets	<u>\$ 62,626</u>	<u>\$ 948,225</u>	<u>\$ 151,058</u>	<u>\$ 243,021</u>	<u>\$ 1,404,930</u>
<b>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
Deferred Inflows of Resources					
Unavailable Revenue					
Delinquent Property Taxes	\$ 1,261	\$	\$ 2,922	\$ 4,974	\$ 9,157
Fund Balance					
Restricted	61,365	948,225	148,136	238,047	1,395,773
	<u>61,365</u>	<u>948,225</u>	<u>148,136</u>	<u>238,047</u>	<u>1,395,773</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 62,626</u>	<u>\$ 948,225</u>	<u>\$ 151,058</u>	<u>\$ 243,021</u>	<u>\$ 1,404,930</u>

CITY OF LITCHFIELD, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 DECEMBER 31, 2020

	Eastern Development	TH 12 Improvements	Airport Improvements	Infrastructure Public Works Facility	Infrastructure Revolving	Totals
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 164,465	\$	\$ 460	\$ 1,996,673	\$ 381,965	\$ 2,543,563
Receivables						
Delinquent Property Taxes					3,037	3,037
Special Assessments					87,620	87,620
Due from Other Funds					445,806	445,806
Due from Other Governmental Units			327,174		193	327,367
	<u>164,465</u>	<u>0</u>	<u>327,634</u>	<u>1,996,673</u>	<u>918,621</u>	<u>3,407,393</u>
<b>Total Assets</b>	<b>\$ 164,465</b>	<b>\$ 0</b>	<b>\$ 327,634</b>	<b>\$ 1,996,673</b>	<b>\$ 918,621</b>	<b>\$ 3,407,393</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>						
<b>Liabilities</b>						
Accounts Payable	\$	\$ 1,563	\$	\$	\$	\$ 1,563
Contracts Payable			28,761			28,761
Due to Other Funds		210,238	235,568			445,806
<b>Total Liabilities</b>	<u>0</u>	<u>211,801</u>	<u>264,329</u>	<u>0</u>	<u>0</u>	<u>476,130</u>
<b>Deferred Inflows of Resources</b>						
<b>Unavailable Revenue</b>						
Delinquent Property Taxes					3,037	3,037
Special Assessments					87,620	87,620
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,657</u>	<u>90,657</u>
<b>Fund Balance</b>						
Assigned	164,465		63,305	1,996,673	827,964	3,052,407
Unassigned		(211,801)				(211,801)
<b>Total Fund Balance</b>	<u>164,465</u>	<u>(211,801)</u>	<u>63,305</u>	<u>1,996,673</u>	<u>827,964</u>	<u>2,840,606</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 164,465</b>	<b>\$ 0</b>	<b>\$ 327,634</b>	<b>\$ 1,996,673</b>	<b>\$ 918,621</b>	<b>\$ 3,407,393</b>



CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 YEAR ENDED DECEMBER 31, 2020

	Trail Project	Golf Course	Downtown/ Heritage Preservation	Airport	Civic Arena	TIF District No. 4-12 Towmaster
<b>REVENUES</b>						
Intergovernmental	\$	\$ 5,637	\$ 5,191	\$ 6,423	\$ 8,038	\$
Charges for Services		308,914		83,841	188,927	
Interest Income		1,635	917	1,947	2,461	
Miscellaneous		10,273		19,619	5,465	
Total Revenues	<u>0</u>	<u>326,459</u>	<u>6,108</u>	<u>111,830</u>	<u>204,891</u>	<u>0</u>
<b>EXPENDITURES</b>						
Current						
General Government						
Public Works						
Airport						
Culture and Recreation						
Economic Development						
Capital Outlay						
Culture and Recreation						
Total Expenditures	<u>0</u>	<u>489,533</u>	<u>11,644</u>	<u>122,180</u>	<u>181,433</u>	<u>1,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(163,074)	(5,536)	(10,350)	23,458	(1,188)
<b>TRANSFERS</b>						
Transfers In						
Transfers Out						
Total Transfers	<u>0</u>	<u>105,000</u>	<u>14,000</u>	<u>(9,098)</u>	<u>(42,355)</u>	<u>0</u>
Net Change in Fund Balances	0	(58,074)	8,464	(19,448)	40,103	(1,188)
FUND BALANCE, BEGINNING OF YEAR	<u>1,294</u>	<u>211,781</u>	<u>94,259</u>	<u>233,251</u>	<u>210,945</u>	<u>18,356</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,294</u>	<u>\$ 153,707</u>	<u>\$ 102,723</u>	<u>\$ 213,803</u>	<u>\$ 251,048</u>	<u>\$ 17,168</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 YEAR ENDED DECEMBER 31, 2020

	Infrastructure Street	Cemetery	Permanent Improvement Revolving	Community Reinvestment	Highway 12 Beautification	Lake Ripley Improvement	Totals
<b>REVENUES</b>							
Intergovernmental	\$ 108,548	\$	\$	\$	\$	\$ 360	\$ 134,197
Charges for Services		35,850					617,532
Interest Income	5,665	705		2,294		145	15,769
Miscellaneous		463	1,388	18,950		2,550	58,708
Total Revenues	114,213	37,018	1,388	21,244	0	3,055	826,206
<b>EXPENDITURES</b>							
<b>Current</b>							
General Government		51,599					51,599
Public Works	8,128						8,128
Airport							122,180
Culture and Recreation						3,082	608,301
Economic Development							12,832
<b>Capital Outlay</b>							
Culture and Recreation				77,192			142,939
Total Expenditures	8,128	51,599	0	77,192	0	3,082	945,979
Excess (Deficiency) of Revenues Over (Under) Expenditures	106,085	(14,581)	1,388	(55,948)	0	(27)	(119,773)
<b>TRANSFERS</b>							
Transfers In	306,783	10,000		131,318			626,101
Transfers Out		(9,882)	(14,455)				(75,790)
Total Transfers	306,783	118	(14,455)	131,318	0	0	550,311
Net Change in Fund Balances	412,868	(14,463)	(13,067)	75,370	0	(27)	430,538
FUND BALANCE, BEGINNING OF YEAR	449,160	82,880	13,067	241,978	857	12,932	1,570,760
FUND BALANCE, END OF YEAR	\$ 862,028	\$ 68,417	\$ 0	\$ 317,348	\$ 857	\$ 12,905	\$ 2,001,298

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 YEAR ENDED DECEMBER 31, 2020

	2007B Public Project Lease	2011A G.O. Improvement	2011C G.O. Improvement	2015A G.O. Improvement	2018A G.O. Bonds	Totals
<b>REVENUES</b>						
Property Taxes	\$ 44,657	\$	\$ 1,738	\$ 132,308	\$ 278,050	\$ 456,753
Special Assessments			22,503			22,503
Interest Income	388	59,045		739	996	61,168
Total Revenues	<u>45,045</u>	<u>59,045</u>	<u>24,241</u>	<u>133,047</u>	<u>279,046</u>	<u>540,424</u>
<b>EXPENDITURES</b>						
Debt Service						
Principal	30,000	290,000	395,000	100,000		815,000
Interest and Other Charges	16,446	25,465	11,055	12,599	120,227	185,792
Total Expenditures	<u>46,446</u>	<u>315,465</u>	<u>406,055</u>	<u>112,599</u>	<u>120,227</u>	<u>1,000,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,401)	(256,420)	(381,814)	20,448	158,819	(460,368)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer Out			(25,194)			(25,194)
Net Change in Fund Balances	<u>(1,401)</u>	<u>(256,420)</u>	<u>(407,008)</u>	<u>20,448</u>	<u>158,819</u>	<u>(485,562)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>62,766</u>	<u>1,204,645</u>	<u>407,008</u>	<u>127,688</u>	<u>79,228</u>	<u>1,881,335</u>
FUND BALANCE, END OF YEAR	<u>\$ 61,365</u>	<u>\$ 948,225</u>	<u>\$ 0</u>	<u>\$ 148,136</u>	<u>\$ 238,047</u>	<u>\$ 1,395,773</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 YEAR ENDED DECEMBER 31, 2020

	Eastern Development	2018 Improvement Project	TH 12 Frontage Rd Improvements	TH 12 Improvements	Civic Arena Improvements
REVENUES					
Intergovernmental	\$	\$	\$	\$	\$
Interest Income	1,677				
Total Revenues	<u>1,677</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENDITURES					
Capital Outlay					
Public Works				211,801	
Airport					
Culture and Recreation					575
Economic Development			380		
Total Expenditures	<u>0</u>	<u>0</u>	<u>380</u>	<u>211,801</u>	<u>575</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,677	0	(380)	(211,801)	(575)
TRANSFERS					
Transfers In		31,239	380		42,355
Transfers Out					
Total Transfers	<u>0</u>	<u>31,239</u>	<u>380</u>	<u>0</u>	<u>42,355</u>
Net Change in Fund Balances	1,677	31,239	0	(211,801)	41,780
FUND BALANCE, BEGINNING OF YEAR	<u>162,788</u>	<u>(31,239)</u>			<u>(41,780)</u>
FUND BALANCE, END OF YEAR	<u>\$ 164,465</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (211,801)</u>	<u>\$ 0</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 YEAR ENDED DECEMBER 31, 2020

	Airport Improvements	Infrastructure Public Works Facility	Infrastructure Revolving	Totals
<b>REVENUES</b>				
Intergovernmental	\$ 327,174	\$	\$	\$ 327,174
Interest Income	460	17,299	7,172	26,608
Total Revenues	<u>327,634</u>	<u>17,299</u>	<u>7,172</u>	<u>353,782</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Public Works			271,142	482,943
Airport	344,774			344,774
Culture and Recreation				575
Economic Development				380
Total Expenditures	<u>344,774</u>	<u>0</u>	<u>271,142</u>	<u>828,672</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,140)	17,299	(263,970)	(474,890)
<b>TRANSFERS</b>				
Transfers In		300,000	358,629	732,603
Transfers Out			(31,619)	(31,619)
Total Transfers	<u>0</u>	<u>300,000</u>	<u>327,010</u>	<u>700,984</u>
Net Change in Fund Balances	(17,140)	317,299	63,040	226,094
FUND BALANCE, BEGINNING OF YEAR	<u>80,445</u>	<u>1,679,374</u>	<u>764,924</u>	<u>2,614,512</u>
FUND BALANCE, END OF YEAR	<u>\$ 63,305</u>	<u>\$ 1,996,673</u>	<u>\$ 827,964</u>	<u>\$ 2,840,606</u>

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INDIVIDUAL FUND STATEMENTS

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CITY OF LITCHFIELD, MINNESOTA

BALANCE SHEET  
 GENERAL FUND  
 DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and Investments	\$ 3,777,492	\$ 3,617,283
Receivables		
Accounts	49,543	51,818
Interest	101,940	127,431
Delinquent Property Taxes	60,771	35,260
Special Assessments	4,250	
Due from Other Governmental Units	19,778	41,572
Prepaid Items	<u>83,979</u>	<u>65,450</u>
Total Assets	<u>\$ 4,097,753</u>	<u>\$ 3,938,814</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 20,255	\$ 51,096
Accrued Salaries	86,210	73,124
Due to Other Governmental Units	<u>61,630</u>	<u>41,313</u>
Total Liabilities	168,095	165,533
<b>Deferred Inflows of Resources</b>		
Unavailable Revenue		
Delinquent Property Taxes	60,771	35,260
Special Assessments	<u>4,250</u>	
Total Deferred Inflows of Resources	65,021	35,260
<b>Fund Balance</b>		
Nonspendable	83,979	65,450
Assigned	2,253,216	2,170,931
Unassigned	<u>1,527,442</u>	<u>1,501,640</u>
Total Fund Balance	<u>3,864,637</u>	<u>3,738,021</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,097,753</u>	<u>\$ 3,938,814</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020			2019
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Property Taxes	\$ 2,287,500	\$ 2,267,514	\$ (19,986)	\$ 2,138,462
Lodging Tax	42,100	35,068	(7,032)	41,393
Licenses and Permits	134,900	218,445	83,545	258,752
Intergovernmental	2,164,970	2,605,013	440,043	2,119,099
Charges for Services	233,350	273,742	40,392	284,889
Fines and Forfeits	21,000	22,870	1,870	41,087
Interest Income	70,000	8,605	(61,395)	58,477
Miscellaneous	11,500	30,214	18,714	38,923
Total Revenues	4,965,320	5,461,471	496,151	4,981,082
<b>EXPENDITURES</b>				
Current				
General Government	1,533,809	1,179,119	(354,690)	1,109,928
Public Safety	2,175,624	2,190,614	14,990	2,143,620
Public Works	1,434,799	1,355,658	(79,141)	1,326,323
Culture and Recreation	669,782	624,547	(45,235)	636,669
Economic Development	200		(200)	
Capital Outlay				
General Government	2,856	121,761	118,905	2,756
Public Safety		23,784	23,784	
Public Works		60,604	60,604	1,300
Culture and Recreation	10,750	10,000	(750)	9,771
Total Expenditures	5,827,820	5,566,087	(261,733)	5,230,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(862,500)	(104,616)	757,884	(249,285)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the Sale of an Asset	2,000	12,015	10,015	26,518
Transfers In	850,000	850,000		649,750
Transfers Out	(10,000)	(630,783)	(620,783)	(266,113)
Total Other Financing Sources (Uses)	842,000	231,232	(610,768)	410,155
Net Change in Fund Balance	\$ (20,500)	126,616	\$ 147,116	160,870
FUND BALANCE, BEGINNING OF YEAR		3,738,021		3,577,151
FUND BALANCE, END OF YEAR		\$ 3,864,637		\$ 3,738,021

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual		Actual
REVENUES				
Property Taxes	\$ 2,287,500	\$ 2,267,514	\$ (19,986)	\$ 2,138,462
Lodging Tax	42,100	35,068	(7,032)	41,393
Licenses and Permits				
Business Licenses and Permits	107,550	117,726	10,176	115,130
Non-Business Licenses and Permits	27,350	100,719	73,369	143,622
Total Licenses and Permits	<u>134,900</u>	<u>218,445</u>	<u>83,545</u>	<u>258,752</u>
Intergovernmental				
Local Governmental Aid	2,022,058	2,025,247	3,189	1,938,215
Firemen's Relief Aid	60,000	72,273	12,273	64,954
Police State Aid	70,000	94,510	24,510	77,856
PERA Aid	9,412		(9,412)	9,412
Police Training Reimbursement	3,500	9,409	5,909	9,942
Other		403,574	403,574	18,720
Total Intergovernmental	<u>2,164,970</u>	<u>2,605,013</u>	<u>440,043</u>	<u>2,119,099</u>
Charges for Services				
General Government	11,850	20,087	8,237	39,265
Public Safety	167,500	168,797	1,297	170,631
Public Works	3,000	4,415	1,415	3,360
Culture and Recreation	51,000	80,443	29,443	71,633
Total Charges for Services	<u>233,350</u>	<u>273,742</u>	<u>40,392</u>	<u>284,889</u>
Fines and Forfeits	21,000	22,870	1,870	41,087
Interest Income	70,000	8,605	(61,395)	58,477
Miscellaneous				
Rents	2,000	1,985	(15)	1,650
Donations		9,300	9,300	10,208
Insurance Dividend		15,076	15,076	5,980
Other	9,500	3,853	(5,647)	21,085
Total Miscellaneous	<u>11,500</u>	<u>30,214</u>	<u>18,714</u>	<u>38,923</u>
Total Revenues	<u>4,965,320</u>	<u>5,461,471</u>	<u>496,151</u>	<u>4,981,082</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020			2019
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City Council	\$ 29,972	\$ 24,878	\$ (5,094)	\$ 25,555
Publication of Ordinances and Proceedings	6,200	6,242	42	5,890
Mayor	8,514	7,030	(1,484)	6,927
City Administrator	310,964	300,272	(10,692)	286,637
Elections and Voter's Registration	19,250	25,160	5,910	
Boards and Commissions	7,630	4,519	(3,111)	5,799
<b>Finance</b>				
Municipal Clerk	109,451	93,328	(16,123)	95,531
Assessor	47,500	48,593	1,093	69,999
Independent Accounting and Auditing	30,000	19,500	(10,500)	20,550
Purchasing	47,961	52,663	4,702	35,650
Technology Services	52,527	30,667	(21,860)	54,258
Legal	122,600	111,544	(11,056)	137,819
Planning and Zoning	65,200	64,545	(655)	56,119
Advertising	19,500	12,622	(6,878)	15,469
<b>Government Buildings</b>				
City Hall	37,250	38,492	1,242	30,682
G.A.R. Hall	19,300	15,299	(4,001)	13,417
Other	599,990	323,765	(276,225)	249,626
<b>Total General Government</b>	<b>1,533,809</b>	<b>1,179,119</b>	<b>(354,690)</b>	<b>1,109,928</b>
<b>Public Safety</b>				
Police Protection	1,631,552	1,643,623	12,071	1,663,477
Fire Protection	283,301	267,603	(15,698)	224,814
Building Inspection	118,826	112,270	(6,556)	112,767
Civil Defense	4,475	18,029	13,554	2,232
Rescue Squad	122,945	133,772	10,827	134,096
Traffic Engineering	11,900	13,403	1,503	4,360
Animal Control	2,625	1,914	(711)	1,874
<b>Total Public Safety</b>	<b>2,175,624</b>	<b>2,190,614</b>	<b>14,990</b>	<b>2,143,620</b>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>EXPENDITURES (Cont'd)</b>				
<b>Current (Cont'd)</b>				
Public Works				
Administration and Engineering	\$ 31,550	\$ 40,296	\$ 8,746	\$ 23,406
Streets and Alleys	1,110,396	1,065,836	(44,560)	1,031,604
Snow and Ice Removal	46,223	31,980	(14,243)	66,672
Sidewalks	6,000	9,092	3,092	22
Street Lighting	4,575	4,026	(549)	6,271
Maintenance Shop	143,355	126,874	(16,481)	129,449
Street Cleaning	6,700	3,149	(3,551)	2,816
Storm Drainage	34,200	7,457	(26,743)	20,119
Weed Control	400		(400)	
Insect and Pest Control	8,350		(8,350)	2,510
Compost Site	43,050	66,948	23,898	43,454
Total Public Works	1,434,799	1,355,658	(79,141)	1,326,323
Culture and Recreation				
Playgrounds	35,600	35,797	197	29,682
Swimming Pools and Beach	8,850	3,594	(5,256)	20,384
Skating Rinks	8,700	5,931	(2,769)	6,649
Other Recreation	45,550	42,433	(3,117)	42,326
Camping Areas	27,100	30,113	3,013	23,847
Municipal Parks	282,704	286,759	4,055	265,602
Band	3,750		(3,750)	3,051
Forestry and Shade Trees	42,274	24,252	(18,022)	34,000
Library	215,254	195,668	(19,586)	211,128
Total Culture and Recreation	669,782	624,547	(45,235)	636,669
Economic Development	200		(200)	
Total Current	5,814,214	5,349,938	(464,276)	5,216,540
Capital Outlay				
General Government	2,856	121,761	118,905	2,756
Public Safety		23,784	23,784	
Public Works		60,604	60,604	1,300
Culture and Recreation	10,750	10,000	(750)	9,771
Total Capital Outlay	13,606	216,149	202,543	13,827
Total Expenditures	5,827,820	5,566,087	(261,733)	5,230,367
Excess (Deficiency) of Revenues Over (Under) Expenditures	(862,500)	(104,616)	757,884	(249,285)

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual		Actual
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of an Asset	\$ 2,000	\$ 12,015	\$ 10,015	\$ 26,518
Transfers In	850,000	850,000		649,750
Transfers Out	(10,000)	(630,783)	(620,783)	(266,113)
Total Other Financing Sources (Uses)	<u>842,000</u>	<u>231,232</u>	<u>(610,768)</u>	<u>410,155</u>
Net Change in Fund Balance	<u>\$ (20,500)</u>	126,616	<u>\$ 147,116</u>	160,870
FUND BALANCE, BEGINNING OF YEAR		<u>3,738,021</u>		<u>3,577,151</u>
FUND BALANCE, END OF YEAR		<u>\$ 3,864,637</u>		<u>\$ 3,738,021</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 TRAIL PROJECT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Net Change in Fund Balance	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,294</u>		<u>1,294</u>
FUND BALANCE, END OF YEAR		<u>\$</u>		<u>\$</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GOLF COURSE SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Intergovernmental	\$	\$ 5,637	\$ 5,637	\$
Charges for Services				
Memberships	269,200	293,120	23,920	264,865
Sales and Other	35,500	15,794	(19,706)	36,509
Total Charges for Services	<u>304,700</u>	<u>308,914</u>	<u>4,214</u>	<u>301,374</u>
Interest Income		1,635	1,635	1,479
Miscellaneous				
Other	5,100	9,099	3,999	6,281
Insurance Dividend		1,174	1,174	491
Total Miscellaneous	<u>5,100</u>	<u>10,273</u>	<u>5,173</u>	<u>6,772</u>
Total Revenues	<u>309,800</u>	<u>326,459</u>	<u>16,659</u>	<u>309,625</u>
EXPENDITURES				
Current				
Culture and Recreation				
Salaries and Benefits	140,235	150,961	10,726	157,868
Operating Supplies	141,000	139,209	(1,791)	150,785
Professional Services	2,000	1,640	(360)	1,885
Communications	3,000	2,932	(68)	2,239
Insurance	10,000	12,688	2,688	10,096
Utilities	8,500	9,407	907	6,573
Repairs and Maintenance	25,000	19,623	(5,377)	17,445
Rentals	35,500	34,471	(1,029)	35,774
Miscellaneous	41,801	58,186	16,385	54,634
Capital Outlay				
Culture and Recreation		60,416	60,416	
Total Expenditures	<u>407,036</u>	<u>489,533</u>	<u>82,497</u>	<u>437,299</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(97,236)</u>	<u>(163,074)</u>	<u>(65,838)</u>	<u>(127,674)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In		105,000	105,000	187,635
Net Change in Fund Balance	<u>\$ (97,236)</u>	<u>(58,074)</u>	<u>\$ 39,162</u>	<u>59,961</u>
FUND BALANCE, BEGINNING OF YEAR, AS ORIGINALLY STATED		211,781		190,995
PRIOR PERIOD ADJUSTMENT				<u>(39,175)</u>
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED		<u>211,781</u>		<u>151,820</u>
FUND BALANCE, END OF YEAR		<u>\$ 153,707</u>		<u>\$ 211,781</u>



CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 DOWNTOWN/HERITAGE PRESERVATION SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Intergovernmental Revenue	\$	\$ 5,191	\$ 5,191	\$ 8,300
Investment Income		917	917	1,293
Total Revenue	0	6,108	6,108	9,593
<b>EXPENDITURES</b>				
Current				
Economic Development				
Other Services and Charges		11,644	11,644	21,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(5,536)	(5,536)	(12,321)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		14,000	14,000	
Net Change in Fund Balance	\$ 0	8,464	\$ 8,464	(12,321)
FUND BALANCE, BEGINNING OF YEAR		94,259		106,580
FUND BALANCE, END OF YEAR		\$ 102,723		\$ 94,259

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 AIRPORT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 32,028	\$ 6,423	\$ (25,605)	\$ 28,658
Charges for Services				
Fuel Sales	60,000	83,841	23,841	58,009
Interest Income	200	1,947	1,747	2,465
Miscellaneous				
Rental Income	16,945	18,245	1,300	16,370
Insurance Dividend		1,374	1,374	454
Total Miscellaneous	<u>16,945</u>	<u>19,619</u>	<u>2,674</u>	<u>16,824</u>
Total Revenues	<u>109,173</u>	<u>111,830</u>	<u>2,657</u>	<u>105,956</u>
<b>EXPENDITURES</b>				
Current				
Airport				
Fuel	51,000	73,294	22,294	53,043
Insurance	20,000	19,633	(367)	16,864
Other Services and Charges	27,650	27,566	(84)	21,501
Repair and Maintenance	1,425	1,687	262	1,369
Total Expenditures	<u>100,075</u>	<u>122,180</u>	<u>22,105</u>	<u>92,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,098	(10,350)	(19,448)	13,179
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	<u>(9,098)</u>	<u>(9,098)</u>		<u>(9,098)</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>(19,448)</u>	<u>\$ (19,448)</u>	<u>4,081</u>
FUND BALANCE, BEGINNING OF YEAR		<u>233,251</u>		<u>229,170</u>
FUND BALANCE, END OF YEAR		<u>\$ 213,803</u>		<u>\$ 233,251</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 CIVIC ARENA SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Intergovernmental	\$	\$ 8,038	\$ 8,038	\$
Charges for Services	203,250	188,927	(14,323)	206,062
Interest Income	2,000	2,461	461	4,193
Miscellaneous				
Rents and Refunds	8,000	4,574	(3,426)	11,207
Insurance Dividend		858	858	374
Other		33	33	
Total Miscellaneous	8,000	5,465	(2,535)	11,581
Total Revenues	213,250	204,891	(8,359)	221,836
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Salaries and Benefits	79,604	76,575	(3,029)	81,514
Insurance	9,000	9,752	752	8,007
Supplies	20,500	19,905	(595)	17,457
Repair and Maintenance	22,000	30,798	8,798	14,720
Other Services and Charges	85,968	3,774	(82,194)	4,388
Community Room	5,847	2,364	(3,483)	4,535
Utilities	43,500	32,934	(10,566)	38,455
Capital Outlay				
Culture and Recreation	5,831	5,331	500	2,518
Total Expenditures	272,250	181,433	(90,817)	171,594
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(59,000)	23,458	82,458	50,242
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	59,000	59,000		59,000
Transfers Out		(42,355)	(42,355)	(163,893)
Total Other Financing Sources (Uses)	59,000	16,645	(42,355)	(104,893)
Net Change in Fund Balance	\$ 0	40,103	\$ 40,103	(54,651)
FUND BALANCE, BEGINNING OF YEAR		210,945		265,596
FUND BALANCE, END OF YEAR		\$ 251,048		\$ 210,945

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 TIF DISTRICT NO. 4-12 TOWMASTER SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Current				
Economic Development				
Professional Services		1,188	1,188	1,347
Miscellaneous				367
Total Expenditures	<u>0</u>	<u>1,188</u>	<u>1,188</u>	<u>1,714</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>(1,188)</u>	<u>\$ (1,188)</u>	<u>(1,714)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>18,356</u>		<u>20,070</u>
FUND BALANCE, END OF YEAR		<u>\$ 17,168</u>		<u>\$ 18,356</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 INFRASTRUCTURE STREET SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 90,000	\$ 108,548	\$ 18,548	\$ 103,197
Interest Income		5,665	5,665	5,540
Total Revenues	<u>90,000</u>	<u>114,213</u>	<u>24,213</u>	<u>108,737</u>
<b>EXPENDITURES</b>				
Current				
Public Works				
Other Services and Charges		8,128	8,128	5,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	90,000	106,085	16,085	103,535
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		306,783	306,783	
Net Change in Fund Balance	<u>\$ 90,000</u>	<u>412,868</u>	<u>\$ 322,868</u>	<u>103,535</u>
FUND BALANCE, BEGINNING OF YEAR		<u>449,160</u>		<u>345,625</u>
FUND BALANCE, END OF YEAR		<u>\$ 862,028</u>		<u>\$ 449,160</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 CEMETERY SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Charges for Services				
Professional Services	\$ 24,000	\$ 16,260	\$ (7,740)	\$ 18,090
Sale of Lots	44,000	19,590	(24,410)	27,020
Total Charges for Services	<u>68,000</u>	<u>35,850</u>	<u>(32,150)</u>	<u>45,110</u>
Interest Income	200	705	505	1,140
Miscellaneous				
Donations		100	100	241
Insurance Dividends		363	363	156
Total Miscellaneous	<u>0</u>	<u>463</u>	<u>463</u>	<u>397</u>
Total Revenues	<u>68,200</u>	<u>37,018</u>	<u>(31,182)</u>	<u>46,647</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Salaries and Benefits	24,072	20,154	(3,918)	21,535
Supplies	18,000	10,286	(7,714)	14,220
Insurance	3,500	3,252	(248)	4,365
Repairs and Maintenance	3,500	980	(2,520)	845
Utilities	2,500	1,908	(592)	964
Rentals	7,694	7,793	99	1,020
Miscellaneous	9,052	7,226	(1,826)	9,993
Total Expenditures	<u>68,318</u>	<u>51,599</u>	<u>(16,719)</u>	<u>52,942</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(118)	(14,581)	(14,463)	(6,295)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	10,000	10,000		10,000
Transfers Out	(9,882)	(9,882)		(9,882)
Total Other Financing Sources (Uses)	<u>118</u>	<u>118</u>	<u>0</u>	<u>118</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>(14,463)</u>	<u>\$ (14,463)</u>	<u>(6,177)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>82,880</u>		<u>89,057</u>
FUND BALANCE, END OF YEAR		<u>\$ 68,417</u>		<u>\$ 82,880</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 PERMANENT IMPROVEMENT REVOLVING SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual		Actual
REVENUES				
Interest Income	\$	\$	\$	\$ 140
Miscellaneous				
Other		1,388	1,388	4,823
Total Revenues	<u>0</u>	<u>1,388</u>	<u>1,388</u>	<u>4,963</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out		(14,455)	(14,455)	
Net Change in Fund Balance	<u>\$ 0</u>	<u>(13,067)</u>	<u>\$ (13,067)</u>	4,963
FUND BALANCE, BEGINNING OF YEAR		<u>13,067</u>		<u>8,104</u>
FUND BALANCE, END OF YEAR		<u>\$ 0</u>		<u>\$ 13,067</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 COMMUNITY REINVESTMENT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Interest Income	\$	\$ 2,294	\$ 2,294	\$ 2,318
Miscellaneous				
Donations		18,950	18,950	
Other	4,000		(4,000)	
Total Miscellaneous	4,000	18,950	14,950	0
Total Revenues	4,000	21,244	17,244	2,318
EXPENDITURES				
Current				
Capital Outlay				
Culture and Recreation		77,192	77,192	3,325
Total Expenditures	0	77,192	77,192	3,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,000	(55,948)	(59,948)	(1,007)
OTHER FINANCING SOURCES (USES)				
Transfers In		131,318	131,318	56,655
Net Change in Fund Balance	\$ 4,000	75,370	\$ 71,370	55,648
FUND BALANCE, BEGINNING OF YEAR		241,978		186,330
FUND BALANCE, END OF YEAR		\$ 317,348		\$ 241,978



CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 HIGHWAY 12 BEAUTIFICATION SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		Over (Under) Final Budget	2019
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Net Change in Fund Balance	<u>\$ 0</u>	0	<u>\$ 0</u>	0
FUND BALANCE, BEGINNING OF YEAR		<u>857</u>		<u>857</u>
FUND BALANCE, END OF YEAR		<u>\$ 857</u>		<u>\$ 857</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 LAKE RIPLEY IMPROVEMENT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Intergovernmental	\$	\$ 360	\$ 360	\$ 335
Interest Income		145	145	163
Miscellaneous				
Donations		2,550	2,550	1,425
Total Revenues	<u>0</u>	<u>3,055</u>	<u>3,055</u>	<u>1,923</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Miscellaneous		3,082	3,082	2,806
Net Change in Fund Balance	<u>\$ 0</u>	<u>(27)</u>	<u>\$ (27)</u>	<u>(883)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>12,932</u>		<u>13,815</u>
FUND BALANCE, END OF YEAR		<u>\$ 12,905</u>		<u>\$ 12,932</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
LIQUOR ENTERPRISE FUND  
DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 247,918	\$ 245,464
Accounts Receivable	626	523
Inventories	313,337	286,424
Prepaid Items	7,107	5,909
Total Current Assets	<u>568,988</u>	<u>538,320</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	112,600	112,600
Other Capital Assets, Net of Depreciation	1,125,719	1,151,898
Total Noncurrent Assets	<u>1,238,319</u>	<u>1,264,498</u>
Total Assets	<u>1,807,307</u>	<u>1,802,818</u>
Deferred Outflows of Resources	<u>18,732</u>	<u>14,521</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,826,039</u>	<u>\$ 1,817,339</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 34,562	\$ 33,470
Accrued Salaries	7,151	5,245
Unearned Revenue	3,267	3,267
Due to Other Governmental Units	29,874	23,806
Total Current Liabilities	<u>74,854</u>	<u>65,788</u>
Long-Term Liabilities		
Net Pension Liability	154,312	128,408
Total OPEB Liability	21,258	22,733
Other Long-Term Liabilities	13,299	10,601
Total Long-Term Liabilities	<u>188,869</u>	<u>161,742</u>
Total Liabilities	<u>263,723</u>	<u>227,530</u>
Deferred Inflows of Resources	23,492	49,177
Net Position		
Net Investment in Capital Assets	1,238,319	1,264,498
Unrestricted	300,505	276,134
Total Net Position	<u>1,538,824</u>	<u>1,540,632</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,826,039</u>	<u>\$ 1,817,339</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 LIQUOR ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Sales	\$ 2,529,300	\$ 2,936,976	\$ 2,646,060
Cost of Goods Sold	(1,921,100)	(2,197,018)	(2,017,146)
Gross Profit on Sales	608,200	739,958	628,914
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	272,554	287,191	267,730
Supplies	16,400	16,406	10,709
Other Services and Charges	261,146	123,827	121,671
Depreciation		26,179	27,119
Total Operating Expenses	550,100	453,603	427,229
Operating Income (Loss)	58,100	286,355	201,685
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental Revenue		3,011	
Interest Income	800	2,350	2,578
Miscellaneous Revenue	100	1,794	1,067
Total Nonoperating Revenues (Expenses)	900	7,155	3,645
Income (Loss) Before Transfers	59,000	293,510	205,330
<b>TRANSFERS</b>			
Transfers Out	(59,000)	(295,318)	(246,635)
Change in Net Position	\$ 0	(1,808)	(41,305)
NET POSITION, BEGINNING OF YEAR		1,540,632	1,581,937
NET POSITION, END OF YEAR		\$ 1,538,824	\$ 1,540,632

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
SEWER ENTERPRISE FUND  
DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 6,023,776	\$ 5,303,246
Accounts Receivable, Net of Allowance for Doubtful Accounts	533,336	475,523
Current Portion of Special Assessments Receivable	259,648	250,989
Prepaid Items	21,324	16,766
Total Current Assets	<u>6,838,084</u>	<u>6,046,524</u>
<b>Noncurrent Assets</b>		
Restricted Cash		1,035,000
Special Assessments Receivable, Net of Current Portion	4,314,529	4,574,177
<b>Capital Assets</b>		
Assets Not Being Depreciated	21,373	21,373
Other Capital Assets, Net of Depreciation	35,259,748	36,387,296
Total Noncurrent Assets	<u>39,595,650</u>	<u>42,017,846</u>
Total Assets	<u>46,433,734</u>	<u>48,064,370</u>
<b>Deferred Outflows of Resources</b>		
	<u>27,537</u>	<u>21,738</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 46,461,271</u>	<u>\$ 48,086,108</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 26,420	\$ 32,532
Accrued Salaries	10,023	7,886
Accrued Interest Payable	173,960	186,067
Current Portion of Other Long-Term Liabilities	1,602,800	2,572,000
Total Current Liabilities	<u>1,813,203</u>	<u>2,798,485</u>
<b>Long-Term Liabilities</b>		
Net Pension Liability	226,840	197,210
Total OPEB Liability	31,250	30,311
Other Long-Term Liabilities, Net of Current Portion	19,088,509	20,702,240
Total Long-Term Liabilities	<u>19,346,599</u>	<u>20,929,761</u>
Total Liabilities	<u>21,159,802</u>	<u>23,728,246</u>
<b>Deferred Inflows of Resources</b>		
	74,477	116,118
<b>Net Position</b>		
Net Investment in Capital Assets	14,569,564	13,110,527
Unrestricted	10,657,428	11,131,217
Total Net Position	<u>25,226,992</u>	<u>24,241,744</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 46,461,271</u>	<u>\$ 48,086,108</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 SEWER ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 4,162,894	\$ 4,241,543	\$ 4,098,863
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	407,221	370,244	392,944
Supplies	467,000	389,359	365,288
Other Services and Charges	1,454,556	797,563	899,084
Depreciation		1,157,788	1,158,902
Total Operating Expenses	<u>2,328,777</u>	<u>2,714,954</u>	<u>2,816,218</u>
Operating Income (Loss)	1,834,117	1,526,589	1,282,645
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Special Assessments Revenue	417,457	166,468	174,839
Intergovernmental Revenue		29,544	
Interest Income	17,545	54,254	61,979
Miscellaneous Revenue		21,941	9,964
Interest Expense and Fiscal Charges	(478,750)	(458,331)	(527,539)
Miscellaneous Expense	(16,000)	(5,217)	
Total Nonoperating Revenues (Expenses)	<u>(59,748)</u>	<u>(191,341)</u>	<u>(280,757)</u>
Income (Loss) Before Transfers	1,774,369	1,335,248	1,001,888
<b>TRANSFERS</b>			
Transfer In			12,000
Transfers Out	(250,000)	(350,000)	(925,124)
Total Transfers	<u>(250,000)</u>	<u>(350,000)</u>	<u>(913,124)</u>
Change in Net Position	<u>\$ 1,524,369</u>	985,248	88,764
NET POSITION, BEGINNING OF YEAR		<u>24,241,744</u>	<u>24,152,980</u>
NET POSITION, END OF YEAR		<u>\$ 25,226,992</u>	<u>\$ 24,241,744</u>

## CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
ELECTRIC ENTERPRISE FUND  
DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 6,195,071	\$ 7,620,070
Accounts Receivable, Net of Allowance for Doubtful Accounts	893,469	957,936
Inventories	335,177	339,851
Prepaid Items	25,828	21,590
Total Current Assets	<u>7,449,545</u>	<u>8,939,447</u>
Noncurrent Assets		
Restricted Cash	999,500	999,500
Capital Assets		
Assets Not Being Depreciated	7,349,248	1,199,218
Other Capital Assets, Net of Depreciation	16,180,611	16,676,400
Total Noncurrent Assets	<u>24,529,359</u>	<u>18,875,118</u>
Total Assets	<u>31,978,904</u>	<u>27,814,565</u>
Deferred Outflows of Resources		
	<u>368,829</u>	<u>388,881</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32,347,733</u>	<u>\$ 28,203,446</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 429,253	\$ 426,988
Contracts Payable	857,107	
Accrued Salaries	28,574	21,904
Accrued Interest Payable	112,899	123,353
Due to Other Governmental Units	22,462	21,709
Current Portion of Other Long-Term Liabilities	870,200	847,000
Total Current Liabilities	<u>2,320,495</u>	<u>1,440,954</u>
Long-Term Liabilities		
Net Pension Liability	624,234	550,250
Total OPEB Liability	86,021	75,778
Other Long-Term Liabilities, Net of Current Portion	8,527,089	9,450,244
Total Long-Term Liabilities	<u>9,237,344</u>	<u>10,076,272</u>
Total Liabilities	<u>11,557,839</u>	<u>11,517,226</u>
Deferred Inflows of Resources		
	95,045	197,441
Net Position		
Net Investment in Capital Assets	14,485,037	7,979,192
Unrestricted	6,209,812	8,509,587
Total Net Position	<u>20,694,849</u>	<u>16,488,779</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 32,347,733</u>	<u>\$ 28,203,446</u>

## CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 ELECTRIC ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 10,446,369	\$ 10,370,401	\$ 10,583,366
Miscellaneous	20,000	22,876	39,205
Total Operating Revenues	<u>10,466,369</u>	<u>10,393,277</u>	<u>10,622,571</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	1,074,367	983,355	1,108,700
Supplies		3,469	
Purchased Power	6,310,000	6,059,200	6,102,577
Production	164,100	86,005	153,505
Distribution	237,285	373,506	251,703
Administrative and General	1,019,854	184,139	167,724
Depreciation		688,764	685,078
Total Operating Expenses	<u>8,805,606</u>	<u>8,378,438</u>	<u>8,469,287</u>
Operating Income (Loss)	<u>1,660,763</u>	<u>2,014,839</u>	<u>2,153,284</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental Revenue		76,738	
Interest Income	21,848	71,164	86,404
Miscellaneous Revenue	7,000	86,660	36,137
Interest Expense and Fiscal Charges	(283,688)	(269,105)	(294,132)
Miscellaneous Expense	(16,000)	(30,990)	
Total Nonoperating Revenues (Expenses)	<u>(270,840)</u>	<u>(65,533)</u>	<u>(171,591)</u>
Income (Loss) Before Transfers	<u>1,389,923</u>	<u>1,949,306</u>	<u>1,981,693</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Contributions		2,956,764	250,000
<b>TRANSFERS</b>			
Transfers Out	<u>(600,000)</u>	<u>(700,000)</u>	<u>(608,250)</u>
Change in Net Position	<u>\$ 789,923</u>	4,206,070	1,623,443
NET POSITION, BEGINNING OF YEAR		<u>16,488,779</u>	<u>14,865,336</u>
NET POSITION, END OF YEAR		<u>\$ 20,694,849</u>	<u>\$ 16,488,779</u>



## CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
WATER ENTERPRISE FUND  
DECEMBER 31, 2020  
WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	2020	2019
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,177,270	\$ 1,853,719
Accounts Receivable, Net of Allowance for Doubtful Accounts	83,429	87,845
Prepaid Items	4,223	4,015
<b>Total Current Assets</b>	<b>2,264,922</b>	<b>1,945,579</b>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Assets Not Being Depreciated	243,493	243,493
Other Capital Assets, Net of Depreciation	3,663,050	3,941,638
<b>Total Noncurrent Assets</b>	<b>3,906,543</b>	<b>4,185,131</b>
<b>Total Assets</b>	<b>6,171,465</b>	<b>6,130,710</b>
<b>Deferred Outflows of Resources</b>		
	8,460	6,467
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,179,925</b>	<b>\$ 6,137,177</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 5,872	\$ 6,610
Accrued Salaries	2,357	2,184
Accrued Interest Payable	8,039	8,289
Deposits Payable	51,100	53,850
Due to Other Governmental Units	4,429	731
Current Portion of Other Long-Term Liabilities	35,000	30,000
<b>Total Current Liabilities</b>	<b>106,797</b>	<b>101,664</b>
<b>Long-Term Liabilities</b>		
Net Pension Liability	69,695	60,591
Total OPEB Liability	9,601	7,578
Other Long-Term Liabilities, Net of Current Portion	596,272	633,262
<b>Total Long-Term Liabilities</b>	<b>675,568</b>	<b>701,431</b>
<b>Total Liabilities</b>	<b>782,365</b>	<b>803,095</b>
<b>Deferred Inflows of Resources</b>		
	10,610	21,270
<b>Net Position</b>		
Net Investment in Capital Assets	3,286,543	3,535,131
Unrestricted	2,100,407	1,777,681
<b>Total Net Position</b>	<b>5,386,950</b>	<b>5,312,812</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 6,179,925</b>	<b>\$ 6,137,177</b>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 WATER ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	2020		2019
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 892,497	\$ 957,770	\$ 891,673
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	130,275	112,399	127,601
Other Services and Charges	5,129	5,129	5,129
Purchased Power	83,000	75,210	74,718
Production	74,600	87,301	43,516
Distribution	110,249	84,285	86,248
Administrative and General	338,667	25,517	32,368
Depreciation		294,646	310,828
Total Operating Expenses	<u>741,920</u>	<u>684,487</u>	<u>680,408</u>
Operating Income (Loss)	<u>150,577</u>	<u>273,283</u>	<u>211,265</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental Revenue		2,531	
Interest Income	7,500	20,396	23,683
Miscellaneous Revenue		1,178	4,927
Interest Expense and Fiscal Charges	(20,078)	(20,327)	(28,371)
Miscellaneous Expense	(8,000)	(2,923)	
Total Nonoperating Revenues (Expenses)	<u>(20,578)</u>	<u>855</u>	<u>239</u>
Income (Loss) Before Transfers	<u>129,999</u>	<u>274,138</u>	<u>211,504</u>
<b>TRANSFERS</b>			
Transfers Out	<u>(100,000)</u>	<u>(200,000)</u>	<u>(158,250)</u>
Change in Net Position	<u>\$ 29,999</u>	<u>74,138</u>	<u>53,254</u>
NET POSITION, BEGINNING OF YEAR		<u>5,312,812</u>	<u>5,259,558</u>
NET POSITION, END OF YEAR		<u>\$ 5,386,950</u>	<u>\$ 5,312,812</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 CAPITAL IMPROVEMENT REVOLVING INTERNAL SERVICE FUND  
 DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,432,865	\$ 1,416,135
Receivables		
Delinquent Property Taxes	873	1,064
Due from Other Governmental Units	17	23
Total Current Assets	<u>1,433,755</u>	<u>1,417,222</u>
Noncurrent Assets		
Capital Assets		
Other Capital Assets, Net of Depreciation	<u>2,248,008</u>	<u>2,261,133</u>
Total Assets	<u>\$ 3,681,763</u>	<u>\$ 3,678,355</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 2,248,008	\$ 2,261,133
Unrestricted	<u>1,433,755</u>	<u>1,417,222</u>
Total Net Position	<u>\$ 3,681,763</u>	<u>\$ 3,678,355</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 CAPITAL IMPROVEMENT REVOLVING INTERNAL SERVICE FUND  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
User Charges	\$ 682,457	\$ 595,497
OPERATING EXPENSES		
Other Services and Charges	88,577	214,646
Depreciation	<u>640,066</u>	<u>571,168</u>
Total Operating Expenses	<u>728,643</u>	<u>785,814</u>
Operating Income (Loss)	(46,186)	(190,317)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	8,000	20,000
Interest Income	15,466	19,416
Miscellaneous Revenue	1,000	
Gain on Disposal of Asset	25,128	32,346
Interest Expense and Fiscal Charges		<u>(1,500)</u>
Total Nonoperating Revenues (Expenses)	<u>49,594</u>	<u>70,262</u>
Income (Loss) Before Transfers	3,408	(120,055)
TRANSFERS		
Transfers In		<u>59,000</u>
Change in Net Position	<u>3,408</u>	<u>(61,055)</u>
NET POSITION, BEGINNING OF YEAR	<u>3,678,355</u>	<u>3,739,410</u>
NET POSITION, END OF YEAR	<u>\$ 3,681,763</u>	<u>\$ 3,678,355</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
DECEMBER 31, 2020

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2019

	Library	Lake Ripley Cemetery	Anderson Gardens	Totals	
				2020	2019
<b>ASSETS</b>					
Current Assets					
Cash	\$ 33,629	\$ 5,129	\$ 198,012	\$ 236,770	\$ 234,356
Accounts Receivable	126			126	126
Total Assets	<u>\$ 33,755</u>	<u>\$ 5,129</u>	<u>\$ 198,012</u>	<u>\$ 236,896</u>	<u>\$ 234,482</u>
<b>NET POSITION</b>					
Held in Trust for Other Purposes	<u>\$ 33,755</u>	<u>\$ 5,129</u>	<u>\$ 198,012</u>	<u>\$ 236,896</u>	<u>\$ 234,482</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 YEAR ENDED DECEMBER 31, 2020  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2019

	Library	Lake Ripley Cemetery	Anderson Gardens	Totals	
				2020	2019
<b>ADDITIONS</b>					
Donations	\$	\$	\$	\$	\$ 10,630
Interest Income	343	52	2,019	2,414	3,004
Total Additions	343	52	2,019	2,414	13,634
<b>DEDUCTIONS</b>					
Professional Services					7,761
Change in Net Position	343	52	2,019	2,414	5,873
NET POSITION, BEGINNING OF YEAR	33,412	5,077	195,993	234,482	228,609
NET POSITION, END OF YEAR	\$ 33,755	\$ 5,129	\$ 198,012	\$ 236,896	\$ 234,482

## REQUIRED REPORTS

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CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2020

Federal Grantor / Pass-Through Grantor/ Program Title	Federal CFDA Number	Passed Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
U.S. Department of the Interior Minnesota Department of Administration Historic Preservation Fund Grants-In-Aid	15.904	Not Assigned	\$ 5,191	\$
U.S. Department of Transportation Minnesota Department of Transportation Office of Aeronautics Airport Improvement Program	20.106	Not Assigned	327,174	
U.S. Department of the Treasury Minnesota Management and Budget Coronavirus Relief Fund	21.019	* Not Assigned	<u>509,526</u>	<u>20,000</u>
Total Federal Awards			<u>\$ 841,891</u>	<u>\$ 20,000</u>

\* Denotes major program

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2020

NOTE 1. REPORTING ENTITY

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Litchfield, Minnesota. The City's reporting entity is defined in Note 1 to the financial statements.

NOTE 2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal loan and grant activity of the City of Litchfield under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, Subpart E - Cost Principles, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

NOTE 4. SUBRECIPIENTS

During the year ended December 31, 2020, the City passed \$20,000 to subrecipients.

NOTE 5. DE MINIMIS COST RATE

The City elected not to charge the de minimis indirect cost rate of 10% to federal programs.

COMPLIANCE SECTION

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## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated June 7, 2021.

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

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

*Conway, Deuth & Schmiesing, PLLP*

CONWAY, DEUTH & SCHMIESING, PLLP  
CPAS & ADVISORS  
LITCHFIELD, MINNESOTA

June 7, 2021

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 7, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

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**Willmar Office**  
331 Third St SW, Ste 2  
PO Box 570  
Willmar, MN 56201  
(320) 235-3311  
(888) 388-1040

**Benson Office**  
1209 Pacific Ave, Ste 3  
Benson, MN 56215  
(320) 843-2302

**Morris Office**  
401 Atlantic Ave  
Morris, MN 56267  
(320) 589-2602

**Litchfield Office**  
820 Sibley Ave N  
Litchfield, MN 55355  
(320) 693-7975

**Sartell Office**  
Ste 110  
2351 Connecticut Ave  
Sartell, MN 56377  
(320) 252-7565  
(800) 862-1337

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

**City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Conway, Deuth & Schmiesing, PLLP*

CONWAY, DEUTH & SCHMIESING, PLLP  
CPAS & ADVISORS  
LITCHFIELD, MINNESOTA

June 7, 2021





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

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

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

We have audited the City of Litchfield's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major funds for the year ended December 31, 2020.

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<b>Willmar Office</b> 331 Third St SW, Ste 2 PO Box 570 Willmar, MN 56201 (320) 235-3311 (888) 388-1040	<b>Benson Office</b> 1209 Pacific Ave, Ste 3 Benson, MN 56215 (320) 843-2302	<b>Morris Office</b> 401 Atlantic Ave Morris, MN 56267 (320) 589-2602	<b>Litchfield Office</b> 820 Sibley Ave N Litchfield, MN 55355 (320) 693-7975	<b>Sartell Office</b> Ste 110 2351 Connecticut Ave Sartell, MN 56377 (320) 252-7565 (800) 862-1337
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## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

*Conway, Deuth & Schmiesing, PLLP*

CONWAY, DEUTH & SCHMIESING, PLLP  
CPAS & ADVISORS  
LITCHFIELD, MINNESOTA

June 7, 2021

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2020

I. SUMMARY OF AUDIT RESULTS

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
- Material weakness(es) identified?	No
- Significant deficiencies identified that are not considered to be material weakness(es)?	2020-001, 2020-002
Noncompliance material to financial statements noted?	No

B. Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
- Material weakness(es) identified?	No
- Significant deficiencies identified that are not considered to be material weakness(es)?	No
Any audit findings disclosed that are required to be reported in accordance with Part 200.516(a) of the Uniform Guidance?	No

C. Identification of Major Programs

CFDA No.:	21.019
Name of Federal Program or Cluster:	Coronavirus Relief Fund
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2020

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

FINDING: 2020-001 LIMITED SEGREGATION OF DUTIES

- Condition: There is an absence of appropriate segregation of duties consistent with appropriate control objectives due to a limited number of employees.
- Criteria: The basic premise is that no one person should have access to both physical assets and the related accounting records or to all phases of a transaction. The lack of such controls could result in the occurrence of a material error or fraud in relation to the financial statements not being detected by management.
- Cause: The City has assigned duties to staff based on a cost-benefit relationship to the City and the practicality of the level of staffing the City maintains.
- Effect: The lack of adequate segregation of duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements.
- Recommendation: The City should continue to monitor and evaluate the job responsibilities assigned to staff to determine whether there is an unacceptable risk.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings:  
None

Actions Planned in Response to Finding:

The City is aware of the limited segregation of duties and will continue to review internal controls and make changes when they can be made.

Official Responsible for Ensuring CAP:

Joyce Spreiter, Assistant City Administrator

Planned Completion Date for CAP:

December 31, 2021

Plan to Monitor Completion of CAP:

City Council

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2020

II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS (Cont'd)

FINDING: 2020-002 AUDITOR PREPARED FINANCIAL STATEMENTS

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements and the related notes being audited. However, based on the degree of complexity and level of detail needed to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors to prepare them.

Criteria: The preparation of the financial statements and the related notes are the responsibility of management.

Cause: There are a limited number of office employees and resources available to allow for the adequate preparation of the financial statements and the related notes by the City.

Effect: This could result in a material misstatement to the financial statements and related notes that would not be prevented, or detected and corrected as a result of the City's current internal control.

Recommendation: The City should continue to request the assistance to draft the financial statements and related notes and thoroughly review these financial statements after they have been prepared so the City can take responsibility for them.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings:

None

Actions Planned in Response to Finding:

The City is aware of this; however, due to significant cost and a limited number of employees, the City believes it's in their best financial interest to contract for the preparation of the financial statements.

Official Responsible for Ensuring CAP:

Joyce Spreiter, Assistant City Administrator

Planned Completion Date for CAP:

December 31, 2021

Plan to Monitor Completion of CAP:

City Council

III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None

IV. FINDINGS RELATED TO MINNESOTA LEGAL COMPLIANCE

None

CITY OF LITCHFIELD, MINNESOTA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>Year Finding Initially Occurred</u>	<u>If Not Corrected, Provide Planned Corrective Action or Other Explanation</u>
Financial Statement Findings:				
2019-001	Limited Segregation of Duties	Not Corrected	2017	See current year finding 2020-001
2019-002	Auditor Prepared Financial Statements	Not Corrected	2007	See current year finding 2020-002
Minnesota Legal Compliance Findings:				
None				