



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020**

**CITY OF INVER GROVE HEIGHTS,
MINNESOTA**

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CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2020

REPORT PREPARED BY:
FINANCE DEPARTMENT

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City of Inver Grove Heights, Minnesota
 Comprehensive Annual Financial Report
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INTRODUCTORY SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
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City of Inver Grove Heights

www.ci.inver-grove-heights.mn.us

June 9, 2021

To the City Council and Citizens of the City of Inver Grove Heights:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with audit standards generally accepted in the United States of America by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Inver Grove Heights for the fiscal year ended December 31, 2020.

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

The City of Inver Grove Heights' financial statements have been audited by Abdo, Eick & Meyers, LLP a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Inver Grove Heights for the fiscal year ended December 31, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Inver Grove Heights' financial statements for the fiscal year ended December 31, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Inver Grove Heights' MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Inver Grove Heights, incorporated in 1965, is a suburban community located about 12 miles south of the City of St. Paul, Minnesota and part of the Twin Cities Metropolitan Area that includes Minneapolis with a total population estimated to be 4 million. The city is located in Dakota county, one of the fastest growing counties in the state in terms of population, housing and business growth. The City of Inver Grove Heights currently occupies a land area of approximately 30 square miles and serves a population of approximately 36,000. The City of Inver Grove Heights is empowered to levy a property tax on both real and personal properties located within its boundaries. While it is empowered by state statute to extend its corporate limits by annexation, Inver Grove Heights is still developing within its corporate limits and is bordered on all sides by other incorporated communities.

The City of Inver Grove Heights became a statutory city in 1974. The City operates under a statutory form of government consisting of a four-member city council and the mayor who is a voting member. Council members serve four-year staggered terms, with two council members elected every four years and the Mayor serves a two-year term. Among its primary duties, the city council makes laws, sets policies, adopts budgets and oversees a wide-ranging agenda for the community. The city administrator is appointed by the city council. The city administrator heads the administrative branch of city government and directs all city operations, projects and programs.

The City of Inver Grove Heights provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure; water and sewer services, community development support, and recreational activities and cultural events.

The annual budget serves as a foundation for the City of Inver Grove Heights' financial planning and control. All departments of the City of Inver Grove Heights submit requests for appropriation for the following year to the city administrator, who uses this information to develop a proposed budget. This is presented to the city council for their review. The city council is required to adopt a proposed budget and tax levy by September 30. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 28.

Factors Affecting Financial Condition

The information in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Inver Grove Heights operates.

Local Economy. The City of Inver Grove Heights continues to experience growth in population and development. State Highway 52, which traverses north and south through the City, allows City residents and businesses a rapid and direct access directly north into downtown St. Paul and to Interstate Highway 94 which connects St. Paul with Minneapolis. This roadway has enhanced transportation throughout the metropolitan area for City residents and increased opportunity for further industrial, commercial and residential development. Interstate Highway 494 traverses east and west through the City and connects with Interstate Highway 694 to form a freeway loop around the entire Twin Cities Metropolitan area. The highway system provides Inver Grove Heights ready access to the downtowns of Minneapolis and St. Paul as well as the international airport located 11 miles away.

Inver Grove Heights has several large industries which account for a significant portion of the City's commercial tax capacity. Some of the industries are highly automated and consequently are major taxpayers but not major employers.

Relevant Financial Policies.

In 2020, the City did not implement any new GASB policies.

The primary financial goal of the City's investment policy is to ensure the safety of principal invested by the City. Cash temporarily idle during the year is invested in instruments authorized under *Minnesota Statute No. 118A*. Instruments authorized include certificates of deposit, commercial paper, and obligations of U.S. Treasury and government agencies. In order to achieve diversification, the policy provides that, except for U.S. Treasury securities, no more than 50% of the City's total investment portfolio will be invested with a single institution or in a single security type. A report summarizing investment activity and demonstrating compliance with this policy is prepared on a quarterly basis for City Council review. Cash balances from all City funds are pooled into an investment fund and investment income is distributed on a pro-rata basis at the end of each quarter.

Capital financing for major municipal improvements is provided through improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending upon the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period and are used to help satisfy the improvement bond debt. Internal financing of improvement projects is usually minimal and only for short periods of time.

In 2020, the City refinanced their 2010B General Obligation Bonds to take advantage of the market's low interest rates. The City continues to monitor for additional interest rate opportunities with potential bond refinancing in 2022 or 2023.

The City has adopted a comprehensive set of internal control procedures. The City's accounting system was developed and is continually evaluated to assure the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance in the areas of safeguarding assets against loss from unauthorized use or disposition, reliability of financial records, and convenience of access for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the evaluation of cost and benefits requires estimates and judgments by management, and the cost of a control should not exceed the benefits likely to be derived. All internal controls are evaluated against the above criteria. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and provides reasonable assurance of properly recording financial transactions.

Major Initiatives.

Community Development

In 2020, the Community Development Department of the city quickly adjusted its service model to adapt to the new required safety protocols of the Covid-19 Pandemic. Permitting began to occur online and via remote teleconference meeting. The city's building construction inspections shifted to be conducted when possible via video calls or drone. There was a slowing of development activity in the 2nd and 3rd quarters of the year, with construction activity picking back up by year's end. This was because the private sector developers were greatly hampered by the pandemic in that their construction crews, due to social distancing protocols and in some cases, illness, conducted their work more slowly than normal. They also experienced widespread disruptions in the construction material supply chain due to the pandemic in that they reported many incidents of limited construction supplies and materials being available and what they could find had significant price mark ups. This was especially true for the construction of single-family homes in 2020. In 2020, the city did experience a sizeable uptick in construction permits being pulled for renovations on existing single-family homes, as more of the general public worked remotely, and many with children schooling at home as well, they decided to undertake home renovation projects to increase home satisfaction and functionality.

In 2020, the City of Inver Grove Heights' total new construction value was \$81 million, compared to \$103 million in 2019, \$81 million in 2018 and \$80 million in 2017. Total new residential construction was 30 new dwelling units, with residential additions and remodeling adding \$26 million in new value and business/industrial construction adding \$16 million in value. The number of construction permits applied for and approved in 2020 was 3173, compared to 3518 in 2019 and 3161 in 2018. Even with the pandemic, the building inspection division of the Community Development Department performed 5673 building inspections in 2020, up from 5474 in 2019.

Some new commercial development projects in 2020 included renovations of existing commercial buildings such as Pilot Trucking Center, Industrial Equities an office/warehouse tenant build out, office renovations on the 4th and 5th floor of the CHS Corporate Headquarters, the creation of Gateway Recovery Center a new private pay substance abuse treatment facility and various other commercial tenant buildouts. New commercial construction buildings included a new \$4.8 million, 89,000 sf office warehouse, \$3 million for a light manufacturing facility and an \$8.3 million Dakota County Smart Center law enforcement training and special services building.

The Planning Department was very busy with reviewing a wide range of new residential development plats and planned unit developments as well as working on numerous zoning code amendments to accommodate growth. Development highlights include; the final phase of 42 lots in the Settlers Ridge North 2nd single family development on 65th and Hwy 3, master plan approval of the entire site of the STOR storage facility on Hwy 3 just west of Hwy 149, the review and construction of the first building in the Inverpointe Business park, approvals of 49 units of affordable housing in the Ron Clark project on Upper 55th near Babcock Trail, The Crossing project of 150 unit apartment building which is now under construction, Canvas project on Hwy 3/70th street consisting of detached rental units and future apartment building, infill developments consisting of single family homes at Degrio Way/Concord and 70th/near Booth Ave, a Caribou Coffee drive-thru standalone building at the Southview Shopping center. In all, planning staff processed a total of 56 planning cases in 2020. This bodes well for a very active 2021 construction season in the city if the pandemic continues to wane.

In economic development activities, the Inver Grove Heights Economic Development Authority (EDA) adopted an economic development strategic plan and tracked market demand and demographics to continue to well position the city for smart growth. The EDA also approved a contract for another year of the 'Open to Business' small business entrepreneurial support program whereby the city partners with the county CDA to insure professional small business counseling services and microloan financing is made available to local entrepreneurs in start-up, growth or pandemic recovery modes of business.

Police Department

The Police Department utilizes a team-based approach to its community-oriented policing activity. The department has redoubled its efforts to become more deeply engaged with the community. After several years of scheduling patrol personnel on 12-hour shifts, this has proved to be an effective means of deploying department personnel. The change to patrol shift scheduling has resulted in increased patrol coverage and the ability to focus personnel on targeted problem-solving efforts. Officers participate in child safety fairs, children's safety camps, youth police academy, Town Hall meetings, Crime Free Multi-Housing, Neighborhood Watch Groups and many other events culminating in Minnesota Night to Unite in August, Inver Grove Heights Days in September, and a nine-week Citizen's Academy that starts in late September with the graduation in early November.

The Police Department remains active in a variety of programs, including: Alcohol Compliance Checks, Assault Response Team, Business Check Program, Intensive Supervision Program (ISP), and Critical Incident Stress Management (CISM) team. In addition, the department has an active Police Reserve Unit and Chaplain Corps that provides hundreds of hours of volunteer service in carrying out departmental objectives.

The Police Department maintains many strong connections with neighboring law enforcement agencies and public safety providers in and around Dakota County, including: the Dakota Communications Center (DCC), the Special Operations Team (SOT), the Incident Management Team (IMT), MAAG (SWAT), Dakota County Electronic Crime Unit (ECU), and countywide Traffic Safety Initiative. The Police Department also partners with Independent School District No. 199 to co-fund a School Resource Officer (SRO) position. In October 2020, our K-9 Officer and Partner graduated from an intensive training school in Anoka County and now patrol the street and participate in events in the community showing all the uses for a K-9.

In 2021 the Police Department received a grant from the Office of Traffic safety and has an officer dedicated full time to traffic enforcement and DWI enforcement in Dakota County. The department also partnered up with all Dakota County Public Safety Agencies, St. Paul Police, MN State Patrol and Washington County Sheriff during the Civil unrest in the twin cities. They have been training collaboratively in 2021 and will partner again with these agencies in events of civil unrest in 2021 and moving forward.

Fire Department

The number of emergency calls increased from a high of 1,811 in 2019 to a new record high of 2,217 in 2020, a one-year 22% increase. This is an 85% increase in calls since we started the duty crew in January 2016. Of those total calls, 69%, were for both Rescue and Emergency Medical Services incidents, up slightly from 2018 and 2019. The rest involved a combination of many other classifications such as: different types of fires, alarms (fire/carbon monoxide), etc. Of those 2,217 calls, 9% were concurrent calls, which is when two calls come in at the same time.

Recruitment and retention issues of non-career personnel continued to affect the Fire Department. From 2017 to 2020, we lost 44 firefighters to resignations or retirements. Over that same timeframe, we made offers to 45, however, 17 of them left at or near the beginning of their training. That left us with only a net gain of 28 and 16 of them hired in 2020. With the constant turnover, at the end of 2020, 40% of our firefighters had 19 months or less with us. Another 15% had 27 months or less, leaving over half of our firefighters with less than 3 years' experience.

To supplement the 3 full time shift captains, we started an Acting Company Officer (ACO) program for paid-on-call personnel to be trained as officers. ACO personnel act as weekend duty officers and combined with paid-on-call officers and full-time administrative staff, fill in for the full time shift captains when they are gone.

The department received a new rescue/command/air truck and a new 100-foot platform ladder truck that replaced two similar vehicles that were close to 30 years old. The FD also acquired a 27-foot retired Navy rescue boat through a state program. The boat was fairly complete but will need a pump added for it to be considered a fire boat as well.

Early in 2020, COVID hit and firefighters had to change their response and training procedures but did not restrict response to any types of emergency calls they went to before the pandemic. COVID did however, affect other areas. All fire stations were closed to the public, our new fire inspection program slowed down, and the Fire Explorer program was shut down. It also meant that all our in-person public outreach and education programs ceased, however, we still found ways to connect with the public. We created virtual student fire prevention and safety lessons, used social media to stay in touch with the residents, and even sponsored two mask drives to stay involved with the community. We hope to be able to get back out – in person - with the public when the country gets back to more normal activities.

We responded to civil unrest fires in St. Paul and dealt with 2 fire fatalities in residential structures. We continued to run a 12-month recruit training academy that brings in students from 3 different counties. Although it had to be modified because of covid. students were still able to graduate only one week late. We continued to be active in Dakota County Special Operations team, state MN Task Force 1, Dakota County Fire Chiefs and Fire Training Officers, Wakota Mutual Aid, Capitol City Regional, and Wakota CAER.

In 2021, the Fire Department hopes to be able to get back involved in prevention, safety, and other community events. This would include such activities as Citizen Academy, Fire Prevention Week, Night to Unite, career fairs, safety camps, staffing Inver Grove Heights Days, and attending the county Fire Safety Education Day.

Public Works

Public Works continues to oversee the street reconstruction program, a street mill and overlay program and a street crack seal and seal coating program. These programs will ensure a well-maintained roadway infrastructure. The 2020 urban street reconstruction project rebuilt 0.56 mile of street, completed full depth reclamation on 0.37 mile of street and a mill and overlay on 1.28 miles of street. The crack seal and seal coat projects covered 6.89 and 5.41 miles of street, respectively. The street system was expanded in 2020 with the construction of 0.08 mile of streets in new residential developments. In addition 0.54 mile of trunk water main and 0.39 mile of trunk sanitary sewer were installed.

Parks & Recreation

The City continued phased development of Heritage Village Park in 2020. Phase II included the main park area fill, grading and utilities. Also constructed were the trail system, half of a major parking lot, and the open lawn area. Phase III includes a retaining wall, ornamental fencing, and portions of the concrete railroad walkway. Phase III will be completed in spring of 2021.

The City purchased seven acres of land for a neighborhood park in the Northwest area at the end of 2020. Plans are underway to begin development in 2021. The City and County continue to work cooperatively on the Mendota Lebanon Regional Trail and the Veterans Memorial Greenway (formerly Rich Valley Greenway).

At the Veteran's Memorial Community Center/Grove, COVID-19 had a negative impact on revenue generation and facility utilization. The community center was closed twice for a total of 142 days. When the building reopened, restrictions limited the number of people allowed in the building and in classes. In addition, the National Guard Armory was utilized as a COVID-19 testing site for the latter half of 2020.

In recreation we saw several staff changes with three new staff and two others moving to new roles within the department in 2020. We are excited to take a fresh look at the various programs we offer to the community to help them be more social, active, and engaged. COVID-19 restrictions have made planning and implementation of recreation programs challenging. However, staff have been flexible and creative in finding ways to provide both in-person and virtual activities to serve the public.

Inver Wood continues to perform well financially as a positive recreational asset in the community. COVID-19 contributed to a strong participation in golf. People were anxious to get outdoors and remain active. The strong numbers of people playing at Inver Wood are reflected in the positive revenues generated in operations for 2020. In 2020, the city also ran a 29-Year Anniversary Membership Campaign. In less than three weeks, the city met all membership goals and has slated funding for the coming years.

Administration

2020 was a whole new experience for everyone at the City.

In March of 2020, the city declared a local emergency, in conjunction with the State Emergency declared by the Governor. This Emergency has been renewed three times since then.

Most city employees have been teleworking since the emergency declaration. Our Police, Fire and Public Works staff have been on site and providing great service to our customers and community. We did find out that we can support many employees teleworking and we were able to continue to do most of our business online. We also had to switch all our meetings, staff, City Council, as well as all Commission meetings, to a virtual setting. This also worked quite well, and staff continued to be productive and residents or those needed to attend meetings and hear and see what is going on, were able to do so.

We ran three elections in 2020 for the first time in the City's history: A Presidential Primary election, the Primary Election, and the General Election. These were made even more critical by virtue of the pandemic that hit in March and reaching out to voters and messaging about the importance of voting; whether early voting, voting by absentee or voting in person.

A new Mayor was elected for the first time in 22 years and 2 new City Council members were elected. 2021 will also be a time for new beginnings at the department head level with three long serving members leaving: Parks & Recreation Director, Public Works Director and City Administrator.

For the Future.

For the first time ever, the City Council adopted a Vision Statement and adopted a Strategic plan, that laid out eight main areas of focus with goals and objectives contained within each of those specific areas. This should serve as the go to document for making decisions about the budget and policy, as well as what the priorities are for the city going forward.

A major focus of the Comprehensive Plan is the continued expansion of infrastructure and subsequent development of the northwest part of the City, an area of approximately five square miles. Construction of the first segment of sanitary sewer and municipal water occurred in 2009 with further extensions in 2016, 2017, and 2018. Major transportation improvements include the construction of Highway 3/County Road 26 roundabout and 65th Street in 2019. These public improvements will serve the several residential developments that the City approved in recent years, as well as future residential, commercial and office development.

The City continues to concentrate on redevelopment in the Concord Boulevard Neighborhood, an area adjacent to the Mississippi River. The City's goals are to improve the existing residential neighborhood, strengthen and increase commercial activities, increase property values, and provide additional employment opportunities. In the last few years, the City has been acquiring properties and undertaking environmental investigations and remediation. The City has successfully obtained state and county grants to financially support these redevelopment efforts.

The Inver Grove Heights Economic Development Authority continues to work with the Dakota County Community Development Authority (CDA) and the community development leadership from other Dakota County cities for the purpose of partnering to advance county-wide economic development growth. This work includes marketing, business retention, business recruitment, research, and new ways or providing entrepreneurial support to small businesses.

The Police Department's 2021 initiatives will include a focus on mental health both within the police department and the community we serve. We will work on building our peer support team and mental and physical wellbeing of our officers through mental health check-ups and utilizing our new fitness room. We will continue to build on the utilization of the Vitals App with our community and we are working on a mental health response with our medical partners. The 2021 survey was recently completed and we will incorporate feedback from the community into our 2021 policing plans.

While the City continues to grow, the Fire Department needs to also continue to grow and evolve. Although the City did not receive a federal hiring grant to add additional full time staff, we will continue to apply for the same grant moving forward. This grant would allow the department to supplement our non-career staff with limited additional full time, while limiting the cost impact to the City for the first 3 years. The department is looking at bringing in an independent 3rd party to evaluate our operations so we can continue to provide the best service to our community at the most efficient cost. Since our northern most fire station needs a lot of updates and repairs, we will be looking at costs of repair versus replacing that station and selling the land where the station presently sits.

In 2021, the proposed Pavement Management Program will involve work on 15.71 miles of streets. The program will include reconstruction, crack seal and seal coat projects. The City will partner with Dakota County on the design and construction of a major road improvement project that will expand 70th Street from two to four lanes between the Eagan border and Trunk Highway 3, and that will continue the realignment of Argenta Trail from Amana Trail to 65th Street. The City will also partner with Dakota County on the design of a major street reconstruction and modernization project on 117th Street, between Rich Valley Boulevard and TH 52.

At South Valley Park, we have obtained a MN DNR Outdoor Recreation Grant that will allow us to begin implementation of different concepts found in the plan such as new playground equipment, a new shelter, performance space, and additional parking in 2021/2022.

The Parks and Recreation Commission began undertaking the job of updating our Comprehensive Park, Recreation, Trail, and Facility Plan in 2020. When completed, the plan will help provide a vision for the system over the next 10-20 years. The plan will cover parks, maintenance, recreation programs, trails, the VMCC/Grove, and Inver Wood Golf Course

At the VMCC, there is an ongoing effort to improve efficiency and replace failing infrastructure. The facility is celebrating 20 years in operation in 2021 and certain features will need extensive renovation and replacement over the next decade.

Finally, we are working with McKinstry to develop a city-wide operations and maintenance plan for all city facilities. The completed plan will provide us with a list of all the assets, their value, condition assessment, and anticipated maintenance and capital replacement needs so we can plan for and budget properly. This is an import project so we can continue to provide excellent municipal services to the public.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Inver Grove Heights for its comprehensive annual financial report for the fiscal year ended December 31, 2019. This was the thirty-third (33) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government has published an easily readable and efficiently organized financial report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Inver Grove Heights' finances.

Respectfully submitted,



Heather Rand
Interim City Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Inver Grove Heights
Minnesota**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

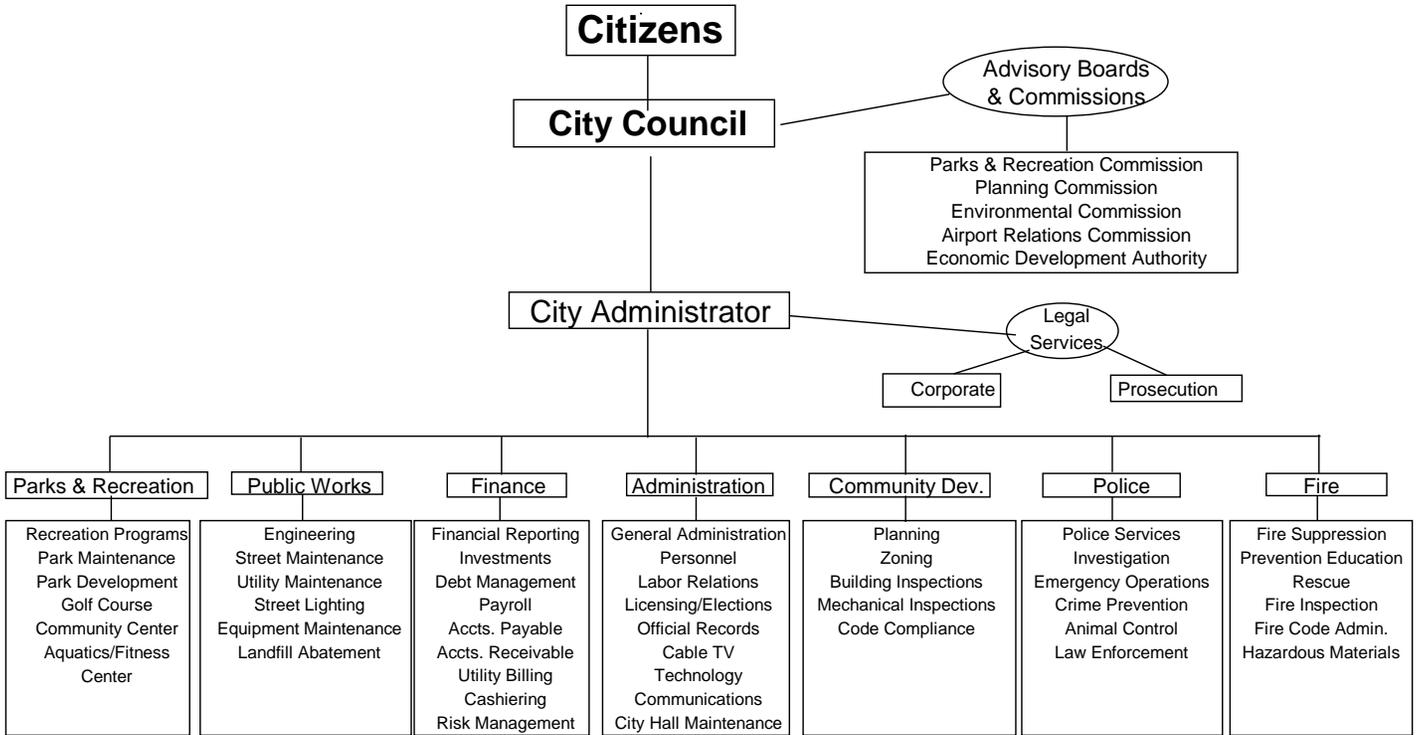
December 31, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF INVER GROVE HEIGHTS, MINNESOTA

ORGANIZATION CHART



City of Inver Grove Heights, Minnesota
 Elected and Appointed Officials
 For the Year Ended December 31, 2020

ELECTED

Name	Title	Term Expires
George Tourville	Mayor	12/31/20
Tom Bartholomew	Council Member	12/31/20
Rosemary Piekarski Krech	Council Member	12/31/22
Kara Perry	Council Member	12/31/20
Brenda Dietrich	Council Member	12/31/22

APPOINTED

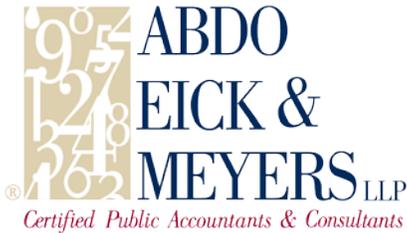
Name	Title
Joseph Lynch	City Administrator
Amy Hove	Finance Director
Melissa Chiodo	Police Chief
Judy Smith-Thill	Fire Chief
Scott Thureen	Director of Public Works
Heather Rand	Community Development Director
Eric Carlson	Director of Parks and Recreation

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FINANCIAL SECTION
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inver Grove Heights, 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 Inver Grove Heights, Minnesota (the City), 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 the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to 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 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 and Community Center special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 29 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related notes disclosures, Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

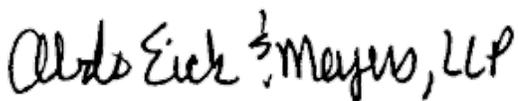
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 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.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
June 9, 2021

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Management's Discussion and Analysis

As management of the City of Inver Grove Heights, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 11 - 18 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$236,972,173 (net position). Of this amount, \$63,392,696 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position for governmental activities increased \$12,852,596 and business-type activities increased \$473,274, resulting in a total increase of \$13,325,870, mainly as a result of the sewer activities for business-type activities and increase in taxes for the governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,741,320, an increase of \$6,486,198 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$12,870,165, or 50.9 percent of next year's budgeted expenditures.
- The City's total debt decreased \$3,461,050, (7.11% percent) during the current fiscal year. The decrease was due to scheduled debt payments and refunding bond payments from funds held in escrow.

Overview of the Financial Statements

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

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

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements start on page 41 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Improvement Bonds, Community Center, Closed Bond, Local Improvement Construction, Pavement Management, Developer Escrow and the Host Community funds, which are all considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and Community Center special revenue fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with its budget.

The basic governmental fund financial statements start on page 46 of this report.

Proprietary Funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for all the water, sewer, and golf course funds, which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer and golf operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for compensated absences, risk management, central equipment maintenance, office supplies and equipment, city facilities, and technology. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements start on page 56 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 start on page 63 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pensions and other postemployment benefits to its employees.

Required supplementary information can be found starting on page 102 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information.

Combining and individual fund financial statements and schedules start on page 114 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$236,972,173 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (69.4 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Inver Grove Heights' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Assets						
Current and other assets	\$ 80,363,042	\$ 74,778,831	\$ 5,584,211	\$ 15,802,651	\$ 13,721,302	\$ 2,081,349
Capital assets, net of depreciation	144,925,533	141,064,641	3,860,892	64,608,158	66,068,165	(1,460,007)
Total Assets	225,288,575	215,843,472	9,445,103	80,410,809	79,789,467	621,342
Deferred Outflows of Resources						
Deferred charge on refunding	-	1,657	(1,657)	155,016	174,194	(19,178)
Deferred other postemployment benefits resources	101,992	60,536	41,456	13,073	7,981	5,092
Deferred pension resources	5,058,225	5,840,739	(782,514)	172,723	115,171	57,552
Total Deferred Outflows of Resources	5,160,217	5,902,932	(742,715)	340,812	297,346	43,466
Liabilities						
Long-term liabilities outstanding	46,565,272	46,100,758	464,514	15,030,410	16,088,530	(1,058,120)
Other liabilities	5,801,841	7,407,927	(1,606,086)	2,445,847	1,071,041	1,374,806
Total Liabilities	52,367,113	53,508,685	(1,141,572)	17,476,257	17,159,571	316,686
Deferred Inflows of Resources						
Deferred pension resources	4,319,348	7,326,028	(3,006,680)	49,661	174,503	(124,842)
Deferred other postemployment benefits resources	14,059	16,015	(1,956)	1,802	2,112	(310)
Total Deferred Inflows of Resources	4,333,407	7,342,043	(3,008,636)	51,463	176,615	(125,152)
Net Position						
Net investment in capital assets	113,246,973	108,559,698	4,687,275	51,251,800	51,455,529	(203,729)
Restricted	9,080,704	9,707,215	(626,511)	-	-	-
Unrestricted	51,420,595	42,628,763	8,791,832	11,972,101	11,295,098	677,003
Total Net Position	\$173,748,272	\$160,895,676	\$ 12,852,596	\$ 63,223,901	\$ 62,750,627	\$ 473,274

An additional portion of the City's net position (3.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$63,392,696 may be used to meet the City's ongoing obligations to citizens and creditors.

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

Significant changes from the prior year are noted below:

City of Inver Grove Heights' Changes in Net Position

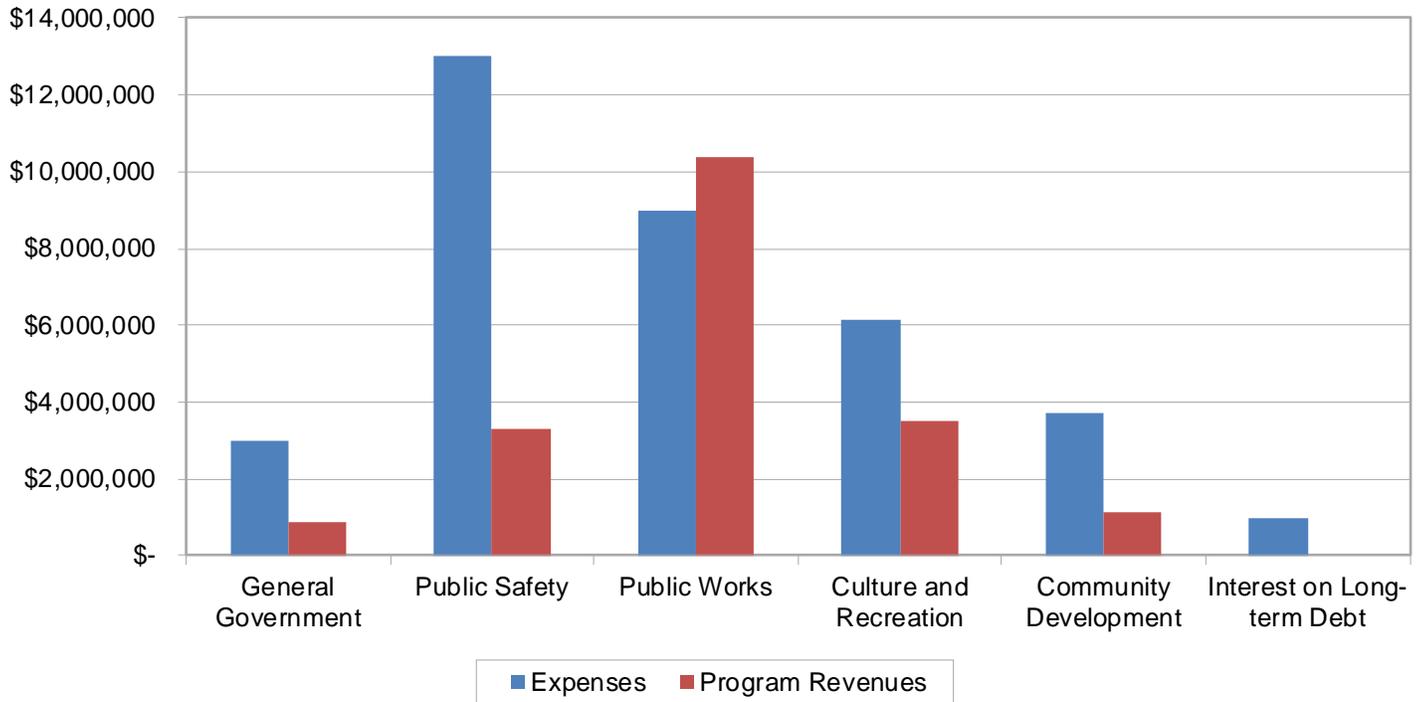
	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 8,845,932	\$ 9,859,253	\$ (1,013,321)	\$ 9,206,102	\$ 8,540,285	\$ 665,817
Operating grants and contributions	5,486,950	3,254,500	2,232,450	5,223	6,667	(1,444)
Capital grants and contributions	4,864,126	4,182,202	681,924	1,365,247	2,106,572	(741,325)
General Revenues						
Taxes						
Property taxes	24,825,120	23,348,621	1,476,499	-	-	-
Tax increment	-	1,738,995	(1,738,995)	-	-	-
Other taxes	1,254,957	1,305,257	(50,300)	-	-	-
Grants and contributions not restricted to specific programs						
Unrestricted investment earnings	1,807,149	1,592,145	215,004	485,445	341,373	144,072
Gain on sale of capital assets	10,860	-	10,860	-	-	-
Total Revenues	47,207,614	45,356,866	1,850,748	11,062,017	10,994,897	67,120
Expenses						
General government	2,969,823	3,017,849	(48,026)	-	-	-
Public safety	12,994,292	11,486,291	1,508,001	-	-	-
Public works	8,983,184	8,989,180	(5,996)	-	-	-
Culture and recreation	6,135,155	7,497,438	(1,362,283)	-	-	-
Community development	3,693,217	2,322,377	1,370,840	-	-	-
Interest on long-term debt	1,003,536	1,452,062	(448,526)	-	-	-
Water	-	-	-	2,887,882	2,779,567	108,315
Sewer	-	-	-	4,148,917	3,959,592	189,325
Golf course	-	-	-	2,127,755	1,796,957	330,798
Total Expenses	35,779,207	34,765,197	1,014,010	9,164,554	8,536,116	628,438
Excess before Transfers	11,428,407	10,591,669	836,738	1,897,463	2,458,781	(561,318)
Transfers (Net)	1,424,189	321,140	1,103,049	(1,424,189)	(321,140)	(1,103,049)
Change in Net Position	12,852,596	10,912,809	1,939,787	473,274	2,137,641	(1,664,367)
Prior Period Adjustment	-	(166,286)	166,286	-	-	-
Net Position, January 1	160,895,676	150,149,153	10,746,523	62,750,627	60,612,986	2,137,641
Net Position, December 31	<u>\$ 173,748,272</u>	<u>\$ 160,895,676</u>	<u>\$ 12,852,596</u>	<u>\$ 63,223,901</u>	<u>\$ 62,750,627</u>	<u>\$ 473,274</u>

- The increase in operating grants and contributions from 2019 was due to coronavirus relief funds received in 2020.
- The increase in governmental activity expenses was due to an increase in costs funded with the above mentioned coronavirus relief funds and an increase in pension expense.
- Tax increment revenue decreased due to the city no longer having any active tax increment financing districts.

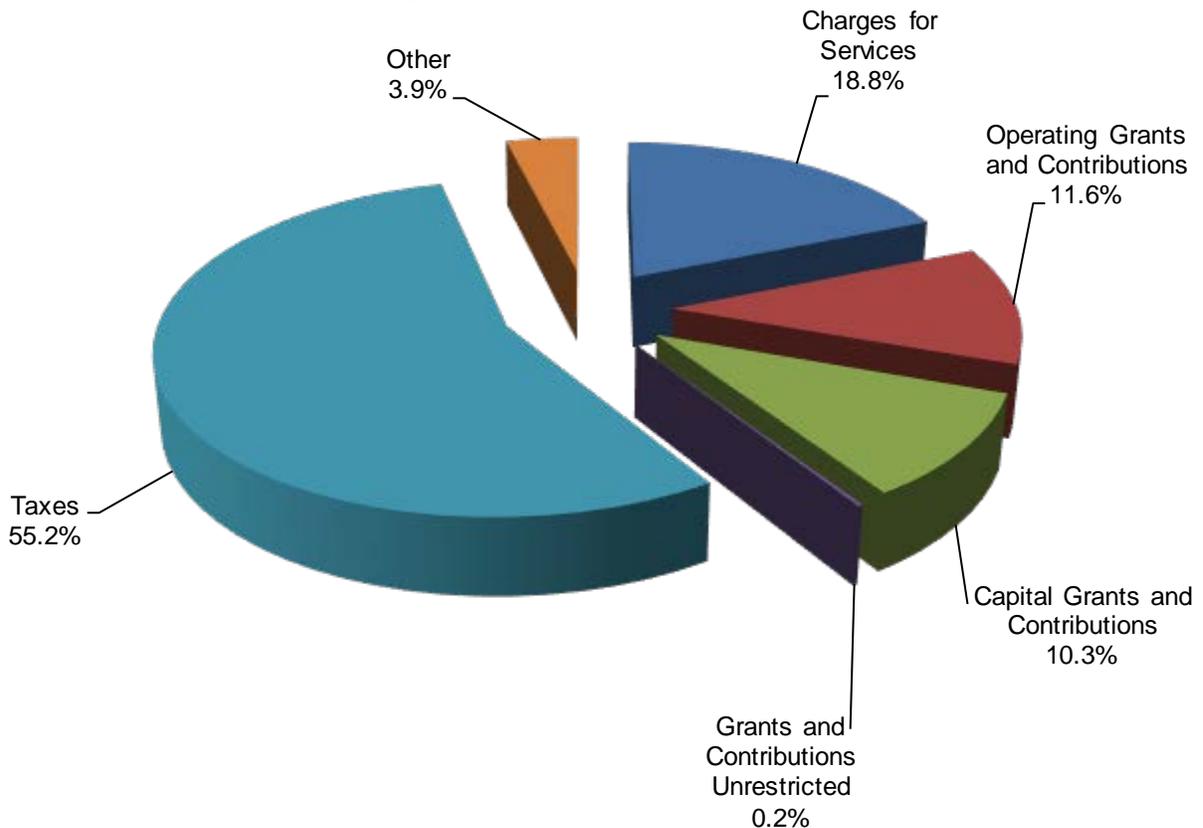
Governmental Activities. Governmental activities increased the City’s net position by \$12,852,596. This increase was primarily the result of current year increases in tax revenue and operating and capital grant revenues. The following graph depicts various governmental activities and shows the revenues and expenses directly related to those activities.

In 2020, Public Safety received \$1,911,314 in program revenues under the Federal Cares Act funds to be applied to public safety payroll costs occurred during the COVID-19 pandemic.

Expenses and Program Revenues - Governmental Activities



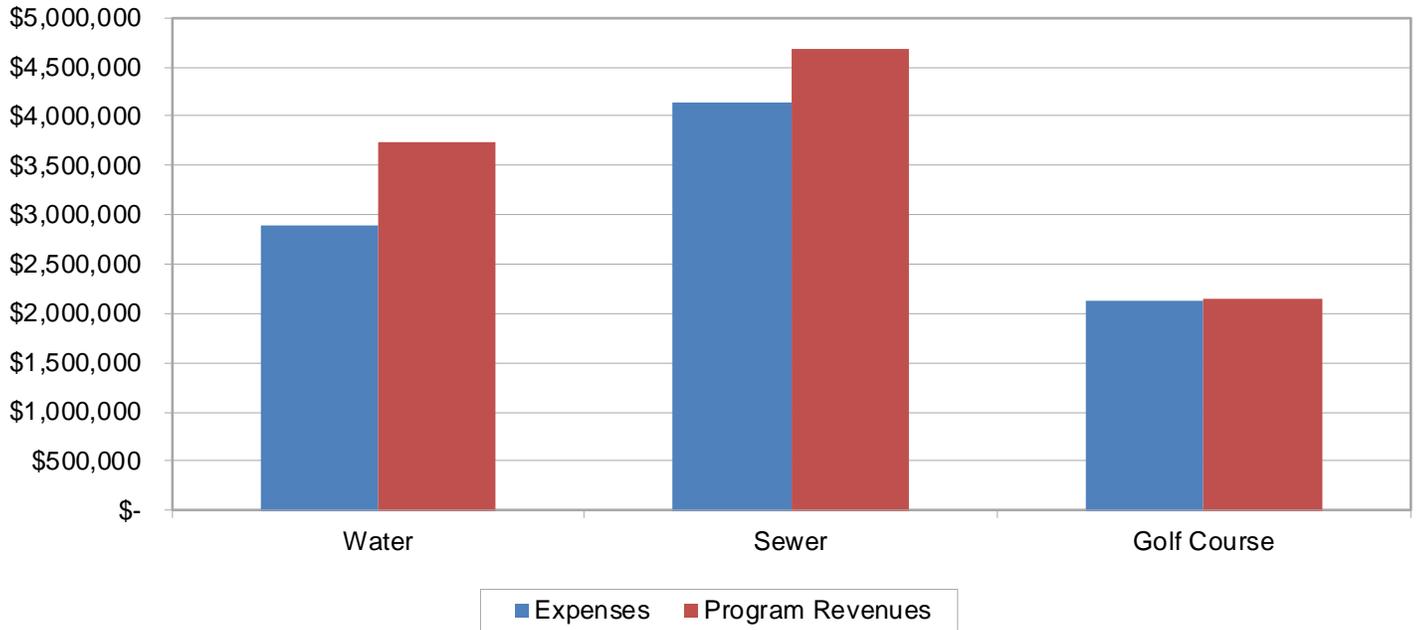
Revenues by Source - Governmental Activities



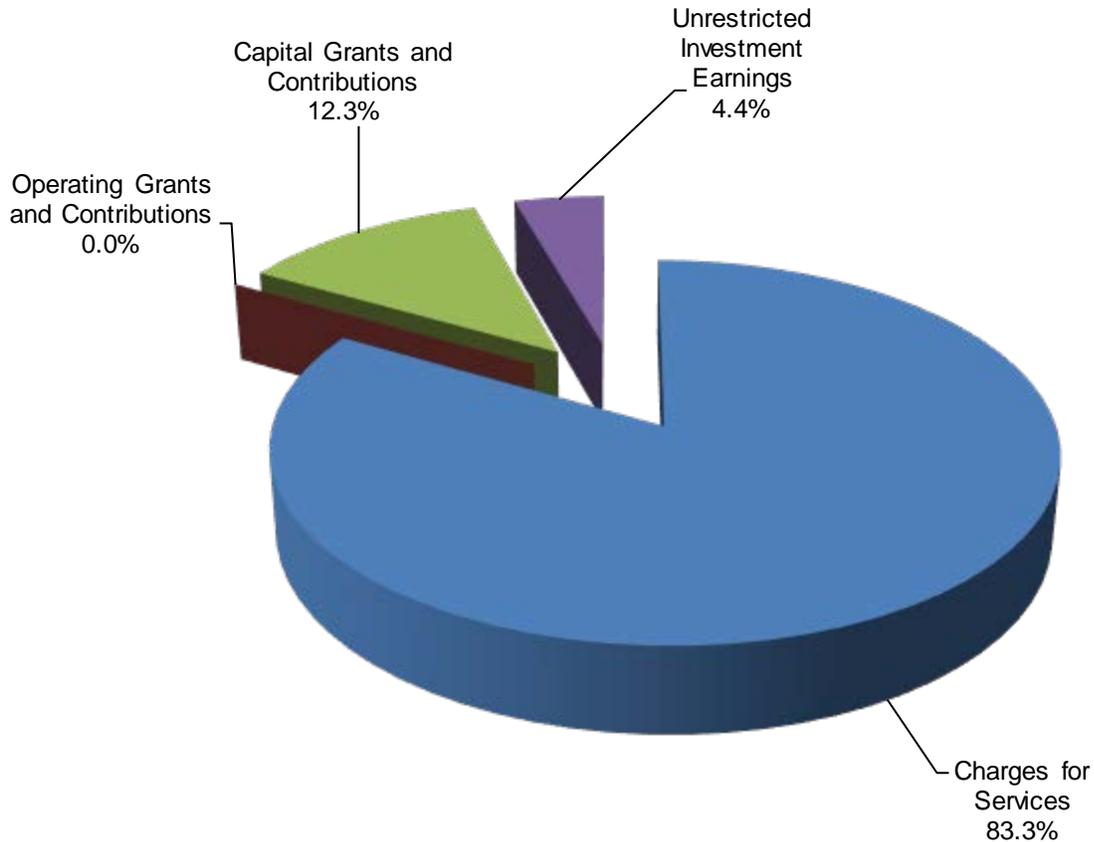
Business-type Activities. The net position of business-type activities increased by \$473,274. This increase was primarily the result of sewer activities.

Below are graphs showing the business-type activities revenue and expense comparisons.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



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 a government'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 had combined ending fund balances of \$48,741,320, an increase of \$6,486,198 in comparison with the prior year. Approximately 17.8 percent of this total amount, \$11,120,172, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is either 1) nonspendable \$29,850, 2) restricted \$8,801,689, 3) committed \$4,078,939, or 4) assigned \$24,710,670. For further classification refer to Note 3E starting on page 82 of this report.

Activity in the City's major funds is discussed below:

Major Fund	Fund Balances December 31,		Increase (Decrease)
	2020	2019	
General	\$ 12,914,648	\$ 11,490,873	\$ 1,423,775
The General fund is the chief operating fund of the City. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to the following year's budget. The fund balance is 50.9 percent of next year's budgeted expenses. The increase in fund balance was mostly a result of funding received from federal sources.			
Improvement Bonds	\$ 3,660,852	\$ 3,887,236	\$ (226,384)
The Improvement Bonds fund has a total fund balance of \$3,660,852, all of which is restricted for the payment of debt service. The decrease in fund balance is a result of paying down debt obligations.			
Community Center	\$ (1,749,598)	\$ (1,786,238)	\$ 36,640
Charges for services for 2020 totaled \$1,062,841. The fund also received transfers of \$1,685,872 to assist with operating and capital costs resulting in an increase in fund balance.			
Closed Bond	\$ 2,023,174	\$ 1,968,905	\$ 54,269
The Closed Bond fund has a total fund balance of \$2,023,174, of which all is assigned for capital improvements. The increase is attributed to interest earnings with minimal expenditure activity.			
Local Improvement Construction	\$ 1,386,850	\$ (955,083)	\$ 2,341,933
The Local Improvement Construction fund was established to account for the governmental portion of improvement projects. The increase is primarily related to state aid reimbursements for current and past projects and transfers in from other funds. The State has approved the City's request for an advance in state aid funding which will allow for completion of pending street projects.			
Pavement Management	\$ 5,452,451	\$ 5,670,367	\$ (217,916)
The Pavement Management fund was established to account for the governmental portion of capital projects. The ending fund balance is assigned for capital improvements. The decrease is due to current year project costs utilizing existing reserve balances.			
Host Community	\$ 8,325,575	\$ 6,927,640	\$ 1,397,935
Charges for services for 2020 totaled \$3,116,049. These were offset with transfers out of \$1,670,893 to other funds for various needs of the funds including operations and capital projects resulting in an increase in fund balance. The ending balance is assigned for capital improvements.			
Developer Escrow	\$ -	\$ -	\$ -
The Developer Escrow fund was established to account for the developer escrow receipts and related costs. Revenue is recognized in this fund as funds are used for building related costs.			

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of the year, unrestricted net position of the enterprise funds amounted to \$11,972,101. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was amended during the year. The original budget called for a \$0 change in fund balance and the final budget anticipated use of \$500,430 of fund balance due to carryover requests from the 2019 budget. Revenues were less than budget by \$121,693, primarily due to licenses and permits coming in under budget by \$430,064 as many development activities were delayed due to the COVID-19 pandemic. Expenditures were \$252,353 more than budgeted amounts, primarily due to expenditures for public safety and general government coming in over budget by \$431,301 and \$123,188, respectively. The City did not adjust the 2020 budget for COVID-related expenditures. Both public safety and general government spent considerable resources towards the purchase of PPE and other supplies to help combat the spread of COVID-19 in the community. The General Fund was reimbursed for those purchases by a transfer in from the City's CARES Fund to cover those expenditures. With those additional revenues, plus a CARES-eligible transfer in to help offset public safety payroll costs, the net change in fund balance for the General Fund was a positive \$1,423,775.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$209,533,691 (net of accumulated depreciation). This investment in capital assets includes land (tangible and intangible), buildings, improvements, machinery and equipment, park facilities, roads and bridges, and other infrastructure.

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

- The City completed and made operational a new Fire Hall, costing \$10,593,120. The Fire Department also received a Heavy Duty Rescue and Platform Tower Fire Truck for \$620,956 and \$1,270,560, respectively. The Police Department setup new leased Police Vehicles in 2020 for \$90,619.
- In reaction to the Covid-19 Pandemic, the City invested \$188,723 in Bi-Polar Ionization Air Cleaning Systems in various City Government Buildings.
- Purchases of \$453,949 were made by the Public Works Department to acquire machinery and equipment. This includes: \$177,382 for the purchase of a Volvo Loader and \$101,611 for accessorizing of a Mack Truck purchased in the previous year, \$101,878 for three service trucks, \$54,730 for a Road Painting System, and \$9,631 for a Portable Electric Message Sign.
- \$122,027 for Project Management Software was spent by the City's Inspections Department.
- The Culture and Recreation Department assets activity totaled \$779,941. \$503,014 for acquisition of the Peltier Property and \$10,946 for other land for City Parks. The Salem Hill Athletic Courts were complete in 2020 at a cost of \$163,478. \$52,620 was spent on items such as Video Cabling, Concession Stand Remodeling, and Water Curtain for new Glass Door.
- \$1,547,358 went towards the completion of Bancroft Way Neighborhood Street Improvements.
- The City received donated land, infrastructure and distribution systems for developments at Pine Bend Estates, Scenic Hills, Settlers Ridge, and SMART Center totaling \$1,863,900.
- Additionally, the City has construction in progress at year-end for both governmental and business-type activities totaling \$28,970,941.
- The City has construction commitments relating to street, water, sanitary sewer, storm water, parks, and building improvements of \$1,239,737 at year-end.

City of Inver Grove Heights' Capital Assets (Net of Depreciation)

Additional information on the City's capital assets can be found in Note 3B starting on page 76 of this report.

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
Land	\$ 32,805,741	\$ 31,969,987	\$ 835,754	\$ 3,214,055	\$ 3,214,055	\$ -
Construction in Progress	26,637,959	34,255,391	(7,617,432)	2,332,982	2,297,615	35,367
Infrastructure	50,301,231	50,163,861	137,370	-	-	-
Buildings and Systems	24,980,028	15,761,574	9,218,454	58,101,426	59,350,468	(1,249,042)
Improvements other than Buildings	4,121,783	4,190,890	(69,107)	550,460	832,270	(281,810)
Machinery and Equipment	6,078,791	4,722,938	1,355,853	409,235	373,757	35,478
Total	\$144,925,533	\$141,064,641	\$ 3,860,892	\$ 64,608,158	\$ 66,068,165	\$ (1,460,007)

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$43,980,000. All of the City's bonds are backed by the full faith and credit of the City. During the year, the City issued \$1,1640,000 in G.O. Improvement Refunding Bonds, Series 2020A.

State statutes limit the amount of G.O. debt a Minnesota city may issue to 3 percent of total estimated market value. The current debt limitation for the City is \$121,295,097. Only the \$25,920,000 in G.O. bonds is counted within the statutory limitation. The other debt of the City is either wholly or partially financed by revenues other than a general tax levy.

City of Inver Grove Heights' Outstanding Debt

Additional information on the City's long-term debt can be found in Note 3D starting on page 78 of this report.

	Governmental Activities			Business-type Activities		
	2020	2019	Increase (Decrease)	2020	2019	Increase (Decrease)
G.O. Bonds	\$ 25,920,000	\$ 26,870,000	\$ (950,000)	\$ -	\$ -	\$ -
G.O. Special Assessments Bonds	4,885,000	6,070,000	(1,185,000)	-	-	-
G.O. Tax Increment Bonds	-	-	-	-	-	-
G.O. Revenue Bonds	-	-	-	13,175,000	14,405,000	(1,230,000)
Bond Premium	873,560	924,154	(50,594)	336,374	381,830	(45,456)
Total	\$ 31,678,560	\$ 33,864,154	\$ (2,185,594)	\$ 13,511,374	\$ 14,786,830	\$ (1,275,456)

Economic Factors and Next Year's Budgets and Rates

- The City's net tax capacity increased by 7.0 percent for taxes payable 2021 which was greater than the 5.9 percent increase for taxes payable 2020. Tax capacity on Residential property increased 6.8 percent, Commercial property increased 7.4 percent, and Industrial property increased 12.3 percent. Without new construction the increase in tax capacity would have been 5.7 percent. The City's levy increased \$1,392,475, or 5.6 percent for taxes payable 2021 but the tax rate decreased 0.9 percent due to tax capacity growth.
- The City has been slowly increasing contributions to the Pavement Management Program. The 2021 budget dedicates \$2,250,000 of the City's overall tax levy to this program. In addition to tax dollars, the program also receives an annual State Aid maintenance contribution of approximately \$415,000.
- Water and sewer fees were increased 2.0 percent and 3.5 percent respectively for 2021, based on our long-range financial plan.
- Storm water utility fees were implemented on July 1, 2012 and were increased 5% for 2021.
- The City evaluated its December 31, 2020 consolidated financial statements for subsequent events through the date the consolidated financial statements were issued. The City continues to monitor the economic uncertainties that have arisen from the COVID-19 pandemic. Areas that could be negatively impacted include interest income, lodging tax revenue and charges for services at the Community Center. However, City facilities have reopened to the public and development activities are holding strong. The City continues to prepare for, monitor and respond to changing economic conditions.
- In March 2021 the Federal Government passed the American Rescue Plan (ARP) to help aid in the nation's recovery from the COVID-19 pandemic. As a non-entitlement entity (municipality of less than 50,000 in population), the City is estimated to receive around \$3.75 million from the State for this funding. Half of the funding is scheduled in 2021 with the remaining half to be received in 2022. The US Department of Treasury continues to release new guidance on allowable spending and the City has until December 31, 2024 to obligate those funds (December 31, 2026 to spend). The City is still in early discussions on how to best utilize their ARP dollars.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director, City of Inver Grove Heights, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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City of Inver Grove Heights, Minnesota
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 67,136,388	\$ 15,730,239	\$ 82,866,627
Receivables			
Accrued interest	248,234	68,011	316,245
Taxes	1,701,165	-	1,701,165
Accounts	1,220,661	1,519,168	2,739,829
Special assessments	4,318,307	35,395	4,353,702
Due from other governments	692,748	232,400	925,148
Internal balances	1,801,976	(1,801,976)	-
Inventories	72,848	15,303	88,151
Prepaid items	88,359	4,111	92,470
Land held for resale	1,138,500	-	1,138,500
Net pension asset	1,943,856	-	1,943,856
Capital assets			
Land and construction in progress	59,443,700	5,547,037	64,990,737
Depreciable assets (net of accumulated depreciation)	85,481,833	59,061,121	144,542,954
Total Assets	<u>225,288,575</u>	<u>80,410,809</u>	<u>305,699,384</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	155,016	155,016
Deferred other postemployment benefits resources	101,992	13,073	115,065
Deferred pension resources	5,058,225	172,723	5,230,948
Total Deferred Outflows of Resources	<u>5,160,217</u>	<u>340,812</u>	<u>5,501,029</u>
Liabilities			
Accounts and contracts payable	1,712,133	50,497	1,762,630
Escrows payable	2,332,557	-	2,332,557
Accrued salaries payable	217,887	24,602	242,489
Due to other governments	93,868	289,147	383,015
Accrued interest payable	389,671	154,880	544,551
Deposits payable	23,801	64,457	88,258
Unearned revenue	1,031,924	1,862,264	2,894,188
Long-term liabilities			
Due within one year			
Long-term liabilities	2,433,304	1,338,965	3,772,269
Due in more than one year			
Long-term liabilities	31,884,759	12,398,749	44,283,508
Net pension liability	11,587,442	1,208,127	12,795,569
Other postemployment benefits liability	659,767	84,569	744,336
Total Liabilities	<u>52,367,113</u>	<u>17,476,257</u>	<u>69,843,370</u>
Deferred Inflows of Resources			
Deferred pension resources	4,319,348	49,661	4,369,009
Deferred other postemployment benefit resources	14,059	1,802	15,861
Total Deferred Inflows of Resources	<u>4,333,407</u>	<u>51,463</u>	<u>4,384,870</u>
Net Position			
Net investment in capital assets	113,246,973	51,251,800	164,498,773
Restricted for			
Debt service	3,934,215	-	3,934,215
Community development	4,065,163	-	4,065,163
Park improvements	1,065,208	-	1,065,208
Public safety	16,118	-	16,118
Unrestricted	51,420,595	11,972,101	63,392,696
Total Net Position	<u>\$ 173,748,272</u>	<u>\$ 63,223,901</u>	<u>\$ 236,972,173</u>

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

City of Inver Grove Heights, Minnesota

Statement of Activities

For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 2,969,823	\$ 83,437	\$ 776,596	\$ -
Public safety	12,994,292	605,334	2,695,121	-
Public works	8,983,184	5,152,781	618,654	4,618,077
Culture and recreation	6,135,155	1,861,459	1,396,579	246,049
Community development	3,693,217	1,142,921	-	-
Interest on long-term debt	1,003,536	-	-	-
Total Governmental Activities	35,779,207	8,845,932	5,486,950	4,864,126
Business-type Activities				
Water	2,887,882	3,212,973	3,121	521,551
Sewer	4,148,917	3,847,337	736	843,696
Golf course	2,127,755	2,145,792	1,366	-
Total Business-type Activities	9,164,554	9,206,102	5,223	1,365,247
Total	\$ 44,943,761	\$ 18,052,034	\$ 5,492,173	\$ 6,229,373

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Lodging taxes

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net position, January 1

Net Position, December 31

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (2,109,790)	\$ -	\$ (2,109,790)
(9,693,837)	-	(9,693,837)
1,406,328	-	1,406,328
(2,631,068)	-	(2,631,068)
(2,550,296)	-	(2,550,296)
(1,003,536)	-	(1,003,536)
<u>(16,582,199)</u>	<u>-</u>	<u>(16,582,199)</u>
-	849,763	849,763
-	542,852	542,852
-	19,403	19,403
<u>-</u>	<u>1,412,018</u>	<u>1,412,018</u>
<u>(16,582,199)</u>	<u>1,412,018</u>	<u>(15,170,181)</u>
22,121,494	-	22,121,494
2,703,626	-	2,703,626
77,357	-	77,357
1,177,600	-	1,177,600
112,520	-	112,520
1,807,149	485,445	2,292,594
10,860	-	10,860
1,424,189	(1,424,189)	-
<u>29,434,795</u>	<u>(938,744)</u>	<u>28,496,051</u>
12,852,596	473,274	13,325,870
<u>160,895,676</u>	<u>62,750,627</u>	<u>223,646,303</u>
<u>\$173,748,272</u>	<u>\$ 63,223,901</u>	<u>\$236,972,173</u>

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

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FUND FINANCIAL STATEMENTS
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Inver Grove Heights, Minnesota

Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service Improvement Bonds	Special Revenue Community Center
Assets			
Cash and temporary investments	\$ 12,049,277	\$ 3,483,217	\$ 516,225
Receivables			
Accrued interest	46,826	11,371	726
Taxes	1,497,550	174,774	-
Accounts	98,067	-	24,471
Special assessments	3,826	654,999	-
Due from other governments	38,282	-	462,694
Due from other funds	-	-	-
Prepaid items	28,365	-	395
Land held for resale	-	-	-
Total Assets	\$ 13,762,193	\$ 4,324,361	\$ 1,004,511
Liabilities			
Accounts and contracts payable	\$ 377,760	\$ 475	\$ 54,741
Escrows payable	-	-	-
Accrued salaries payable	194,850	-	8,770
Due to other governments	37,392	-	13
Due to other funds	-	-	2,220,300
Deposits payable	-	-	5,186
Unearned revenue	9,987	-	14,130
Total Liabilities	619,989	475	2,303,140
Deferred Inflows of Resources			
Unavailable revenues - delinquent taxes	107,506	12,456	-
Unavailable revenues - special assessments	3,826	650,578	-
Unavailable revenues - intergovernmental	116,224	-	450,969
Total Deferred Inflows of Resources	227,556	663,034	450,969
Fund Balances			
Nonspendable	28,365	-	395
Restricted	16,118	3,660,852	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	12,870,165	-	(1,749,993)
Total Fund Balances	12,914,648	3,660,852	(1,749,598)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,762,193	\$ 4,324,361	\$ 1,004,511

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

Capital Projects

Closed Bond	Local Improvement Construction	Pavement Management	Host Community	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 2,014,644	\$ 3,037,109	\$ 5,627,281	\$ 7,139,420	\$ 2,365,968	\$ 15,853,877	\$ 52,087,018
8,250	10,066	20,281	29,691	-	62,813	190,024
632	6,832	7,879	-	-	13,498	1,701,165
-	57,000	47,100	220,184	-	772,308	1,219,130
868,403	253,096	2,262,384	-	-	275,599	4,318,307
-	189,073	-	-	-	1,205	691,254
-	-	-	1,000,000	-	-	1,000,000
-	-	-	-	-	1,090	29,850
-	-	-	-	-	1,138,500	1,138,500
<u>\$ 2,891,929</u>	<u>\$ 3,553,176</u>	<u>\$ 7,964,925</u>	<u>\$ 8,389,295</u>	<u>\$ 2,365,968</u>	<u>\$ 18,118,890</u>	<u>\$ 62,375,248</u>
\$ -	\$ 735,700	\$ 277,205	\$ 13,708	\$ 33,321	\$ 79,270	\$ 1,572,180
-	-	-	-	2,332,557	-	2,332,557
-	-	-	-	-	5,001	208,621
-	-	-	50,012	90	6,356	93,863
-	-	-	-	-	1,000,000	3,220,300
-	-	-	-	-	18,615	23,801
-	1,006,783	-	-	-	1,024	1,031,924
-	1,742,483	277,205	63,720	2,365,968	1,110,266	8,483,246
352	535	673	-	-	5,657	127,179
868,403	250,957	2,234,596	-	-	275,599	4,283,959
-	172,351	-	-	-	-	739,544
868,755	423,843	2,235,269	-	-	281,256	5,150,682
-	-	-	-	-	1,090	29,850
-	-	-	-	-	5,124,719	8,801,689
-	-	-	-	-	4,078,939	4,078,939
2,023,174	1,386,850	5,452,451	8,325,575	-	7,522,620	24,710,670
-	-	-	-	-	-	11,120,172
2,023,174	1,386,850	5,452,451	8,325,575	-	16,727,368	48,741,320
<u>\$ 2,891,929</u>	<u>\$ 3,553,176</u>	<u>\$ 7,964,925</u>	<u>\$ 8,389,295</u>	<u>\$ 2,365,968</u>	<u>\$ 18,118,890</u>	<u>\$ 62,375,248</u>

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

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City of Inver Grove Heights, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2020

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

Total Fund Balances - Governmental Funds	\$ 48,741,320
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the funds.	1,943,856
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	212,520,817
Less: accumulated depreciation	(86,244,460)
Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities on the statement of net position.	34,771,698
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Noncurrent liabilities at year-end consist of	
Bonds payable	(30,805,000)
Plus premium on bonds issued	(873,560)
Other postemployment benefits payable	(659,767)
Net pension liability	(11,194,418)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	127,179
Special assessments	4,283,959
Intergovernmental	739,544
Governmental funds do not report long-term amounts related to pensions and OPEB.	
Deferred outflows other postemployment benefit resources	101,992
Deferred inflows other postemployment benefit resources	(14,059)
Deferred outflows of pension resources	5,002,035
Deferred inflows of pension resources	(4,303,193)
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(389,671)</u>
Total Net Position - Governmental Activities	<u><u>\$ 173,748,272</u></u>

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	<u>Debt Service</u>		<u>Special Revenue</u>
	<u>General</u>	<u>Improvement Bonds</u>	<u>Community Center</u>
Revenues			
Taxes	\$ 22,031,549	\$ 2,702,106	\$ -
Licenses and permits	1,232,336	-	-
Intergovernmental	832,888	4,175	-
Charges for services	797,851	-	1,062,841
Fines and forfeitures	145,283	-	-
Special assessments	1,981	220,078	-
Investment earnings	345,702	80,461	5,854
Miscellaneous	97,503	-	440,820
Total Revenues	<u>25,485,093</u>	<u>3,006,820</u>	<u>1,509,515</u>
Expenditures			
Current			
General government	2,564,476	-	-
Public safety	12,571,164	-	-
Public works	4,218,542	-	-
Culture and recreation	2,033,280	-	2,547,127
Community development	2,897,979	-	-
Capital outlay			
General government	642	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	210,139
Community development	-	-	-
Debt service			
Principal	-	2,135,000	-
Interest and other charges	-	1,069,906	-
Bond issuance costs	-	47,548	-
Total Expenditures	<u>24,286,083</u>	<u>3,252,454</u>	<u>2,757,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,199,010</u>	<u>(245,634)</u>	<u>(1,247,751)</u>
Other Financing Sources (Uses)			
Transfers in	2,634,861	-	1,685,872
Transfers out	(2,410,096)	(187)	(401,481)
Premium on bonds issued	-	19,437	-
Issuance of refunding bonds	-	1,640,000	-
Principal paid on refunded bonds	-	(1,640,000)	-
Total Other Financing Sources (Uses)	<u>224,765</u>	<u>19,250</u>	<u>1,284,391</u>
Net Change in Fund Balances	1,423,775	(226,384)	36,640
Fund Balances, January 1	<u>11,490,873</u>	<u>3,887,236</u>	<u>(1,786,238)</u>
Fund Balances, December 31	<u>\$ 12,914,648</u>	<u>\$ 3,660,852</u>	<u>\$ (1,749,598)</u>

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

Capital Projects

Closed Bond	Local Improvement Construction	Pavement Management	Host Community	Developer Escrows	Other Governmental Funds	Total Governmental Funds
\$ 1,520	\$ 103,326	\$ 119,721	\$ -	\$ -	\$ 1,148,530	\$ 26,106,752
-	-	-	-	-	-	1,232,336
-	2,605,203	453,860	-	-	2,688,558	6,584,684
-	13,331	1,175	3,116,049	470,653	1,526,470	6,988,370
-	-	-	-	-	-	145,283
5,584	383,125	755,861	-	-	57,760	1,424,389
57,718	84,307	146,242	204,989	-	468,033	1,393,306
-	18,378	421,780	-	-	181,357	1,159,838
<u>64,822</u>	<u>3,207,670</u>	<u>1,898,639</u>	<u>3,321,038</u>	<u>470,653</u>	<u>6,070,708</u>	<u>45,034,958</u>
4,745	-	-	-	-	-	2,569,221
-	-	-	-	-	-	12,571,164
5,995	23,848	160,652	66,901	470,653	441,529	5,388,120
-	-	-	-	-	542,735	5,123,142
-	-	-	185,309	-	561,661	3,644,949
-	-	-	-	-	-	642
-	342,469	-	-	-	-	342,469
-	1,036,504	4,619,449	-	-	7,581	5,663,534
-	791,035	-	-	-	613,834	1,615,008
-	-	-	-	-	1,201	1,201
-	-	-	-	-	-	2,135,000
-	-	-	-	-	-	1,069,906
-	-	-	-	-	-	47,548
<u>10,740</u>	<u>2,193,856</u>	<u>4,780,101</u>	<u>252,210</u>	<u>470,653</u>	<u>2,168,541</u>	<u>40,171,904</u>
<u>54,082</u>	<u>1,013,814</u>	<u>(2,881,462)</u>	<u>3,068,828</u>	<u>-</u>	<u>3,902,167</u>	<u>4,863,054</u>
187	1,442,157	2,765,832	-	-	784,180	9,313,089
-	(114,038)	(102,286)	(1,670,893)	-	(3,010,401)	(7,709,382)
-	-	-	-	-	-	19,437
-	-	-	-	-	-	1,640,000
-	-	-	-	-	-	(1,640,000)
<u>187</u>	<u>1,328,119</u>	<u>2,663,546</u>	<u>(1,670,893)</u>	<u>-</u>	<u>(2,226,221)</u>	<u>1,623,144</u>
54,269	2,341,933	(217,916)	1,397,935	-	1,675,946	6,486,198
1,968,905	(955,083)	5,670,367	6,927,640	-	15,051,422	42,255,122
<u>\$ 2,023,174</u>	<u>\$ 1,386,850</u>	<u>\$ 5,452,451</u>	<u>\$ 8,325,575</u>	<u>\$ -</u>	<u>\$ 16,727,368</u>	<u>\$ 48,741,320</u>

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

City of Inver Grove Heights, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2020

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

Total Net Change in Fund Balances - Governmental Funds	\$ 6,486,198
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	5,637,583
Depreciation expense	(3,548,350)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
Capital assets contributed from developers	1,318,207
Capital assets transferred to enterprise funds	(262,457)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.</p>	
Principal repayments	3,775,000
Bonds issued	(1,640,000)
Current year amortization of bond premium	70,031
Premium on bonds issued	(19,437)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	43,887
<p>Internal service funds are used by the City to charge the cost of compensated absences, liability, property, and workers compensation insurance, vehicles and equipment, centralized purchase of consumable office supplies, maintaining facilities, and maintenance of computer systems. These balances are reported with governmental activities in the statement of activities.</p>	
	357,002
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	108,676
Property taxes	(26,675)
Intergovernmental	238,286
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Other postemployment benefits	(24,655)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	283,853
Pension revenue from State contributions	55,447
	\$ 12,852,596
Change in Net Position - Governmental Activities	\$ 12,852,596

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

City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 22,003,800	\$ 22,003,800	\$ 22,031,549	\$ 27,749
Licenses and permits	1,662,400	1,662,400	1,232,336	(430,064)
Intergovernmental	696,100	696,100	832,888	136,788
Charges for services	660,000	660,000	797,851	137,851
Fines and forfeitures	180,000	180,000	145,283	(34,717)
Special assessments	8,000	8,000	1,981	(6,019)
Investment earnings	147,400	147,400	345,702	198,302
Miscellaneous	5,700	5,700	97,503	91,803
Total Revenues	<u>25,363,400</u>	<u>25,363,400</u>	<u>25,485,093</u>	<u>121,693</u>
Expenditures				
Current				
General government	2,302,900	2,441,280	2,564,476	(123,196)
Public safety	11,838,200	12,139,850	12,571,164	(431,314)
Public works	4,322,100	4,322,100	4,218,542	103,558
Culture and recreation	2,132,500	2,141,500	2,033,280	108,220
Community development	2,959,600	2,989,000	2,897,979	91,021
Capital outlay				
General government	-	-	642	(642)
Total Expenditures	<u>23,555,300</u>	<u>24,033,730</u>	<u>24,286,083</u>	<u>(252,353)</u>
Excess of Revenues Over Expenditures	<u>1,808,100</u>	<u>1,329,670</u>	<u>1,199,010</u>	<u>(130,660)</u>
Other Financing Sources (Uses)				
Transfers in	578,000	578,000	2,634,861	2,056,861
Transfers out	(2,386,100)	(2,408,100)	(2,410,096)	(1,996)
Total Financing Sources (Uses)	<u>(1,808,100)</u>	<u>(1,830,100)</u>	<u>224,765</u>	<u>2,054,865</u>
Net Change in Fund Balances	-	(500,430)	1,423,775	1,924,205
Fund Balances, January 1	<u>11,490,873</u>	<u>11,490,873</u>	<u>11,490,873</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 11,490,873</u>	<u>\$ 10,990,443</u>	<u>\$ 12,914,648</u>	<u>\$ 1,924,205</u>

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

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Community Center Special Revenue Fund
For the Year Ended December 31, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 2,458,700	\$ 2,458,700	\$ 1,062,841	\$ (1,395,859)
Investment earnings	-	-	5,854	5,854
Miscellaneous	336,300	336,300	440,820	104,520
Total Revenues	<u>2,795,000</u>	<u>2,795,000</u>	<u>1,509,515</u>	<u>(1,285,485)</u>
Expenditures				
Current				
Culture and recreation	3,269,100	3,269,100	2,547,127	721,973
Capital outlay				
Culture and recreation	829,400	1,499,100	210,139	1,288,961
Total Expenditures	<u>4,098,500</u>	<u>4,768,200</u>	<u>2,757,266</u>	<u>2,010,934</u>
Deficiency of Revenues Under Expenditures	<u>(1,303,500)</u>	<u>(1,973,200)</u>	<u>(1,247,751)</u>	<u>725,449</u>
Other Financing Sources (Uses)				
Transfers in	1,306,500	1,976,200	1,685,872	(290,328)
Transfers out	-	-	(401,481)	(401,481)
Total Financing Sources (Uses)	<u>1,306,500</u>	<u>1,976,200</u>	<u>1,284,391</u>	<u>(691,809)</u>
Net Change in Fund Balances	3,000	3,000	36,640	33,640
Fund Balances, January 1	<u>(1,786,238)</u>	<u>(1,786,238)</u>	<u>(1,786,238)</u>	<u>-</u>
Fund Balances, December 31	<u>\$ (1,783,238)</u>	<u>\$ (1,783,238)</u>	<u>\$ (1,749,598)</u>	<u>\$ 33,640</u>

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued on the Following Page)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Assets					
Current Assets					
Cash and temporary investments	\$ 9,343,488	\$ 4,725,991	\$ 1,660,760	\$ 15,730,239	\$ 15,049,370
Receivables					
Accrued interest	40,247	24,777	2,987	68,011	58,210
Accounts	652,938	866,230	-	1,519,168	1,531
Special assessments	35,395	-	-	35,395	-
Due from other governments	19,293	-	213,107	232,400	1,494
Due from other funds	-	-	-	-	4,022,276
Inventories	-	-	15,303	15,303	72,848
Prepaid items	-	-	4,111	4,111	58,509
Total Current Assets	<u>10,091,361</u>	<u>5,616,998</u>	<u>1,896,268</u>	<u>17,604,627</u>	<u>19,264,238</u>
Long-term Assets					
Capital assets					
Land	583,598	768,102	1,862,355	3,214,055	209,122
Construction in progress	1,027,873	1,305,109	-	2,332,982	-
Buildings and systems	51,320,568	42,433,298	920,412	94,674,278	17,409,502
Improvements other than buildings	98,108	39,924	4,501,427	4,639,459	240,717
Machinery and equipment	342,472	26,519	1,081,998	1,450,989	14,357,131
Total Capital Assets	53,372,619	44,572,952	8,366,192	106,311,763	32,216,472
Less accumulated depreciation	(21,741,328)	(14,457,285)	(5,504,992)	(41,703,605)	(13,567,296)
Net Capital Assets	<u>31,631,291</u>	<u>30,115,667</u>	<u>2,861,200</u>	<u>64,608,158</u>	<u>18,649,176</u>
Total Long-term Assets	<u>31,631,291</u>	<u>30,115,667</u>	<u>2,861,200</u>	<u>64,608,158</u>	<u>18,649,176</u>
Total Assets	<u>41,722,652</u>	<u>35,732,665</u>	<u>4,757,468</u>	<u>82,212,785</u>	<u>37,913,414</u>
Deferred Outflows of Resources					
Deferred charge on refunding	-	155,016	-	155,016	-
Deferred other postemployment benefits resources	4,651	2,854	5,568	13,073	-
Deferred pension resources	60,660	39,239	72,824	172,723	56,190
Total Deferred Outflows of Resources	<u>65,311</u>	<u>197,109</u>	<u>78,392</u>	<u>340,812</u>	<u>56,190</u>

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

City of Inver Grove Heights, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Liabilities					
Current Liabilities					
Accounts and contracts payable	\$ 40,638	\$ 11,344	\$ (1,485)	\$ 50,497	\$ 139,953
Accrued salaries payable	11,111	5,666	7,825	24,602	9,266
Due to other governments	79,140	222,772	(12,765)	289,147	5
Due to other funds	-	-	1,801,976	1,801,976	-
Accrued interest payable	6,833	148,047	-	154,880	-
Deposits payable	-	-	64,457	64,457	-
Unearned revenue	152,430	240,840	1,468,994	1,862,264	-
Compensated absences payable - current portion	12,434	14,555	51,976	78,965	873,304
Bonds payable - current portion	390,000	870,000	-	1,260,000	-
Total Current Liabilities	<u>692,586</u>	<u>1,513,224</u>	<u>3,380,978</u>	<u>5,586,788</u>	<u>1,022,528</u>
Long-term Liabilities					
Compensated absences payable	95,697	44,384	7,294	147,375	1,766,199
Bonds payable	421,601	11,829,773	-	12,251,374	-
Net pension liability	424,291	274,463	509,373	1,208,127	393,024
Other postemployment benefits payable	30,089	18,460	36,020	84,569	-
Total Long-term Liabilities	<u>971,678</u>	<u>12,167,080</u>	<u>552,687</u>	<u>13,691,445</u>	<u>2,159,223</u>
Total Liabilities	<u>1,664,264</u>	<u>13,680,304</u>	<u>3,933,665</u>	<u>19,278,233</u>	<u>3,181,751</u>
Deferred Inflows of Resources					
Deferred pension resources	17,441	11,282	20,938	49,661	16,155
Deferred other postemployment benefit resources	641	393	768	1,802	-
Total Deferred Inflows of Resources	<u>18,082</u>	<u>11,675</u>	<u>21,706</u>	<u>51,463</u>	<u>16,155</u>
Net Position					
Net investment in capital assets	30,819,690	17,570,910	2,861,200	51,251,800	18,649,176
Unrestricted	9,285,927	4,666,885	(1,980,711)	11,972,101	16,122,522
Total Net Position	<u>\$ 40,105,617</u>	<u>\$ 22,237,795</u>	<u>\$ 880,489</u>	<u>\$ 63,223,901</u>	<u>\$ 34,771,698</u>

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

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City of Inver Grove Heights, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal
	Water	Sewer	Golf Course	Total	Service Funds
Operating Revenues					
Charges for services					
Water sales	\$ 3,190,106	\$ -	\$ -	\$ 3,190,106	\$ -
Sewer charges	-	3,839,705	-	3,839,705	-
Late fees	11,698	7,632	-	19,330	-
Water meter sales	11,169	-	-	11,169	-
Foot golf	-	-	3,986	3,986	-
Green fees	-	-	811,457	811,457	-
Golf cart rentals	-	-	535,766	535,766	-
Practice center	-	-	175,457	175,457	-
Golf shop	-	-	56,807	56,807	-
Food and beverage	-	-	147,319	147,319	-
Other	-	-	413,861	413,861	5,344,420
Total Operating Revenues	<u>3,212,973</u>	<u>3,847,337</u>	<u>2,144,653</u>	<u>9,204,963</u>	<u>5,344,420</u>
Operating Expenses					
Personnel services	671,656	451,357	1,114,323	2,237,336	928,170
Other current expenses	1,223,053	2,552,135	750,475	4,525,663	2,547,484
Depreciation	991,866	793,219	262,957	2,048,042	1,823,206
Total Operating Expenses	<u>2,886,575</u>	<u>3,796,711</u>	<u>2,127,755</u>	<u>8,811,041</u>	<u>5,298,860</u>
Operating Income	<u>326,398</u>	<u>50,626</u>	<u>16,898</u>	<u>393,922</u>	<u>45,560</u>
Nonoperating Revenues (Expenses)					
Investment earnings	284,834	179,637	20,974	485,445	413,843
Miscellaneous revenues	3,121	736	2,505	6,362	54,012
Gain on sale of capital assets	-	-	-	-	10,860
Interest and amortization expense	(1,307)	(352,206)	-	(353,513)	-
Total Nonoperating Revenues (Expenses)	<u>286,648</u>	<u>(171,833)</u>	<u>23,479</u>	<u>138,294</u>	<u>478,715</u>
Income (Loss) Before Contributions and Transfers	<u>613,046</u>	<u>(121,207)</u>	<u>40,377</u>	<u>532,216</u>	<u>524,275</u>
Capital Contributions	521,496	843,751	-	1,365,247	12,245
Transfers In	531	910,321	6,519	917,371	150,394
Transfers Out	(1,652,779)	(688,781)	-	(2,341,560)	(329,912)
Total Transfers and Contributions	<u>(1,130,752)</u>	<u>1,065,291</u>	<u>6,519</u>	<u>(58,942)</u>	<u>(167,273)</u>
Change in Net Position	(517,706)	944,084	46,896	473,274	357,002
Net Position - January 1	<u>40,623,323</u>	<u>21,293,711</u>	<u>833,593</u>	<u>62,750,627</u>	<u>34,414,696</u>
Net Position, December 31	<u>\$ 40,105,617</u>	<u>\$ 22,237,795</u>	<u>\$ 880,489</u>	<u>\$ 63,223,901</u>	<u>\$ 34,771,698</u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued on the Following Page)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 3,435,605	\$ 3,665,071	\$ 3,214,133	\$ 10,314,809	\$ 5,341,395
Other operating receipts	1,984	-	1,139	3,123	52,957
Payments to suppliers	(1,200,552)	(2,402,488)	(780,181)	(4,383,221)	(2,495,714)
Payments to employees	(707,921)	(459,253)	(1,082,470)	(2,249,644)	(786,619)
Net Cash Provided (Used) by Operating Activities	<u>1,529,116</u>	<u>803,330</u>	<u>1,352,621</u>	<u>3,685,067</u>	<u>2,112,019</u>
Cash Flows from Noncapital Financing Activities					
Receipts on interfund balances	-	-	-	-	294,822
Payments on interfund balances	-	-	(81,908)	(81,908)	-
Transfers from other funds	531	910,321	6,519	917,371	150,394
Transfers to other funds	(1,652,779)	(688,781)	-	(2,341,560)	(329,912)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,652,248)</u>	<u>221,540</u>	<u>(75,389)</u>	<u>(1,506,097)</u>	<u>115,304</u>
Cash Flows from Capital and Related Financing Activities					
Connection fees received	231,421	539,258	-	770,679	-
Acquisition of capital assets	(7,095)	-	-	(7,095)	(635,354)
Proceeds from sale of capital assets	-	-	-	-	10,860
Interest paid on debt	(20,676)	(372,449)	-	(393,125)	-
Principal paid on bonds	(379,999)	(850,001)	-	(1,230,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(176,349)</u>	<u>(683,192)</u>	<u>-</u>	<u>(859,541)</u>	<u>(624,494)</u>
Cash Flows from Investing Activities					
Investment receipts	<u>283,662</u>	<u>184,727</u>	<u>20,663</u>	<u>489,052</u>	<u>414,692</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(15,819)	526,405	1,297,895	1,808,481	2,017,521
Cash and Cash Equivalents, January 1	<u>9,359,307</u>	<u>4,199,586</u>	<u>362,865</u>	<u>13,921,758</u>	<u>13,031,849</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 9,343,488</u></u>	<u><u>\$ 4,725,991</u></u>	<u><u>\$ 1,660,760</u></u>	<u><u>\$ 15,730,239</u></u>	<u><u>\$ 15,049,370</u></u>

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

City of Inver Grove Heights, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Golf Course	Total	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating income	\$ 326,398	\$ 50,626	\$ 16,898	\$ 393,922	\$ 45,560
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation	991,866	793,219	262,957	2,048,042	1,823,206
Other income related to operations	3,121	736	2,505	6,362	54,012
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	241,925	(195,224)	1,953	48,654	(1,531)
Due from other governments	(19,293)	12,958	(213,107)	(219,442)	(1,494)
Inventories	-	-	(12,333)	(12,333)	(16,086)
Prepaid items	-	-	2,182	2,182	94,427
Deferred OPEB resources	(1,791)	(1,224)	(2,077)	(5,092)	-
Deferred pension resources	(19,373)	(13,644)	(24,535)	(57,552)	4,839
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts and contracts payable	7,607	9,654	(6,589)	10,672	(13,801)
Accrued salaries payable	(19,857)	(10,420)	(14,810)	(45,087)	(35,016)
Due to other governments	14,894	139,993	(12,966)	141,921	(12,770)
Deposits payable	-	-	7,647	7,647	-
Unearned revenue	-	-	1,272,987	1,272,987	-
Compensated absences payable	(28,491)	(16,389)	21,312	(23,568)	369,970
Net pension liability	75,212	58,053	101,086	234,351	(122,982)
Other postemployment benefits payable	2,129	2,529	1,895	6,553	-
Deferred pension resources	(45,115)	(27,499)	(52,228)	(124,842)	(76,315)
Deferred OPEB resources	(116)	(38)	(156)	(310)	-
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 1,529,116</u>	 <u>\$ 803,330</u>	 <u>\$ 1,352,621</u>	 <u>\$ 3,685,067</u>	 <u>\$ 2,112,019</u>
Schedule of Noncash Capital and Related Financing Activities					
Capital assets contributed from developers	\$ 258,209	\$ 287,484	\$ -	\$ 545,693	\$ 12,245
Capital assets contributed from governmental activities	104,080	158,377	-	262,457	-
Capital assets donated to governmental activities	18,041	17,206	-	35,247	-
Amortization of bond premium	16,202	29,254	-	45,456	-
Amortization of deferred charges on refunding	-	19,178	-	19,178	-

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

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City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Inver Grove Heights (the City) was incorporated in 1965 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five-member City Council elected by voters of the City. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of their operational or financial relationships with the City. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Included in the City's reporting entity, based upon the application of these criteria, is the following blended component unit.

Blended Component Unit

The Inver Grove Heights Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the EDA is reported as if it were part of the primary government because the Board of Commissioners is made up of the Mayor and the four City Council members and the City has operational responsibility over the EDA. It is this criterion that results in the EDA being reported as a blended component unit and reported as a special revenue fund. Separate financial statements are not prepared for the 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 primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *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 included among program revenues are reported instead as *general revenues*.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Improvement Bonds fund* is a debt service fund that accounts for resources accumulated and payments for principal and interest on long term general obligation debt.

The *Community Center fund* accounts for the activities at the Veterans Memorial and the Grove Community Center. Charges for services within the fund are committed to Community Center activity.

The *Closed Bond, Local Improvement Construction, Pavement Management, and Host Community funds* are capital projects funds that account for improvement revenues and expenditures from replacement funds set aside for capital improvements.

The *Developer Escrow fund* accounts for the activities related to the collection and use of developer and building related escrow accounts.

The City reports the following major proprietary funds:

The *Water fund* and the *Sewer fund* account for activities related to the operation of a water distribution system and a sanitary sewer collection system, respectively.

The *Golf Course fund* accounts for resources and payments related to the operation and maintenance of a municipal golf course.

Additionally, the City reports the following fund types:

Internal service funds account for compensated absences, risk management, central equipment, central stores, city facilities and technology services provided to other departments or agencies of the City. Internal service funds operate in a manner similar to enterprise funds; however, they provide services primarily to other departments within the City.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes, payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and sewer function 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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statement of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2020:

- Government agency and treasury securities of \$19,839,735 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits and municipal bonds of \$39,994,868 are valued using a matrix pricing model (Level 2 inputs)

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. 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.

Unpaid taxes at December 31 become liens on the respective property and are classified in the fund financial statements as delinquent taxes receivable.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the governmental fund financial statements.

Restricted Assets

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported as cash held with fiscal agent.

Accounts Receivable

Accounts receivable include amounts billed for services, such as water, sewer, storm water and nuisance charges, provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2020. The City annually certifies delinquent water, sewer, storm water and nuisance accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

All trade (utility) and property tax receivables are shown at gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon the sale of the assessed property.

Due From Other Governments

The amounts due from other government primarily include amounts for project cost in which the City is receiving grants to support the projects.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements. At December 31, 2020, the total delinquent special assessment receivable balance is \$6,250.

Interfund 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 non-current 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."

Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Land Held for Resale

Land was acquired by the EDA for subsequent resale for redevelopment purposes. Land held for resale is an asset recorded at the lower of cost or realizable value in the fund that acquired it.

Capital Assets

A capital asset is defined as a financial resource that is tangible or intangible in nature, complete in and of itself, and is not a component of another. Capital assets, which include property, easements, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the 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 acquisition value on the date of acquisition. Infrastructure assets acquired prior to the fiscal year ended December 31, 1979 are not reported.

Intangible assets prior to 2010 were capitalized and bundled with the infrastructure/land purchases and have been determined to have an indefinite life and therefore have not been broken out from the assets.

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

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Life in Years
Buildings and Structures	20 to 50
Equipment and Machinery	3 to 20
Distribution and Collection Systems	50
Streets and Infrastructure	25

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates. The third item, deferred charge on refunding results in the loss on a bond refunding recognized over shorter of the life of the refunded bond or the refunding bond.

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave and personal leave benefits. There is an estimated liability for unpaid accumulated sick and personal leave that will be taken as severance upon retirement. All vacation and estimated retirement severance are accrued when incurred in government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits

Under Minnesota statute 471.61, subdivision 2b, public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees are able to add dependent coverage during open enrollment period or qualifying life event prior to retirement. All premiums are funded on a pay-as-you-go basis. The liability was determined, in accordance with GASB Statement No. 75, at January 1, 2019. The General fund is typically used to liquidate governmental other postemployment benefits payable.

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. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred. In accordance with federal regulations, the City's general obligation tax exempt bonds follow the arbitrage requirements.

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.

Pensions

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

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Inver Grove Height's Fire Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value.

The total pension expense for the General Employees Plan, Police and Fire Plan, DCP and Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)			Fire Relief Association	Total All Plans
	GERP	PEPFP	DCP		
Pension Expense	\$ 430,746	\$ 695,737	\$ 1,390	\$ 205,274	\$ 1,333,147

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arise only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, one of the items, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: delinquent taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Net Position

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

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance

In the 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 the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Pursuant to the Fund Balance Policy approved by City Council, the City Administrator has been delegated the authority to assign and remove assignments of fund balance amounts for specific purposes.

Unassigned - These are residual amounts in the General fund not reported in any other classification. The General fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

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

The City has formally adopted a fund balance policy for the General fund. The City will strive to maintain a minimum General fund unassigned fund balance of 40 to 45 percent of next year's budgeted expenditures.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles), as applied to governmental units by the Government Accounting Standards Board (GASB). An annual appropriated budget is adopted for the General fund as well as for the Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue funds.

Budgeted amounts are reported as originally adopted, as well as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were adjusted. Budgeted expenditure appropriations lapse at year-end. Any unencumbered appropriations that need to be carried forward to the next year must be reappropriated by the City Council from the fund balance.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General fund. Encumbrances outstanding at year-end expire and outstanding purchase orders are cancelled and not reported in the financial statements. Therefore, there are no outstanding encumbrances at year end.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 2: Stewardship, Compliance and Accountability (Continued)

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council 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.
2. Public meetings are conducted to obtain taxpayer comments.
3. The General fund budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for that department. The Convention and Visitors Bureau, Recreation, Community Center and Economic Development Authority special revenue fund budgets are legally enacted through passage of resolutions for each fund as a whole.
4. The City Administrator is authorized to transfer appropriations within a fund's budget. Additional fund appropriations and deletions are or may be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General fund.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service funds. Supplementary budgets are adopted for the Proprietary funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
7. A capital improvement program is reviewed annually by the City Council for the Capital Project funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personnel services; other current; capital outlay) within each activity.
9. The City Council may authorize transfers of budgeted amounts between City funds.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2020 expenditures exceeded appropriations in the following fund:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Major General Fund	\$ 24,033,730	\$ 24,286,083	\$ 252,353

The excess expenditures were funded by revenues in excess of expectations.

C. Deficit Fund Equity

The following fund had a fund equity deficit at December 31, 2020:

Fund	Amount
Major Community Center	\$ 1,749,598

The fund deficits are expected to be eliminated with future fund revenues or transfers from other funds.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

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

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the government entity.

At year end, the City's carrying amount of deposits was \$4,921,571 and the bank balance was \$5,600,822. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining bank balance was covered by collateral held by the City's agent in the City's name.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Investments

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market Funds	N/A	less than 1 year	\$ 18,084,303			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposits	N/A	less than 1 year	2,283,964	\$ -	\$ 2,283,964	\$ -
Negotiable Certificates of Deposits	N/A	1 to 5 years	2,512,223	-	2,512,223	-
Government Agency Securities	AA+	1 to 5 years	6,744,665	6,744,665	-	-
Government Agency Securities	AAA	1 to 5 years	12,080,550	12,080,550	-	-
Government Agency Securities	AAA	more than 5 years	1,014,520	1,014,520	-	-
Municipal Bonds	A	1 to 5 years	1,064,880	-	1,064,880	-
Municipal Bonds	AA-	less than 1 year	889,777	-	889,777	-
Municipal Bonds	AA-	1 to 5 years	2,805,330	-	2,805,330	-
Municipal Bonds	AA	less than 1 year	3,372,075	-	3,372,075	-
Municipal Bonds	AA	1 to 5 years	4,447,473	-	4,447,473	-
Municipal Bonds	AA	more than 5 years	485,419	-	485,419	-
Municipal Bonds	AA+	less than 1 year	508,375	-	508,375	-
Municipal Bonds	AA+	1 to 5 years	3,157,119	-	3,157,119	-
Municipal Bonds	AAA	less than 1 year	3,732,072	-	3,732,072	-
Municipal Bonds	AAA	1 to 5 years	11,877,591	-	11,877,591	-
Municipal Bonds	AAA	more than 5 years	2,858,570	-	2,858,570	-
Total Investments			\$ 77,918,906	\$ 19,839,735	\$ 39,994,868	\$ -

(1) Ratings are provided by Standard & Poor's where applicable to indicate associated credit risk.

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

N/A Indicates not applicable or available.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

The investments of the City are subject to the following risks:

- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, the City will not directly invest more than five percent (5 percent) of the total portfolio in securities maturing more than five (5) years from the date of purchase, unless matched to a specific cash flow. The City was not exposed to interest rate risks due to the fact that their investments are not exposed to highly sensitive changes in interest rates.
- *Credit Risk*. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 66 of the notes to the financial statements. In accordance with its investment policy, the City will minimize credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- *Concentration of Credit Risk*. Concentration of credit risk is defined as positions of five percent (5 percent) or more in the securities of a single issuer. As of December 31, 2020, the following issuers exceeded 5 percent of the City's total investments: FHLMC (6.49 percent) and FHLB (14.14 percent). The City's investment policy does not allow for an investment in any issuer or security type (except U.S. Treasury Bonds) that is in excess of fifty percent (50 percent) of the City's total investments.
- *Custodial Credit Risk- Deposits*. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Minnesota statutes and the City's investment policy states that in order to provide a level of security for all funds, the collateralization level will be 110 percent of market value not covered by insurance. As of December 31, 2020, all of the City's bank balance was covered by federal depository insurance or by perfected collateral held by the City's agent in the City's name.
- *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 possession of an outside party. As of December 31, 2020, all securities were held by the City or its agent in the City's name. The City does not have an investment policy for custodial credit risk.

The City's investments held by a broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2020. However, each investment brokerage firm may have a limit to their supplemental insurance coverage and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits; the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts the risk due to the controls in place at the broker-dealer.

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 4,921,571
Investments	77,918,906
Petty Cash	<u>26,150</u>
 Total	 <u><u>\$ 82,866,627</u></u>
 As Reported on the Financial Statements	
Statement of net position	
Cash and temporary investments	<u><u>\$ 82,866,627</u></u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 31,969,987	\$ 835,754	\$ -	\$ 32,805,741
Construction in progress	34,255,391	4,686,522	(12,303,954)	26,637,959
Total Capital Assets not Being Depreciated	<u>66,225,378</u>	<u>5,522,276</u>	<u>(12,303,954)</u>	<u>59,443,700</u>
Capital Assets Being Depreciated				
Infrastructure	108,687,071	2,543,771	-	111,230,842
Buildings and systems	37,947,812	10,645,741	-	48,593,553
Improvements other than buildings	9,710,315	163,474	-	9,873,789
Machinery and equipment	13,251,448	2,661,140	(317,183)	15,595,405
Total Capital Assets Being Depreciated	<u>169,596,646</u>	<u>16,014,126</u>	<u>(317,183)</u>	<u>185,293,589</u>
Less Accumulated Depreciation for				
Infrastructure	(58,523,210)	(2,406,401)	-	(60,929,611)
Buildings and systems	(22,186,238)	(1,427,287)	-	(23,613,525)
Improvements other than buildings	(5,519,425)	(232,581)	-	(5,752,006)
Machinery and equipment	(8,528,510)	(1,305,287)	317,183	(9,516,614)
Total Accumulated Depreciation	<u>(94,757,383)</u>	<u>(5,371,556)</u>	<u>317,183</u>	<u>(99,811,756)</u>
Total Capital Assets Being Depreciated, Net	<u>74,839,263</u>	<u>10,642,570</u>	<u>-</u>	<u>85,481,833</u>
Governmental Activities Capital Assets, Net	<u>\$ 141,064,641</u>	<u>\$ 16,164,846</u>	<u>\$ (12,303,954)</u>	<u>\$ 144,925,533</u>

Depreciation expense was charged to functions of the governmental activities as follows:

Governmental Activities	
General Government	\$ 767,150
Public Safety	407,581
Public Works	2,902,761
Culture and Recreation	1,213,206
Community Development	80,858
Total Depreciation Expense - Governmental Activities	<u>\$ 5,371,556</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 3,214,055	\$ -	\$ -	\$ 3,214,055
Construction in progress	2,297,615	35,367	-	2,332,982
Total Capital Assets not Being Depreciated	<u>5,511,670</u>	<u>35,367</u>	<u>-</u>	<u>5,547,037</u>
Capital Assets Being Depreciated				
Buildings and systems	94,128,585	545,693	-	94,674,278
Improvements other than buildings	4,639,459	-	-	4,639,459
Machinery and equipment	1,444,014	6,975	-	1,450,989
Total Capital Assets Being Depreciated	<u>100,212,058</u>	<u>552,668</u>	<u>-</u>	<u>100,764,726</u>
Less Accumulated Depreciation for				
Buildings and systems	(34,778,117)	(1,794,735)	-	(36,572,852)
Improvements other than buildings	(3,807,189)	(281,810)	-	(4,088,999)
Machinery and equipment	(1,070,257)	28,503	-	(1,041,754)
Total Accumulated Depreciation	<u>(39,655,563)</u>	<u>(2,048,042)</u>	<u>-</u>	<u>(41,703,605)</u>
Total Capital Assets Being Depreciated, Net	<u>60,556,495</u>	<u>(1,495,374)</u>	<u>-</u>	<u>59,061,121</u>
Business-type Activities Capital Assets, Net	<u>\$ 66,068,165</u>	<u>\$ (1,460,007)</u>	<u>\$ -</u>	<u>\$ 64,608,158</u>

Depreciation expense was charged to programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 991,866
Sewer	793,219
Golf Course	<u>262,957</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,048,042</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

C. Construction Commitments

The City has the following construction commitments at December 31, 2020 as follows:

Project	Spent to Date	Remaining Commitment
64th Street Area Improvements (1909D)	\$ 896,186	\$ 120,674
55th Street Court Reconstruction (Project 1809F)	800,303	109,237
Atwater Path Reconstruction & Street Lighting (Project 1809D)	406,450	53,542
Heritage Village Park (Project 1707)	27,395	24,696
Heritage Village Park (Project 1707)	1,691,529	176,524
Broderick Boulevard Reconstruction (Project 1509D)	3,318,897	126,850
Fire Station #2 - Sewer & Water Improvement (Project 1808)	30,965	3,160
Fire Station #2 - Sewer & Water Improvement (Project 1808)	821,627	32,782
Fire Station Fiber Optic Improvement (Project 1811)	-	1,150
Fire Station Fiber Optic Improvement (Project 1811)	23,432	2,494
Intersection Improvement at T.H. 3 & Diffley Ct (Project 1805)	-	174,317
NWA Trunk Watermain Improvement 65th Street Loop Phase 3 (Project 1703)	268,814	49,681
TH 3 Intersection Improvements (Project 1724)	3,625,762	39,085
65th Street Between TH 3 & Argenta Trail (Project 1503)	1,545,978	1,888
NWA Trunk WA improvement - 65th Street Loop (Phase IV) (Project 1803)	457,511	81,660
Heritage Village Park Phase II (Project 2014)	56,196	241,995
	<u>\$ 13,971,045</u>	<u>\$ 1,239,737</u>

D. Long-term Debt

General Obligation (G.O.) Bonds

The City issues G.O. and revenue bonds to provide funds for the acquisition and construction of major capital facilities and equipment. Debt service is covered by tax increments, special assessments, property tax levies and revenues. In addition, bonds have been issued to refund G.O., G.O. special assessment, and G.O. revenue bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Bonds, Series 2015A	\$ 7,745,000	2.00 - 3.00 %	09/17/15	02/01/31	\$ 5,910,000
G.O. Refunding Capital Bonds, Series 2016A	8,515,000	2.75 - 3.00	12/29/16	02/01/34	7,840,000
G.O. Capital Improvement Plan Bonds, Series 2018A	9,785,000	3.35 - 5.00	12/27/18	02/01/39	9,670,000
G.O. Capital Improvement Plan Bonds, Series 2018A	2,500,000	3.50 - 4.00	01/03/19	02/01/39	<u>2,500,000</u>
Total G.O. Bonds					<u>\$ 25,920,000</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for G.O. bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 1,315,000	\$ 825,923	\$ 2,140,923
2022	1,370,000	780,173	2,150,173
2023	1,450,000	729,573	2,179,573
2024	1,525,000	676,223	2,201,223
2025	1,575,000	620,548	2,195,548
2026 - 2030	8,570,000	2,270,775	10,840,775
2031 - 2035	6,845,000	1,022,957	7,867,957
2036 - 2039	3,270,000	224,255	3,494,255
Total	\$ 25,920,000	\$ 7,150,427	\$ 33,070,427

G.O. Improvement (Special Assessment) Bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partially financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2017B	\$ 3,505,000	2.00 - 3.00 %	12/11/17	02/01/33	\$ 3,245,000
G.O. Improvement Bonds, Series 2020A	1,640,000	.05 - 1.00	12/15/20	02/01/27	<u>1,640,000</u>
Total G.O. Special Assessment Bonds					<u>\$ 4,885,000</u>

Annual debt service requirements to maturity for G.O. special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2021	\$ 245,000	\$ 93,333	\$ 338,333
2022	645,000	89,193	734,193
2023	500,000	78,418	578,418
2024	505,000	68,243	573,243
2025	515,000	57,893	572,893
2026 - 2030	1,760,000	163,450	1,923,450
2031 - 2033	715,000	27,062	742,062
Total	\$ 4,885,000	\$ 577,592	\$ 5,462,592

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water and Sewer enterprise funds and are backed by the taxing power of the City. Annual revenues from charges for services, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer
Net Operating Revenues	\$ 3,212,973	\$ 3,847,337
Principal and Interest	400,675	1,222,450
Percentage of Revenues	12.47 %	31.77 %

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Refunding Bonds, Series 2012A	\$ 5,315,000	2.00 - 2.15 %	04/24/12	02/01/22	\$ 790,000
G.O. Sewer Revenue Refunding Bonds, Series 2014B	5,015,000	2.00 - 3.00	12/30/14	02/01/29	3,630,000
G.O. Sewer Revenue Bonds, Series 2015B	4,185,000	3.00 - 4.00	09/17/15	02/01/31	3,330,000
G.O. Sewer Refunding Revenue Bonds, Series 2017A	5,685,000	1.50 - 3.00	01/12/17	02/01/36	5,425,000
Total G.O. Revenue Bonds					\$ 13,175,000

The annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2021	\$ 1,260,000	\$ 355,163	\$ 1,615,163
2022	1,305,000	321,288	1,626,288
2023	935,000	290,463	1,225,463
2024	970,000	262,475	1,232,475
2025	1,000,000	234,369	1,234,369
2026 - 2030	5,020,000	719,675	5,739,675
2031 - 2035	2,270,000	197,205	2,467,205
2036	415,000	5,705	420,705
Total	\$ 13,175,000	\$ 2,386,343	\$ 15,561,343

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
G.O. bonds	\$ 26,870,000	\$ -	\$ (950,000)	\$ 25,920,000	\$ 1,315,000
G.O. special assessment bonds	6,070,000	1,640,000	(2,825,000)	4,885,000	245,000
Bond premium	924,154	19,437	(70,031)	873,560	-
Total Bonds Payable	<u>33,864,154</u>	<u>1,659,437</u>	<u>(3,845,031)</u>	<u>31,678,560</u>	<u>1,560,000</u>
Compensated Absences Payable	<u>2,269,533</u>	<u>1,184,882</u>	<u>(814,912)</u>	<u>2,639,503</u>	<u>873,304</u>
Governmental Activity Long-term Liabilities	<u>\$ 36,133,687</u>	<u>\$ 2,844,319</u>	<u>\$ (4,659,943)</u>	<u>\$ 34,318,063</u>	<u>\$ 2,433,304</u>
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	\$ 14,405,000	\$ -	\$ (1,230,000)	\$ 13,175,000	\$ 1,260,000
Bond premium	381,830	-	(45,456)	336,374	-
Total Bonds Payable	<u>14,786,830</u>	<u>-</u>	<u>(1,275,456)</u>	<u>13,511,374</u>	<u>1,260,000</u>
Compensated Absences Payable	<u>249,908</u>	<u>137,955</u>	<u>(161,523)</u>	<u>226,340</u>	<u>78,965</u>
Business-type Activity Long-term Liabilities	<u>\$ 15,036,738</u>	<u>\$ 137,955</u>	<u>\$ (1,436,979)</u>	<u>\$ 13,737,714</u>	<u>\$ 1,338,965</u>

Current Refunding

On December 15, 2020 the City issued \$1,640,000 of 2020A G.O. Bonds. The bonds bear an average coupon rate of 1.0 percent and along with available City funds, were used to call \$1,985,000 of the outstanding principal of the 2010B G.O. Improvement Bonds. As a result of the refunding issue, the City will save \$497,302 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$101,703.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

Fund equity balances are classified below to reflect the limitations and restrictions of the respective funds.

	<u>General</u>	<u>Improvement Bonds</u>	<u>Community Center</u>	<u>Closed Bond</u>
Nonspendable				
Prepaid items	\$ 28,365	\$ -	\$ 395	\$ -
Restricted for				
Debt service	-	3,660,852	-	-
Community development	-	-	-	-
Public safety	16,118	-	-	-
Park improvements	-	-	-	-
Total Restricted	<u>16,118</u>	<u>3,660,852</u>	<u>-</u>	<u>-</u>
Committed to				
Convention and Visitors Bureau	-	-	-	-
Recreation	-	-	-	-
Economic development	-	-	-	-
Pavement management	-	-	-	-
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Assigned to				
Capital improvements	-	-	-	<u>2,023,174</u>
Unassigned	<u>12,870,165</u>	<u>-</u>	<u>(1,749,993)</u>	<u>-</u>
Total	<u>\$ 12,914,648</u>	<u>\$ 3,660,852</u>	<u>\$ (1,749,598)</u>	<u>\$ 2,023,174</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

	Local Improvement Construction	Pavement Management	Host Community	Other Governmental	Total
Nonspendable					
Prepaid items	\$ -	\$ -	\$ -	\$ 1,090	\$ 29,850
Restricted for					
Debt service	-	-	-	-	3,660,852
Community development	-	-	-	4,059,511	4,059,511
Public safety	-	-	-	-	16,118
Park improvements	-	-	-	1,065,208	1,065,208
Total Restricted	-	-	-	5,124,719	8,801,689
Committed to					
Convention and Visitors Bureau	-	-	-	100,897	100,897
Recreation	-	-	-	368,867	368,867
Economic development	-	-	-	356,622	356,622
Pavement management	-	-	-	3,252,553	3,252,553
Total Committed	-	-	-	4,078,939	4,078,939
Assigned to					
Capital improvements	1,386,850	5,452,451	8,325,575	7,522,620	24,710,670
Unassigned	-	-	-	-	11,120,172
Total	<u>\$ 1,386,850</u>	<u>\$ 5,452,451</u>	<u>\$ 8,325,575</u>	<u>\$ 16,727,368</u>	<u>\$ 48,741,320</u>

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2020 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Internal Service	Golf Course	To loan funds for repairs and maintenance	\$ 1,801,976
Internal Service	Community Center	To loan funds for capital improvements	2,220,300
Host Community	Nonmajor governmental	To loan funds for land purchase	1,000,000
Total			<u>\$ 5,022,276</u>

The Internal Service Central Equipment fund made advances to the Golf Course and Community Center funds which will be paid back in annual installments. The Host Community fund made advances to the nonmajor governmental EDA fund, which will be paid back when the land for resale has sold.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

The composition of interfund transfers for the year ended December 31, 2020 is as follows:

Fund	Transfer In			
	General	Closed Bond	Local Improvement Construction	Pavement Management
Transfer Out				
General	\$ -	\$ -	\$ 2,370	\$ 1,749,626
Improvement Bonds	-	187	-	-
Local Improvement Construction	-	-	-	-
Pavement Management	-	-	102,286	-
Host Community	-	-	323	-
Community Center	-	-	401,481	-
Nonmajor Governmental	2,062,861	-	386,574	375,994
Water	286,000	-	34,630	422,012
Sewer	286,000	-	184,581	218,200
Internal Service Funds	-	-	329,912	-
Total	\$ 2,634,861	\$ 187	\$ 1,442,157	\$ 2,765,832

Fund	Transfer In						Total
	Community Center	Nonmajor Governmental	Water	Sewer	Golf Course	Internal Service Funds	
Transfer Out							
General	\$ -	\$ 658,100	\$ -	\$ -	\$ -	\$ -	\$ 2,410,096
Improvement Bonds	-	-	-	-	-	-	187
Local Improvement Construction	-	114,038	-	-	-	-	114,038
Pavement Management	-	-	-	-	-	-	102,286
Host Community	1,670,570	-	-	-	-	-	1,670,893
Community Center	-	-	-	-	-	-	401,481
Nonmajor Governmental	15,302	12,042	531	184	6,519	150,394	3,010,401
Water	-	-	-	910,137	-	-	1,652,779
Sewer	-	-	-	-	-	-	688,781
Internal Service Funds	-	-	-	-	-	-	329,912
Total	\$ 1,685,872	\$ 784,180	\$ 531	\$ 910,321	\$ 6,519	\$ 150,394	\$ 10,380,854

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 3: Detailed Notes on All Funds (Continued)

The City annually budgets transfers for specific purposes and includes transfers to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons. The City made the following one-time non-budgeted transfers for the year ended December 31, 2020:

- A transfer from the General fund to the Local Improvement Construction fund was adopted by resolution. The transfer was for construction projects.
- A transfer from the Improvement Bonds fund to the Closed Bond fund was adopted by resolution. The transfer was to close a fund.
- A transfer from the Local Improvement Construction fund to the Pavement Management fund, nonmajor governmental funds, water and sewer funds were adopted by resolution. The transfers were to fund construction projects.
- Transfers from the Pavement Management fund to the Local Improvement Construction fund were adopted by resolution. The transfers were for construction projects.
- A transfer from the Host Community fund to the Local Improvement Construction fund was adopted by resolution. The transfer was for construction projects.
- Transfers from the Host Community fund to the Community Center fund were budgeted and adopted by resolution. The transfers were to support operations and capital needs.
- Transfers from the Host Community fund to the nonmajor governmental funds were adopted by resolution. The transfers were for construction projects.
- Transfers from the nonmajor governmental funds to the Local Improvement Construction fund and other nonmajor governmental funds were adopted by resolution. The transfers were for construction projects.
- Transfers from the Water fund to the Local Improvement and Sewer fund were adopted by resolution. The transfers were for construction projects.
- Transfers from the Internal Service fund to the Local Improvement fund were adopted by resolution. The transfers were for construction projects.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

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

B. Benefits Provided

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

General Employees Plan Benefits

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

Benefit increases are provided to benefit recipients each January. Beginning in 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.

Police and Fire Plan Benefits

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

Benefit increases are provided to benefit recipients each January. Beginning in 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.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2020 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2020, 2019 and 2018 were \$680,633, \$620,963 and \$593,314, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire 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 years ending December 31, 2020, 2019 and 2018 were \$892,474, \$745,061 and \$618,063, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the City reported a liability of \$7,230,521 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 \$222,930. 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 0.1206 percent which was an increase of 0.0067 from its proportion measured as of June 30, 2019.

City's Proportionate Share of the Net Pension Liability	\$ 7,230,521
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	222,930
Total	\$ 7,453,451

For the year ended December 31, 2020, the City recognized pension expense of \$411,344 for its proportionate share of General Employees Plan's pension expense. In addition, the City recognized an additional \$19,402 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 63,103	\$ 35,014
Changes in Actuarial Assumptions	3,180	262,224
Net Difference Between Projected and Actual Earnings on Plan Investments	185,045	-
Changes in Proportion	424,111	-
Contributions Paid to PERA Subsequent to the Measurement Date	356,829	-
Total	\$ 1,032,268	\$ 297,238

The \$356,829 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (172,929)
2022	137,125
2023	240,790
2024	173,215
2025	-

Police and Fire Fund Pension Costs

At December 31, 2020, the City reported a liability of \$5,565,048 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 0.4222 percent which was an increase of 0.0416 from its proportion measured as of June 30, 2019.

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 Inver Grove Heights, Minnesota

Notes to the Financial Statements
December 31, 2020

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

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 \$655,397 for its proportionate share of the Police and Fire Plan's pension expense.

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 \$40,340 for the year ended December 31, 2020 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 233,136	\$ 326,837
Changes in Actuarial Assumptions	1,830,174	3,190,243
Net Difference Between Projected and Actual Earnings on Plan Investments	324,671	-
Changes in Proportion	1,079,705	-
Contributions Paid to PERA Subsequent to the Measurement Date	<u>461,496</u>	<u>-</u>
Total	<u>\$ 3,929,182</u>	<u>\$ 3,517,080</u>

The \$461,496 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (59,224)
2022	(996,798)
2023	425,460
2024	456,660
2025	124,508

E. Actuarial Assumptions

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

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants 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 General Employees Plan and 1.0 percent per year for 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 in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020. The recommended assumptions for that plan 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 and plan provisions occurred in 2020:

General Employees Fund

Changes in Actuarial Assumptions:

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

Changes in Plan Provisions

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

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	<u>2.0</u>	-
Total	<u><u>100.00 %</u></u>	

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 position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	<u>City Proportionate Share of NPL</u>		
	<u>1 Percent Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>1 Percent Increase (8.50%)</u>
General Employees Fund	\$ 11,588,017	\$ 7,230,521	\$ 3,635,937
Police and Fire Fund	11,091,941	5,565,048	992,512

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

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.

Note 5: Public Employees Defined Contribution Plan (Defined Contribution Plan)

Four council members 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. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City during the fiscal year 2020 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 1,390	\$ 1,390	5.00%	5.00%	5.00%

The City's contributions to the DCP for the years ended December 31, 2020, 2019 and 2018 were \$1,390, \$1,406 and \$1,800, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 6: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Inver Grove Heights Fire Department (the Department) are covered by a defined benefit plan administered by the Inver Grove Heights Firefighters Relief Association (the Association). As of December 31, 2019, the plan covered 54 active firefighters and 13 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as prescribed by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$222,652 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2019, which was recorded as a revenue. There were no required employer contributions calculated based on statutory provisions. In 2019 and 2020, the City made voluntary contributions of \$82,775 and \$85,075 to the plan, respectively.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

D. Pension Costs

At December 31, 2020, the City reported a net pension liability (asset) of \$(1,943,856) for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2019. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2019	\$ 3,983,282	\$ 5,405,475	\$ (1,422,193)
Changes for the Year			
Service cost	171,379	-	171,379
Interest on pension liability (asset)	205,260	-	205,260
Assumption Changes	-	-	-
Plan Changes	225,435	-	225,435
Contributions (employer)	-	82,775	(82,775)
Nonemployer contributions	-	213,866	(213,866)
Projected Investment Return	-	281,966	(281,966)
(Gain)/loss	-	554,080	(554,080)
Benefit payments	(845,318)	(845,318)	-
Administrative expenses	-	(8,950)	8,950
Total Net Changes	<u>(243,244)</u>	<u>278,419</u>	<u>(521,663)</u>
Ending Balance December 31, 2019	<u>\$ 3,740,038</u>	<u>\$ 5,683,894</u>	<u>\$ (1,943,856)</u>

For the year ended December 31, 2020, the City recognized negative pension expense of \$17,378.

At December 31, 2020, the City reported deferred outflows of resources and its contributions subsequent to the measurement date related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 293,111
Changes in Actuarial Assumptions	46,846	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	261,580
Contributions to Plan Subsequent to the Measurement Date	<u>222,652</u>	<u>-</u>
Total	<u>\$ 269,498</u>	<u>\$ 554,691</u>

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

Deferred outflows of resources totaling \$222,652 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

2021	\$ (136,498)
2022	(111,946)
2023	(7,863)
2024	(145,997)
2025	(35,181)
Thereafter	(70,360)

E. Actuarial Assumptions

The total pension asset at December 31, 2020 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement Eligibility at 100 Percent at Age 50	
Salary Increases	2.50% per year
Cost of Living Increases	0.00% per year
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	3.50%

The discount rate changed from 5.75% to 5.50% in 2020.

The long-term expected rate of return on pension plan investments was based on the plan's target investment allocation along with long-term expectations by asset class. When there is sufficient historical evidence of market outperformance, historical average returns may be considered.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	10.00 %	2.25 %
Fixed Income	32.00	3.40
Equities	57.00	7.10
Other	1.00	6.00
Total	100.00 %	

F. Discount Rate

The discount rate used to measure the total pension liability was 5.50 percent. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments by year were discounted using the expected asset return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate. The equivalent single rate is the discount rate.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

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

G. Pension Asset Sensitivity

The following presents the City's net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	City Proportionate Share of NPA		
	1 Percent Decrease (4.50%)	Current (5.50%)	1 Percent Increase (6.50%)
	Defined Benefit Plan	\$ (1,808,413)	\$ (1,943,856)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Inver Grove Heights Firefighters Relief Association, 8150 Barbara Ave, Inver Grove Heights, MN 55077.

Note 7: Postemployment Benefits Other Than Pensions

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage and is administered by HealthPartners, Inc. It is the City's policy for Council to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. The City does not issue a publicly available report.

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	6
Active Plan Members	153
	159

B. Funding Policy

Retirees receiving benefits contribute 100 percent of their premium costs. Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners, Inc. The required contributions are based on projected pay-as-you-go financing requirements. For the year ended December 31, 2020, the City's average contribution rate was .5 percent of covered-employee payroll. For fiscal year 2020, the City contributed \$59,890 to the plan. As of January 1, 2020, there were six retirees receiving health benefits from the City's health plan.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 7: Postemployment Benefits Other Than Pensions (Continued)

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$744,336 was measured as of January 1, 2020, and was determined by an actuarial valuation as of January 1, 2020.

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.90%
Expected Long-Term Investment Return	N/A
20-Year Municipal Bond Yield	2.90%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.50% in 2020 grading to 5% over 6 years and then to 4.00% over the next 48 years

The discount rate used to measure the total OPEB liability was 3.80 percent. Mortality rates were based on the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017.

The actuarial assumptions used in the January 1, 2020 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2019	\$ 669,716
Changes for the Year:	
Service cost	53,871
Interest	26,207
Differences between expected and actual experience	39,601
Changes in assumptions or other inputs	23,458
Benefit payments	(68,517)
Net Changes	74,620
Balances at December 31, 2020	\$ 744,336

Since the prior measurement date, the following assumptions changed:

- The health care trend rates, mortality tables, and salary increase rates were updated.
- The discount rate was changed from 3.80% to 2.90%.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 7: Postemployment Benefits other than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.90 percent) or 1-percentage-point higher (3.90 percent) than the current discount rate:

1 Percent Decrease (1.9%)	Current (2.9%)	1 Percent Increase (3.9%)
\$ 795,196	\$ 744,336	\$ 696,620

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

1 Percent Decrease (5.5% Decreasing to 4%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5%)	1 Percent Increase (7.5% Decreasing to 6%)
\$ 674,242	\$ 744,336	\$ 827,366

F. OPEB Expense and 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 \$85,696. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 20,525	\$ 15,861
Net Difference between Projected and Actual Earnings on Plan Investments	34,650	-
Contributions to OPEB Subsequent to the Measurement Date	59,890	-
Total	\$ 115,065	\$ 15,861

Deferred outflows of resources totaling \$59,890 related to pensions resulting from the City's contributions to OPEB subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:		
2021	\$	5,618
2022		5,618
2023		5,618
2024		5,618
2025		5,618
Thereafter		11,224

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 8: Operating Agreement

In June 2016, the City entered into a use agreement with Independent School District No. 199, to grant the District right and privilege to use the Aquatic and Fitness Center and National Guard Armory. The use agreement will commence on January 1, 2017 and terminate on December 31, 2026. Under the use agreement, the annual fee has been determined for the next year and for each calendar year, is payable in two equal installments on June 1 and December 31.

The net book value of the assets noted above being leased are as follows:

Asset		
Buildings		\$ 17,689,059
Less: Accumulated depreciation		<u>(17,689,059)</u>
 Total		 <u><u>\$ -</u></u>

Future annual usage rates are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	<u><u>\$ 275,000</u></u>

Note 9: Other Information

A. Risk Management

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

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible.

Property and casualty insurance is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portion of the insurance policies and for any exclusions from the insurance policies. These amounts are considered immaterial to the financial statements.

The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance.

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 risk management activities of the City are accounted for by the Risk Management fund, an internal service fund, which charges its costs to user departments. The fund is designed to build up a reserve which will provide the City the opportunity to assume a greater share of its insurance risks and thereby reducing the cost to purchase insurance.

City of Inver Grove Heights, Minnesota
Notes to the Financial Statements
December 31, 2020

Note 9: Other Information (Continued)

B. Contingencies

Tax Increment Financing Districts

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

C. Conduit Debt Obligations

From time to time, the City has issued industrial revenue bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payment received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2020, there was one series of Housing Revenue Bonds outstanding as follows:

Series	Amount Issued	Balance Outstanding 12/31/20
2005 Senior Housing Revenue Refunding Bonds	<u>\$ 32,290,000</u>	<u>\$ 21,035,000</u>

Note 10: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) and the risks to the international community as virus spreads globally. On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. In response to the pandemic, the State of Minnesota has issued stay-at-home orders and other measures aimed at slowing the spread of the coronavirus.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Due to the rapid development and fluidity of this situation, the City cannot determine the ultimate impact that the COVID-19 pandemic will have on its financial condition, liquidity, and future revenue collection, and therefore any prediction as to the ultimate impact on the City’s financial condition, liquidity, and future results of its revenue collections is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

City of Inver Grove Heights, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2020

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.1206 %	\$ 7,230,521	\$ 222,930	\$ 7,453,451	\$ 8,595,785	86.7 %	79.0 %
06/30/19	0.1139	6,297,276	195,825	6,493,101	8,063,116	80.5	80.2
06/30/18	0.1121	6,218,848	204,030	6,422,878	7,509,053	85.5	79.5
06/30/17	0.1086	6,932,952	87,187	7,020,139	6,960,481	100.9	75.9
06/30/16	0.1064	8,639,152	112,841	8,751,993	6,603,007	132.5	68.9
06/30/15	0.1083	5,612,668	-	5,612,668	6,363,706	88.2	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 680,633	\$ 680,633	\$ -	\$ 9,075,102	7.5 %
12/31/19	620,963	620,963	-	8,279,503	7.5
12/31/18	593,314	593,314	-	7,910,851	7.5
12/31/17	544,197	544,197	-	7,255,965	7.5
12/31/16	499,836	499,836	-	6,664,480	7.5
12/31/15	488,967	488,967	-	6,519,564	7.5

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

Changes in Plan Provisions

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

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

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

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

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

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2020

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

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/20	0.4222 %	\$ 5,565,048	\$ -	\$ 5,565,048	\$ 4,762,639	116.8 %	87.2 %
06/30/19	0.3806	4,051,871	-	4,051,871	4,012,373	101.0	89.3
06/30/18	0.3461	3,689,070	-	3,689,070	3,647,742	101.1	88.8
06/30/17	0.3420	4,617,407	-	4,617,407	3,506,580	131.7	85.4
06/30/16	0.3320	13,323,738	-	13,323,738	3,201,037	416.2	63.9
06/30/15	0.3310	3,760,965	-	3,760,965	3,030,956	124.1	86.6

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

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

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/20	\$ 892,474	\$ 892,474	\$ -	\$ 5,042,229	17.7 %
12/31/19	745,061	745,061	-	4,395,638	17.0
12/31/18	618,063	618,063	-	3,815,205	16.2
12/31/17	581,071	581,071	-	3,586,858	16.2
12/31/16	540,976	540,976	-	3,339,358	16.2
12/31/15	499,560	499,560	-	3,083,704	16.2

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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

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

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

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

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

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

Changes in Plan Provisions

2020 - No changes noted

2019 - No changes noted

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

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

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

City of Inver Grove Heights, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2020

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

	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability						
Service cost	\$ 171,379	\$ 197,738	\$ 192,915	\$ 147,752	\$ 152,797	\$ 149,070
Interest on pension liability (asset)	205,260	232,865	224,791	173,689	151,603	149,666
Changes of assumptions	-	32,691	-	33,665	-	-
Plan changes	225,435	81,241	-	879,054	-	-
Loss	-	(290,848)	-	(105,129)	-	-
Benefit payments	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Net Change in Total Pension Liability	<u>(243,244)</u>	<u>8,687</u>	<u>98,492</u>	<u>1,129,031</u>	<u>136,326</u>	<u>243,063</u>
Total Pension Liability - January 1	<u>3,983,282</u>	<u>3,974,595</u>	<u>3,876,103</u>	<u>2,747,072</u>	<u>2,610,746</u>	<u>2,367,683</u>
Total Pension Liability - December 31 (a)	<u>\$ 3,740,038</u>	<u>\$ 3,983,282</u>	<u>\$ 3,974,595</u>	<u>\$ 3,876,103</u>	<u>\$ 2,747,072</u>	<u>\$ 2,610,746</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 82,775	\$ 80,475	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Nonemployer contributions	213,866	205,308	198,234	195,016	192,612	180,645
Projected investment return	281,966	330,578	286,264	271,808	277,385	221,943
Gain (loss)	554,080	(690,670)	520,427	122,761	(497,477)	-
Benefit payments	(845,318)	(245,000)	(319,214)	-	(168,074)	(55,673)
Administrative expenses	(8,950)	(8,008)	(8,822)	(7,600)	(7,700)	(6,752)
Net Change in Plan Fiduciary Net Position	<u>278,419</u>	<u>(327,317)</u>	<u>701,889</u>	<u>606,985</u>	<u>(178,254)</u>	<u>365,163</u>
Plan Fiduciary Net Position - January 1	<u>5,405,475</u>	<u>5,732,792</u>	<u>5,030,903</u>	<u>4,423,918</u>	<u>4,602,172</u>	<u>4,237,009</u>
Plan Fiduciary Net Position - December 31 (b)	<u>\$ 5,683,894</u>	<u>\$ 5,405,475</u>	<u>\$ 5,732,792</u>	<u>\$ 5,030,903</u>	<u>\$ 4,423,918</u>	<u>\$ 4,602,172</u>
Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)	<u>\$ (1,943,856)</u>	<u>\$ (1,422,193)</u>	<u>\$ (1,758,197)</u>	<u>\$ (1,154,800)</u>	<u>\$ (1,676,846)</u>	<u>\$ (1,991,426)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	151.97%	135.70%	144.24%	129.79%	161.04%	176.28%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2020

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2018 - The discount rate changed from 5.75% to 5.00%.

2016 - The discount rate changed from 6.00% to 5.75%.

2015 - The benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in Plan Provisions

2019 - A benefit level increase from \$8,100 to \$8,600 was reflected in the active liability

2018 - The benefit level changed from \$7,900 to \$8,100.

2016 - The benefit level changed from \$5,900 to \$7,900.

2015 - There were no changes in actuarial assumptions in 2015.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/20	\$ 222,652	\$ 222,652	\$ -
12/31/19	205,308	288,083	(82,775)
12/31/18	203,308	283,783	(80,475)
12/31/17	198,234	220,234	(22,000)
12/31/16	195,016	220,016	(25,000)
12/31/15	190,612	215,612	(25,000)
12/31/14	205,645	205,645	-

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

City of Inver Grove Heights, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2020

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 53,871	\$ 36,389	\$ 38,497
Interest	26,207	22,943	22,833
Differences between expected and actual experience	39,601	-	-
Changes in assumptions	23,458	(20,393)	-
Benefit payments	<u>(68,517)</u>	<u>(55,701)</u>	<u>(56,043)</u>
Net Change in Total OPEB Liability	74,620	(16,762)	5,287
Total OPEB Liability - Beginning January 1,	<u>669,716</u>	<u>686,478</u>	<u>681,191</u>
Total OPEB Liability - Ending December 31,	<u><u>\$ 744,336</u></u>	<u><u>\$ 669,716</u></u>	<u><u>\$ 686,478</u></u>
Covered Payroll	\$ 12,812,510	\$ 10,686,455	\$ 10,375,199
City's total OPEB liability as a percentage of covered payroll	5.81 %	6.27 %	6.62 %

Changes in Assumptions:

In 2020, the following assumptions changes:

The health care trend rates, mortality tables, and salary increase rates were updated.

The discount rate was changed from 3.80% to 2.90%

In 2019, the following assumptions changes:

The discount rate was changed from 3.30% to 3.80%

In 2018, the following assumptions changes:

The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2014 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel) to the RP-2014 White Collar Mortality Tables (de-trended to 2006) and then projected beyond the valuation date using scale MP-2017 (Blue Collar Tables for Police and Fire Personnel).

The subsidized benefits for the officers injured in the line of duty are assumed to end after five years for the two individuals under age 40 as of the valuation date and at age 65 for the one individual over age 55 as of the valuation date.

The withdrawal and retirement tables for all employees were updated.

The discount rate was changed from 4.00% to 3.30%

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

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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NONMAJOR GOVERNMENTAL FUNDS

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2020

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and temporary investments	\$ 3,675,250	\$ 12,178,627	\$ 15,853,877
Receivables			
Accrued interest	12,653	50,160	62,813
Taxes	7,834	5,664	13,498
Accounts	273,000	499,308	772,308
Special assessments	-	275,599	275,599
Due from other governments	1,205	-	1,205
Prepaid items	1,090	-	1,090
Land held for resale	1,138,500	-	1,138,500
	<u>1,138,500</u>	<u>-</u>	<u>1,138,500</u>
 Total Assets	 <u>\$ 5,109,532</u>	 <u>\$ 13,009,358</u>	 <u>\$ 18,118,890</u>
Liabilities			
Accounts and contracts payable	\$ 4,711	\$ 74,559	\$ 79,270
Accrued salaries payable	3,845	1,156	5,001
Due to other governments	1,308	5,048	6,356
Due to other funds	1,000,000	-	1,000,000
Deposits payable	18,615	-	18,615
Unearned revenue	1,024	-	1,024
Total Liabilities	<u>1,029,503</u>	<u>80,763</u>	<u>1,110,266</u>
Deferred Inflows of Resources			
Unavailable revenues - delinquent taxes	-	5,657	5,657
Unavailable revenues - special assessments	-	275,599	275,599
Total Deferred Inflows of Resources	<u>-</u>	<u>281,256</u>	<u>281,256</u>
Fund Balances			
Nonspendable	1,090	-	1,090
Restricted	-	5,124,719	5,124,719
Committed	4,078,939	-	4,078,939
Assigned	-	7,522,620	7,522,620
Total Fund Balances	<u>4,080,029</u>	<u>12,647,339</u>	<u>16,727,368</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 5,109,532</u>	 <u>\$ 13,009,358</u>	 <u>\$ 18,118,890</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 1,148,508	\$ 22	\$ 1,148,530
Intergovernmental	2,688,558	-	2,688,558
Charges for services	123,546	1,402,924	1,526,470
Special assessments	-	57,760	57,760
Investment earnings	99,405	368,628	468,033
Miscellaneous	1,694	179,663	181,357
Total Revenues	<u>4,061,711</u>	<u>2,008,997</u>	<u>6,070,708</u>
Expenditures			
Current			
Public works	-	441,529	441,529
Culture and recreation	505,434	37,301	542,735
Community development	547,882	13,779	561,661
Capital outlay			
Public works	-	7,581	7,581
Culture and recreation	-	613,834	613,834
Community development	-	1,201	1,201
Total Expenditures	<u>1,053,316</u>	<u>1,115,225</u>	<u>2,168,541</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,008,395</u>	<u>893,772</u>	<u>3,902,167</u>
Other Financing Sources (Uses)			
Transfers in	404,843	379,337	784,180
Transfers out	<u>(2,181,538)</u>	<u>(828,863)</u>	<u>(3,010,401)</u>
Total Other Financing Sources (Uses)	<u>(1,776,695)</u>	<u>(449,526)</u>	<u>(2,226,221)</u>
Net Change in Fund Balances	1,231,700	444,246	1,675,946
Fund Balances, January 1	<u>2,848,329</u>	<u>12,203,093</u>	<u>15,051,422</u>
Fund Balances, December 31	<u>\$ 4,080,029</u>	<u>\$ 12,647,339</u>	<u>\$ 16,727,368</u>

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NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Convention and Visitors Bureau was created by a resolution of the City Council to account for the local lodging tax revenues collected per Ordinance No. 1015, which was adopted by the City Council on October 8, 2001, under the authority of Minnesota statutes, section 469.190.

Recreation accounts for recreation activities of the City.

Franchise Fee accounts for the collection of gas and electric franchise fees to support pavement management.

Economic Development Authority accounts for the activities of the Economic Development Authority.

CARES Federal Grant accounts for the receipts and community development activity related to the CARES Grant.

City of Inver Grove Heights, Minnesota
 Nonmajor Special Revenue Funds
 Subcombining Balance Sheet
 December 31, 2020

	Convention and Visitors Bureau	Recreation	Franchise Fees	Economic Development Authority	CARES Federal Grant	Total
Assets						
Cash and temporary investments	\$ 92,634	\$ 389,396	\$ 2,973,575	\$ 219,645	\$ -	\$ 3,675,250
Receivables						
Accrued interest	429	1,433	10,193	598	-	12,653
Taxes	7,834	-	-	-	-	7,834
Accounts	-	4,215	268,785	-	-	273,000
Due from other governments	-	1,205	-	-	-	1,205
Prepaid items	650	-	-	440	-	1,090
Land held for resale	-	-	-	1,138,500	-	1,138,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 101,547</u>	<u>\$ 396,249</u>	<u>\$ 3,252,553</u>	<u>\$ 1,359,183</u>	<u>\$ -</u>	<u>\$ 5,109,532</u>
Liabilities						
Accounts and contracts payable	\$ -	\$ 2,837	\$ -	\$ 1,874	\$ -	\$ 4,711
Accrued salaries payable	-	3,598	-	247	-	3,845
Due to other governments	-	1,308	-	-	-	1,308
Due to other funds	-	-	-	1,000,000	-	1,000,000
Deposits payable	-	18,615	-	-	-	18,615
Unearned revenue	-	1,024	-	-	-	1,024
Total Liabilities	<u> </u>	<u>27,382</u>	<u> </u>	<u>1,002,121</u>	<u> </u>	<u>1,029,503</u>
Fund Balances						
Nonspendable	650	-	-	440	-	1,090
Committed	100,897	368,867	3,252,553	356,622	-	4,078,939
Total Fund Balances	<u>101,547</u>	<u>368,867</u>	<u>3,252,553</u>	<u>357,062</u>	<u> </u>	<u>4,080,029</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 101,547</u>	<u>\$ 396,249</u>	<u>\$ 3,252,553</u>	<u>\$ 1,359,183</u>	<u>\$ -</u>	<u>\$ 5,109,532</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Special Revenue Funds
 Subcombining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	Convention and Visitors Bureau	Recreation	Franchise Fee	Economic Development Authority	CARES Federal Grant	Total
Revenues						
Taxes						
Franchise	\$ -	\$ -	\$ 1,071,151	\$ -	\$ -	\$ 1,071,151
Lodging	77,357	-	-	-	-	77,357
Intergovernmental	22,944	-	-	-	2,665,614	2,688,558
Charges for services	-	123,546	-	-	-	123,546
Investment earnings	3,109	10,353	69,466	3,826	12,651	99,405
Miscellaneous	-	1,694	-	-	-	1,694
Total Revenues	<u>103,410</u>	<u>135,593</u>	<u>1,140,617</u>	<u>3,826</u>	<u>2,678,265</u>	<u>4,061,711</u>
Expenditures						
Current						
Culture and recreation	126,608	378,826	-	-	-	505,434
Community development	-	-	-	47,679	500,203	547,882
Total Expenditures	<u>126,608</u>	<u>378,826</u>	<u>-</u>	<u>47,679</u>	<u>500,203</u>	<u>1,053,316</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,198)</u>	<u>(243,233)</u>	<u>1,140,617</u>	<u>(43,853)</u>	<u>2,178,062</u>	<u>3,008,395</u>
Other Financing Sources (Uses)						
Transfers in	11,878	309,765	-	83,200	-	404,843
Transfers out	(3,476)	-	-	-	(2,178,062)	(2,181,538)
Total Other Financing Sources (Uses)	<u>8,402</u>	<u>309,765</u>	<u>-</u>	<u>83,200</u>	<u>(2,178,062)</u>	<u>(1,776,695)</u>
Net Change in Fund Balances	(14,796)	66,532	1,140,617	39,347	-	1,231,700
Fund Balances, January 1	<u>116,343</u>	<u>302,335</u>	<u>2,111,936</u>	<u>317,715</u>	<u>-</u>	<u>2,848,329</u>
Fund Balances, December 31	<u>\$ 101,547</u>	<u>\$ 368,867</u>	<u>\$ 3,252,553</u>	<u>\$ 357,062</u>	<u>\$ -</u>	<u>\$ 4,080,029</u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Convention and Visitors Bureau Special Revenue Fund
For the Year Ended December 31, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Lodging taxes	\$ 149,000	\$ 149,000	\$ 77,357	\$ (71,643)
Intergovernmental	7,000	7,000	22,944	15,944
Investment earnings	-	-	3,109	3,109
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	<u>157,000</u>	<u>157,000</u>	<u>103,410</u>	<u>(53,590)</u>
Expenditures				
Current				
Culture and recreation	<u>158,200</u>	<u>158,200</u>	<u>126,608</u>	<u>31,592</u>
Deficiency of Revenues Under Expenditures	<u>(1,200)</u>	<u>(1,200)</u>	<u>(23,198)</u>	<u>(21,998)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	11,878	11,878
Transfers out	<u>(7,400)</u>	<u>(7,400)</u>	<u>(3,476)</u>	<u>3,924</u>
Total Other Financing Sources (Uses)	<u>(7,400)</u>	<u>(7,400)</u>	<u>8,402</u>	<u>15,802</u>
Net Change in Fund Balances	(8,600)	(8,600)	(14,796)	(6,196)
Fund Balances, January 1	<u>116,343</u>	<u>116,343</u>	<u>116,343</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 107,743</u></u>	<u><u>\$ 107,743</u></u>	<u><u>\$ 101,547</u></u>	<u><u>\$ (6,196)</u></u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Recreation Special Revenue Fund
For the Year Ended December 31, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 218,400	\$ 218,400	\$ 123,546	\$ (94,854)
Investment earnings	4,400	4,400	10,353	5,953
Miscellaneous	22,200	22,200	1,694	(20,506)
Total Revenues	<u>245,000</u>	<u>245,000</u>	<u>135,593</u>	<u>(109,407)</u>
Expenditures				
Current				
Culture and recreation	<u>514,600</u>	<u>514,600</u>	<u>378,826</u>	<u>135,774</u>
Deficiency of Revenues Under Expenditures	(269,600)	(269,600)	(243,233)	26,367
Other Financing Sources				
Transfers in	<u>309,600</u>	<u>309,600</u>	<u>309,765</u>	<u>165</u>
Net Change in Fund Balances	40,000	40,000	66,532	26,532
Fund Balances, January 1	<u>302,335</u>	<u>302,335</u>	<u>302,335</u>	<u>-</u>
Fund Balances, December 31	<u><u>\$ 342,335</u></u>	<u><u>\$ 342,335</u></u>	<u><u>\$ 368,867</u></u>	<u><u>\$ 26,532</u></u>

City of Inver Grove Heights, Minnesota
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Economic Development Authority Special Revenue Fund
For the Year Ended December 31, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
Investment earnings	-	-	3,826	3,826
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>3,826</u>	<u>(11,174)</u>
Expenditures				
Current				
Community development	<u>76,200</u>	<u>98,200</u>	<u>47,679</u>	<u>50,521</u>
Deficiency of Revenues				
Under Expenditures	(61,200)	(83,200)	(43,853)	39,347
Other Financing Sources				
Transfers in	<u>61,200</u>	<u>83,200</u>	<u>83,200</u>	<u>-</u>
Net Change in Fund Balances	-	-	39,347	39,347
Fund Balances, January 1	<u>317,715</u>	<u>317,715</u>	<u>317,715</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 317,715</u>	<u>\$ 317,715</u>	<u>\$ 357,062</u>	<u>\$ 39,347</u>

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Project funds account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by Proprietary funds).

Capital Facilities accounts for financial resources assigned for future City capital facilities.

Equipment Acquisition accounts for major equipment purchases.

Parks Acquisition and Development accounts for park dedication fees, related revenues and park and/or trail improvements.

State Aid Construction accounts for the use of municipal state aid allotments to finance projects not assessed such as street lights, sidewalks, and streets.

Capital Improvement Revolving accounts for preliminary construction costs incurred for projects not ordered.

Community Property accounts for financial resources assigned for future community property purchases and sales.

Storm Water Management accounts for storm water projects.

Tree Preservation accounts for financial resources assigned for tree preservation.

Parks Capital Replacement accounts for financial resources assigned for maintenance and replacement of parks facilities.

Americans with Disabilities Act accounts for financial resources assigned for building repairs and maintenance.

Community Projects accounts for financial resources assigned for future community projects.

Permanent Improvement Revolving accounts for improvement revenues and expenditures from replacement funds set aside for capital improvements.

Tax Increment Financing accounts for the use of tax increment in the City's tax increment districts.

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Balance Sheet
 December 31, 2020

	Capital Facilities	Equipment Acquisition	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	Community Property
Assets						
Cash and temporary investments	\$ 73,627	\$ 657,051	\$ 1,847,518	\$ 470,536	\$ 666,706	\$ 21,518
Receivables						
Accrued interest	296	2,579	9,367	2,724	2,540	78
Taxes	-	-	-	-	7	-
Accounts	-	-	116,850	-	-	-
Special assessments	-	-	-	-	262,636	-
Total Assets	<u>\$ 73,923</u>	<u>\$ 659,630</u>	<u>\$ 1,973,735</u>	<u>\$ 473,260</u>	<u>\$ 931,889</u>	<u>\$ 21,596</u>
Liabilities						
Accounts and contracts payable	\$ -	\$ -	\$ 60,878	\$ -	\$ -	\$ -
Accrued salaries and benefits payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>60,878</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenues - delinquent taxes	-	-	-	-	2	-
Unavailable revenues - special assessments	-	-	-	-	262,636	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,638</u>	<u>-</u>
Fund Balances						
Restricted	-	-	1,065,208	-	-	-
Assigned	73,923	659,630	847,649	473,260	669,251	21,596
Total Fund Balances	<u>73,923</u>	<u>659,630</u>	<u>1,912,857</u>	<u>473,260</u>	<u>669,251</u>	<u>21,596</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 73,923</u>	<u>\$ 659,630</u>	<u>\$ 1,973,735</u>	<u>\$ 473,260</u>	<u>\$ 931,889</u>	<u>\$ 21,596</u>

Storm Water Management	Tree Preservation	Parks Capital Replacement	Americans with Disabilities Act	Community Projects	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ 2,193,519	\$ 306,537	\$ 1,405,370	\$ 253,618	\$ 141,691	\$ 95,109	\$ 4,045,827	\$ 12,178,627
10,560	878	5,371	1,027	662	394	13,684	50,160
-	-	-	-	-	5	5,652	5,664
382,458	-	-	-	-	-	-	499,308
-	-	-	-	-	12,963	-	275,599
<u>\$ 2,586,537</u>	<u>\$ 307,415</u>	<u>\$ 1,410,741</u>	<u>\$ 254,645</u>	<u>\$ 142,353</u>	<u>\$ 108,471</u>	<u>\$ 4,065,163</u>	<u>\$ 13,009,358</u>
\$ 13,681	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,559
1,156	-	-	-	-	-	-	1,156
5,048	-	-	-	-	-	-	5,048
19,885	-	-	-	-	-	-	80,763
-	-	-	-	-	3	5,652	5,657
-	-	-	-	-	12,963	-	275,599
-	-	-	-	-	12,966	5,652	281,256
-	-	-	-	-	-	4,059,511	5,124,719
2,566,652	307,415	1,410,741	254,645	142,353	95,505	-	7,522,620
<u>2,566,652</u>	<u>307,415</u>	<u>1,410,741</u>	<u>254,645</u>	<u>142,353</u>	<u>95,505</u>	<u>4,059,511</u>	<u>12,647,339</u>
<u>\$ 2,586,537</u>	<u>\$ 307,415</u>	<u>\$ 1,410,741</u>	<u>\$ 254,645</u>	<u>\$ 142,353</u>	<u>\$ 108,471</u>	<u>\$ 4,065,163</u>	<u>\$ 13,009,358</u>

City of Inver Grove Heights, Minnesota
 Nonmajor Capital Projects Funds
 Subcombining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2020

	Capital Facilities	Equipment Acquisition	Parks Acquisition and Development	State Aid Construction	Capital Improvement Revolving	Community Property
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ -
Charges for services	-	-	313,520	-	-	-
Special assessments	-	-	-	-	44,572	-
Investment earnings	2,103	18,314	69,549	32,649	17,986	536
Miscellaneous	-	-	7,763	-	-	-
Total Revenues	<u>2,103</u>	<u>18,314</u>	<u>390,832</u>	<u>32,649</u>	<u>62,569</u>	<u>536</u>
Expenditures						
Current						
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay						
Public works	-	-	-	-	-	-
Culture and recreation	-	-	613,600	-	-	-
Community development	-	-	-	-	-	1,201
Total Expenditures	<u>-</u>	<u>-</u>	<u>613,600</u>	<u>-</u>	<u>-</u>	<u>1,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,103</u>	<u>18,314</u>	<u>(222,768)</u>	<u>32,649</u>	<u>62,569</u>	<u>(665)</u>
Other Financing Sources (Uses)						
Transfers in	-	15,300	-	-	87,373	-
Transfers out	-	-	-	-	(82,653)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,300</u>	<u>-</u>	<u>-</u>	<u>4,720</u>	<u>-</u>
Net Change in Fund Balances	2,103	33,614	(222,768)	32,649	67,289	(665)
Fund Balances, January 1	<u>71,820</u>	<u>626,016</u>	<u>2,135,625</u>	<u>440,611</u>	<u>601,962</u>	<u>22,261</u>
Fund Balances, December 31	<u>\$ 73,923</u>	<u>\$ 659,630</u>	<u>\$ 1,912,857</u>	<u>\$ 473,260</u>	<u>\$ 669,251</u>	<u>\$ 21,596</u>

Storm Water Management	Tree Preservation	Parks Capital Replacement	Americans with Disabilities Act	Community Projects	Permanent Improvement Revolving	Tax Increment Financing	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11	\$ -	\$ 22
1,089,404	-	-	-	-	-	-	1,402,924
-	-	-	-	-	13,188	-	57,760
74,514	5,978	38,411	7,144	4,751	2,706	93,987	368,628
-	171,900	-	-	-	-	-	179,663
<u>1,163,918</u>	<u>177,878</u>	<u>38,411</u>	<u>7,144</u>	<u>4,751</u>	<u>15,905</u>	<u>93,987</u>	<u>2,008,997</u>
418,826	-	-	-	22,703	-	-	441,529
-	-	37,301	-	-	-	-	37,301
-	-	-	-	-	-	13,779	13,779
-	-	-	7,581	-	-	-	7,581
-	-	234	-	-	-	-	613,834
-	-	-	-	-	-	-	1,201
<u>418,826</u>	<u>-</u>	<u>37,535</u>	<u>7,581</u>	<u>22,703</u>	<u>-</u>	<u>13,779</u>	<u>1,115,225</u>
745,092	177,878	876	(437)	(17,952)	15,905	80,208	893,772
26,664	-	250,000	-	-	-	-	379,337
<u>(582,735)</u>	<u>-</u>	<u>(163,475)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(828,863)</u>
<u>(556,071)</u>	<u>-</u>	<u>86,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,526)</u>
189,021	177,878	87,401	(437)	(17,952)	15,905	80,208	444,246
<u>2,377,631</u>	<u>129,537</u>	<u>1,323,340</u>	<u>255,082</u>	<u>160,305</u>	<u>79,600</u>	<u>3,979,303</u>	<u>12,203,093</u>
<u>\$ 2,566,652</u>	<u>\$ 307,415</u>	<u>\$ 1,410,741</u>	<u>\$ 254,645</u>	<u>\$ 142,353</u>	<u>\$ 95,505</u>	<u>\$ 4,059,511</u>	<u>\$ 12,647,339</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 21,893,800	\$ 21,893,800	\$ 21,925,100	\$ 31,300	\$ 20,701,144
Cable franchise fees	110,000	110,000	106,449	(3,551)	105,536
Total taxes	<u>22,003,800</u>	<u>22,003,800</u>	<u>22,031,549</u>	<u>27,749</u>	<u>20,806,680</u>
Licenses and permits					
Business	1,662,200	1,662,200	1,232,061	(430,139)	1,883,178
Nonbusiness	200	200	275	75	1,559
Total licenses and permits	<u>1,662,400</u>	<u>1,662,400</u>	<u>1,232,336</u>	<u>(430,064)</u>	<u>1,884,737</u>
Intergovernmental					
Federal					
Other	-	-	42,144	42,144	-
State					
Police and fire aid	557,000	557,000	640,817	83,817	638,168
PERA aid	20,200	20,200	-	(20,200)	20,190
Other	-	-	39,127	39,127	945
County	17,800	17,800	14,701	(3,099)	18,670
Local	101,100	101,100	96,099	(5,001)	104,817
Total intergovernmental	<u>696,100</u>	<u>696,100</u>	<u>832,888</u>	<u>136,788</u>	<u>782,790</u>
Charges for services					
General government	4,600	4,600	1,126	(3,474)	6,138
Public safety	8,700	8,700	40,021	31,321	22,775
Public works	398,400	398,400	452,671	54,271	372,784
Rentals	223,000	223,000	236,654	13,654	241,237
Community development	25,300	25,300	67,379	42,079	28,044
Total charges for services	<u>660,000</u>	<u>660,000</u>	<u>797,851</u>	<u>137,851</u>	<u>670,978</u>
Fines and forfeitures	<u>180,000</u>	<u>180,000</u>	<u>145,283</u>	<u>(34,717)</u>	<u>187,738</u>
Special assessments	<u>8,000</u>	<u>8,000</u>	<u>1,981</u>	<u>(6,019)</u>	<u>6,347</u>
Investment earnings	<u>147,400</u>	<u>147,400</u>	<u>345,702</u>	<u>198,302</u>	<u>192,324</u>
Miscellaneous					
Donations	-	-	35,558	35,558	11,661
Other	5,700	5,700	61,945	56,245	39,300
Total miscellaneous	<u>5,700</u>	<u>5,700</u>	<u>97,503</u>	<u>91,803</u>	<u>50,961</u>
Total Revenues	<u>25,363,400</u>	<u>25,363,400</u>	<u>25,485,093</u>	<u>121,693</u>	<u>24,582,555</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and City Council					
Personnel services	\$ 51,500	\$ 51,500	\$ 49,270	\$ 2,230	\$ 49,186
Supplies	300	300	322	(22)	23,186
Other services and charges	108,300	108,300	138,178	(29,878)	148,135
Total Mayor and City Council	<u>160,100</u>	<u>160,100</u>	<u>187,770</u>	<u>(27,670)</u>	<u>220,507</u>
City administration					
Personnel services	874,400	901,780	1,010,019	(108,239)	756,612
Supplies	14,600	14,600	16,372	(1,772)	77,286
Other services and charges	191,500	193,500	173,180	20,320	180,870
Total city administration	<u>1,080,500</u>	<u>1,109,880</u>	<u>1,199,571</u>	<u>(89,691)</u>	<u>1,014,768</u>
Elections					
Personnel services	115,800	151,800	140,835	10,965	2,001
Supplies	7,500	18,500	18,520	(20)	8,940
Other services and charges	15,200	16,200	21,197	(4,997)	-
Total elections	<u>138,500</u>	<u>186,500</u>	<u>180,552</u>	<u>5,948</u>	<u>10,941</u>
Financial administration					
Personnel services	777,400	828,400	855,693	(27,293)	670,396
Supplies	33,300	33,300	32,338	962	67,273
Other services and charges	113,100	123,100	108,552	14,548	156,426
Total financial administration	<u>923,800</u>	<u>984,800</u>	<u>996,583</u>	<u>(11,783)</u>	<u>894,095</u>
Total general government	<u>2,302,900</u>	<u>2,441,280</u>	<u>2,564,476</u>	<u>(123,196)</u>	<u>2,140,311</u>
Public safety					
Police					
Personnel services	6,207,700	6,264,532	6,617,800	(353,268)	6,091,254
Supplies	124,300	153,222	164,063	(10,841)	538,595
Other services and charges	2,277,300	2,278,196	2,262,459	15,737	1,976,209
Total police	<u>8,609,300</u>	<u>8,695,950</u>	<u>9,044,322</u>	<u>(348,372)</u>	<u>8,606,058</u>
Fire					
Personnel services	2,041,100	2,081,100	2,168,041	(86,941)	1,924,004
Supplies	104,700	212,700	265,432	(52,732)	218,990
Other services and charges	1,083,100	1,150,100	1,093,369	56,731	1,062,240
Total fire	<u>3,228,900</u>	<u>3,443,900</u>	<u>3,526,842</u>	<u>(82,942)</u>	<u>3,205,234</u>
Total public safety	<u>11,838,200</u>	<u>12,139,850</u>	<u>12,571,164</u>	<u>(431,314)</u>	<u>11,811,292</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Public works					
Streets and highways					
Personnel services	\$ 216,400	\$ 216,400	\$ 216,856	\$ (456)	\$ 215,729
Supplies	3,700	3,700	3,414	286	13,400
Other services and charges	58,700	58,700	36,923	21,777	42,292
Total streets and highways	<u>278,800</u>	<u>278,800</u>	<u>257,193</u>	<u>21,607</u>	<u>271,421</u>
Engineering					
Personnel services	924,400	924,400	969,506	(45,106)	944,765
Supplies	22,500	22,500	17,836	4,664	101,768
Other services and charges	133,600	133,600	121,638	11,962	143,103
Total engineering	<u>1,080,500</u>	<u>1,080,500</u>	<u>1,108,980</u>	<u>(28,480)</u>	<u>1,189,636</u>
Street maintenance					
Personnel services	1,022,000	1,022,000	1,033,605	(11,605)	1,053,701
Supplies	505,900	505,900	482,401	23,499	458,843
Other services and charges	1,259,700	1,259,700	1,178,407	81,293	1,383,209
Total street maintenance	<u>2,787,600</u>	<u>2,787,600</u>	<u>2,694,413</u>	<u>93,187</u>	<u>2,895,753</u>
Street lighting					
Other services and charges	<u>175,200</u>	<u>175,200</u>	<u>157,956</u>	<u>17,244</u>	<u>148,296</u>
Total public works	<u>4,322,100</u>	<u>4,322,100</u>	<u>4,218,542</u>	<u>103,558</u>	<u>4,505,106</u>
Culture and recreation					
Parks and recreation					
Personnel services	1,144,500	1,144,500	1,089,737	54,763	1,060,790
Supplies	192,900	192,900	163,622	29,278	226,141
Other services and charges	795,100	804,100	779,921	24,179	791,104
Total culture and recreation	<u>2,132,500</u>	<u>2,141,500</u>	<u>2,033,280</u>	<u>108,220</u>	<u>2,078,035</u>
Community development					
Community development					
Personnel services	368,600	368,600	396,948	(28,348)	231,400
Supplies	3,100	3,100	2,950	150	52,164
Other services and charges	30,100	30,100	33,935	(3,835)	22,604
Total community development	<u>401,800</u>	<u>401,800</u>	<u>433,833</u>	<u>(32,033)</u>	<u>306,168</u>

City of Inver Grove Heights, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020			Variance with Final Budget	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Community development (continued)					
Planning					
Personnel services	\$ 369,400	\$ 369,400	\$ 396,074	\$ (26,674)	\$ 341,295
Supplies	8,100	8,100	5,162	2,938	18,271
Other services and charges	85,900	63,900	67,668	(3,768)	99,627
Total planning	<u>463,400</u>	<u>441,400</u>	<u>468,904</u>	<u>(27,504)</u>	<u>459,193</u>
Inspections					
Personnel services	1,267,900	1,292,900	1,255,385	37,515	656,975
Supplies	160,500	171,900	171,814	86	62,537
Other services and charges	666,000	681,000	568,043	112,957	116,334
Total inspections	<u>2,094,400</u>	<u>2,145,800</u>	<u>1,995,242</u>	<u>150,558</u>	<u>835,846</u>
Total community development	<u>2,959,600</u>	<u>2,989,000</u>	<u>2,897,979</u>	<u>91,021</u>	<u>1,601,207</u>
Total current	<u>23,555,300</u>	<u>24,033,730</u>	<u>24,285,441</u>	<u>(251,711)</u>	<u>22,135,951</u>
Capital outlay					
General government	-	-	642	(642)	-
Public safety	-	-	-	-	1,384
Public works	-	-	-	-	181
Total capital outlay	<u>-</u>	<u>-</u>	<u>642</u>	<u>(642)</u>	<u>1,565</u>
Total Expenditures	<u>23,555,300</u>	<u>24,033,730</u>	<u>24,286,083</u>	<u>(252,353)</u>	<u>22,137,516</u>
Excess of Revenues Over Expenditures	<u>1,808,100</u>	<u>1,329,670</u>	<u>1,199,010</u>	<u>(130,660)</u>	<u>2,445,039</u>
Other Financing Sources (Uses)					
Transfers in	578,000	578,000	2,634,861	2,056,861	520,551
Transfers out	<u>(2,386,100)</u>	<u>(2,408,100)</u>	<u>(2,410,096)</u>	<u>(1,996)</u>	<u>(2,007,857)</u>
Total Other Financing Sources (Uses)	<u>(1,808,100)</u>	<u>(1,830,100)</u>	<u>224,765</u>	<u>2,054,865</u>	<u>(1,487,306)</u>
Net Change in Fund Balances	-	(500,430)	1,423,775	1,924,205	957,733
Fund Balances, January 1	<u>11,490,873</u>	<u>11,490,873</u>	<u>11,490,873</u>	<u>-</u>	<u>10,533,140</u>
Fund Balances, December 31	<u>\$ 11,490,873</u>	<u>\$ 10,990,443</u>	<u>\$ 12,914,648</u>	<u>\$ 1,924,205</u>	<u>\$ 11,490,873</u>

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INTERNAL SERVICE FUNDS

Internal Service funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred, if objectively measurable.

Compensated Absences was established to account for payment of unused vacation, sick, personal leave, severance and also the allocation of such costs to respective departments.

Risk Management was established to account for all City insurance programs related to the ongoing operations with the exception of employee benefit coverage.

Central Equipment was established to account for the cost of operating a maintenance facility and providing vehicles and equipment used by City departments and funds. The exception is the Golf Course fund which maintains its own equipment and vehicles.

Central Stores was established to account for the centralized purchase of consumable office supplies used by departments of the City.

City Facilities was established to account for the cost of maintaining City Hall. User departments are charged a rental fee based upon square footage.

Technology was established to account for the maintenance of all computer systems of the City.

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Net Position
December 31, 2020

	<u>Compensated Absences</u>	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Central Stores</u>
Assets				
Current Assets				
Cash and temporary investments	\$ 2,448,363	\$ 985,642	\$ 9,631,890	\$ 518,288
Receivables				
Accrued interest	8,669	3,542	37,824	2,037
Accounts	-	-	-	1,531
Due from other governments	-	-	-	-
Due from other funds	-	-	4,022,276	-
Inventories	-	-	72,848	-
Prepaid items	-	57,234	1,275	-
Total Current Assets	<u>2,457,032</u>	<u>1,046,418</u>	<u>13,766,113</u>	<u>521,856</u>
Noncurrent Assets				
Capital assets				
Land	-	-	209,122	-
Buildings and systems	-	-	1,708,857	-
Improvements other than buildings	-	-	240,717	-
Machinery and equipment	-	-	13,219,595	-
Less accumulated depreciation	-	-	(9,527,401)	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>-</u>	<u>-</u>	<u>5,850,890</u>	<u>-</u>
Total Assets	<u>2,457,032</u>	<u>1,046,418</u>	<u>19,617,003</u>	<u>521,856</u>
Deferred Outflows of Resources				
Deferred pension resources	<u>-</u>	<u>1,827</u>	<u>37,922</u>	<u>-</u>
Liabilities				
Current Liabilities				
Accounts and contracts payable	-	47,691	68,666	4,530
Accrued salaries payable	-	279	6,323	-
Due to other governments	-	5	-	-
Compensated absences payable - current	811,702	872	30,475	-
Total Current Liabilities	<u>811,702</u>	<u>48,847</u>	<u>105,464</u>	<u>4,530</u>
Noncurrent Liabilities				
Compensated absences payable	1,611,675	2,741	57,449	-
Pension liability	-	12,778	265,248	-
Total Noncurrent Liabilities	<u>1,611,675</u>	<u>15,519</u>	<u>322,697</u>	<u>-</u>
Total Liabilities	<u>2,423,377</u>	<u>64,366</u>	<u>428,161</u>	<u>4,530</u>
Deferred Inflows of Resources				
Deferred pension resources	<u>-</u>	<u>525</u>	<u>10,903</u>	<u>-</u>
Net Position				
Investment in capital assets	-	-	5,850,890	-
Unrestricted	33,655	983,354	13,364,971	517,326
Total Net Position	<u>\$ 33,655</u>	<u>\$ 983,354</u>	<u>\$ 19,215,861</u>	<u>\$ 517,326</u>

City Facilities	Technology	Total
\$ 498,204	\$ 966,983	\$ 15,049,370
1,941	4,197	58,210
-	-	1,531
1,494	-	1,494
-	-	4,022,276
-	-	72,848
-	-	58,509
<u>501,639</u>	<u>971,180</u>	<u>19,264,238</u>
-	-	209,122
15,700,645	-	17,409,502
-	-	240,717
138,334	999,202	14,357,131
<u>(3,158,365)</u>	<u>(881,530)</u>	<u>(13,567,296)</u>
<u>12,680,614</u>	<u>117,672</u>	<u>18,649,176</u>
<u>13,182,253</u>	<u>1,088,852</u>	<u>37,913,414</u>
<u>16,441</u>	<u>-</u>	<u>56,190</u>
16,916	2,150	139,953
2,664	-	9,266
-	-	5
8,194	22,061	873,304
<u>27,774</u>	<u>24,211</u>	<u>1,022,528</u>
25,612	68,722	1,766,199
114,998	-	393,024
<u>140,610</u>	<u>68,722</u>	<u>2,159,223</u>
<u>168,384</u>	<u>92,933</u>	<u>3,181,751</u>
<u>4,727</u>	<u>-</u>	<u>16,155</u>
12,680,614	117,672	18,649,176
<u>344,969</u>	<u>878,247</u>	<u>16,122,522</u>
<u>\$ 13,025,583</u>	<u>\$ 995,919</u>	<u>\$ 34,771,698</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Operating Revenues				
Charges for services	\$ 422,245	\$ 1,127,800	\$ 2,911,900	\$ 113,200
Operating Expenses				
Personnel services	448,312	25,384	440,951	-
Other current expenses	-	1,052,976	751,659	95,389
Depreciation	-	-	1,044,011	-
Total Operating Expenses	<u>448,312</u>	<u>1,078,360</u>	<u>2,236,621</u>	<u>95,389</u>
Operating Income (Loss)	<u>(26,067)</u>	<u>49,440</u>	<u>675,279</u>	<u>17,811</u>
Nonoperating Revenues				
Investment earnings	61,163	25,263	269,451	14,452
Miscellaneous revenues	-	7,071	43,405	3,128
Gain on sale of capital assets	-	-	10,860	-
Total Nonoperating Revenues	<u>61,163</u>	<u>32,334</u>	<u>323,716</u>	<u>17,580</u>
Income (Loss) Before Transfers and Contributions	35,096	81,774	998,995	35,391
Capital Contributions	-	-	12,245	-
Transfers In	-	13,614	3,296	1,423
Transfers Out	-	-	(329,912)	-
Change in Net Position	35,096	95,388	684,624	36,814
Net Position, January 1	<u>(1,441)</u>	<u>887,966</u>	<u>18,531,237</u>	<u>480,512</u>
Net Position, December 31	<u>\$ 33,655</u>	<u>\$ 983,354</u>	<u>\$ 19,215,861</u>	<u>\$ 517,326</u>

City Facilities	Technology	Total
\$ 769,275	\$ -	\$ 5,344,420
252,411	(238,888)	928,170
494,923	152,537	2,547,484
630,384	148,811	1,823,206
<u>1,377,718</u>	<u>62,460</u>	<u>5,298,860</u>
<u>(608,443)</u>	<u>(62,460)</u>	<u>45,560</u>
13,567	29,947	413,843
309	99	54,012
-	-	10,860
<u>13,876</u>	<u>30,046</u>	<u>478,715</u>
(594,567)	(32,414)	524,275
-	-	12,245
121,995	10,066	150,394
-	-	(329,912)
(472,572)	(22,348)	357,002
<u>13,498,155</u>	<u>1,018,267</u>	<u>34,414,696</u>
<u>\$ 13,025,583</u>	<u>\$ 995,919</u>	<u>\$ 34,771,698</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2020

	Compensated Absences	Risk Management	Central Equipment	Central Stores
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 422,245	\$ 1,127,800	\$ 2,911,900	\$ 111,669
Other operating receipts	-	7,037	42,692	3,128
Payments to suppliers	-	(910,767)	(765,103)	(99,091)
Payments to employees	(134,965)	(18,708)	(425,868)	-
Net Cash Provided (Used) by Operating Activities	<u>287,280</u>	<u>205,362</u>	<u>1,763,621</u>	<u>15,706</u>
Cash Flows from Noncapital Financing Activities				
Receipts on interfund balances	-	-	294,822	-
Transfers from other funds	-	13,614	3,296	1,423
Transfers to other funds	-	-	(329,912)	-
Net Cash Used by Noncapital Financing Activities	<u>-</u>	<u>13,614</u>	<u>(31,794)</u>	<u>1,423</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	-	(523,606)	-
Proceeds from sale of capital assets	-	-	10,860	-
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(512,746)</u>	<u>-</u>
Cash Flows from Investing Activities				
Investment receipts	<u>60,658</u>	<u>25,425</u>	<u>270,740</u>	<u>14,443</u>
Net Increase (Decrease) in Cash and Cash Equivalents				
	347,938	244,401	1,489,821	31,572
Cash and Cash Equivalents, January 1	<u>2,100,425</u>	<u>741,241</u>	<u>8,142,069</u>	<u>486,716</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,448,363</u>	<u>\$ 985,642</u>	<u>\$ 9,631,890</u>	<u>\$ 518,288</u>

City Facilities	Technology	Total
\$ 767,781	\$ -	\$ 5,341,395
-	100	52,957
(519,260)	(201,493)	(2,495,714)
<u>(182,674)</u>	<u>(24,404)</u>	<u>(786,619)</u>
65,847	(225,797)	2,112,019
-	-	294,822
121,995	10,066	150,394
-	-	<u>(329,912)</u>
<u>121,995</u>	<u>10,066</u>	<u>115,304</u>
(111,748)	-	(635,354)
-	-	<u>10,860</u>
<u>(111,748)</u>	<u>-</u>	<u>(624,494)</u>
13,279	30,147	414,692
89,373	(185,584)	2,017,521
<u>408,831</u>	<u>1,152,567</u>	<u>13,031,849</u>
<u>\$ 498,204</u>	<u>\$ 966,983</u>	<u>\$ 15,049,370</u>

City of Inver Grove Heights, Minnesota
Internal Service Funds
Statements of Cash Flows (Continued)
For the Year Ended December 31, 2020

	<u>Compensated Absences</u>	<u>Risk Management</u>	<u>Central Equipment</u>	<u>Central Stores</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (26,067)	\$ 49,440	\$ 675,279	\$ 17,811
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	-	-	1,044,011	-
Other income related to operations	-	7,071	43,405	3,128
(Increase) decrease in assets/deferred outflows of resources				
Accounts receivable	-	-	-	(1,531)
Due from other governments	-	-	-	-
Inventories	-	-	(16,086)	-
Prepaid items	-	95,702	(1,275)	-
Deferred pension resources	-	(1,174)	(12,950)	-
Increase (decrease) in liabilities/deferred inflows of resources				
Accounts and contracts payable	-	46,502	4,704	(3,702)
Accrued salaries payable	-	(137)	(12,684)	-
Due to other governments	-	5	(787)	-
Compensated absences payable	313,347	1,157	12,830	-
Net pension liability	-	7,260	54,108	-
Deferred pension resources	-	(464)	(26,934)	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 287,280</u>	<u>\$ 205,362</u>	<u>\$ 1,763,621</u>	<u>\$ 15,706</u>
Schedule of Noncash Capital and Related Financing Activities				
Capital assets contributed from developers	\$ -	\$ -	\$ 12,245	\$ -

City Facilities	Technology	Totals
\$ (608,443)	\$ (62,460)	\$ 45,560
630,384	148,811	1,823,206
309	99	54,012
-	-	(1,531)
(1,494)	-	(1,494)
-	-	(16,086)
-	-	94,427
(11,353)	30,316	4,839
(24,337)	(36,968)	(13,801)
(435)	(21,760)	(35,016)
-	(11,988)	(12,770)
12,223	30,413	369,970
71,976	(256,326)	(122,982)
<u>(2,983)</u>	<u>(45,934)</u>	<u>(76,315)</u>
<u>\$ 65,847</u>	<u>\$ (225,797)</u>	<u>\$ 2,112,019</u>

\$ - \$ - \$ 12,245

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STATISTICAL SECTION (UNAUDITED)

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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STATISTICAL SECTION (UNAUDITED)

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

Contents	<u>Pages</u>
Financial Trends	147 - 156
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	159 - 165
These schedules contain information to help the reader assess the City's most significant local revenue source, property taxes.	
Debt Capacity	166 - 172
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	173 - 175
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	176 - 180
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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City of Inver Grove Heights, Minnesota
 Summary Financial Report
 Governmental Funds
 Revenues and Expenditures For General Operations
 For the Years Ended December 31, 2020 and 2019

	Total		Percent Increase (Decrease)
	2020	2019	
Revenues			
Taxes	\$ 26,106,752	\$ 26,375,433	(1.02) %
Licenses and permits	1,232,336	1,884,737	(34.61)
Intergovernmental	6,584,684	4,964,285	32.64
Charges for services	6,988,370	7,310,715	(4.41)
Fines and forfeits	145,283	187,738	(22.61)
Special assessments	1,424,389	1,354,147	5.19
Investment earnings	1,393,306	1,306,923	6.61
Miscellaneous	1,159,838	1,072,834	8.11
	<u>\$ 45,034,958</u>	<u>\$ 44,456,812</u>	1.30 %
Total Revenues	<u>\$ 45,034,958</u>	<u>\$ 44,456,812</u>	1.30 %
Per Capita	\$ 1,275	\$ 1,253	1.76 %
Expenditures			
Current			
General government	\$ 2,569,221	\$ 2,147,501	19.64 %
Public safety	12,571,164	11,897,247	5.66
Public works	5,388,120	5,501,354	(2.06)
Culture and recreation	5,123,142	6,006,067	(14.70)
Community development	3,644,949	1,657,141	119.95
Capital outlay			
General government	642	-	N/A
Public safety	342,469	7,930,343	(95.68)
Public works	5,663,534	6,432,444	(11.95)
Culture and recreation	1,615,008	3,400,085	(52.50)
Community development	1,201	619,779	(99.81)
Debt service			
Principal	2,135,000	2,385,000	(10.48)
Interest and other charges	1,069,906	1,234,714	(13.35)
Bond issuance costs	47,548	110,529	(56.98)
	<u>\$ 40,171,904</u>	<u>\$ 49,322,204</u>	(18.55) %
Total Expenditures	<u>\$ 40,171,904</u>	<u>\$ 49,322,204</u>	(18.55) %
Per Capita	\$ 1,137	\$ 1,390	(18.18) %
Total Long-term Indebtedness	\$ 31,678,560	\$ 33,864,154	(6.45) %
Per Capita	897	954	(6.03)
General Fund Balance - December 31	\$ 12,914,648	\$ 11,490,873	12.39 %
Per Capita	366	324	12.90

The purpose of this report is to provide a summary of financial information concerning the City of Inver Grove Heights to interested citizens. The complete financial statements may be examined at City Hall, 8150 Barbara Avenue, Inver Grove Heights, MN 55077-3412. Questions about this report should be directed to the Finance Department at (651) 450-2500.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	Restated 2012 (1)	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 72,950,086	\$ 83,551,495	\$ 85,313,175	\$ 88,745,756
Restricted	14,658,567	6,562,002	5,419,184	6,560,238
Unrestricted	<u>20,841,229</u>	<u>35,453,954</u>	<u>33,615,784</u>	<u>37,024,099</u>
Total Governmental Activities Net Position	<u>\$ 108,449,882</u>	<u>\$ 125,567,451</u>	<u>\$ 124,348,143</u>	<u>\$ 132,330,093</u>
Business-type Activities				
Net investment in capital assets	\$ 56,914,506	\$ 34,833,936	\$ 38,002,856	\$ 38,248,637
Restricted	452,053	-	-	-
Unrestricted	<u>9,876,848</u>	<u>18,909,882</u>	<u>21,168,180</u>	<u>20,875,925</u>
Total Business-type Activities Net Position	<u>\$ 67,243,407</u>	<u>\$ 53,743,818</u>	<u>\$ 59,171,036</u>	<u>\$ 59,124,562</u>
Total Primary Government				
Net investment in capital assets	\$ 129,864,592	\$ 118,385,431	\$ 123,316,031	\$ 126,994,393
Restricted	15,110,620	6,562,002	5,419,184	6,560,238
Unrestricted	<u>30,718,077</u>	<u>54,363,836</u>	<u>54,783,964</u>	<u>57,900,024</u>
Total Primary Government Net Position	<u>\$ 175,693,289</u>	<u>\$ 179,311,269</u>	<u>\$ 183,519,179</u>	<u>\$ 191,454,655</u>

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change. Years prior to 2012 have not been restated. The City implemented GASB Statement No. 68 and GASB Statement No. 67 in fiscal 2015. Years prior to 2015 have not been restated. The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 92,587,696	\$ 96,443,126	\$ 93,604,421	\$ 101,204,542	\$ 108,559,698	\$ 113,246,973
7,697,092	8,666,803	10,112,971	9,651,283	9,707,215	9,080,704
32,064,187	30,600,727	31,939,890	39,293,328	42,628,763	51,420,595
<u>\$ 132,348,975</u>	<u>\$ 135,710,656</u>	<u>\$ 135,657,282</u>	<u>\$ 150,149,153</u>	<u>\$ 160,895,676</u>	<u>\$ 173,748,272</u>
\$ 40,500,700	\$ 48,192,046	\$ 49,136,855	\$ 51,148,138	\$ 51,455,529	\$ 51,251,800
-	-	-	-	-	-
18,559,610	13,397,258	10,707,274	9,464,848	11,295,098	11,972,101
<u>\$ 59,060,310</u>	<u>\$ 61,589,304</u>	<u>\$ 59,844,129</u>	<u>\$ 60,612,986</u>	<u>\$ 62,750,627</u>	<u>\$ 63,223,901</u>
\$ 133,088,396	\$ 144,635,172	\$ 142,741,276	\$ 152,352,680	\$ 160,015,227	\$ 164,498,773
7,697,092	8,666,803	10,112,971	9,651,283	9,707,215	9,080,704
50,623,797	43,997,985	42,647,164	48,758,176	53,923,861	63,392,696
<u>\$ 191,409,285</u>	<u>\$ 197,299,960</u>	<u>\$ 195,501,411</u>	<u>\$ 210,762,139</u>	<u>\$ 223,646,303</u>	<u>\$ 236,972,173</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued on the Following Pages)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	Restated 2012 (1)	2013	2014
Expenses				
Governmental activities				
General government	\$ 1,873,647	\$ 1,835,043	\$ 1,789,711	\$ 1,764,065
Public safety	7,399,743	7,840,331	7,806,417	8,069,896
Public works	7,135,787	10,021,043	6,225,122	7,284,147
Culture and recreation	6,990,333	6,320,509	6,417,200	6,382,850
Community development	1,202,751	1,786,359	1,784,117	-
Interest on long-term debt	2,230,632	1,612,457	1,026,367	873,009
Total Governmental Activities Expenses	<u>26,832,893</u>	<u>29,415,742</u>	<u>25,048,934</u>	<u>24,373,967</u>
Business-type activities				
Water	2,393,558	2,967,411	2,550,172	2,722,584
Sewer	3,018,197	3,253,964	3,342,170	3,422,724
Golf course	2,014,668	1,926,395	1,653,246	1,537,243
Total Business-type Activities Expenses	<u>7,426,423</u>	<u>8,147,770</u>	<u>7,545,588</u>	<u>7,682,551</u>
Total Primary Government Expenses	<u>\$ 34,259,316</u>	<u>\$ 37,563,512</u>	<u>\$ 32,594,522</u>	<u>\$ 32,056,518</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 557,450	\$ 578,465	\$ 13,492	\$ 13,086
Public safety	456,068	540,587	612,664	625,566
Public works	2,810,312	3,176,747	3,159,957	3,257,758
Culture and recreation	2,677,946	2,864,888	2,683,173	2,966,749
Community development	667,667	720,775	1,082,712	1,144,089
Operating grants and contributions	876,505	938,347	952,499	1,170,083
Capital grants and contributions	5,382,914	5,320,013	2,971,574	6,587,288
Total Governmental Activities Program Revenues	<u>13,428,862</u>	<u>14,139,822</u>	<u>11,476,071</u>	<u>15,764,619</u>
Business-type activities				
Charges for services				
Water	2,879,883	3,304,846	3,054,386	2,818,851
Sewer	2,776,965	2,875,891	3,016,134	3,052,651
Golf course	1,405,244	2,819,818	1,402,594	1,414,141
Operating grants and contributions	-	-	1,961	1,418
Capital grants and contributions	28,889	92,036	1,188,808	1,177,104
Total Business-type Activities Program Revenues	<u>7,090,981</u>	<u>9,092,591</u>	<u>8,663,883</u>	<u>8,464,165</u>
Total Primary Government Program Revenues	<u>\$ 20,519,843</u>	<u>\$ 23,232,413</u>	<u>\$ 20,139,954</u>	<u>\$ 24,228,784</u>

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 1,655,475	\$ 2,996,056	\$ 2,481,001	\$ 2,395,582	\$ 3,017,849	\$ 2,969,823
8,109,514	10,727,458	12,087,235	10,236,391	11,486,291	12,994,292
6,816,075	8,887,750	7,690,391	7,056,944	8,989,180	8,983,184
6,576,337	6,768,580	7,919,434	7,139,360	7,497,438	6,135,155
1,792,921	1,599,270	2,540,933	2,124,968	2,322,377	3,693,217
771,350	926,142	1,007,774	1,091,471	1,452,062	1,003,536
<u>25,721,672</u>	<u>31,905,256</u>	<u>33,726,768</u>	<u>30,044,716</u>	<u>34,765,197</u>	<u>35,779,207</u>
2,381,673	2,562,739	2,705,498	3,003,465	2,779,567	2,887,882
3,628,484	3,571,160	4,265,285	4,123,098	3,959,592	4,148,917
1,581,313	1,486,481	3,901,573	1,932,241	1,796,957	2,127,755
<u>7,591,470</u>	<u>7,620,380</u>	<u>10,872,356</u>	<u>9,058,804</u>	<u>8,536,116</u>	<u>9,164,554</u>
<u>\$ 33,313,142</u>	<u>\$ 39,525,636</u>	<u>\$ 44,599,124</u>	<u>\$ 39,103,520</u>	<u>\$ 43,301,313</u>	<u>\$ 44,943,761</u>
\$ 11,190	\$ 19,706	\$ 21,386	\$ 12,049	\$ 49,005	\$ 83,437
629,828	628,342	689,060	635,233	769,972	605,334
3,552,354	3,346,781	3,038,693	3,469,315	3,971,781	5,152,781
3,184,781	3,570,598	2,922,124	3,210,032	3,314,495	1,861,459
702,948	1,019,012	1,202,410	1,401,683	1,754,000	1,142,921
1,012,882	986,082	1,219,181	2,567,895	3,254,500	5,486,950
3,860,088	5,079,885	2,125,371	7,803,984	4,182,202	4,864,126
<u>12,954,071</u>	<u>14,650,406</u>	<u>11,218,225</u>	<u>19,100,191</u>	<u>17,295,955</u>	<u>19,197,008</u>
2,899,782	2,878,095	3,051,811	3,132,068	3,031,231	3,212,973
3,088,659	3,281,356	3,460,592	3,693,679	3,753,168	3,847,337
1,634,226	1,306,162	1,467,194	1,879,599	1,755,886	2,145,792
12,587	12,345	8,283	10,087	6,667	5,223
1,463,961	2,175,951	1,392,096	1,717,863	2,106,572	1,365,247
<u>9,099,215</u>	<u>9,653,909</u>	<u>9,379,976</u>	<u>10,433,296</u>	<u>10,653,524</u>	<u>10,576,572</u>
<u>\$ 22,053,286</u>	<u>\$ 24,304,315</u>	<u>\$ 20,598,201</u>	<u>\$ 29,533,487</u>	<u>\$ 27,949,479</u>	<u>\$ 29,773,580</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2011	Restated 2012 (1)	2013	2014
Net Revenues (Expenses)				
Governmental activities	\$(13,404,031)	\$(15,275,920)	\$(13,572,863)	\$ (8,609,348)
Business-type activities	(335,442)	944,821	1,118,295	781,614
Total Primary Government Net Revenues (Expenses)	<u><u>\$(13,739,473)</u></u>	<u><u>\$(14,331,099)</u></u>	<u><u>\$(12,454,568)</u></u>	<u><u>\$ (7,827,734)</u></u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 15,043,355	\$ 14,943,650	\$ 14,607,605	\$ 15,070,818
Tax increments	1,969,395	1,922,302	1,861,618	1,931,061
Lodging taxes	77,882	79,790	88,151	105,877
Franchise taxes	88,755	90,442	90,442	90,442
Grants and contributions not restricted to specific programs	134,220	300,636	162,694	95,004
Other general revenues	159,354	-	-	-
Unrestricted investment earnings	1,165,824	375,830	(210,750)	575,796
Gain on sale of capital assets	210,741	1,561	17,780	12,855
Transfers	(8,923,244)	(1,388,301)	(4,263,985)	1,112,503
Total Governmental Activities	<u><u>9,926,282</u></u>	<u><u>16,325,910</u></u>	<u><u>12,353,555</u></u>	<u><u>18,994,356</u></u>
Business-type activities				
Unrestricted investment earnings	151,193	274,251	44,938	284,415
Transfers	8,923,244	1,388,301	4,263,985	(1,112,503)
Total Business-type Activities	<u><u>9,074,437</u></u>	<u><u>1,662,552</u></u>	<u><u>4,308,923</u></u>	<u><u>(828,088)</u></u>
Total Primary Government	<u><u>\$ 19,000,719</u></u>	<u><u>\$ 17,988,462</u></u>	<u><u>\$ 16,662,478</u></u>	<u><u>\$ 18,166,268</u></u>
Change in Net Position				
Governmental activities	\$ (3,477,749)	\$ 1,049,990	\$ (1,219,308)	\$ 10,385,008
Business-type activities	8,738,995	2,607,373	5,427,218	(46,474)
Total Primary Government	<u><u>\$ 5,261,246</u></u>	<u><u>\$ 3,657,363</u></u>	<u><u>\$ 4,207,910</u></u>	<u><u>\$ 10,338,534</u></u>

Note: The City implemented GASB Statement No. 63 and GASB Statement No. 65 in fiscal 2013. Net position information has been restated for 2012 for this accounting change. Years prior to 2012 have not been restated. The City implemented GASB Statement No. 68 and GASB Statement No. 67 in fiscal 2015. Years prior to 2015 have not been restated. The City implemented GASB Statement No. 75 in fiscal 2018. Years prior to 2018 have not been restated.

(1) The Water Revenue Bonds and Sewer Revenue Bonds debt service funds and the Water Connection, Sewer Connection, and Water System Improvements capital projects funds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year

2015	2016	2017	2018	2019	2020
\$(12,767,601)	\$(17,254,850)	\$(22,508,543)	\$(10,944,525)	\$(17,469,242)	\$(16,582,199)
1,507,745	2,033,529	(1,492,380)	1,374,492	2,117,408	1,412,018
<u>\$(11,259,856)</u>	<u>\$(15,221,321)</u>	<u>\$(24,000,923)</u>	<u>\$ (9,570,033)</u>	<u>\$(15,351,834)</u>	<u>\$(15,170,181)</u>
\$ 16,657,367	\$ 18,068,901	\$ 19,395,888	\$ 21,043,742	\$ 23,348,621	\$ 24,825,120
2,020,664	1,959,743	1,578,646	1,655,941	1,738,995	-
106,361	128,367	133,979	133,872	133,808	77,357
98,221	103,406	107,441	1,135,415	1,171,449	1,177,600
144,337	280,346	146,791	161,095	75,893	112,520
-	-	-	-	-	-
435,751	345,223	545,279	761,542	1,592,145	1,807,149
11,070	78,545	89,116	21,486	-	10,860
841,284	(348,000)	458,029	939,547	321,140	1,424,189
<u>20,315,055</u>	<u>20,616,531</u>	<u>22,455,169</u>	<u>25,852,640</u>	<u>28,382,051</u>	<u>29,434,795</u>
232,427	147,465	205,234	354,181	341,373	485,445
(841,284)	348,000	(458,029)	(939,547)	(321,140)	(1,424,189)
<u>(608,857)</u>	<u>495,465</u>	<u>(252,795)</u>	<u>(585,366)</u>	<u>20,233</u>	<u>(938,744)</u>
<u>\$ 19,706,198</u>	<u>\$ 21,111,996</u>	<u>\$ 22,202,374</u>	<u>\$ 25,267,274</u>	<u>\$ 28,402,284</u>	<u>\$ 28,496,051</u>
\$ 7,547,454	\$ 3,361,681	\$ (53,374)	\$ 14,908,115	\$ 10,912,809	\$ 12,852,596
898,888	2,528,994	(1,745,175)	789,126	2,137,641	473,274
<u>\$ 8,446,342</u>	<u>\$ 5,890,675</u>	<u>\$ (1,798,549)</u>	<u>\$ 15,697,241</u>	<u>\$ 13,050,450</u>	<u>\$ 13,325,870</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	Restated 2012 (1)	Restated 2013	2014
General Fund				
Nonspendable	\$ 24,021	\$ 9,159	\$ 4,399	\$ 57,292
Restricted	-	45,800	76,800	22,000
Unassigned	<u>6,326,550</u>	<u>7,232,157</u>	<u>8,029,014</u>	<u>9,111,824</u>
Total General Fund	<u>\$ 6,350,571</u>	<u>\$ 7,287,116</u>	<u>\$ 8,110,213</u>	<u>\$ 9,191,116</u>
All Other Governmental Funds				
Nonspendable	\$ 621	\$ 1,001,348	\$ 19,644	\$ 21,450
Restricted	6,874,221	4,234,679	3,088,157	4,137,256
Committed	596,070	630,787	1,038,100	1,023,281
Assigned	20,691,467	15,858,720	13,113,187	13,249,048
Unassigned	<u>(2,144,267)</u>	<u>(3,026,964)</u>	<u>(3,246,835)</u>	<u>(2,727,214)</u>
Total All Other Governmental Funds	<u>\$ 26,018,112</u>	<u>\$ 18,698,570</u>	<u>\$ 14,012,253</u>	<u>\$ 15,703,821</u>

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Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 3,667	\$ 15,799	\$ 141,195	\$ 12,679	\$ 177,753	\$ 28,365
-	-	-	-	-	16,118
9,922,952	9,600,129	10,038,550	10,520,461	11,313,120	12,870,165
<u>\$ 9,926,619</u>	<u>\$ 9,615,928</u>	<u>\$ 10,179,745</u>	<u>\$ 10,533,140</u>	<u>\$ 11,490,873</u>	<u>\$ 12,914,648</u>
\$ 7,203	\$ 2,887	\$ 17,761	\$ 105,287	\$ 15,236	\$ 1,485
10,128,899	18,332,804	20,275,918	16,286,001	10,642,272	8,785,571
955,348	720,397	738,817	1,790,562	2,836,946	4,078,939
14,066,297	13,408,861	17,069,166	22,069,612	21,371,523	24,710,670
(1,949,474)	(1,847,409)	(3,741,559)	(6,573,705)	(4,101,728)	(1,749,993)
<u>\$ 23,208,273</u>	<u>\$ 30,617,540</u>	<u>\$ 34,360,103</u>	<u>\$ 33,677,757</u>	<u>\$ 30,764,249</u>	<u>\$ 35,826,672</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2011	Restated 2012 (1)	2013	2014
Revenues				
Taxes	\$ 17,258,994	\$ 17,091,099	\$ 16,627,528	\$ 17,190,552
Licenses and permits	815,420	750,483	951,948	1,241,654
Intergovernmental	3,948,793	4,170,433	2,143,879	4,124,588
Charges for services	5,560,114	6,168,808	6,241,363	6,389,688
Fines and forfeitures	115,075	125,164	148,113	135,382
Special assessments	2,397,132	1,945,973	1,500,383	2,295,620
Donations	-	-	-	-
Investment earnings	991,558	213,053	(183,005)	359,937
Miscellaneous	847,598	1,383,500	261,540	234,831
Total Revenues	<u>31,934,684</u>	<u>31,848,513</u>	<u>27,691,749</u>	<u>31,972,252</u>
Expenditures				
Current				
General government	1,852,938	1,697,773	1,623,512	1,641,093
Public safety	7,304,412	7,644,656	7,750,149	7,959,499
Public works	6,081,929	5,995,442	4,168,764	4,466,294
Culture and recreation	5,346,020	4,932,946	4,926,142	5,174,615
Community development	1,212,442	1,298,078	1,612,680	1,499,946
Capital outlay	6,819,201	8,003,440	3,440,919	5,497,746
Debt service				
Principal	4,215,622	3,194,586	4,632,042	6,249,919
Interest and other charges	2,278,893	1,476,542	1,112,013	888,890
Bond issuance costs	-	-	-	83,755
Total Expenditures	<u>35,111,457</u>	<u>34,243,463</u>	<u>29,266,221</u>	<u>33,461,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,176,773)</u>	<u>(2,394,950)</u>	<u>(1,574,472)</u>	<u>(1,489,505)</u>
Other Financing Sources (Uses)				
Transfers in	12,099,659	11,122,977	9,003,530	7,171,496
Transfers out	(10,853,484)	(11,829,020)	(10,907,954)	(5,917,699)
Bond proceeds	-	-	-	-
Premium on bonds issued	58,634	13,500	-	118,912
Refunding bonds issued	4,505,000	395,000	-	4,650,000
Payment to refunded bond escrow agent	-	-	-	(1,761,033)
Principal paid on refunded bonds	(5,240,000)	-	(400,000)	-
Insurance recovery	-	-	15,676	300
Sale of capital assets	205,000	-	-	-
Total Other Financing Sources (Uses)	<u>774,809</u>	<u>(297,543)</u>	<u>(2,288,748)</u>	<u>4,261,976</u>
Net Change in Fund Balances	<u>\$ (2,401,964)</u>	<u>\$ (2,692,493)</u>	<u>\$ (3,863,220)</u>	<u>\$ 2,772,471</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>23.32%</u>	<u>16.27%</u>	<u>21.65%</u>	<u>24.25%</u>

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Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 18,951,875	\$ 20,287,670	\$ 21,228,180	\$ 24,029,756	\$ 26,375,433	\$ 26,106,752
844,006	1,133,121	1,355,686	1,515,601	1,884,737	1,232,336
1,111,405	2,686,298	1,828,149	8,443,585	4,964,285	6,584,684
6,857,352	7,073,953	6,044,318	6,635,041	7,310,715	6,988,370
120,029	119,855	173,365	185,181	187,738	145,283
1,759,195	1,536,041	1,649,876	1,235,379	1,354,147	1,424,389
-	-	-	88,317	-	-
257,824	231,466	391,228	565,567	1,306,923	1,393,306
455,909	771,714	1,050,756	776,392	1,072,834	1,159,838
<u>30,357,595</u>	<u>33,840,118</u>	<u>33,721,558</u>	<u>43,474,819</u>	<u>44,456,812</u>	<u>45,034,958</u>
1,667,440	1,868,611	1,870,026	2,147,041	2,147,501	2,569,221
8,342,569	9,332,846	9,837,271	10,753,947	11,897,247	12,571,164
4,580,122	4,504,655	4,848,977	4,668,439	5,501,354	5,388,120
5,284,502	5,268,205	5,696,321	6,058,369	6,006,067	5,123,142
1,612,736	1,696,528	2,008,043	1,915,702	1,657,141	3,644,949
4,939,260	8,747,031	6,000,301	18,103,407	18,382,651	7,622,854
3,688,280	2,851,870	2,575,000	11,015,000	2,385,000	2,135,000
675,558	787,537	882,784	1,134,477	1,234,714	1,069,906
131,221	140,713	85,505	124,608	110,529	47,548
<u>30,921,688</u>	<u>35,197,996</u>	<u>33,804,228</u>	<u>55,920,990</u>	<u>49,322,204</u>	<u>40,171,904</u>
<u>(564,093)</u>	<u>(1,357,878)</u>	<u>(82,670)</u>	<u>(12,446,171)</u>	<u>(4,865,392)</u>	<u>4,863,054</u>
5,633,063	7,596,433	5,668,147	9,224,763	9,746,464	9,313,089
(4,762,561)	(7,928,133)	(4,960,644)	(7,300,022)	(9,225,805)	(7,709,382)
7,745,000	-	3,505,000	9,785,000	2,500,000	-
188,546	273,154	128,904	407,479	55,244	19,437
-	8,515,000	-	-	-	1,640,000
-	-	-	-	-	-
-	-	-	-	-	(1,640,000)
-	-	-	-	-	-
-	-	47,643	-	-	-
<u>8,804,048</u>	<u>8,456,454</u>	<u>4,389,050</u>	<u>12,117,220</u>	<u>3,075,903</u>	<u>1,623,144</u>
<u>\$ 8,239,955</u>	<u>\$ 7,098,576</u>	<u>\$ 4,306,380</u>	<u>\$ (328,951)</u>	<u>\$ (1,789,489)</u>	<u>\$ 6,486,198</u>
<u>16.36%</u>	<u>12.30%</u>	<u>10.98%</u>	<u>31.32%</u>	<u>10.86%</u>	<u>9.28%</u>

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Tax Increments	Lodging Tax	Franchise Tax	Total
2011	\$ 15,122,962	\$ 1,969,395	\$ 77,882	\$ 88,755	\$ 17,258,994
2012	14,998,565	1,922,302	79,790	90,442	17,091,099
2013	14,587,317	1,861,618	85,530	93,063	16,627,528
2014	15,063,172	1,931,061	98,691	97,628	17,190,552
2015	16,726,629	2,020,664	106,361	98,221	18,951,875
2016	18,096,154	1,959,743	128,367	103,406	20,287,670
2017	19,408,114	1,578,646	133,979	107,441	21,228,180
2018	21,104,528	1,655,941	133,872	1,135,415 (1)	24,029,756
2019	23,331,181	1,738,995	133,808	1,171,449	26,375,433
2020	24,851,795	- (2)	77,357	1,177,600	26,106,752

(1) The City began the collection of gas and electric utility franchise fees in 2018.

(2) In 2020, tax increment revenue decreased due to the city no longer having any active tax increment financing districts.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended December 31, (1)	Tax Capacity				
	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value
	Residential Property	Commercial Property			
2011	\$ 26,997,619	\$ 9,019,537	\$ 642,312	\$ 3,833,236	\$ 32,826,232
2012	24,584,767	9,012,637	664,866	3,795,448	30,466,822
2013	22,793,327	9,065,568	706,136	3,788,856	28,776,175
2014	23,532,484	9,252,706	711,742	3,824,454	29,672,478
2015	25,635,739	9,263,633	726,252	3,914,916	31,710,708
2016	27,361,534	9,779,662	753,881	4,071,056	33,824,021
2017	28,111,605	9,722,415	787,939	4,126,152	34,495,807
2018	31,103,141	9,930,791	823,979	4,623,984	37,233,927
2019	33,620,344	10,011,283	802,338	4,660,532	39,773,433
2020	35,916,787	10,284,333	818,480	4,796,534	42,223,066

Source: Dakota County Assessor.

<https://www.co.dakota.mn.us/HomeProperty/Assessing/MarketValues/Documents/2020CitiesTownships.PDF>

(1) Represents the year the taxes are payable, not the year the taxes are levied.

<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
43.162	\$3,128,770,600	1.17 %
44.883	2,893,900,109	1.18
46.312	2,720,514,055	1.20
46.128	2,798,175,018	1.20
48.131	3,005,516,326	1.19
49.266	3,198,957,044	1.18
51.644	3,270,107,980	1.18
51.112	3,560,206,357	1.18
53.537	3,805,930,599	1.17
51.037	4,043,169,905	1.16

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	City of Inver Grove Heights		
	Operating Millage	Debt Service Millage	Total Direct Rate
2011	40.540 %	2.629 %	43.169 %
2012	40.974	3.909	44.883
2013	42.116	4.196	46.312
2014	41.849	4.279	46.128
2015	43.984	4.147	48.131
2016	43.621	5.645	49.266
2017	45.717	5.927	51.644
2018	46.379	4.733	51.112
2019	47.674	5.863	53.537
2020	45.151	5.886	51.037

Source: Dakota County Treasurer - Auditor.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Inver Grove Heights. Not all overlapping rates apply to all City of Inver Grove Heights property owners (i.e. the rates for School District #199 apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the school district.)

(2) Special districts include: Metropolitan Council, Mosquito Control, and Metropolitan Transit.

Overlapping Rates (1)

Dakota County	School District No. 199	School District No. 196	School District No. 197	Special Districts (2)	Total Direct & Overlapping Rates
29.149 %	24.679 %	26.959 %	19.692 %	4.644 %	148.292 %
31.426	28.363	28.440	21.857	5.021	159.990
33.421	27.556	27.956	24.429	5.341	165.015
31.827	33.418	27.606	23.863	4.993	167.835
29.633	34.864	23.271	24.063	4.567	164.529
28.570	30.272	24.317	22.170	4.614	159.209
28.004	28.572	23.336	22.295	4.458	158.309
26.580	26.680	21.352	21.224	3.878	150.826
25.386	26.537	20.613	24.246	3.824	154.143
24.133	22.896	19.860	22.125	3.631	143.682

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
Current and Nine Years Ago

Taxpayer	2020			2011		
	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity	Net Tax Capacity	Rank	Percent of Total Net Tax Capacity
Xcel Energy (Northern States Power)	\$ 1,990,390	1	4.48 %	\$ 1,581,644	1	4.31 %
Flint Hills	951,622	2	2.14	496,264	2	1.35
Southview Gables	910,970	3	2.05	-		-
Lake Cove Village Partnership	497,176	4	1.12	325,554	4	0.89
Salem Green Ltd. Partnership	473,102	5	1.06	244,927	8	0.67
PHM Inver Grove Inc	440,401	6	0.99	322,244	5	0.88
Brentwood Hills Ltd. Partnership	350,636	7	0.79	218,400	9	0.60
Pearlwood Estates LP	349,684	8	0.79	284,700	6	0.78
Chicago & NW Trans Co.	314,012	9	0.71	-		-
Vansouth Ltd. Partnership	285,186	10	0.64	284,700	6	0.78
ML Casa IV LP	-		-	396,501	3	1.08
Farmers Union Central Exchange (Cenex)	-		-	258,676	7	0.71
Individual	-		-	200,000	10	0.55
Total	\$ 6,563,179		14.77 %	\$ 4,613,610		12.60 %

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2011	\$ 15,632,796	\$ 14,836,938	94.91	\$ 133,075	\$ 14,970,013	95.76 %
2012	14,958,691	14,850,595	99.28	67,699	14,918,294	99.73
2013	14,551,809	14,486,760	99.55	65,049	14,551,809	100.00
2014	15,056,760	14,906,474	99.00	152,623	15,056,760	100.00
2015	16,468,844	16,369,815	99.40	100,288	16,468,844	100.00
2016	18,022,195	17,928,458	99.48	104,580	18,022,195	100.00
2017	19,197,825	19,056,388	99.26	150,544	19,197,825	100.00
2018	21,041,791	20,921,998	99.43	138,037	21,041,791	100.00
2019	23,310,688	23,282,030	99.88	81,723	23,282,030	99.88
2020	24,810,277	24,673,232	99.45	-	24,673,232	99.45

Source: Dakota County Treasurer - Auditor.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income		Per Capita
	General Obligation (G.O.) Bonds (1)	G.O. Tax Increment Bonds	G.O. Special Assessments Bonds	G.O. Revenue Bonds (1)	Capital Leases				
2011	\$ 30,800,655	\$ 9,924,586	\$ 13,655,000	\$ 1,235,000	\$ 157,875	\$55,773,116	4.77	%	\$ 1,651
2012	12,288,258	8,540,273	12,252,929	24,356,205	108,445	57,546,110	4.97		1,704
2013	10,171,859	6,105,000	10,456,544	21,040,004	83,245	47,856,652	4.02		1,400
2014	9,790,308	3,982,550	9,796,053	17,282,225	56,823	40,907,959	3.79		1,187
2015	17,363,296	2,836,275	7,567,731	20,408,629	29,120	48,205,051	3.94		1,389
2016	25,734,951	1,681,275	6,242,731	19,018,096	-	52,677,053	4.27		1,502
2017	25,073,158	1,131,275	8,452,731	23,197,427	-	57,854,591	4.45		1,642
2018	25,943,500	560,000	7,269,990	21,511,921	-	55,285,411	3.88		1,563
2019	27,673,288	-	6,190,866	14,786,830	-	48,650,984	3.27		1,371
2020	26,671,000	-	5,007,560	13,511,374	-	45,189,934	2.14		1,279

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

See the Schedule of Demographic and Economic Statistics for personal income and population data.

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Amounts Restricted for Debt Service	Net Bonded Debt	Percentage of Estimated Market Value of Taxable Property (1)	Per Capita (2)
2011	\$ 55,615,241	\$ 482,331	\$ 55,132,910	1.76 %	\$ 1,632
2012	57,437,665	5,055,559	52,382,106	1.81	1,551
2013	47,773,407	4,662,906	43,110,501	1.58	1,261
2014	40,851,136	6,000,117	34,851,019	1.25	1,011
2015	48,175,931	5,119,578	43,056,353	1.43	1,243
2016	52,677,053	4,657,944	48,019,109	1.50	1,363
2017	57,854,591	5,129,747	52,724,844	1.61	1,496
2018	55,285,411	4,201,334	51,084,077	1.43	1,444
2019	48,650,984	4,304,080	44,346,904	1.17	1,250
2020	45,189,934	3,934,215	41,255,719	1.02	1,168

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

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City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
School District # 199	\$ 48,425,000	93.8619 %	\$ 45,452,625
School District # 196	110,985,000	29.9445	33,233,903
School District # 197 (3)	131,710,000	0.6899	908,667
Metropolitan Council (2)	187,200,000	1.0531	1,971,403
Total Overlapping Debt	<u>478,320,000</u>		<u>81,566,598</u>
 City of Inver Grove Heights Direct Debt	 <u>31,678,560</u>	 100.0000	 <u>31,678,560</u>
Total Direct and Overlapping Debt	<u><u>\$ 509,998,560</u></u>		<u><u>\$ 113,245,158</u></u>

Source: Dakota County Treasurer/Auditor, Official Statement obtained on EMMA and Municipal Advisor's records

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

(1) Amounts do not include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

(2) Debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt.

(3) Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year			
	2011	2012 (1)	2013	2014
Debt Limit	\$ 93,976,981	\$ 86,930,669	\$ 81,615,422	\$ 83,945,251
Total Net Debt Applicable to Limit	<u>31,282,986</u>	<u>8,878,622</u>	<u>7,685,804</u>	<u>6,181,018</u>
Legal Debt Margin	<u>\$ 62,693,995</u>	<u>\$ 78,052,047</u>	<u>\$ 73,929,618</u>	<u>\$ 77,764,233</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	33.29%	10.21%	9.42%	7.36%

(1) The G.O. revenue bonds were reclassified from governmental activities to business-type activities in 2013. Activity prior to 2012 has not been restated for this change.

Fiscal Year

2015	2016	2017	2018	2019	2020
\$ 90,165,490	\$ 95,968,711	\$ 98,103,239	\$ 106,806,191	\$ 114,177,918	\$ 121,295,097
<u>14,077,236</u>	<u>13,229,040</u>	<u>14,530,123</u>	<u>23,056,521</u>	<u>24,751,521</u>	<u>23,883,401</u>
<u>\$ 76,088,254</u>	<u>\$ 82,739,671</u>	<u>\$ 83,573,116</u>	<u>\$ 83,749,670</u>	<u>\$ 89,426,397</u>	<u>\$ 97,411,696</u>
15.61%	13.78%	14.81%	21.59%	21.68%	19.69%

Legal Debt Margin Calculation for Fiscal Year 2020

Taxable Market Value	<u>\$4,043,169,905</u>
Debt Limit (3 Percent of Market Value)	<u>\$ 121,295,097</u>
Debt Applicable to Limit	
General obligation bonds	25,920,000
Less: amount available in debt service funds	<u>(2,036,599)</u>
Total Net Debt Applicable to Limit	<u>23,883,401</u>
 Legal Debt Margin	 <u>\$ 97,411,696</u>

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Pledged Revenue Coverage
Last Ten Fiscal Years

Water G.O. Revenue Bonds

Fiscal Year	Water Charges and other (2)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (5)	Interest	Total	
2013	\$ 3,054,386	\$ 1,461,176	\$ 1,593,210	\$ 685,000	\$ 331,270	\$ 1,016,270	156.77 %
2014	2,818,851	1,771,162	1,047,689	745,000	169,423	914,423	114.57
2015	2,899,782	1,449,803	1,449,979	805,000	91,050	896,050	161.82
2016	2,878,095	1,572,283	1,305,812	825,000	74,039	899,039	145.25
2017	3,051,811	1,702,566	1,349,245	845,000	57,324	902,324	149.53
2018	3,132,068	2,005,111	1,126,957	850,000	40,426	890,426	126.56
2019	3,031,231	1,807,741	1,223,490	369,999	27,701	397,700	307.64
2020	3,212,973	1,894,709	1,318,264	379,999	20,676	400,675	329.01

Sewer G.O. Revenue Bonds

Fiscal Year	Sewer Charges and other (3)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal (6)	Interest	Total	
2013	\$ 3,016,134	\$ 2,287,807	\$ 728,327	\$ 235,000	\$ 445,141	\$ 680,141	107.08 %
2014	3,052,651	2,299,419	753,232	465,000	434,060	899,060	83.78
2015	3,088,659	2,653,539	435,120	475,000	301,760	776,760	56.02
2016	3,281,356	2,455,570	825,786	525,000	472,244	997,244	82.81
2017	3,460,592	2,938,354	522,238	715,000	559,112	1,274,112	40.99
2018	3,693,679	2,779,890	913,789	790,000	609,351	1,399,351	65.30
2019	3,738,809	2,893,402	845,407	815,001	493,866	1,308,867	64.59
2020	3,847,337	3,003,492	843,845	850,001	372,449	1,222,450	69.03

Golf Course G.O. Revenue Bonds

Fiscal Year	Golf Course Charges and Others (4)	Less Operating Expense (1)	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 1,408,208	\$ 1,392,570	\$ 15,638	\$ 350,000	\$ 102,585	\$ 452,585	3.46 %
2011	1,435,930	1,579,430	(143,500)	370,000	88,585	458,585	(31.29)
2012	1,401,052	1,690,209	(289,157)	385,000	73,415	458,415	(63.08)
2013	1,560,687	1,566,754	(6,067)	1,235,000	57,053	1,292,053	(0.47)

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

(1) Excludes depreciation expense.

(2) There are no water fund debt service requirements before 2013.

(3) There are no sewer fund debt service requirements before 2013.

(4) There are no golf course debt service requirements after 2013.

(5) Excludes refunded principal paid through cash held with fiscal agent (\$2,380,000 in 2013, \$2,885,000 in 2014).

(6) Excludes refunded principal paid through escrow agent (\$4,780,000 in 2014).

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income (1)	Unemployment Rate
2011	33,774	\$1,159,022,358	\$ 34,317	6.2 %
2012	33,774	1,147,370,328	33,972	5.3
2013	34,189	1,162,562,756	34,004	4.7
2014	34,458	1,213,335,096	35,212	3.9
2015	34,627	1,219,285,924	35,212	3.5
2016	35,234	1,234,916,466	35,049	3.3
2017	35,236	1,300,419,816	36,906	3.3
2018	35,372	1,425,526,972	40,301	2.6
2019	35,481	1,488,569,874	41,954	3.0
2020	35,321	2,108,063,243	59,683	7.9

Data Sources

Metropolitan Council (www.metrocouncil.org)

[https://metrocouncil.org/Data-and-Maps/Publications-And-Resources/Files-and-reports/2019-Population-Estimates-\(FINAL,-July-2020\).aspx](https://metrocouncil.org/Data-and-Maps/Publications-And-Resources/Files-and-reports/2019-Population-Estimates-(FINAL,-July-2020).aspx)

Minnesota Dept of Employment and Economic Development (www.deed.state.mn.us)

U.S. Census Bureau (www.factfinder2.census.gov)

(1) Per Capita Personal Income uses the latest published numbers.

<https://mn.gov/deed/ed/compare/compare-minnesota/quality/personal-income.jsp>

(2) Per Capita Personal Income is for the State of Minnesota, not solely the City of Inver Grove Heights and uses the latest published data.

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City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Principal Employers
Current Year and Nine Years Ago

	2020			2011		
	Employees	Rank	Percent of City Employment (1)	Employees	Rank	Percent of City Employment (1)
Cenex / CHS Cooperatives	1,300	1	6.62	880	2	4.30
Independent School District 199	668	2	3.40	535	3	2.61
Gertens	435	3	2.22	475	5	2.32
Inver Hills Community College	432	4	2.20	350	7	1.71
City of Inver Grove Heights	411	5	2.09	387	6	1.89
Travel Tags	350	6	1.78	350	8	1.71
Total Construction	200	8	1.02	250	9	1.22
Wal-Mart	210	7	1.07	220	10	1.07
Cub Foods	160	9	0.82	-		-
Target	150	10	0.76	-		-
Koch Refinery (Flint Hills)				1,200	1	5.86
Evergreen Industries				500	4	2.44
Total	<u>4,316</u>		<u>21.98</u> %	<u>5,147</u>		<u>25.13</u> %

Source: Reference USA, written and telephone survey (October 2020), the Minnesota Department of Employment and Economic Development and City records for 2020.

(1) Represents total employment within the company, not just those working within the City.

City of Inver Grove Heights, Minnesota
Statistical Section (Unaudited)
Full-time Equivalent Employees by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016
General Government	27	27	29	29	28	34
Public Safety						
Police						
Officers	33	33	32	32	35	36
Civilians	6	5	5	5	6	6
Fire						
Firefighters and officers	1	2	2	2	3	3
Civilians	2	2	2	2	2	2
Public Works						
Engineering	8	8	6	6	6	6
Maintenance	15	15	15	15	15	16
Culture and Recreation	24	23	22	22	25	24
Water and Sewer	9	9	7	7	7	9
 Total	<u>125</u>	<u>124</u>	<u>120</u>	<u>120</u>	<u>127</u>	<u>136</u>

Source: City budgets and personnel records.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
30	32	38	39
39	39	40	41
5	7	5	6
4	4	7	7
1	1	1	1
6	7	8	8
16	13	12	12
28	27	30	32
<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>
<u><u>137</u></u>	<u><u>139</u></u>	<u><u>151</u></u>	<u><u>157</u></u>

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Operating Indicators by Function
 Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016
Police						
Physical arrests	383	327	346	353	418	377
Traffic violations	2,616	2,237	2,244	1,653	1,285	1,154
Fire						
Calls answered	1,170	1,243	1,159	1,249	1,193	1,324
Public Works						
Resurfacing (miles)	2.53	2.45	0.83	1.75	1.25	0.70
Culture and Recreation						
Athletic field permits issued	2,884	2,941	2,794	2,849	2,877	2,823
Community center admissions	198,940	206,968	231,137	230,717	227,791	225,696
Rink hours used	4,091	3,988	4,272	4,155	4,045	5,467
Rounds of golf purchased	50,531	52,581	47,027	50,667	52,997	42,913
Driving range buckets (1)	20,548	25,216	17,608	17,167	19,901	10,647
Water						
New connections	10	147	105	50	37	427
Water main breaks	4	6	6	10	3	4
Average daily consumption (millions of gallons)	2.75	3.08	2.79	2.65	2.75	2.65

Sources: City department records.

(1) Driving range buckets can be purchased in three sizes ranging from twenty to seventy-five balls per bucket.

2017	2018	2019	2020
520	542	544	686
2,086	2,542	1,909	1,622
1,602	1,577	1,816	2,217
0.68	1.81	0.4	2.2
2,907	2,856	2,842	2,660
227,323	228,911	219,918	85,669
5,822	4,493	5,449	3,230
44,067	59,738	57,644	71,288
13,457	13,921	14,281	18,282
78	198	72	45
5	9	1	2
2.80	2.70	2.68	2.96

City of Inver Grove Heights, Minnesota
 Statistical Section (Unaudited)
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016
Public Safety						
Police						
Stations	1	1	1	1	1	1
Patrol units	21	21	21	21	21	21
Fire stations						
Stations	2	2	2	2	2	2
Fire trucks	10	10	10	10	10	10
Other vehicles	4	4	4	4	4	4
Public Works						
Highways and streets						
Streets (miles) (3)	147	134	135	140	141	144
Street lights (1)	33	33	33	33	33	33
Traffic signals (2)	2	2	2	2	2	2
Culture and Recreation						
Parks acreage						
Parks	885	885	844	844	844	844
Swimming pools	27	27	28	28	28	28
Ice rinks	4	4	4	4	4	4
Athletic fields	10	10	10	10	10	10
Tennis courts	24	24	24	24	24	24
Community centers	11	11	11	11	11	11
Golf courses	1	1	1	1	1	1
Utilities						
Water						
Miles of water main (3)	155	148	152	158	156	161
Wells	7	7	7	7	7	7
Fire hydrants	1,598	1,605	1,554	1,683	1,711	1,647
Maximum daily capacity (millions of gallons)	13	13	13	13	13	13
Sewer						
Miles of sanitary sewer	124	128	125	125	132	129
Miles of storm sewers	117	120	98	99	102	102

Source: City department records.

(1) The majority of street lights in the City are owned by the utility companies.

(2) The majority of traffic lights in the City are owned by Dakota County and/or the State of Minnesota.

(3) Prior to 2012, calculations included privately owned water mains and streets.

2017	2018	2019	2020
1	1	1	1
20	19	20	23
2	2	3	3
11	11	11	11
4	4	4	6
149	152	141	141
33	33	48	48
2	2	2	2
844	911	916	1,054
28	28	28	29
4	4	4	4
10	10	10	11
24	24	24	26
11	11	14	12
1	1	1	1
1	1	1	1
158	152	154	161
7	7	7	7
1,673	1,762	1,802	1,831
13	13	13	13
129	130	131	131
104	101	108	111

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OTHER REPORTS
CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

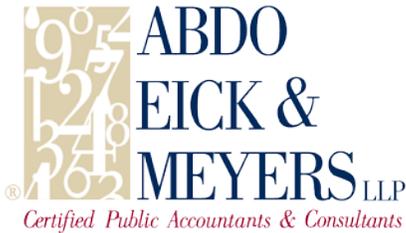
Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Inver Grove Heights, Minnesota (the City), 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 9, 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.

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
June 9, 2021



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

Honorable Mayor and City Council
City of Inver Grove Heights, 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 Inver Grove Heights, Minnesota (the City), 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 9, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

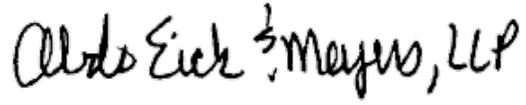
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
June 9, 2021

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FEDERAL FINANCIAL AWARD PROGRAMS

CITY OF INVER GROVE HEIGHTS
INVER GROVE HEIGHTS, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2020



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

Honorable Mayor and City Council
City of Inver Grove Heights, Minnesota

Report on Compliance for Each Major Federal Program

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

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 generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). Those standards and *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 requirement referred to above that could have direct and material effect on each of its major federal programs for the year ended December 31, 2020.

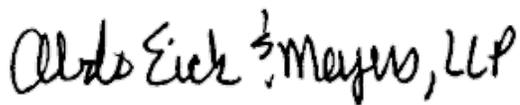
Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, 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 our 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 weaknesses. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
June 9, 2021

City of Inver Grove Heights, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

<u>Funding Source</u>	<u>Administering Department</u>	<u>Federal Domestic Assistance Number</u>	<u>Program Name/Number</u>	<u>Federal Program Clusters</u>	<u>Federal Expenditures</u>
Department of Homeland Security	Direct	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		<u>\$ 12,467</u>
U.S. Department of Transportation	City of Mendota Heights	20.600 ⁽¹⁾	State and Community Highway Safety	<u>\$ 1,975</u>	
U.S. Department of Transportation	City of Mendota Heights	20.616 ⁽¹⁾	National Priority Safety Programs	3,949	
U.S. Department of Transportation	City of Rosemount	20.616 ⁽¹⁾	National Priority Safety Programs	<u>1,238</u>	
			Total National Priority Safety Programs	<u>5,187</u>	
			Total Highway Safety Cluster		<u>7,162</u>
U.S. Department of Transportation	City of Mendota Heights	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		6,407
U.S. Department of Transportation	City of Rosemount	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		<u>2,632</u>
			Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated		<u>9,039</u>
U.S. Department of Treasury	Dakota County	21.019	COVID-19 Coronavirus Relief Fund		22,296
U.S. Department of Treasury	Minnesota Department of Revenue	21.019	COVID-19 Coronavirus Relief Fund		<u>2,665,614</u>
			Total COVID-19 Coronavirus Relief Fund		<u>2,687,910</u>
Total					<u><u>\$ 2,716,578</u></u>

(1) Denotes Highway Safety Cluster

City of Inver Grove Heights, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of City of Inver Grove Heights, Minnesota (the City). The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). All federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

Note 2: Summary of Significant Accounting Policies for Expenditures

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

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers are presented where available.

Note 4: Sub recipients

Federal expenditures presented in this schedule of \$2,716,578 were all expended and no subrecipients received money.

Note 5: Indirect Cost Rate

During the year ended December 31, 2020, the City did not elect to use the 10 percent de minimis indirect cost rate.

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City of Inver Grove Heights, Minnesota
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs/Projects

	CFDA No.
Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs

Section IV - Schedule of Prior Year Audit Findings

None

Other Issues

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.