

Tracy City Council Meeting
Council Chambers
Monday, September 14, 2020
6:30 pm

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Invocation**
- 4. Approval of the Agenda**
- 5. Public Hearing**
 - A. Resolution 2020-55-Ordinance #371 Amending Verbiage of Various Sections of the City Charter
- 6. Public Comment**
- 7. Abdo Eick & Meyer-2019 Audit Presentation**
- 8. Consent Calendar**
 - A. Approval of August 24, 2020 Minutes and August 24, 2020 Work Session Minutes
 - B. Approval of Municipal Accounts Payable
 1. Without Breakthru Beverage
 2. Without Sanford Health
 - C. Approval of the Planning Minutes from August 3, 2020
- 9. Mayor and Council Communication**
- 10. Staff Reports**
- 11. New Business**
 - A. City Administrator**
 1. Resolution 2020-54-Denying Greenwood Nursery Petition
 2. Resolution 2020-56- American Cancer Society Relay for Life request for a donation
 3. Resolution 2020-57-Authorizing sale of City owned unused equipment
 4. Petition for Local Improvement-Robin Hay
 5. Resolution 2020-58-Authorizing Budget Amendments for the Acceptance of COVID-19 Monies
 - B. City Attorney**
- 12. Closed Meeting**
- 13. Adjourn**

**RESOLUTION 2020-55
RESOLUTION AMENDING VARIOUS VERBIAGE IN THE CITY CHARTER**

**ORDINANCE NO 371
Amendment to City Charter verbiage in various sections**

CITY CHARTER

CHAPTER I

NAME, BOUNDARIES, POWERS AND GENERAL PROVISIONS

Section 1.01. NAME AND BOUNDARIES. The City of Tracy, in the County of Lyon, and the State of Minnesota, shall, upon the effect of this Charter, continue to be a Municipal Corporation, under the name and style of the City of Tracy, within the corporate limits as now established or as hereafter established in the manner provided by law.

Section 1.02. POWERS OF THE CITY. The City shall have all powers which it may now or which hereafter would be possible for a Municipal Corporation in this state to exercise, in harmony with the constitution of this state and the United States. It is the intention of this Charter that every power which the people of the City of Tracy might lawfully confer upon themselves, as a Municipal Corporation, by specific enumeration in this Charter shall be deemed to have been so conferred by the provisions of this section. This Charter shall be construed liberally in favor of the City and the specific mention of particular powers in the Charter shall not be construed as limiting in any way the generality of the power herein sought to be conferred.

Section 1.03. CHARTER A PUBLIC ACT. This Charter shall be a public act and need not be pleaded or proved in any case. It shall take effect thirty (30) days from and after its adoption as provided by the constitution and laws of the State of Minnesota.

Section 1.04. SUCCESSION TO RIGHTS AND OBLIGATIONS. The City shall succeed to all the property, rights and privileges and shall be subject to all the legal obligations of the City under the former Charter.

Section 1.05. PRESENT OFFICERS. The present officers of the City shall continue in their respective offices and function until the first Council meeting in January following the first municipal election held after the adoption of this Charter.

Section 1.06. STATUTES NOT AFFECTED BY CHARTER. All general laws and statutes of the state applicable to all cities operating under home rule Charters, or applicable to cities of the same class as the City of Tracy operating under home rule Charters, and not inconsistent with the provisions of this Charter shall apply to the City of Tracy and shall be construed as supplementary to the provisions of this Charter.

Section 1.07. EXISTING ORDINANCES CONTINUED. All ordinances and regulations of the City in force when this Charter takes effect, and not inconsistent with the provisions thereof, are hereby continued in full force and effect until amended or repealed.

Section 1.08. ORDINANCES TO MAKE CHARTER EFFECTIVE. The Council shall by ordinance make such regulations as may be necessary to carry out and make effective the provisions of this Charter.

Section 1.09. CHARTER COMMISSION. A Charter Commission as authorized by Minnesota Statutes, Section 410.05, Subdivision 1, is hereby established. The size of the Charter Commission shall be fixed at nine members. **The Charter Commission shall comply with and have the power and duties as authorized by Minnesota Statutes Section 410, as amended.**

CHAPTER II

ADMINISTRATION OF CITY AFFAIRS

Section 2.01. FORM OF GOVERNMENT. The form of government established by this Charter is the Mayor-Council plan. The City Council shall exercise the legislative power of the City, determine all matters of policy, and shall be subject to initiative, referendum, and recall powers of the people, for the proper administration of all affairs relating to the City. It shall have complete control over the City Administration, which it shall exercise either directly through the Mayor or through its City Clerk, City Administrator, appointed officers and heads of departments, subject to provisions of this Charter and any regulations or ordinances consistent herewith.

Section 2.02. BOARDS AND COMMISSIONS. The City Council in addition to the boards and Commissions hereinafter set out may establish advisory boards and Commissions as it shall deem necessary. **The Charter Commission shall meet at a minimum of two times in a calendar year.**

Section 2.03. CITY COUNCIL COMPOSITION AND ELECTION. ~~The City Council shall be composed of a Mayor and four (4) Councilpersons who as qualified electors shall be elected at large. The Mayor and each Councilperson shall be elected for a term of four (4) years and until his/her successor is elected and qualifies. No Mayor or councilperson shall serve for more than three (3) consecutive terms.~~ **Effective January 1, 2021 the City Council shall be composed of a Mayor and six (6) Councilpersons who as qualified electors shall be elected at large. In the event of a change to the composition of the City Council, either by amendment or other lawful means, the City Council shall by resolution determine the procedure on how to implement any such changes to the council composition. No Mayor or Councilperson shall serve for more than 14 consecutive elected or appointed years. A one calendar year hiatus shall be required after serving 14 years. The Mayor and each Councilperson shall serve a term of four (4) years and until his/her successor is elected and qualifies.** **

Section 2.04. APPOINTIVE OFFICERS. At the first regular meeting in January, the Mayor, with City Council approval, shall appoint the following officers, who shall hold office for a term of one

(1) year, and until his/her successor is appointed and has qualified, or is removed: the City Clerk; ~~the Deputy City Clerk;~~ the City Attorney; and any other officers that are deemed necessary.

Section 2.05. INCOMPATIBLE OFFICERS. No member of the City Council shall hold any municipal office of employment under the City, except as authorized by State Statute. Until one (1) year after the expiration of his/her term as Mayor or Councilperson no former member shall be appointed to any paid appointive office or employment by the City which office or employment was created or the emolument of which was increased during his/her term as Mayor or Councilperson.

**This change occurred as a result of the November 6, 2018 election question increasing the Council from 4 to 6

Section 2.06. VACANCIES IN THE CITY COUNCIL. A vacancy in the office of Mayor or councilmember shall be deemed to exist in the case of any person elected thereto being convicted of a felony, whether before or after his/her qualification, or in the case, without good cause, upon the happening of any of the following: 1) a failure of the person to qualify on or before the date of the second regular meeting of the newly elected City Council; 2) a person absenting themselves from the City for more than three (3) months; 3) the failure of the person to perform any of the duties of their office for a period of three (3) months; 4) the occurrence of any other reason or circumstance, which, by law, causes a vacancy to exist. A vacancy shall be filled in a timely manner by the City Council appointing an eligible person to fill the vacancy, after advertisement for applicants made in the official publication of the City, ~~said appointment to run for a period as provided below~~ for a minimum of once a week for two consecutive weeks. If the vacancy occurs before the first day to file Affidavits of Candidacy for the next regular city election and more than two (2) years remain in the unexpired term, a special election shall be held at the time of the next regular city general election to fill the unexpired portion of the term, and the appointed person shall serve until the qualification of the successor elected at such election. If the vacancy occurs on or after the first day to fill Affidavits of Candidacy for the next regular city election or when less than two (2) years remain in the unexpired term, no special election need be held and the appointed person shall serve until the election and qualification of a successor at and after the next general election.

Section 2.07. MAYOR. The Mayor shall preside at meetings of the City Council and shall have a vote as a member. The Council shall choose from its members a Mayor pro tem who shall hold office at the pleasure of the Council. He/she shall preside at meetings of the City Council in the Mayor's absence and as Mayor in case of the Mayor's disability or absence from the City. The Mayor shall be recognized as head of the City government for all ceremonial purposes, by the courts for the purpose of servicing civil process, and by the governor for purposes of martial law.

Section 2.08. CITY ADMINISTRATOR. The City Council may, by ordinance, provide for a City Administrator. The City Administrator shall have such duties and powers as the City Council may, from time to time, establish and provide by ordinances duly adopted. ~~The City Clerk and Deputy City Clerk shall be appointed City Administrator and Deputy City Administrator.~~ At the first regular meeting

in January, the City Administrator shall appoint, with City Council approval, a Deputy City Clerk and a Deputy City Administrator. The City Administrator may appoint a separate person for each of the roles of Deputy City Clerk and Deputy City Administrator. During the absence or disability of the City Administrator, the Deputy City Administrator shall have all the powers, rights and privileges, and perform all the duties imposed on or granted to the City Administrator.

Section 2.09. ADMINISTRATIVE ORGANIZATION. The City Council may, by ordinance, establish City departments, officers, and agencies and prescribe their functions. No power or duty conferred by this Charter upon a particular office or agency shall be transferred to any other except special provisions providing for specific powers or duties shall prevail over general provisions providing for general powers or duties.

Section 2.10. CITY CLERK. The City Clerk shall be the secretary of the City Council. He/she shall have the care and custody of the corporate seal of said City and of all papers, instruments, files and records of the City. He/she shall prepare and sign all orders and checks and keep such records and accounts as he/she shall be required to keep by this Charter or by the City Council. He/she shall keep in permanent form minutes of all City Council meetings. He/she shall have all powers, rights, and privileges and perform all the duties imposed or granted by the City Council, or by Statutes of the State of Minnesota so far as applicable and except as herein otherwise provided. All fees paid to the City Clerk shall be turned over by him/her to a depository designated by the City Council. During the absence or disability of the City Clerk, the Deputy City Clerk shall have all the powers, rights and privileges, and perform all the duties imposed on or granted to the City Clerk.

Section 2.11. SALARIES. The Mayor and Councilpersons shall receive such compensation as is fixed by the City Council in accordance with law. All subordinate officers and employees of the City shall receive such salaries or wages as may be fixed by the Council.

Section 2.12. INVESTIGATION OF CITY AFFAIRS. The City Council and any officer or officers formally authorized by them, shall have the power to make investigations into the City's affairs, to subpoena witnesses, administer oaths, and compel the production of books and papers. The City Council shall provide for a yearly audit of the City's accounts as provided by the law by the state department in charge of such work or pursuant to Section 7.01 of the City Charter. The City Council may at any time provide for an examination or audit of the accounts of any officer or department of the City government and it may cause to be made any survey or research study of any subject of municipal concern.

Section 2.13. MERIT SYSTEM. Neither the City Council nor any of its members shall dictate the appointment of any person to office or employment by the City Administrator, Police Commission, Hospital Board or Liquor Store Manager or in any manner interfere with the City Administrator, Advisory

Commissions or Boards, or Manager of Liquor Store or prevent them from exercising their own judgment in the appointment of officers and employees in the administrative service. Except for the purpose of inquiry, the Council and its' members shall deal with and control the administrative services solely through the City Administrator, or the other departments as listed herein and neither the City Council nor any member thereof shall give orders to any of the subordinated of the City Administrator and/or the boards or commissions listed herein, either publicly or privately.

Section 2.14. OATH OF OFFICE. Every officer of the City, before entering upon the duties of his office, shall take and subscribe an oath of office in substantially the following form:

"I do solemnly swear (or affirm) to follow and to support the laws and Constitution of the United States and the State of Minnesota, and the Charter and ordinances of the City of Tracy, and do faithfully discharge the duties devolving upon me as a of the City of Tracy, to the best of my judgment and ability."

Section 2.15. OFFICIAL BOND. The clerk and such other officers and employees of the City of Tracy as designated by the City Council, before entering upon the duties of their respective offices, shall give a corporate surety bond to the City in such sum as may be fixed by the City Council as additional security for the faithful performances of their respective official duties and safekeeping of the public funds. Such bonds shall be approved by the City Council and shall be endorsed by the Mayor as having been so approved. Such bonds may be either individual or blanket bonds in the discretion of the City Council.

CHAPTER III

PROCEDURE OF COUNCIL

Section 3.01. COUNCIL MEETINGS. On the first regular meeting in January the incumbent City Council shall meet at its usual time and place and at which time the newly elected officers shall take their oaths and assume their duties. Thereafter the Council shall meet from time to time including two (2) regular Council meetings each month except during the month of December there shall be one (1) regular meeting. The Mayor or a majority of the Council may call a meeting pursuant to the Open Meeting Law of the State of Minnesota. All records including Council meeting minutes shall be available pursuant to the Open Meeting Law and the Data Practices Act of the State of Minnesota.

Section 3.02. SECRETARY OF COUNCIL. The City Clerk shall act as secretary of the Council. He/she shall keep a journal of Council proceedings and shall keep such other records and perform such other duties as may be required in this Charter or the Council may require. The City

Council shall choose such other officers and employees as may be necessary to serve at its meetings. In the absence of the City Clerk the Council may designate any other official or employees of the City (except a member of the Council) to act as the secretary of the Council.

Section 3.03. RULES OF PROCEDURE AND QUORUM. The City Council shall determine its own rules and order of business. A majority of all members elected shall constitute a quorum to do business, but a smaller number may adjourn from time to time. The City Council may, by ordinance, provide a means by which a minority may compel the attendance of absent members.

Section 3.04. ORDINANCES, RESOLUTIONS AND MOTIONS. Except as in this Charter otherwise provided, all legislation shall be by ordinances, all matters of policy, City Council directives and business shall be by resolutions. Internal matters affecting Council Members and Council procedure only may be done by a simple motion. The aye and no vote on ordinances, resolution, and motions shall be recorded unless the vote is unanimous. An abstention shall be recorded as a negative vote. An affirmative vote of a majority of all the members of the City Council shall be required for the passage of all ordinances and resolution, except as otherwise provided in this chapter.

Section 3.05. PROCEDURE ON ORDINANCES. The enacting clause of all ordinances shall be in the words, "The City of Tracy does ordain." Every ordinance shall be presented in writing. An ordinance may be introduced only at a regular City Council meeting by any member of the City Council, by the Mayor, or by a petition signed by ten percent (10%) of the number of qualified voters voting in the last presidential or gubernatorial election. If the ordinance, as submitted or revised, is approved by a majority vote of the City Council, the City Council shall then cause a notice to appear in the official publication of the City explaining in general the extent of the ordinance and give a brief resume as to the purpose of the ordinance. The notice shall also contain the date of the next regular meeting at which a public hearing will be held regarding the proposed ordinance. After all voters in attendance at the hearing have been heard regarding the ordinance, the Mayor shall call for a vote. If the ordinance is approved by at least four (4) members of the City Council the same shall become effective 30 days after publication or at such later date as the ordinance specifies. Every ordinance and resolution adopted by the voters of the City shall take effect immediately upon its adoption or at such later date as it specifies.

Section 3.06. EMERGENCY ORDINANCES. An emergency ordinance is an ordinance necessary for the immediate preservation of the public peace, health, morals, safety or welfare in which the emergency is defined and declared in a preamble thereto, and is adopted by a vote of at least two-thirds (2/3) majority of the City Council. No prosecution shall be based upon the provisions of any emergency ordinance until twenty-four (24) hours after the ordinance has been filed with the City Clerk and posted in three (3) conspicuous places or until the ordinance has been published, unless the person charged with violation had actual notice of the passage of the ordinance prior to the act or omission complained of. An emergency ordinance shall take effect immediately after its adoption.

Section 3.07. PROCEDURE OF RESOLUTIONS. Every resolution shall be presented in writing and read in full before a vote is taken thereon, unless the reading of a resolution is dispensed with by unanimous consent. A resolution shall take effect immediately after its adoption or at such later date as fixed therein.

Section 3.08. SIGNING AND PUBLICATION OF ORDINANCES AND RESOLUTIONS. Every ordinance or resolution passed by the City Council shall be signed by the Mayor or by two (2) other Council members, attested by the City Clerk and filed and preserved by him/her. Every ordinance shall be published at least once in the official newspaper, or publication requirements may be met by publication, at least once in the official newspaper, of the title and a summary of the ordinance with notice that copies of the ordinance are available during regular working hours at the office of the City Clerk and other locations the Council so designates. Such procedure shall be followed if the Council so directs, at the time of the adoption of the ordinance. Council shall approve the text of the summary and determine that it clearly informs the public of the intent and effect of the ordinance. To the extent and in the manner provided by law, an ordinance may incorporate a Statute of Minnesota, state administrative rule or a regulation, a Code or ordinance or part thereof without publishing the material referred to in full.

Section 3.09. REVISION AND CODIFICATION OF ORDINANCES. By ordinance the City Council may revise, rearrange and codify its ordinances with such additions and deletions as may be deemed necessary. Such ordinance Code shall be published in book, pamphlet or continuously revised loose-leaf form and copies shall be made available by the Council at the office of the City Clerk for general distribution to the public at a reasonable charge. Publication in such a Code shall be a sufficient publication of any ordinance provision not previously published, if a notice that copies of the codification are available at the office of the City Clerk is published in the official newspaper for at least two (2) successive weeks.

Section 3.10. AMENDMENT AND REPEAL OF ORDINANCES AND RESOLUTIONS. Every ordinance or resolution repealing all or part of a previous ordinance or resolution shall give the number, if any, and the title of the ordinance or resolution to be repealed in whole or in part. No ordinance or resolution shall be amended by reference to the title alone, but such an amending ordinance or resolution shall set forth in full each section or subdivision to be amended and shall indicate by appropriate type or symbols matter to be omitted or added.

CHAPTER IV

NOMINATIONS AND ELECTIONS

Section 4.01. THE REGULAR MUNICIPAL ELECTION. A regular municipal election shall be held on the first Tuesday after the first Monday in November of each even numbered year at such place or places as the City Council may designate. The City Clerk shall give at least ten days posted notice, of the election, stating the time of the election, the location of each polling place, the offices to be filled, and all propositions or questions to be voted upon at the election. The City Clerk shall also post a copy of the notice in the City Clerk's office for public inspection.

Section 4.02. SPECIAL ELECTION. The City Council may by resolution order a special election. The City Clerk shall give at least ten days posted notice, of the election, stating the time of the election, the location of each polling place, the offices to be filled, and all propositions or questions to be voted upon at the election. The City Clerk shall also post a copy of the notice in the City Clerk's office for public inspection. **Special elections shall be held on dates authorized by Minnesota Statutes.**

Section 4.03. FILING FOR OFFICE. Affidavits of candidacy shall be filed in the office of the City Clerk/Administrator pursuant to procedures including notices, times and fees in accordance with statutory law relating to municipal elections.

Section 4.04. PROCEDURE AT ELECTIONS. Subject to this Charter and applicable state laws, the City Council may by ordinance further regulate the conduct of municipal elections. Except as otherwise provided by this Charter and supplementary ordinances, general state laws on election shall apply to municipal elections.

Section 4.05. ELECTION PRECINCTS. The peripheral boundaries of the City shall constitute one election precinct. In the event a ward system is determined to be in the best interest of the City, the Council shall, by ordinance, provide for the establishment of wards and the procedure for boundary definitions or changes, increases and elimination of wards in the City pursuant to applicable state laws. No change which increases or eliminates wards shall be made within three (3) months prior to any City office election. Within six (6) months following the filing of the official certification of the decennial census of the United States with the City, the Council shall, by ordinance, redetermine ward boundaries to equalize ward population.

CHAPTER V

INITIATIVE AND REFERENDUM

Section 5.01. GENERAL VOTER AUTHORITY. The voters of the City shall have the right, in accordance with this Charter, to propose ordinances and to require ordinances to be submitted to a vote by processes known respectively as the initiative, referendum and recall of elected officials.

Section 5.02. PETITIONS. An initiative, referendum or recall shall be initiated by a petition signed by registered voters of the City equal in number to twenty percent (20%) of those who voted for Mayor in the last proceeding City election. Each petition shall be sponsored by a committee of five voters whose names and addresses shall appear on the petition. A petition may consist of one or more papers, but each paper circulated separately shall contain at its head or attached to it the statement required by Section 5.05, 5.06, or 5.07 as the case may be. Each signer shall sign his/her name and give his/her street address. Each separate page of the petition shall have appended to it a certificate, verified by oath, that each signature is the genuine signature of the person whose name it purports to be. The person making the certificate shall be a resident of the City. Any person whose name appears on a petition may withdraw his/her name by a statement in writing filed with the City Clerk before the Clerk advises the Council of the sufficiency of the petition.

Section 5.03. DETERMINATION OF SUFFICIENCY. Immediately upon receipt of the petition, the City Clerk shall examine the petition as to its sufficiency and report to the Council within twenty (20) days. Upon receiving the report, the Council shall determine by resolution the sufficiency of the petition.

Section 5.04. DISPOSITION OF INSUFFICIENT PETITION. If the Council determines that the petition is insufficient or irregular, the City Clerk shall deliver a copy of the petition, together with a written statement of its defects, to the sponsoring committee. The committee shall have thirty (30) days in which to file additional signature papers and to correct the petition in all other particulars. If at the end of that period, the Council finds that the petition is still insufficient or irregular, the City Clerk shall file the petition in his/her office and notify the sponsoring committee. The final finding that the petition is insufficient or irregular shall not prejudice the filing of a new petition of the same purpose nor shall it prevent the Council from referring the ordinance to the voters at the next regular or special election at its option but no further recall action shall be taken thereon.

Section 5.05. INITIATIVE. Any ordinance, except an ordinance relating to the budget or capital program, the appropriation of money, the levy of taxes, or the salaries of City Officers or employees, may be proposed by a petition which shall state at the head of each page or attached thereto the exact text of the proposed ordinance. If the Council passes the proposed ordinance with amendments and a majority of the sponsoring committee do not disapprove the amended form by a statement filed with the City Clerk within ten (10) days of its passage by the Council, the ordinance need not be submitted to the voters. If the Council fails to enact the ordinance in an acceptable form within sixty (60) days after the final determination of sufficiency of the petition, the ordinance shall be placed on the ballot at the next election occurring in the City. If no election is to occur within one-hundred twenty (120) days after the filing of the petition, the Council shall call a special election on the ordinance ~~to be held within such period~~. If a majority of those voting on the ordinance vote in its favor, it shall become effective thirty (30) days after adoption unless the ordinance specifies a ~~late effective different~~ date.

Section 5.06. REFERENDUM. Any ordinance subject to the initiative may be subjected to referendum by a petition which shall state, at the head of each page or on an attached paper, a description of the ordinance. Any ordinance upon which a petition is filed, other than an emergency ordinance, shall be suspended in its operation as soon as the petition is found sufficient. If the ordinance is not thereafter entirely repealed, it shall be placed on the ballot at the next election or at a special election called for that purpose, as the Council determines. If a majority of the voters voting thereon favors the ordinance, it shall go into effect immediately or on the date specified in the ordinance; if a majority of the electors voting thereon votes against the ordinance, it shall be considered repealed upon certification of the election results. If a petition is filed against an emergency ordinance, the ordinance shall be repealed if a majority of the voters voting on the ordinance vote against it.

Section 5.07. RECALL. Any elected official may be subjected to recall by a petition which shall state, at the head of each page or on attached paper, the grounds of misfeasance or malfeasance in his/her office in not more than two hundred fifty (250) words and the intention to bring about his/her recall. If the petition or corrected petition is found sufficient, the City Clerk shall transmit it to the Council without delay and officially notify the person sought to be recalled of the sufficiency of the petition and of pending action. The Council shall at its next regular meeting by resolution provide for the holding of a special recall election. ~~not less than thirty (30) days nor more than forty five (45) days after such meeting, however, if any other election is to occur within sixty (60) days after such meeting, the Council may, in its discretion, provide for the holding of the recall election at that time.~~ The City Clerk shall include with the published notice of the election the statement of the grounds for the recall and in not

more than five hundred (500) words the answer of the officer concerned in justification of his/her conduct in office. The election shall be conducted as far as practicable in accordance with the usual procedure in municipal elections. Unless the officer whose removal is sought resigns within ten (10) days after the receipt by the Council of the completed recall petition, the form of the ballot as such election shall be: "Shall _____ be recalled?" the name of the official whose recall is sought being inserted in the blank, and the electors shall be permitted to vote separately "yes" or "no" upon this question. If a majority of those voting on the question vote in favor of recall, the official shall be thereby removed from office. In the event the recall is successful, the Council at its next regular meeting by resolution provide for holding a special election to fill the vacancy occasioned by the recall. ~~not less than thirty (30) nor more than forty five (45) days after such meeting, however, if any other election is to occur within sixty (60) days after such meeting, the Council may, in its discretion, provide for holding of the special election at that time.~~ The candidate who receives the highest number of votes for such vacancy shall be elected thereto for the remainder of the unexpired term. If the officer sought to be recalled resigns within ten (10) days after the receipt by the Council of a complete recall petition, the position shall be filled pursuant to Section 2.06 of this Charter.

CHAPTER VI

PURCHASES AND CONTRACTS

Section 6.01. PURCHASES. All contracts for the purchase of commodities or services or construction, in an amount and when required by the Uniform Municipal Contracting Law of the State of Minnesota shall be made only as a result of a public call for bids as herein provided. Such items as professional services, real estate, patented or exclusively held material, and all services or property needed for public uses for which the taking of competitive offers is impossible or impracticable are exempt from such bidding. The City may purchase realty on a contract for deed or personal property on a conditional sales contract.

Section 6.02. PROCEDURE. In all cases where a public letting of a contract is required, complete and detailed written plans and specifications shall be prepared and filed with the City Clerk. The City Clerk shall then advertise for bids by written notice published in the official newspaper of the City once each week or not less than two (2) weeks, which notice shall provide that any and all bids may be rejected by the Council. Additional notice may be given in such other publication and form as may be deemed necessary. Each bidder shall be required to deliver with his/her bid a certified or cashier's check or a bidders bond (secured by a surety licensed to do business in the State of Minnesota) in an amount of at least five percent (5%) of the total of his/her bid, to be forfeited as liquidated damages if the bidder shall fail to execute the contract if awarded to him. Bids received shall be publicly opened at such time and place as specified in the advertisement for bids. The contract shall be awarded to the lowest responsible bidder except that the Council may exercise a reasonable discretion as provided by law. Subject to the provisions of this chapter, the Council may by ordinance adopt further regulations for taking of bids and letting of contracts.

Section 6.03. EMERGENCY PROCEDURE. In the event of emergency and when delay would cause great damage to the public interest or endanger the public safety, the Council may direct the making

of necessary repairs or the performance of necessary work by day labor and secure machines and materials therefore in the open market without the necessity of call for bids.

Section 6.04. CONTRACT - BONDS. All municipal instruments of whatsoever nature including contracts and bonds shall be executed by Mayor and City Clerk upon approval of the City Council. A party entering into a contract with the City for the doing of any work shall provide such bonds as may e required by state law to make such contract valid, and the City reserves the right to require such bonds in other such instances where it is determined the public interest warrants same.

Section 6.05. CITY OFFICERS NOT TO BE INTERESTED IN CONTRACTS. Except as otherwise permitted by law, no officer of the City who is authorized to take part in any manner in any contract with the City shall voluntarily have a personal financial interest in such contract or personally benefit financially therefrom.

CHAPTER VII

TAXATION AND FINANCES

Section 7.01. COUNCIL TO CONTROL FINANCES. The Council shall have full authority over the financial affairs of the City, and shall provide for the collection of all revenues and other assets, settlement of accounts, and safe-keeping and disbursement of public money, and in the exercise of a sound discretion shall make appropriations for the payment of all liabilities and expenses. It shall be the duty of the City Council to cause an audit of the City's books to be made at the end of the fiscal year. Said audit shall be made by a licensed accountant or a certified public accountant and shall show the condition of the City's financial affairs and comprehend such items and information as are usually included in an audit. A condensed report of said audit as prepared by a licensed accountant or a certified public accountant shall be published by the City Council in the official newspaper of said City within three (3) months after the end of the fiscal year.

Section 7.02. FISCAL YEARS. The fiscal year of the City of Tracy shall be January 1 through December 31.

Section 7.03. SYSTEM OF TAXATION. Subject to the state constitution and except as forbidden by it or by state legislation, the Council shall have full power to provide by ordinance for a system of local taxation. In the taxation of real and personal property as such, the City shall conform to the general state law as to the assessment of such property and the collection of such taxes.

Section 7.04. BOARD OF EQUALIZATION. ~~Three (3) members of~~ The City Council shall constitute a Board of Equalization to equalize assessment of taxes for real property.

Section 7.05. PREPARATION OF THE ANNUAL BUDGET. The Mayor or his/her designee shall direct the preparation of estimates for the annual budget. The budget shall be by funds and shall include all the funds of the City, except the funds made up of proceeds of bond issues, hospitals, liquor store and utility fund, and special assessment funds, and may include any of such funds at the discretion of the City Council. The estimate of expenditures for each fund budgeted shall be arranged for each

department or division of the City under the following heads: (1) ordinary expenses (for operation, maintenance, and repairs); (2) payment of principal and interest on bonds and other fixed charges; (3) capital outlays (for new construction, new equipment, and all improvements of a lasting character).

Ordinary expenses shall be sub-divided into : (a) total salaries and the number of persons salaried; (b) other expenses, with sufficient detail to be readily understood. All increases and decreases shall be clearly shown. In parallel columns shall be added the amounts granted and the amounts extended under similar headings for the past two (2) completed fiscal years and the current fiscal year, actual to date and estimated for the balance of the year. In addition to the estimates of expenditures, the budget shall include for each budgeted fund a statement of the revenues which have accrued for the past two (2) completed fiscal years with the amount collected and uncollected balances together with the same information, based on, so far as necessary, estimates, for the current fiscal year, and an estimate for the revenues for the ensuing fiscal year. The statement of revenues for each year shall specify the following items: (a) taxation, (b) fees, (c) fines, (d) interest, (e) miscellaneous, not including the foregoing, (f) sales and rentals, (g) earnings of public utilities and other public service enterprises, (h) special assessments and (i) sales of bonds and other obligations. Such budget estimates shall be printed or typewritten with sufficient copies for each member of the City Council, and the City Clerk. Such budget estimates shall be made public and submitted to the City Council at its first regular monthly meeting in **August September** of each year. The Mayor may submit with the budget estimates such explanatory statement or statements as he/she may deem necessary.

Section 7.06. PASSAGE OF THE BUDGET. The budget shall be the principal item of business at the first regular meeting of the City Council in August and the Council shall hold adjourned meetings from time to time until all the estimates have been considered. The meetings shall be so conducted as to give interested citizens a reasonable opportunity to be heard. The budget estimates shall be read in full and the Mayor shall explain the various items thereof as fully as may be deemed necessary by the Council. The annual budget finally agreed upon shall set forth in detail the complete financial plan of the City for the ensuing fiscal year for the funds budgeted and shall be adopted by the majority of the full Council. It shall indicate the sums to be raised and from what sources; and the sums to be spent and for what purposes according to Section 7.05.

The City Council shall adopt the budget not later than as required by statute by a resolution which shall set forth the total for each budgeted fund and each department with such segregation as to objects and purposes of expenditures as the Council deems necessary for the purposes of budget control. The Council shall also adopt a resolution levying whatever taxes it considers necessary within statutory limits for the ensuing year. The tax levy resolution shall be certified to the county auditor as required by statute. At the beginning of the fiscal year, the sums fixed in the budget resolution shall be and become appropriated for the several purposes named in the budget resolution.

Section 7.07. ENFORCEMENT OF THE BUDGET. It shall be the duty of the City Council to enforce strictly the provisions of the budget.

Section 7.08. ALTERATIONS IN THE BUDGET. After the budget resolution has been adopted, the Council shall have no power to increase the amounts fixed in the budget resolution, by the insertion of new items or otherwise, beyond the estimated revenues, unless the actual receipts exceed the estimates and then not beyond the actual receipts. The budget may further be altered to provide for capital expenditure finances by bond and/or non tax sources. The City Council may at any time, by resolution approved by a majority of the full Council reduce the sums appropriated for any purpose by the budget resolution, or by a vote of two-thirds (2/3) majority of the full Council, authorize the transfer of sums from unencumbered balances of appropriations in the budget resolution to other purposes.

Section 7.09. EMERGENCY APPROPRIATIONS IN BUDGET. The City Council may include an emergency appropriation as part of the budget but not to exceed ten percent (10%) of the total budget. A transfer from the emergency appropriation to any other appropriation shall be made only by a vote of two-thirds (2/3) majority of the full Council and shall be used only for the purposes designated by the Council.

Section 7.10. DISBURSEMENTS. HOW MADE. No disbursements of City funds shall be made except such payment be authorized by vote of majority of all members of the City Council and be made by a check signed by the Mayor and the City Clerk or Deputy City Clerk except otherwise provided herein or by ordinance, and specifying the purposes for which the disbursement is made and the fund from which it is drawn. No such check shall be issued until the claim to which it relates has been supported by an itemized bill, payroll, or timesheet approved and signed by the responsible City Officer who vouches for its correctness and reasonableness. The Clerk shall note on each contract requiring the payment of money by the City out of the particular fund from which it is to be paid. The Council may by ordinance make further regulations for the safekeeping and disbursement of the funds of the City.

Section 7.11. FUNDS TO BE KEPT.

Subd 1. There shall be maintained in the City Treasury a general fund for the payment of such expenses as the City Council may deem proper. Into this fund shall be paid all moneys levied for this fund and all moneys not required to be placed in some other fund.

Subd 2. There shall also be maintained in the City Treasury such other funds, or division of funds, as the budget shall require or City Council shall direct. There shall also be maintained in the City Treasury such other funds or divisions of funds as are required by law, ordinance or resolution.

Section 7.12. ACCOUNTING PROCEDURE. The City Council may prescribe and enforce proper accounting methods, forms, blanks and other devices consistent with the law, the Charter, and the ordinances adopted in accord therewith.

Section 7.13. CITY INDEBTEDNESS. No obligations shall be issued to pay current expense, but the City Council may issue and sell obligations for any other municipal purpose in accordance with law and within the limitations prescribed by law. Except in the case of an obligation for which an election is not required by this Charter or by state law, no such obligations shall be issued and sold without the approval of the majority of the electors of the City voting on the question at a general or special election.

Section 7.14. TAX ANTICIPATION CERTIFICATES. At any time after the date set forth in Minnesota Statutes Section 275.065, as amended, for the City Council to certify the proposed property tax levy for taxes payable in the following year, **September 15, following the making of the preliminary tax levy,** the City Council may issue certificates of indebtedness in anticipation of the collection of taxes levied for any fund and not yet collected. The total amount of certificates issued against any fund for any year with interest thereon until maturity shall not exceed seventy percent (70%) of the total current taxes for the fund uncollected at the time of issuance. Such certificates shall be issued on such terms and conditions as the City Council may determine, but they shall become due and payable not later than one (1) year following the date of their issuance. The proceeds of the tax levied for the fund against which tax anticipation certificates are issued, and the full faith and credit of the City of Tracy, shall be irrevocably pledged for the redemption of the certificates in the order of their issuance against the fund.

Section 7.15. EMERGENCY DEBT CERTIFICATES. If any year the receipts from taxes or other sources should for some unforeseen cause become insufficient for the ordinary expenses of the City, or if any calamity or other public emergency should subject the City of the necessity of making extraordinary expenditures, the Council may by ordinance issue and sell on such terms and in such manner as the Council determines, emergency debt certificates to run not to exceed five (5) years. A tax sufficient to pay principal and interest on such certificates with the margin required by law shall be levied as required by law. The ordinance authorizing an issue of such emergency debt certificates shall state the nature of the emergency and be approved by **at least four (4) members a majority** of the Council. It may be passed as an emergency ordinance.

Section 7.16. FEES SHALL BE PAID TO THE CITY GOVERNMENT. All fees received by any officer or employee shall belong to the City.

CHAPTER VIII

PUBLIC IMPROVEMENTS AND SPECIAL ASSESSMENTS

Section 8.01. POWER TO MAKE IMPROVEMENTS AND LEVY ASSESSMENTS. The City shall have the power to make any and every type of public improvement not forbidden by the laws of this state and to levy special assessments to pay all or any part of the cost of such improvements as are of a local character. The amounts assessed to benefited property to pay such local improvements may equal the cost of the improvements, including all costs and expenses connected therewith, with interest, until paid, but shall in no case exceed the benefits to the property.

Section 8.02. ASSESSMENTS FOR SERVICE. All proceedings for the construction and improvements to paid for by special assessments against the benefited property may be instituted by either of two (2) methods as follows:

- 1) The procedures authorized by the laws of the State of Minnesota; or
- 2) A proceeding for any of the public improvements may be initiated by the filing of a petition by the property owners affected or benefited by such improvements, or upon the Council adopting a resolution determining that such public improvements are for the benefit of the general public convenience, safety or health.

If the proceedings for the improvement is initiated by petition, the petition shall be signed by 35% of the owners of property benefited or affected by the improvement, and the Council shall not be required to consider a petition for public improvement in the absence of such signatures.

CHAPTER IX

EMINENT DOMAIN

Section 9.01. POWER TO ACQUIRE PROPERTY. The City may acquire, by purchase, gift, devise, or condemnation, any property, corporeal or incorporeal, either within or without its corporate boundaries, which may be needed by the City for any public use of purpose. Easements for slopes, fills, sewer, building lines poles, wires, pipes, and conduits for water, gas, heat, and power may be acquired by gift, devise, purchase, or condemnation in the manner provided by law.

Section 9.02. CITY MAY TAKE ENTIRE PLANT. If the City condemns a public utility which is operated at the time of the commencement of the condemnation proceedings as one property or one system, it shall not be necessary in the condemnation proceeding or any or the proceedings of the Council, to describe or treat separately the different kinds of property composing such system; but all the property, lands, articles, franchises, and rights which comprise such system may, unless otherwise ordered by the court, be treated together as one property and an award for the whole property in one lump sum may be made by the Council or other body assessing the damages on condemnation. This does not prevent the City, when the plant and property are separable into distinct parts, from acquiring only such part or parts thereof as may be necessary in the public interest.

CHAPTER X

FRANCHISES

Section 10.01. FRANCHISES REQUIRED. Except as otherwise provided by law, no persons, firm, or corporation shall place or maintain any permanent fixtures in, over, upon, or under such street or public place for the purpose of operating a public utility or for any other purpose without a franchise therefore from the City. A franchise shall be granted only by ordinance, which shall not be an emergency ordinance. Every ordinance granting a franchise shall contain all the terms and conditions of the franchise. The grantee shall bear the cost of publication of the franchise ordinance and shall make sufficient deposit with the clerk to guarantee publication before the ordinance is passed.

Section 10.02. TERM. No exclusive or perpetual franchise shall ever be granted. No franchise for a term exceeding twenty (20) years shall be effective until approved by a majority of the electors voting thereon.

Section 10.03. PUBLIC HEARING. Before any franchise ordinance is adopted or any rates, fares, or prices to be charged by a public utility are fixed by the Council, the Council shall hold a public hearing on the matter. Notice of such hearing shall be published at least once in the official newspaper not less than ten (10) days prior to the date of the hearing.

Section 10.04. POWER OF REGULATION RESERVED. Subject to any applicable law the Council may by ordinance reasonably regulate and control the exercise of any franchise, including the maximum rates, fares or prices to be charged by the grantee. No franchise value shall be included in the valuation of the grantee's property in regulating utility rates, fares, or prices under any applicable law, ordinance or regulation or in proceedings for municipal acquisition of the grantee's property by purchase or eminent domain.

Section 10.05. RENEWALS OR EXTENSIONS. Every extension, renewal or modification of any existing franchise or of any franchise granted hereafter shall be subject to the same limitation and shall be granted in the same manner as of a new franchise.

CHAPTER XI

PUBLIC OWNERSHIP AND OPERATION OF UTILITIES

Section 11.01. ACQUISITION AND OPERATION OF UTILITIES. The City of Tracy may own and operate any gas, water, heat, power, lights, telephone or other public utility for supplying its own needs for utility service or for supplying utility service to private consumers or both. It may construct all facilities reasonably needed for that purpose and may acquire any existing utility properties so needed; but no proceedings to acquire any such public utility shall be consummated unless the City has the money in the treasury to pay for the acquisition or has made provision for paying for the property proposed to be acquired. The operation of all public utilities owned by the City shall be under the supervision of the City Council.

Section 11.02. RATES AND FINANCES. The Council may fix rates, fares, and prices, for municipal utilities but such rates, fares, and prices shall be just and reasonable. In like manner the Council may prescribe the time and manner in which payments for such services shall be made, and may make such other regulations as may be necessary, and prescribe penalties for violation of such regulations.

Section 11.03. PURCHASE IN BULK. The Council may, in lieu of providing for the local production of gas, electricity, water, and other utilities, purchase the same in bulk and resell them to local consumers at such rates as it may fix.

Section 11.04. LEASE OF PLANT. The Council may, if the public interest will be served thereby, contract with any responsible person, co-partnership, or corporation for the operation of any utility owned by the City, upon such rentals and conditions as it may deem necessary; but such contract shall be embodied in and let only by an ordinance approved by five (5) members of the Council. Such ordinance shall not be an emergency ordinance. In no case shall such contract be for a longer term than ten (10) years.

Section 11.05. PUBLIC UTILITY. HOW SOLD. No public utility owned by the City shall be sold or otherwise disposed of by the City unless the full terms of the proposition of sale or other disposition are embodied in an ordinance approved by a majority of the electors voting thereon at a general or special election. In the case of a water works or light plant, any sale, lease, or abandonment shall be subject, in addition, to the requirement of state law.

CHAPTER XII

MISCELLANEOUS PROVISIONS

Section 12.01. OFFICIAL PUBLICATIONS. The Council shall annually designate a legal newspaper as provided by the laws of Minnesota as its official newspaper.

Section 12.02. SALE OF REAL PROPERTY. The sale of any real property acquired by the City which is no longer needed for public purposes shall be approved by at least five (5) members of the Council. The Council shall determine whether competitive bidding is necessary in each proposed sale. The proceeds of any sale of such property shall be used as far as possible to retire any outstanding indebtedness by the City in the purchase construction or improvement of this or other property used for the same public purpose. If there is no such outstanding indebtedness, the Council may by resolution designate some other public use for the proceeds.

Section 12.03. VACATION OF STREETS. The Council may by ordinance approved by a majority of the full Council vacate any street or alley or part thereof within the City. Such vacation may be made only after published notice and an opportunity for affected property owners and public to be heard, and upon such further terms and by such procedure as the Council by ordinance may prescribe. A notice of completion of such proceedings shall be filed with the proper county officers in accordance with law.

Section 12.04. FORMER CHARTER REPEALED. The existing Charter of the City of Tracy as amended is hereby amended by striking all the provisions thereof and substituting therefore the foregoing Charter of the City of Tracy.

Framed by a commission of voters appointed on April 1, 1974 and adopted at a special election held on November 5, 1974; pursuant to Chapter 410, Minnesota Statutes.

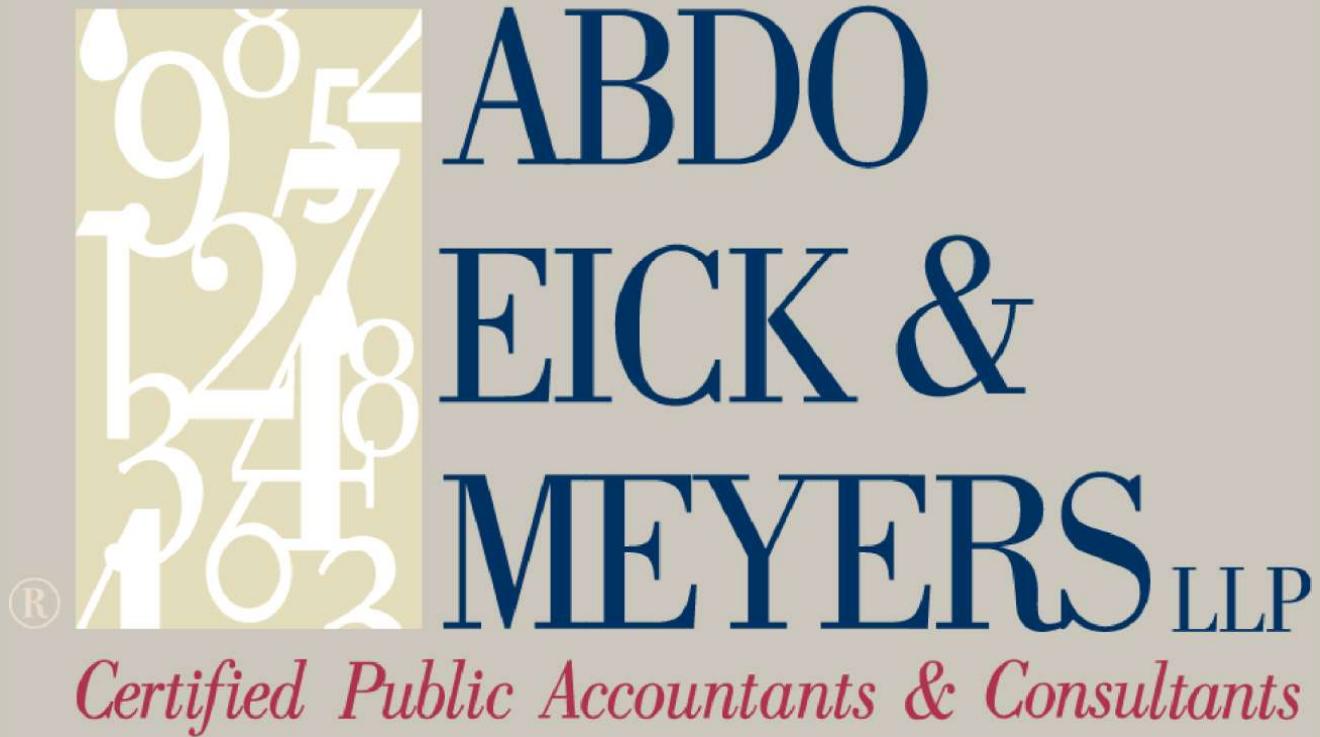
Jack Von Bokern, Chairman
Guy Salmon, Vice Chairman
Alda Mae Brewster, Secretary
Charles I. Buzzell
Ernie Suprenant
Howard Enderson
Gordon Johnston
Richard L. Donaldson
Ken Burmeister
Robert Sanbo
Ray O'Donnell
Margo Carey
Bruce Kirkpatrick
Crystal Stassen
Robert H. Velta

PASSED AND ADOPTED by the Tracy City Council on September 14, 2020.

ATTEST:

City Administrator

Mayor



**City of
Tracy
2019
Financial
Statement
Audit**

Introduction

Audit Opinion and Responsibility

General Fund Results

Other Governmental Funds

Enterprise Funds

Ratios

Audit Results

Auditor's Opinion



Single Audit Report

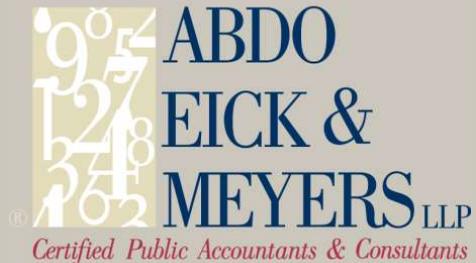


Minnesota Legal
Compliance Report



Audit Results

2019 Audit Findings



Preparation of Financial Statements

- Internal Control Finding

Limited Segregation of Duties

- Internal Control Finding

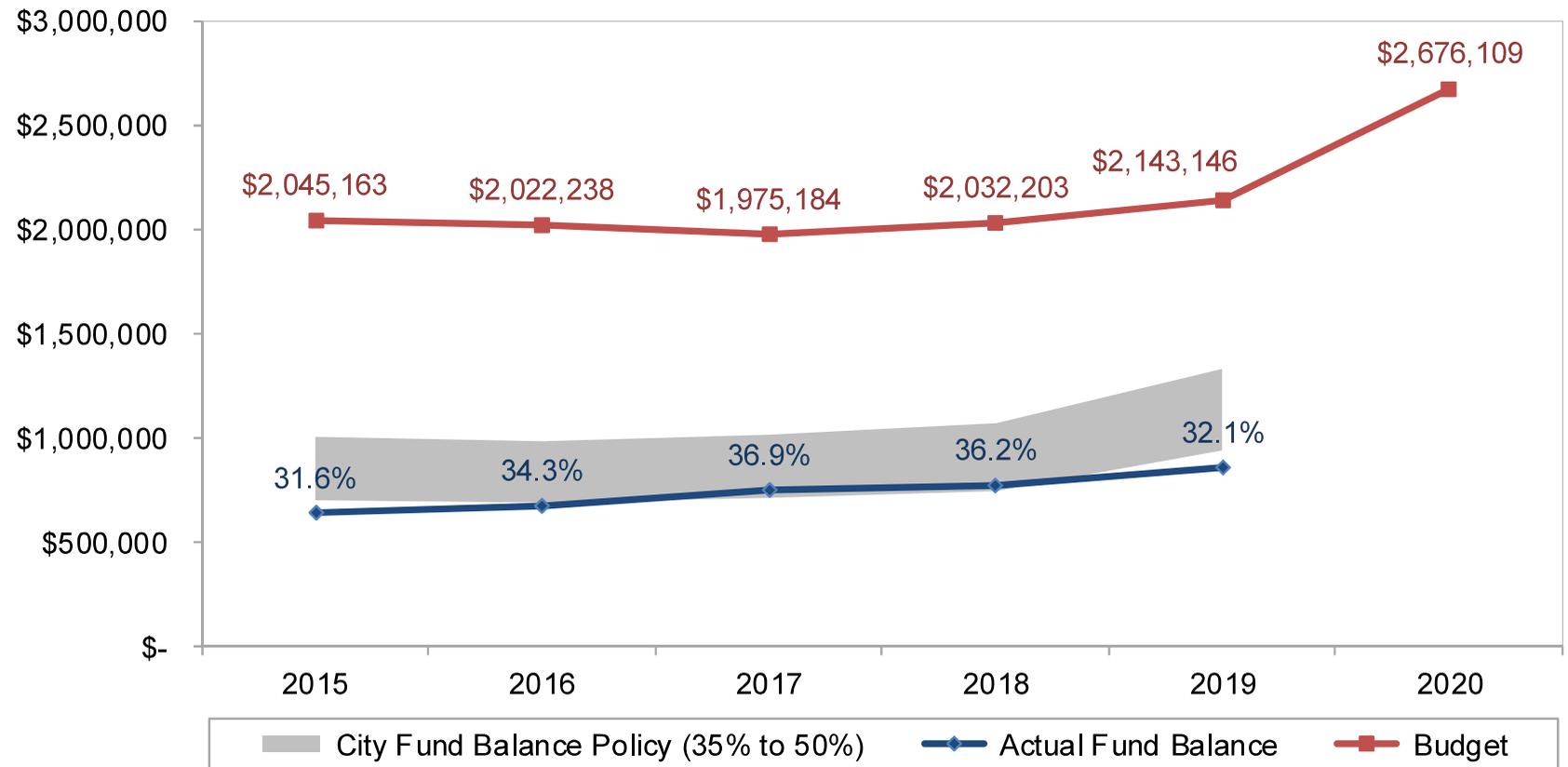
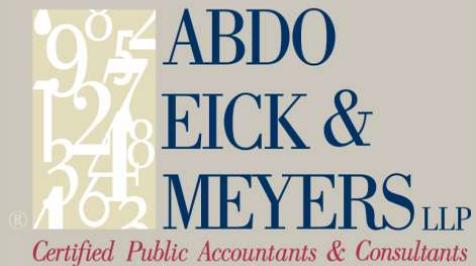
Material Audit Adjustments

- Internal Control Finding

Time Period for Payments

- Legal Compliance Finding

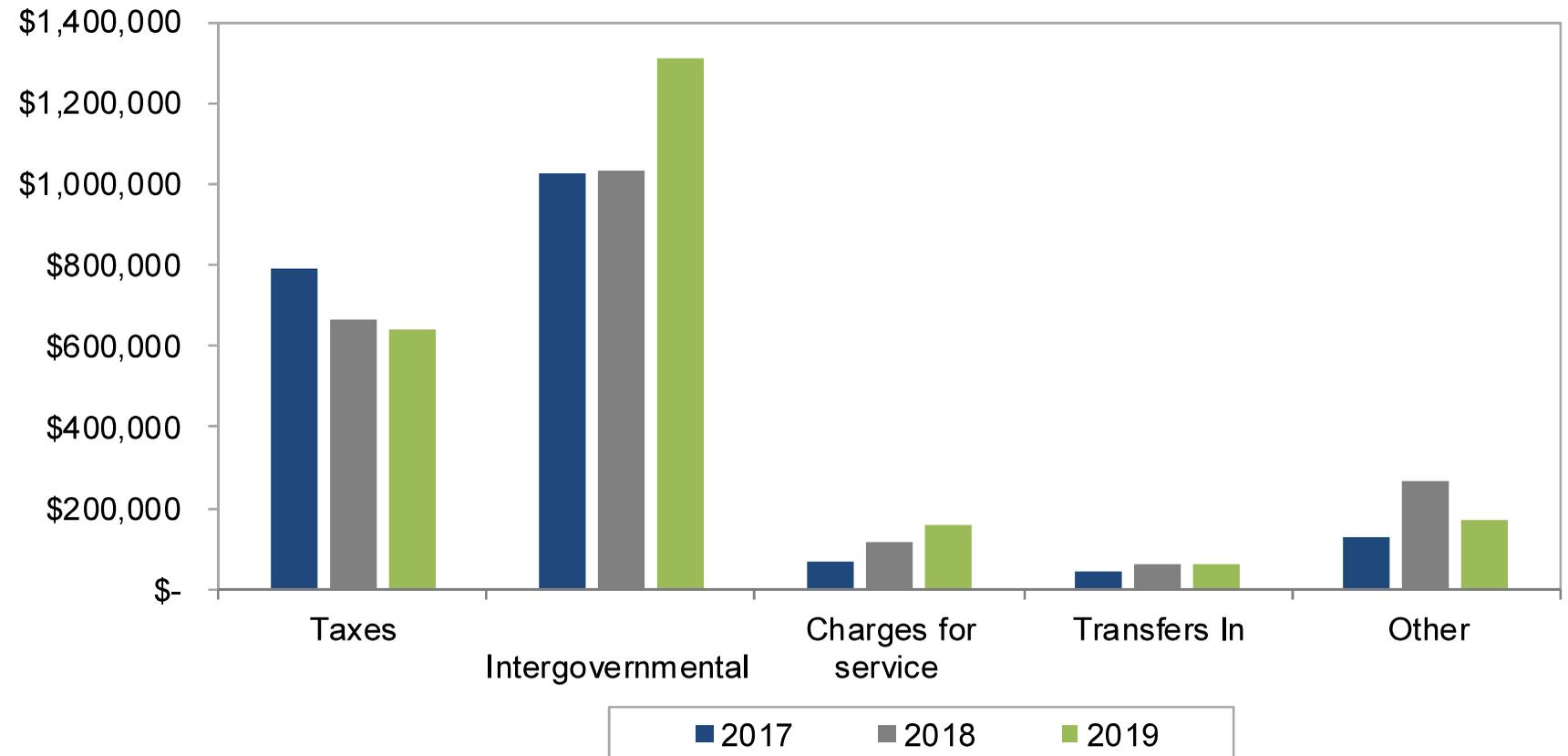
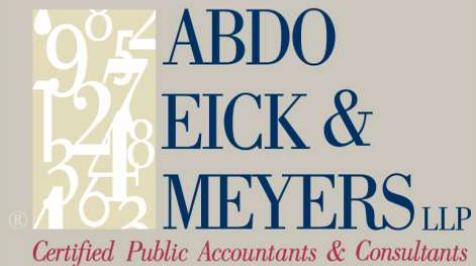
General Fund – Fund Balances



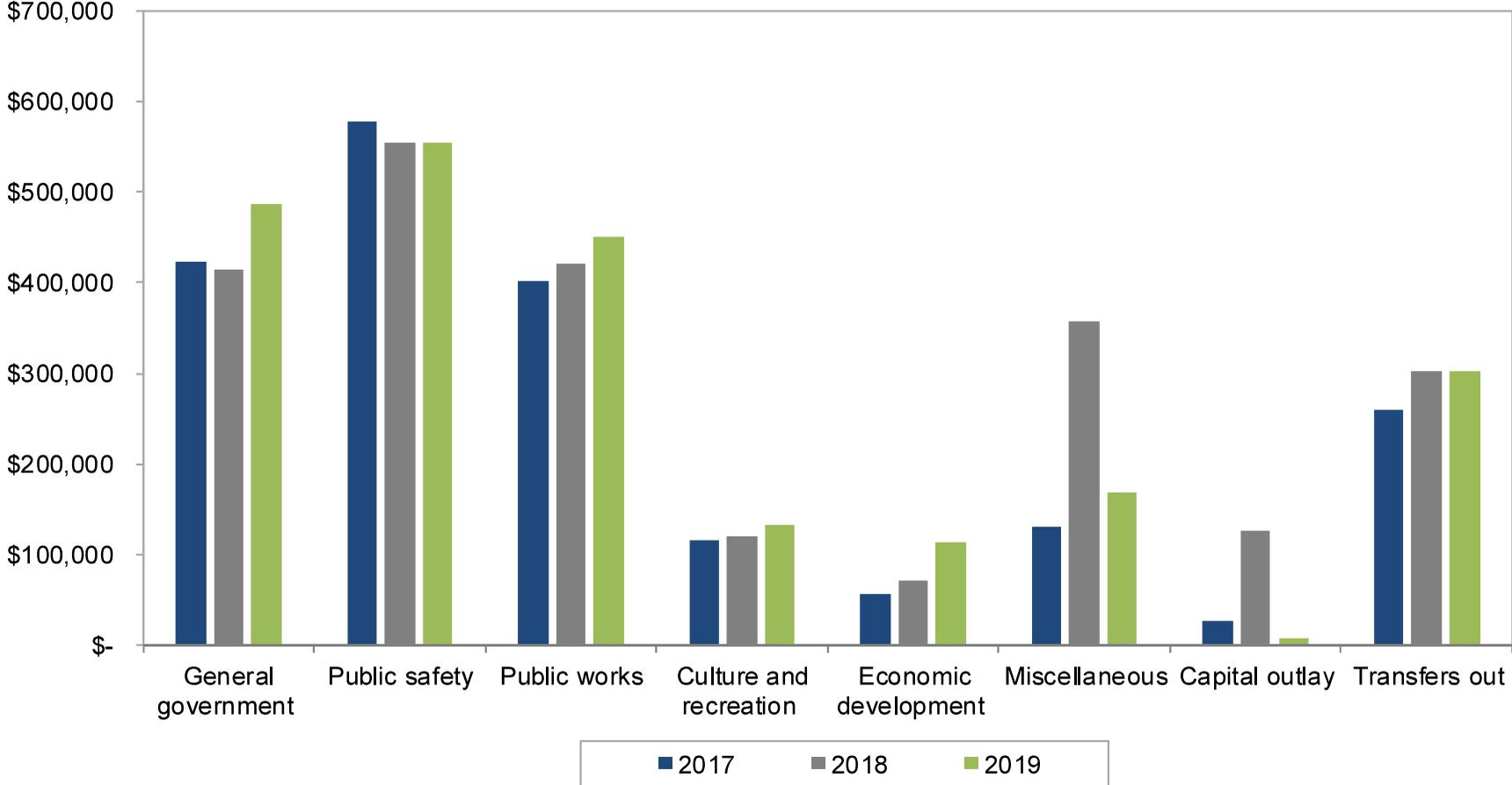
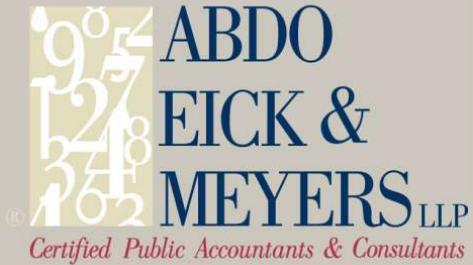
General Fund Budget to Actual

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,037,461	\$ 2,281,865	\$ 244,404
Expenditures	1,825,749	1,966,343	(140,594)
Excess of Revenues Over Expenditures	<u>211,712</u>	<u>315,522</u>	<u>103,810</u>
Other Financing Sources (Uses)			
Transfers in	63,507	63,507	-
Transfers out	(306,230)	(302,397)	3,833
Total Other Financing Sources (Uses)	<u>(242,723)</u>	<u>(238,890)</u>	<u>3,833</u>
Net Change in Fund Balances	<u>\$ (31,011)</u>	76,632	<u>\$ 107,643</u>
Fund Balances, January 1		<u>794,115</u>	
Fund Balances, December 31		<u>\$ 870,747</u>	

General Fund Revenues by Type

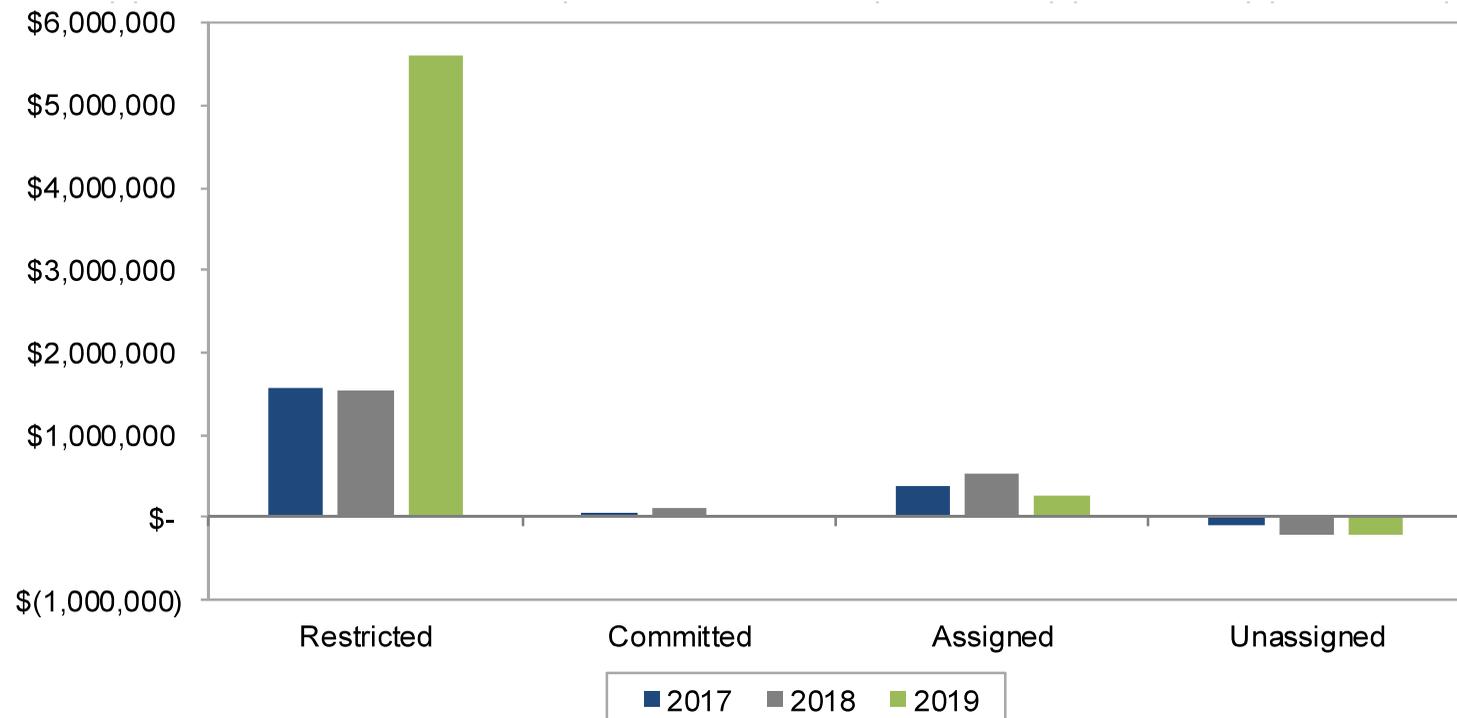


General Fund Expenditures by Type



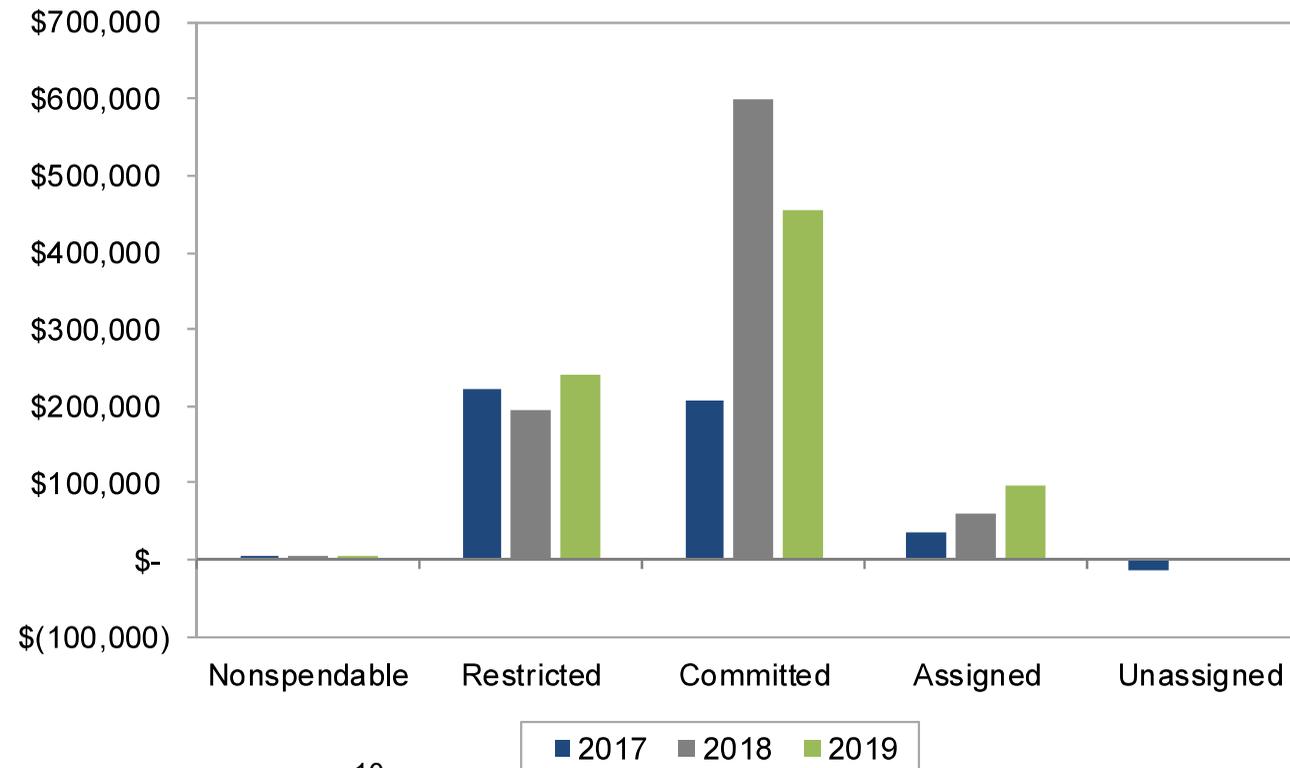
Capital Project Fund Balances

Fund	Fund Balances December 31,		Increase (Decrease)
	2019	2018	
Major			
Tracy Medical Center Capital	\$ 999,912	\$ 1,536,237	\$ (536,325)
Airport Improvement	9,378	29,477	(20,099)
Wastewater Project Phase III	4,607,901	-	4,607,901
Nonmajor			
2016 Street Project	-	(158,732)	158,732
Permanent Improvement	44,183	151,678	(107,495)
Park	29,613	31,205	(1,592)
2014 Street Improvement	-	(38,324)	38,324
Police Equipment Replacement	40,973	82,488	(41,515)
Equipment Replacement	(176,436)	209,392	(385,828)
Fire Department Replacement	(47,327)	65,108	(112,435)
Infrastructure Replacement Reserve	160,284	81,780	78,504
Total	\$ 5,668,481	\$ 1,990,309	\$ 3,678,172



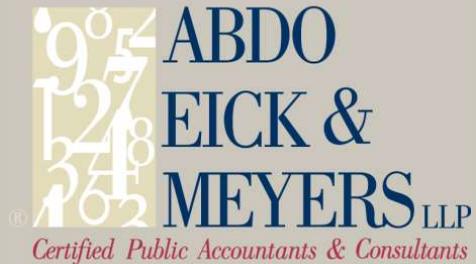
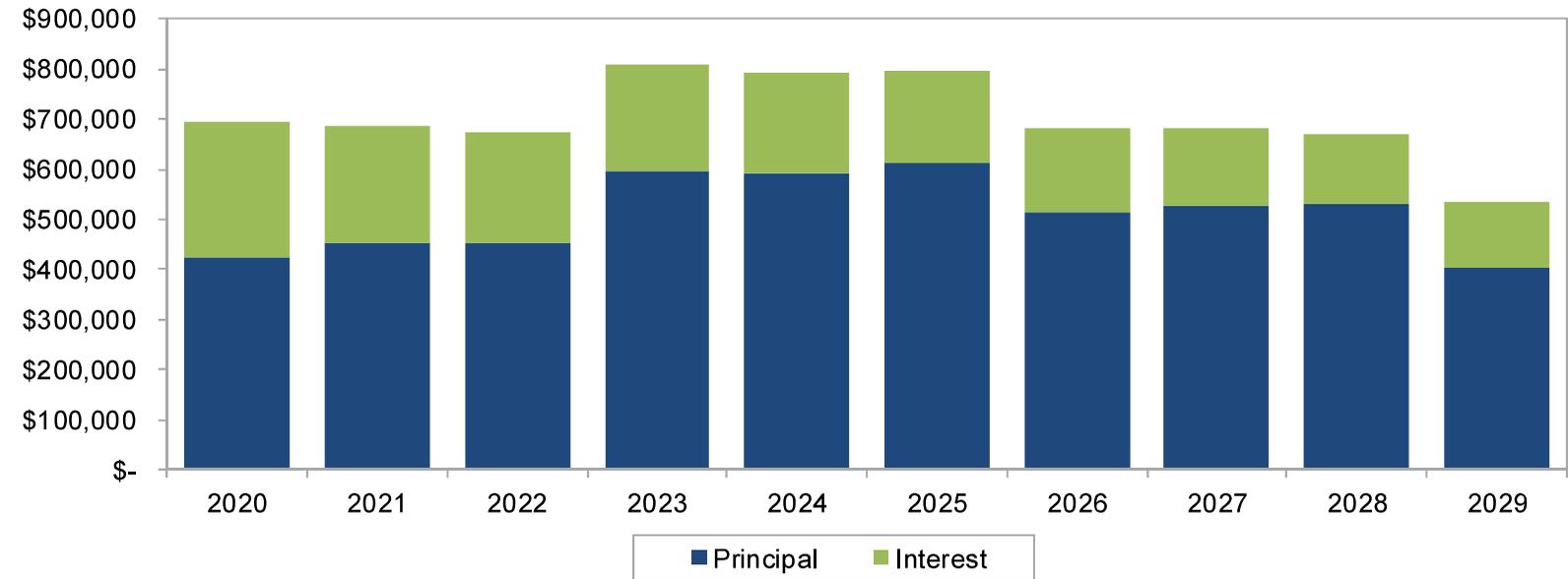
Special Revenue Fund Balances

Fund	Fund Balances December 31,		Increase (Decrease)
	2019	2018	
Nonmajor			
Multi-Purpose Center	\$ 24,752	\$ 14,998	\$ 9,754
Cemetery Operating	55,643	44,081	11,562
Cemetery Memorial	9,539	9,419	120
Library	16,659	90,178	(73,519)
Aquatic Center Operations	42,074	16,603	25,471
CDBG Grant	158,614	152,575	6,039
Cemetery Reserve	60,197	59,410	787
Economic Development	415,489	469,517	(54,028)
Code Enforcement	10,386	1,073	9,313
Total	\$ 793,353	\$ 857,854	\$ (64,501)

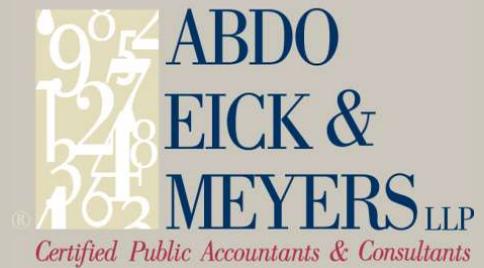
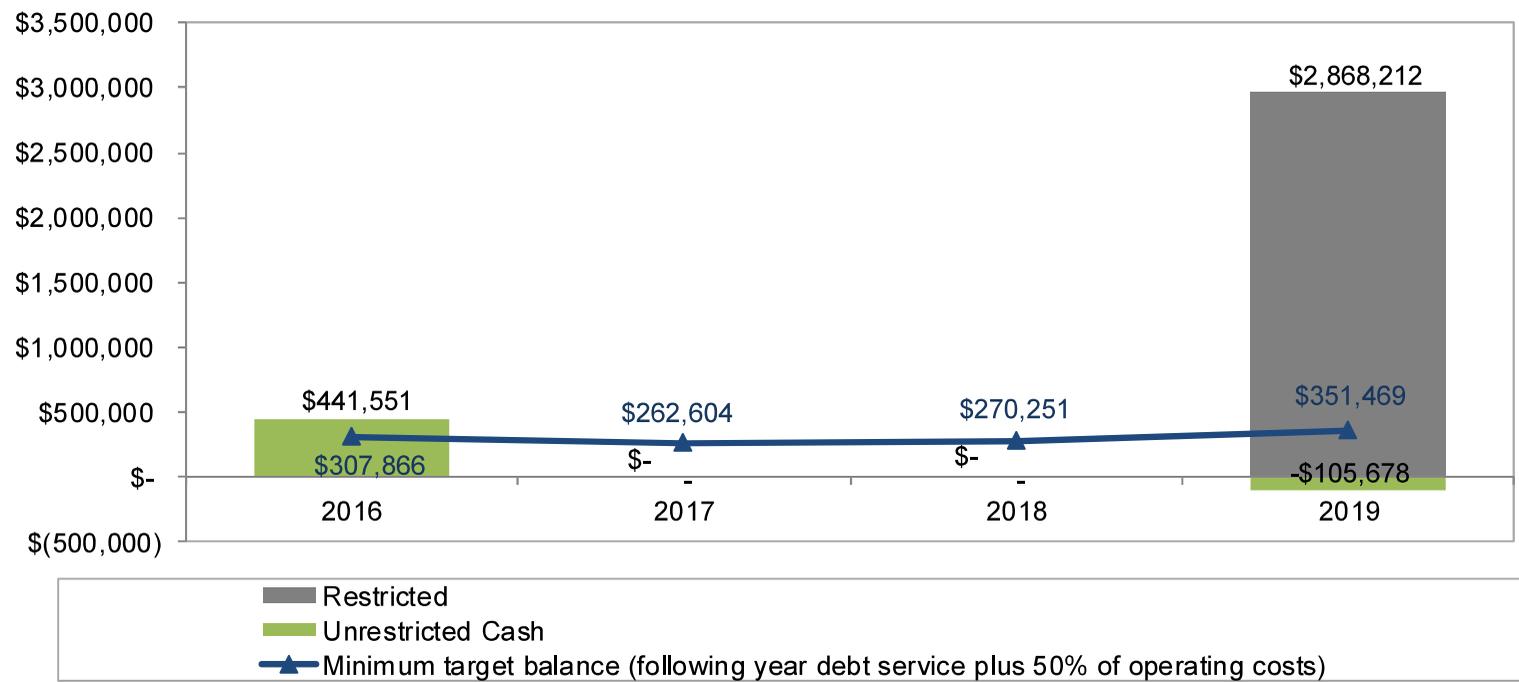
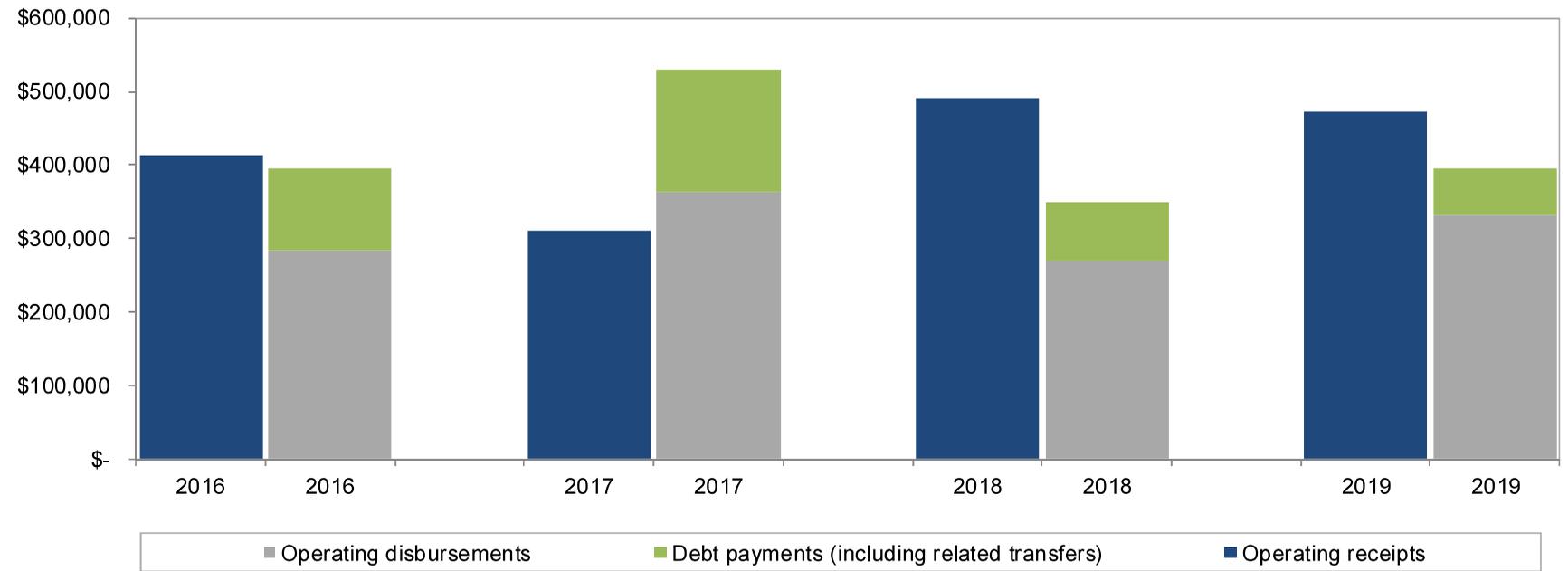


Debt Service

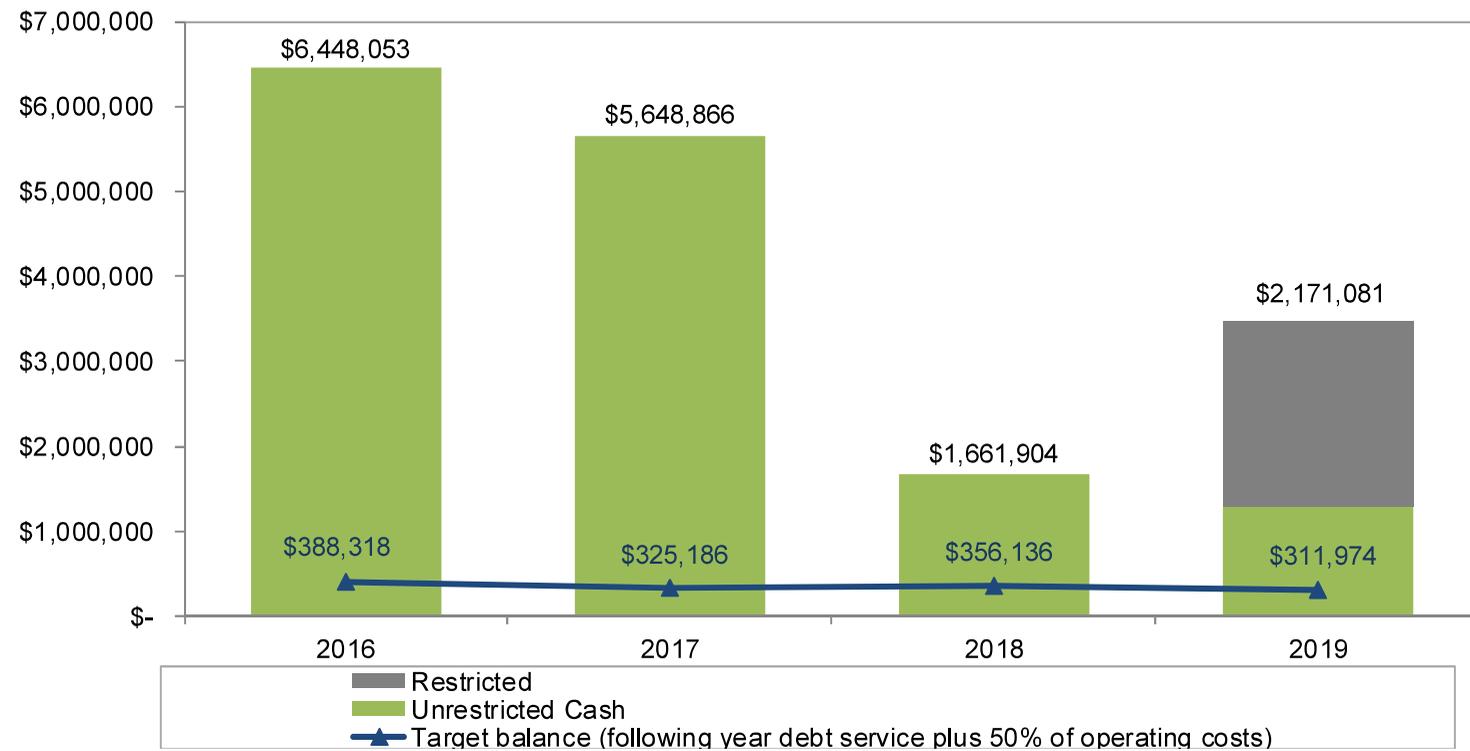
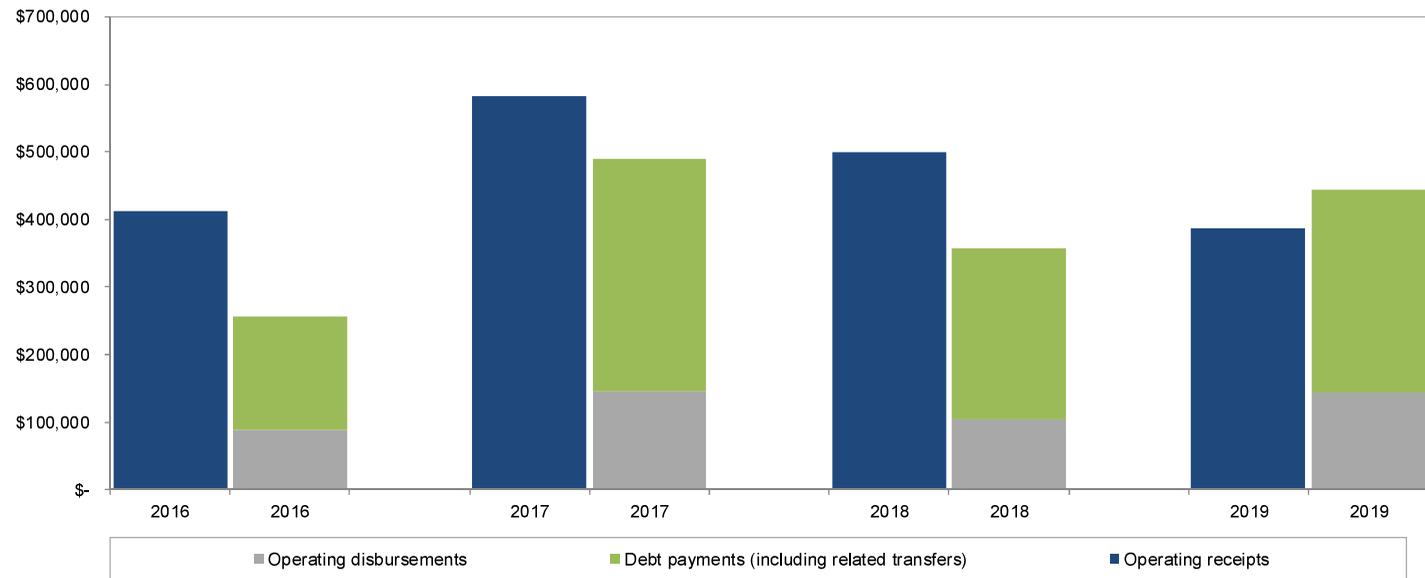
Description	Total Cash and Investments	Total Assets	Bonds Outstanding	Year of Maturity
502 2014 G.O. Improvement Bonds	\$ 123,487	\$ 339,514	\$ 1,210,000	2031
503 2019 G.O. Refunding Improvement Bonds	121,471	182,122	572,000	2025
505 2008 G.O. Refunding Bonds	390,127	439,286	325,000	2022
510 2015A G.O. Refunding Bonds	210,267	271,401	1,195,000	2028
512 2016D G.O. Improvement Bonds	-	-	470,000	2032
514 USDA Future Bonds	38,104	155,306	-	
515 2019B G.O. Bonds	405,258	407,911	5,365,000	2042
Total	\$ 1,288,714	\$ 1,795,540	\$ 9,137,000	
		Total Remaining Interest Payments	\$ 2,655,250	



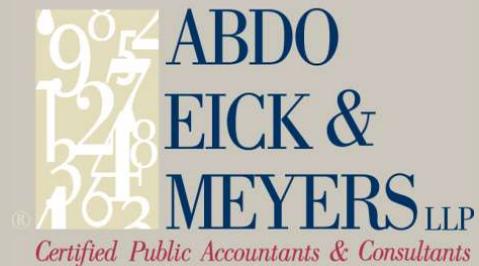
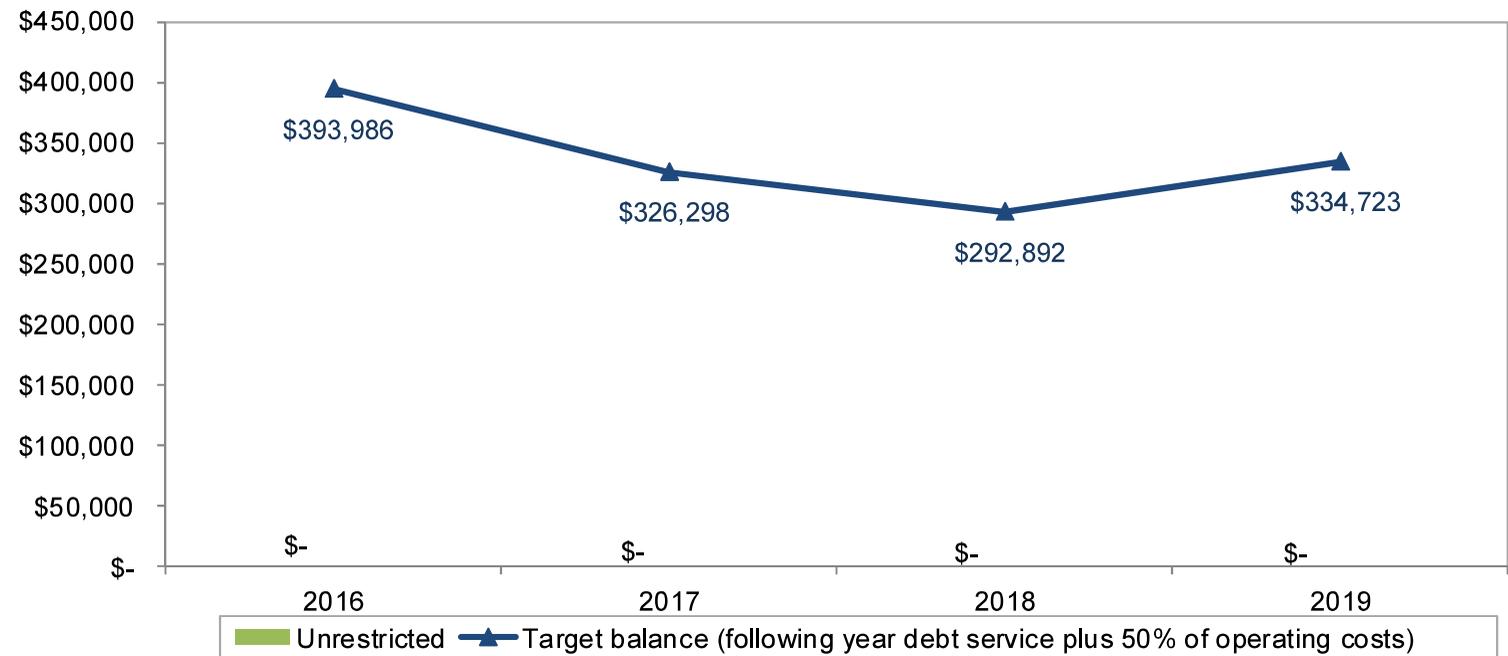
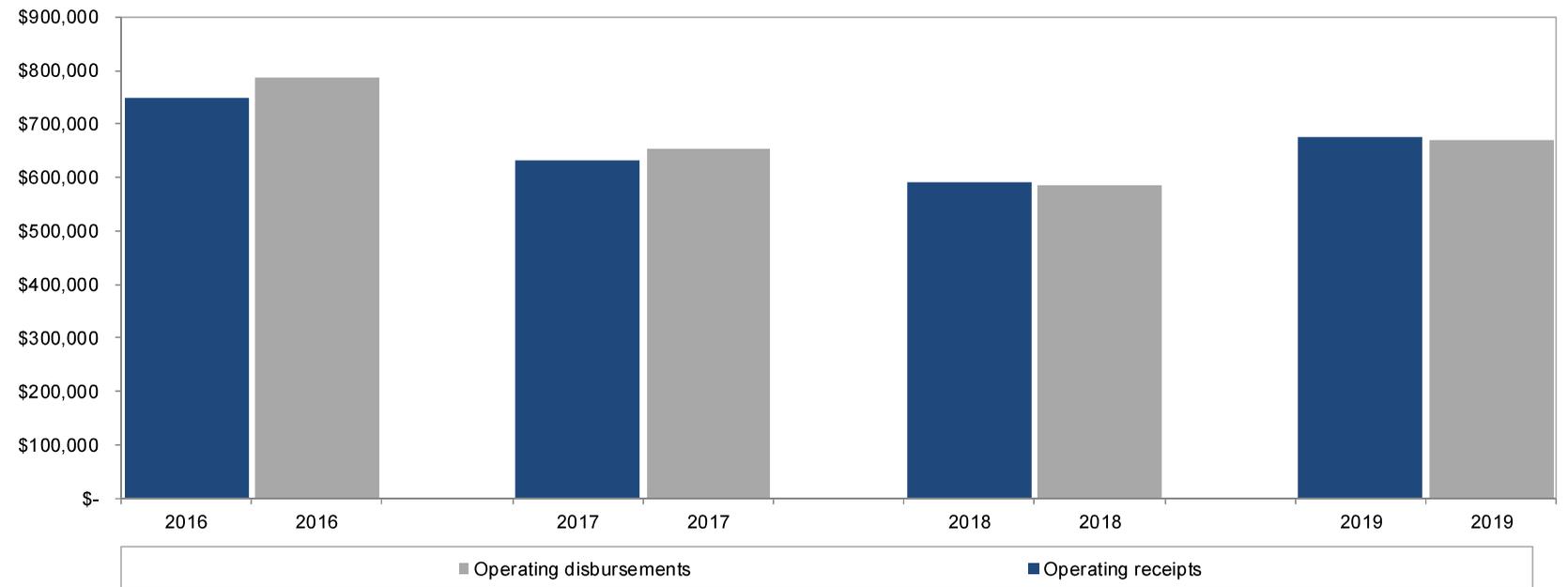
Water Fund - Cash Flows from Operations and Cash Balances



Sewer Fund - Cash Flows from Operations and Cash Balances



Liquor Store Fund - Cash Flows from Operations and Cash Balances



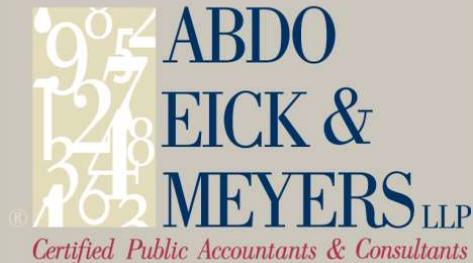
There is a \$58,814 advance to cover the cash deficit in 2019.

Liquor Store Fund - Statewide Averages vs. Tracy Averages

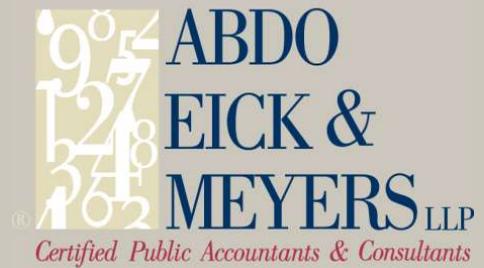
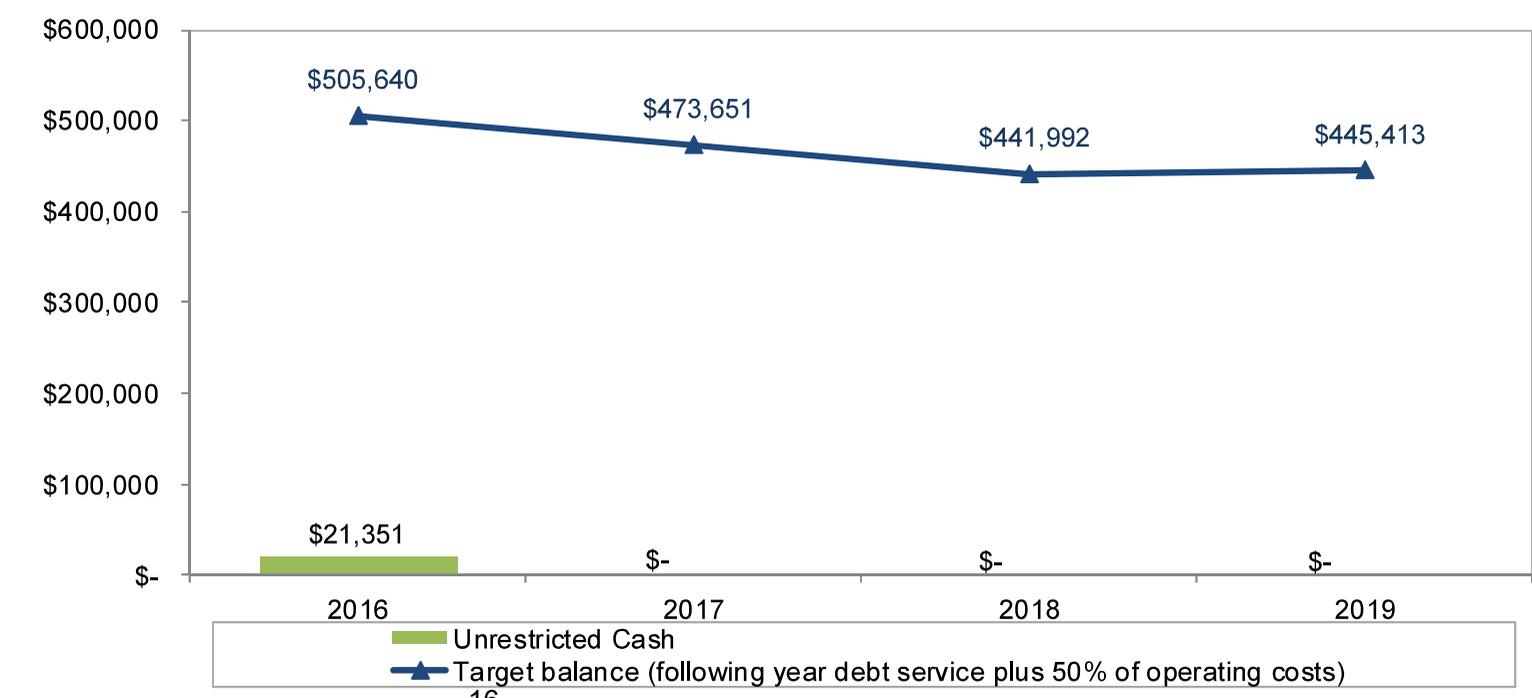
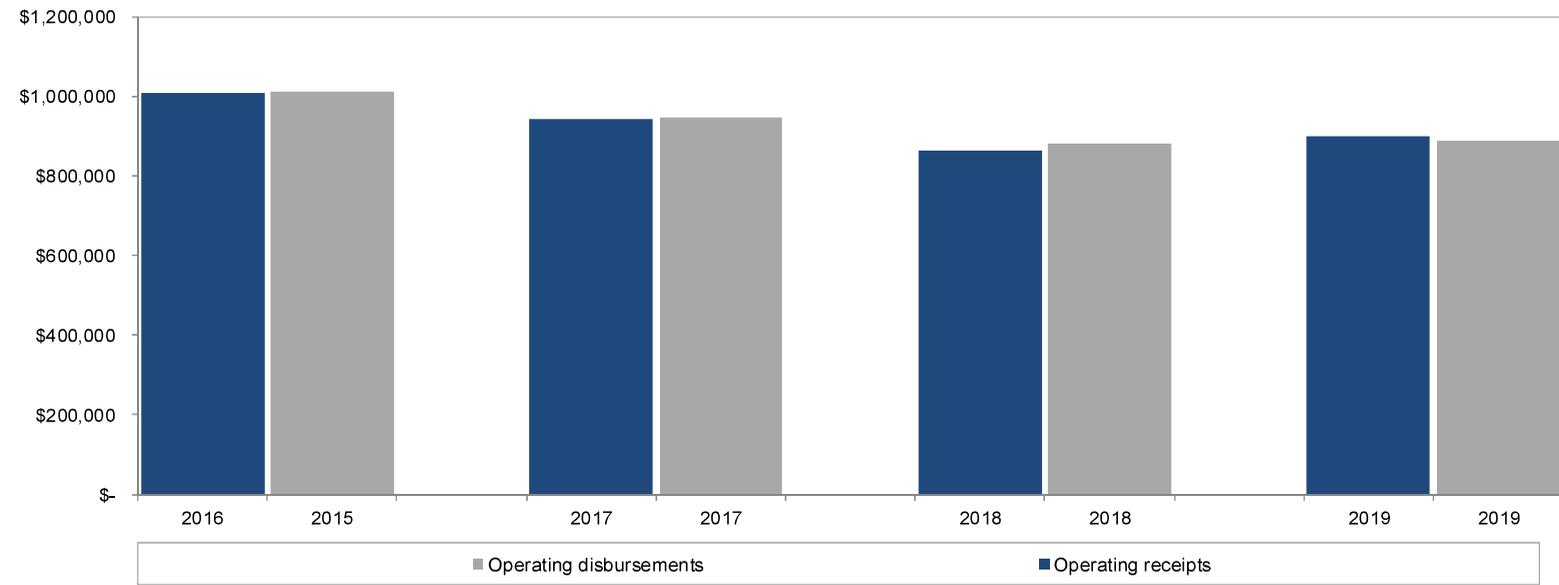
	Off-Sale Only Stores		
	2016	2017	2018
	Percent of Sales	Percent of Sales	Percent of Sales
Sales	100.0 %	100.0 %	100.0 %
Cost of Sales	<u>74.1</u>	<u>73.9</u>	<u>73.6</u>
Gross Profit	25.9	26.1	26.4
Operating Expenses	<u>18.6</u>	<u>18.7</u>	<u>18.5</u>
Operating income	7.3	7.4	7.9
Nonoperating Revenue (Expenses)	<u>-</u>	<u>-</u>	<u>0.9</u>
Income Before Transfers	<u>7.3</u> %	<u>7.4</u> %	<u>8.8</u> %

Source: Analysis of Municipal Liquor Store Operations, for the year ended December 31, 2018.
Published by the Minnesota Office of the State Auditor.

	Off-Sale Only Stores			
	2016	2017	2018	2019
	Percent of Sales	Percent of Sales	Percent of Sales	Percent of Sales
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of Sales	<u>63.8</u>	<u>70.8</u>	<u>65.5</u>	<u>67.8</u>
Gross Profit	36.2	29.2	34.5	32.2
Operating Expenses	<u>41.5</u>	<u>32.8</u>	<u>29.2</u>	<u>27.4</u>
Operating income	(5.3)	(3.6)	5.3	4.8
Nonoperating Revenue (Expenses)	<u>0.7</u>	<u>-</u>	<u>0.5</u>	<u>-</u>
Income Before Transfers	<u>(4.6)</u> %	<u>(3.6)</u> %	<u>5.8</u> %	<u>4.8</u> %

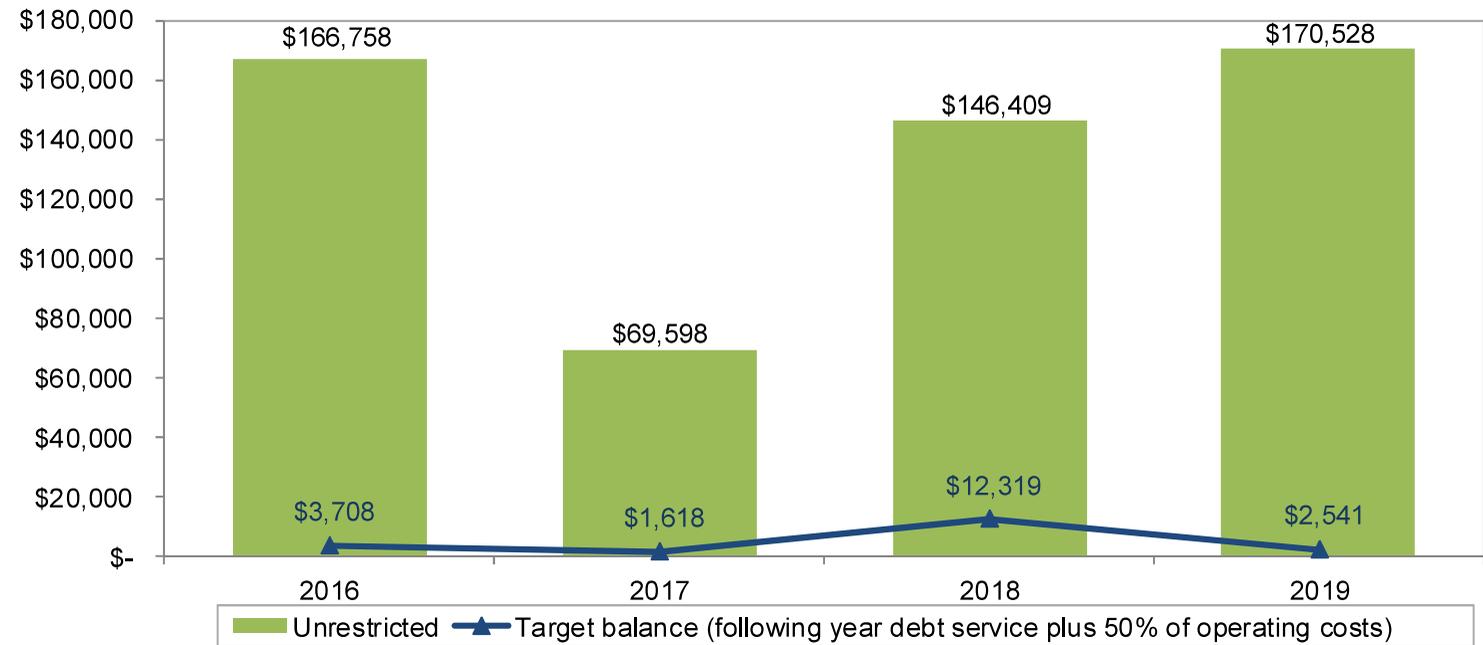
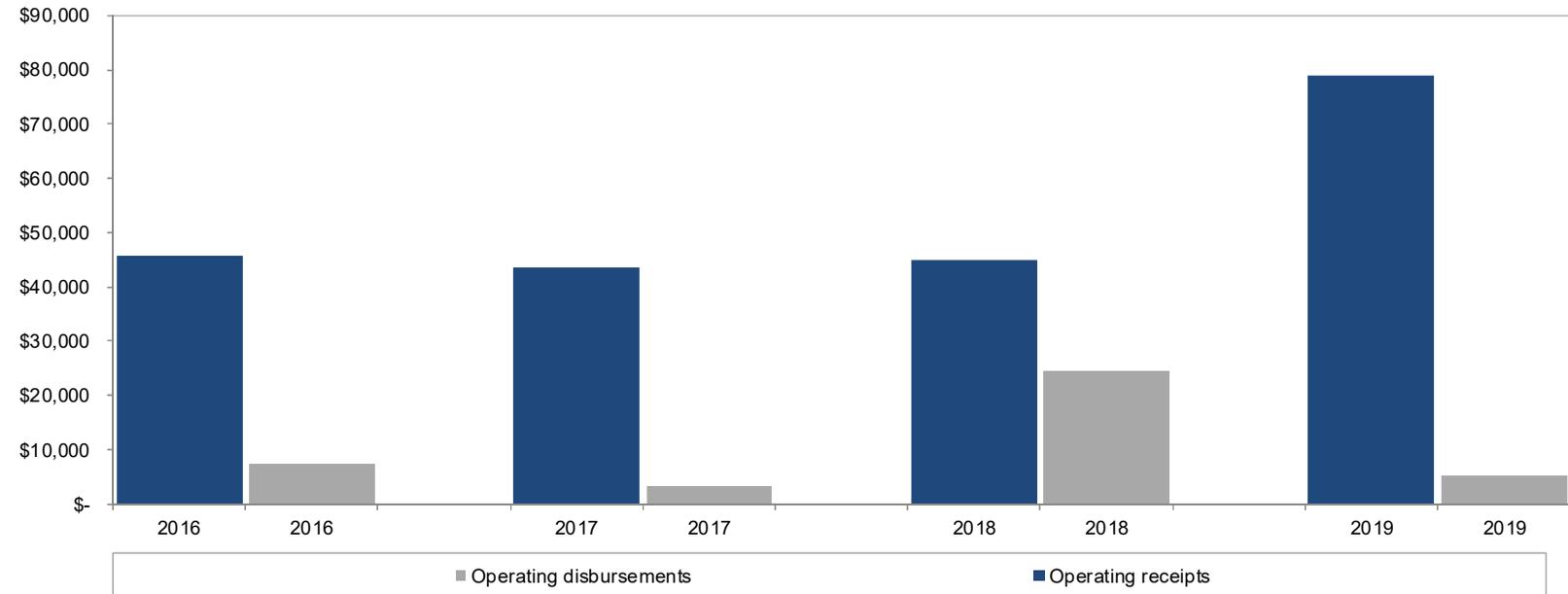


Deputy Registrar Fund - Cash Flows from Operations and Cash Balances

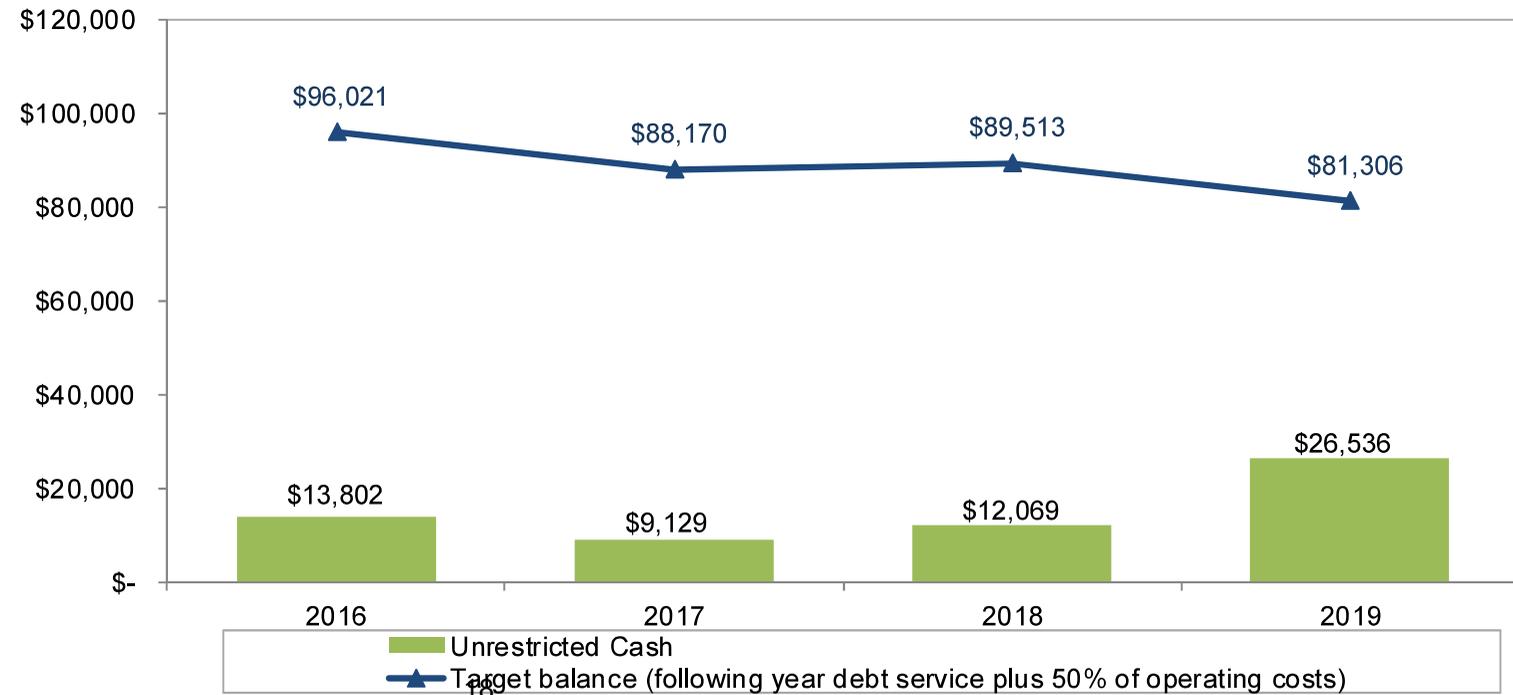
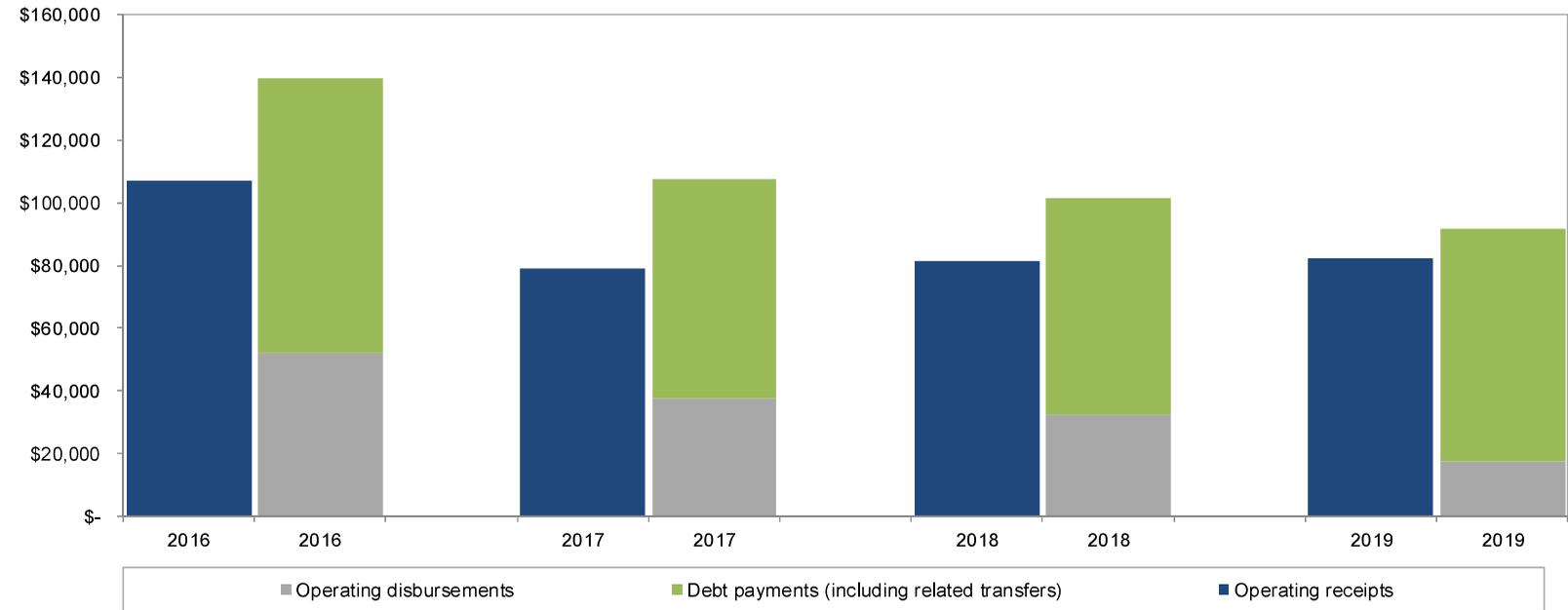
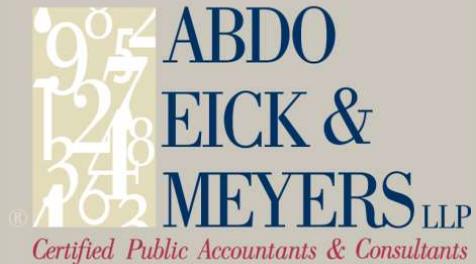


There is a \$9,807 advance to cover the cash deficit in 2019.

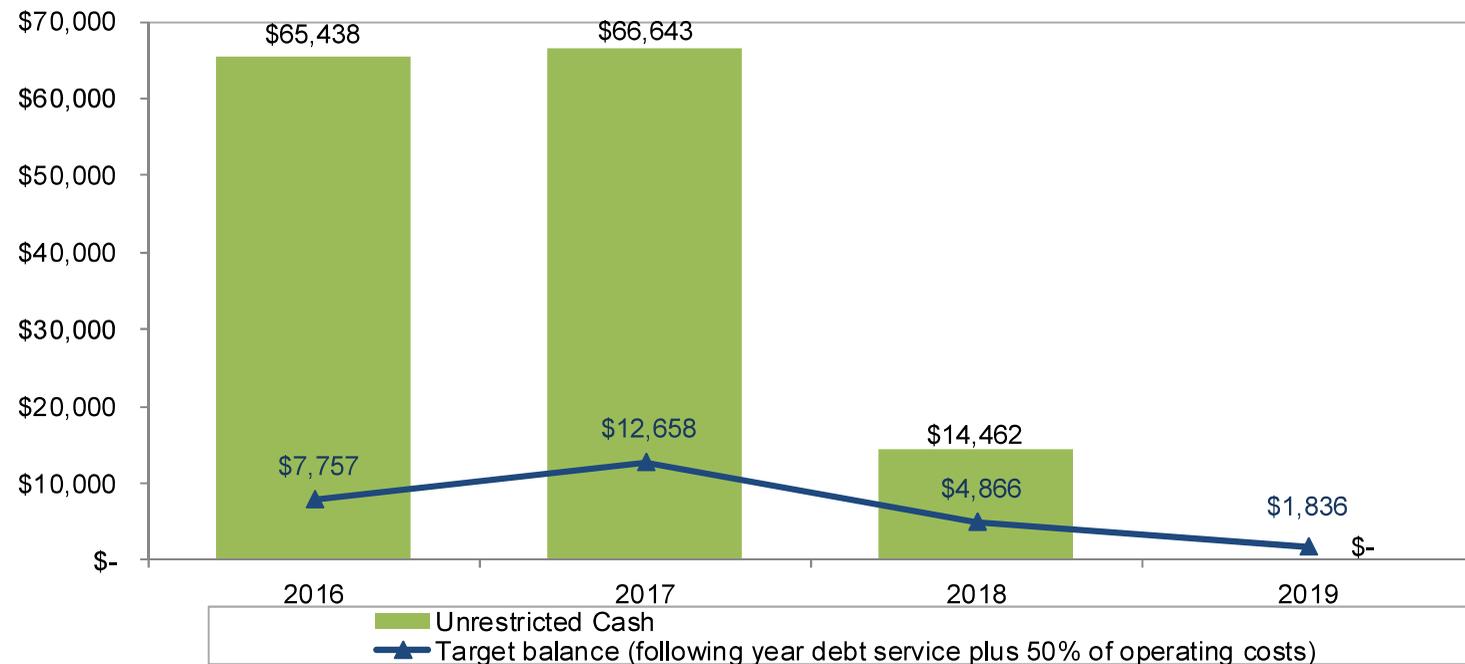
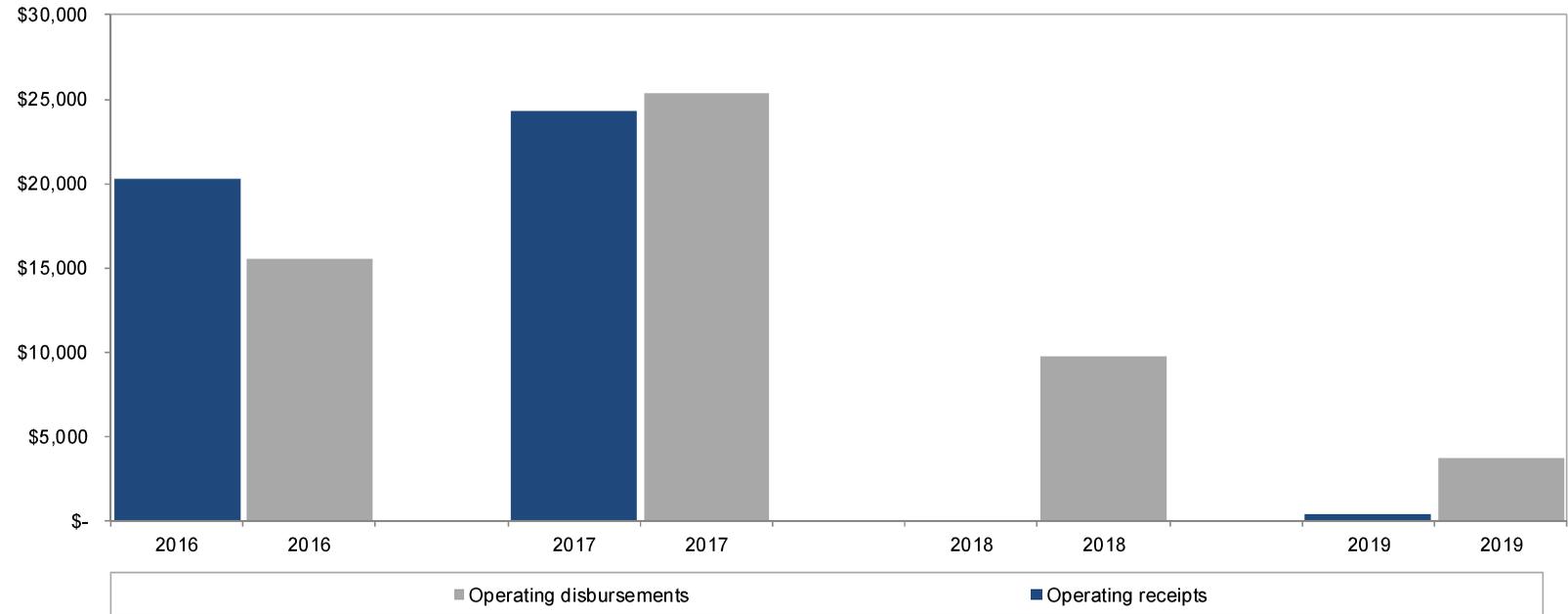
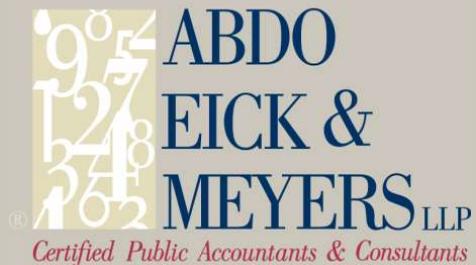
O'Brien Court Fund - Cash Flows from Operations and Cash Balances



Orchard Lane Townhomes Fund - Cash Flows from Operations and Cash Balances

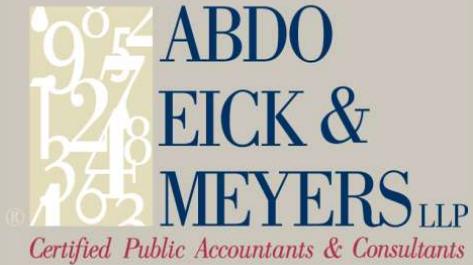
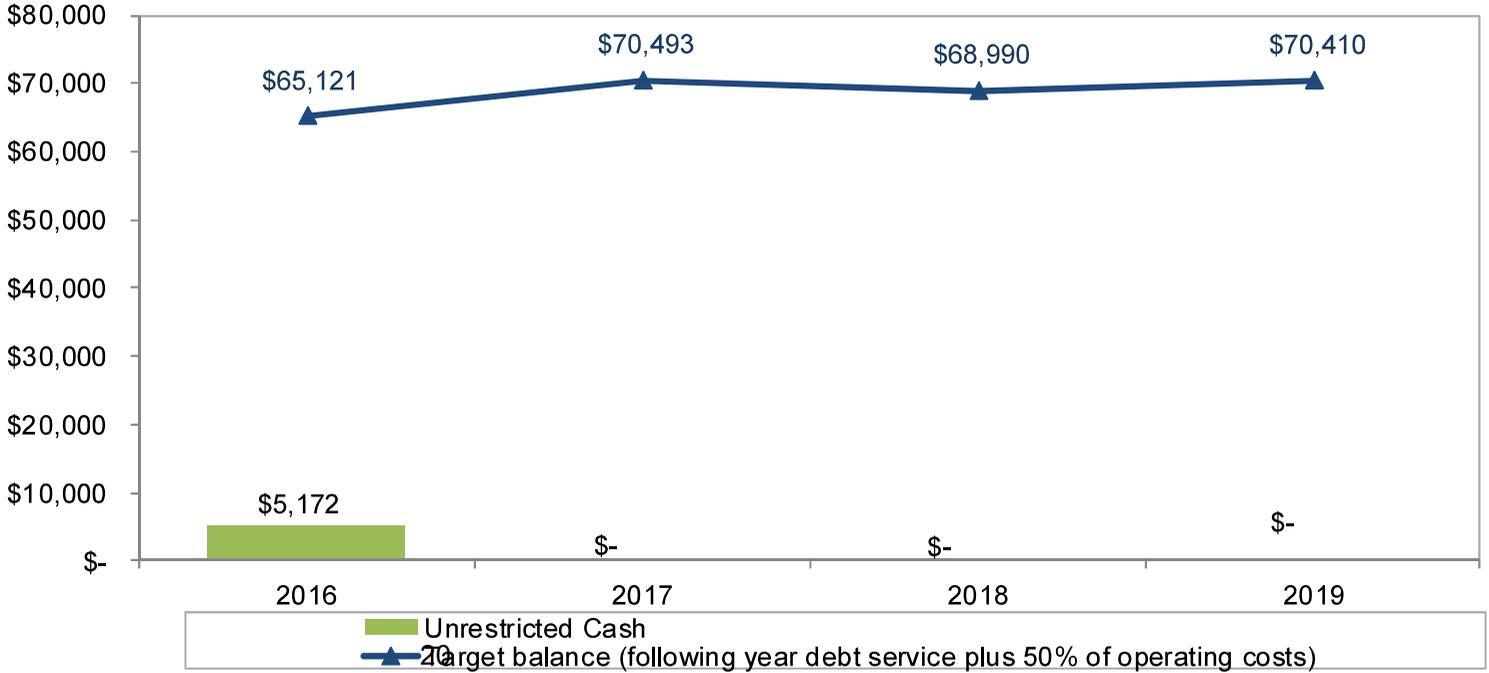
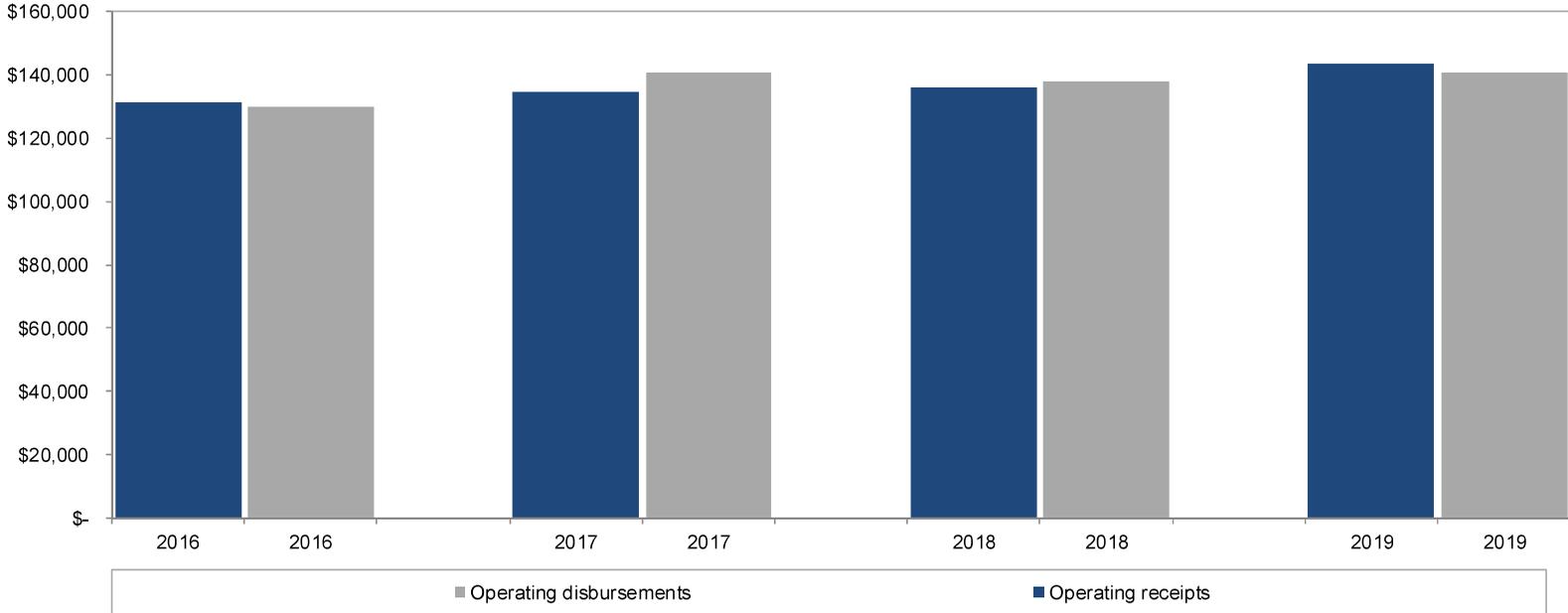


Utility Surcharge Fund - Cash Flows from Operations and Cash Balances



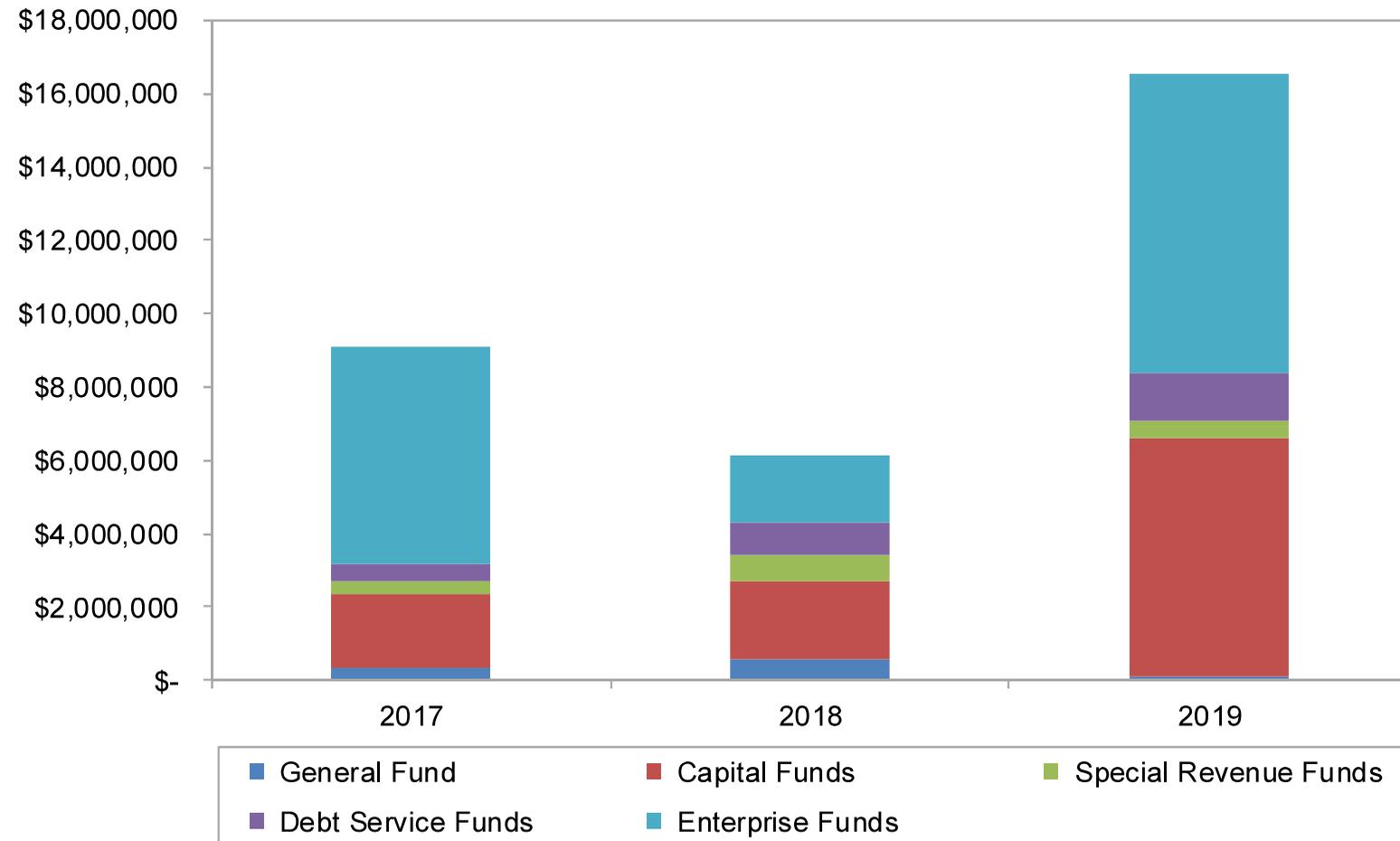
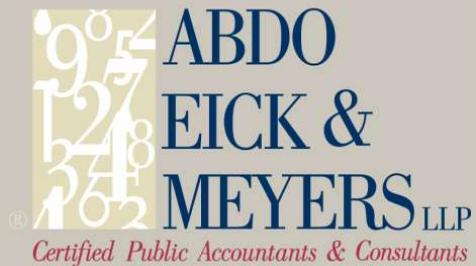
There is a \$19,808 advance to cover the cash deficit in 2019.

Refuse Collection Fund - Cash Flows from Operations and Cash Balances

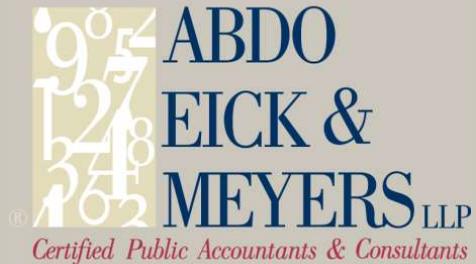


There is a \$5,166 advance to cover the cash deficit in 2019.

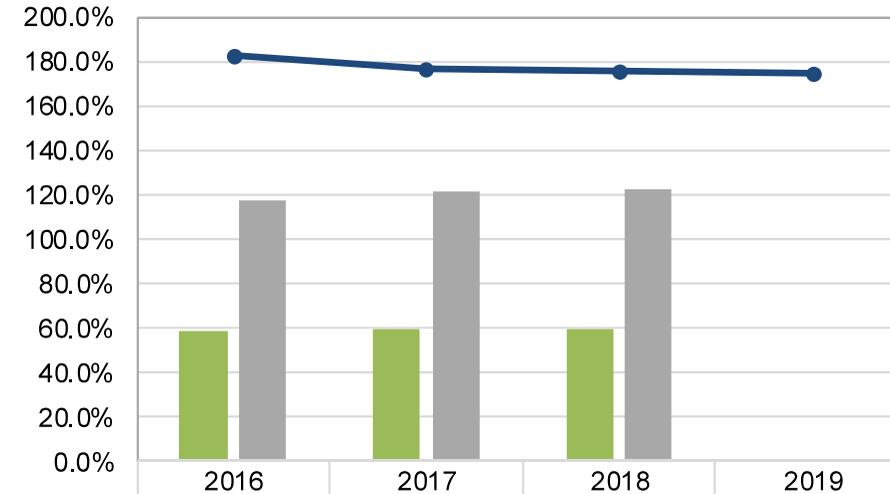
Cash and Investments Balances by Fund Type



Key Ratios

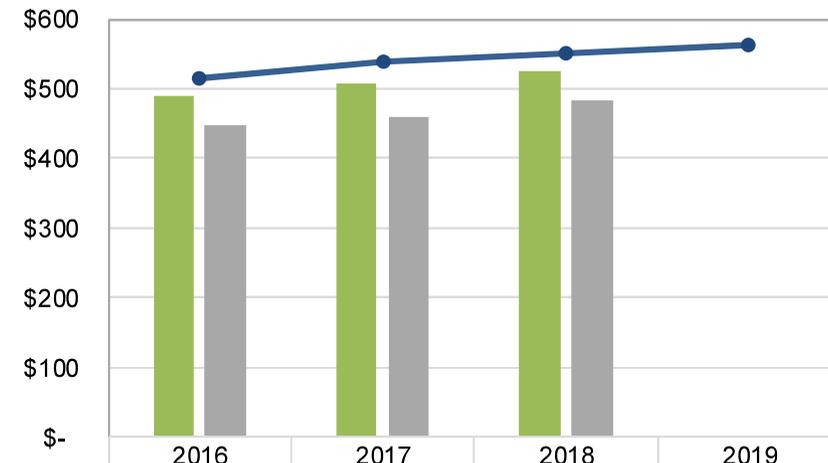


Tax Rate



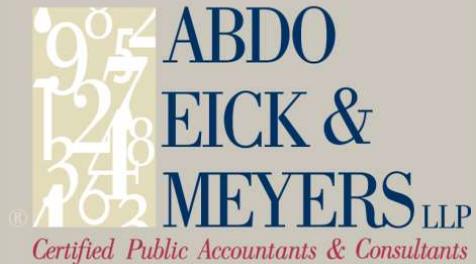
	2016	2017	2018	2019
Class 4 Cities	58.4%	59.1%	59.8%	N/A
Cities in Lyon County	117.8%	121.3%	122.1%	N/A
City of Tracy	183.1%	176.7%	175.2%	174.6%

Taxes - Per Capita

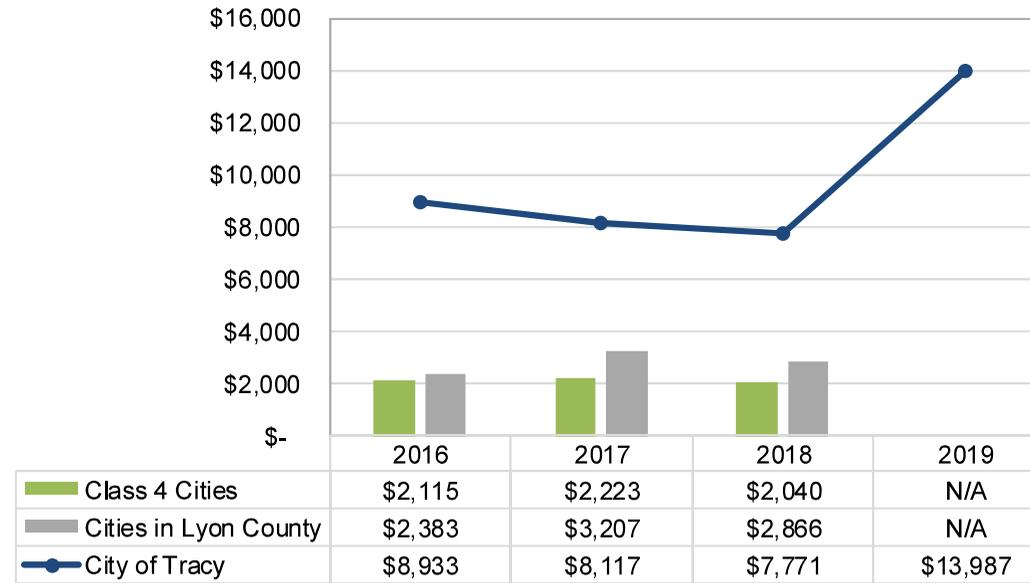


	2016	2017	2018	2019
Class 4 Cities	\$488	\$507	\$524	N/A
Cities in Lyon County	\$446	\$461	\$482	N/A
City of Tracy	\$515	\$539	\$551	\$563

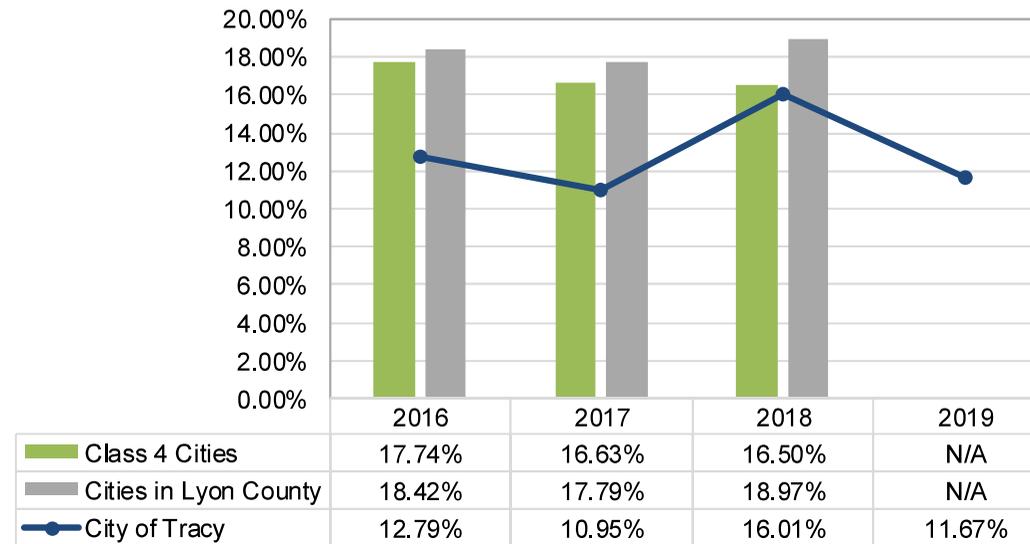
Key Ratios



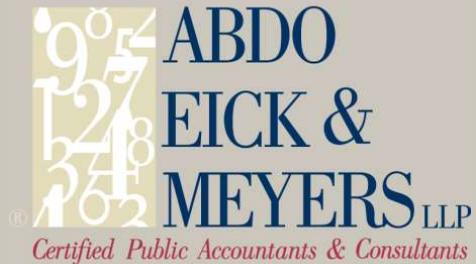
Debt - Per Capita



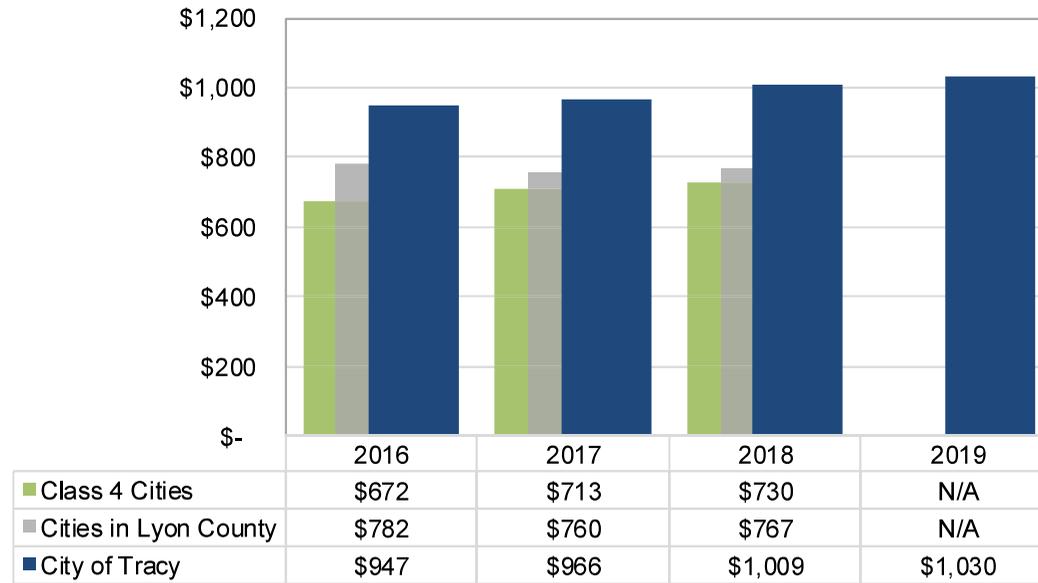
Debt Service Expenditures as a Percent of Total Expenditures



Key Ratios



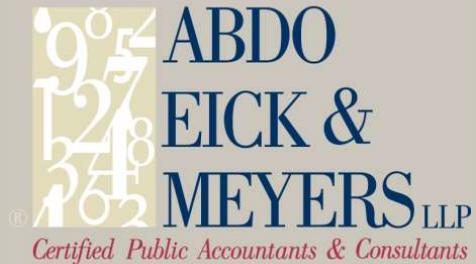
Current Expenditures - Per Capita



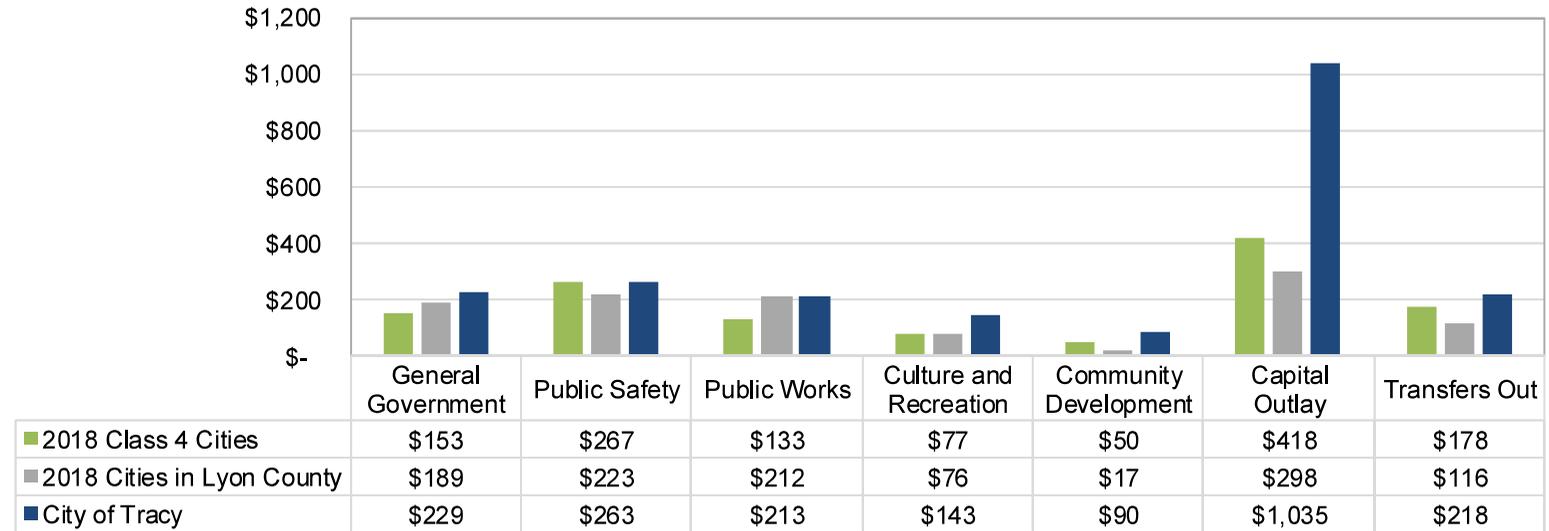
Capital Expenditures - Per Capita



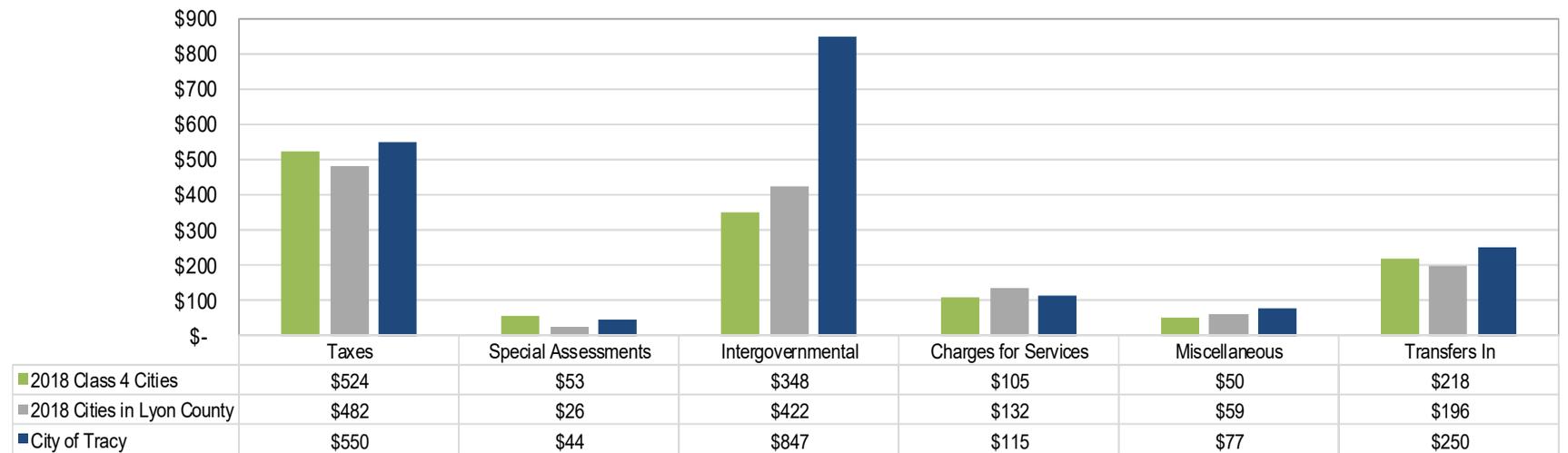
Key Ratios



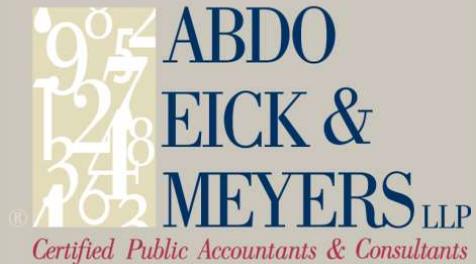
Expenditures by Program - Per Capita



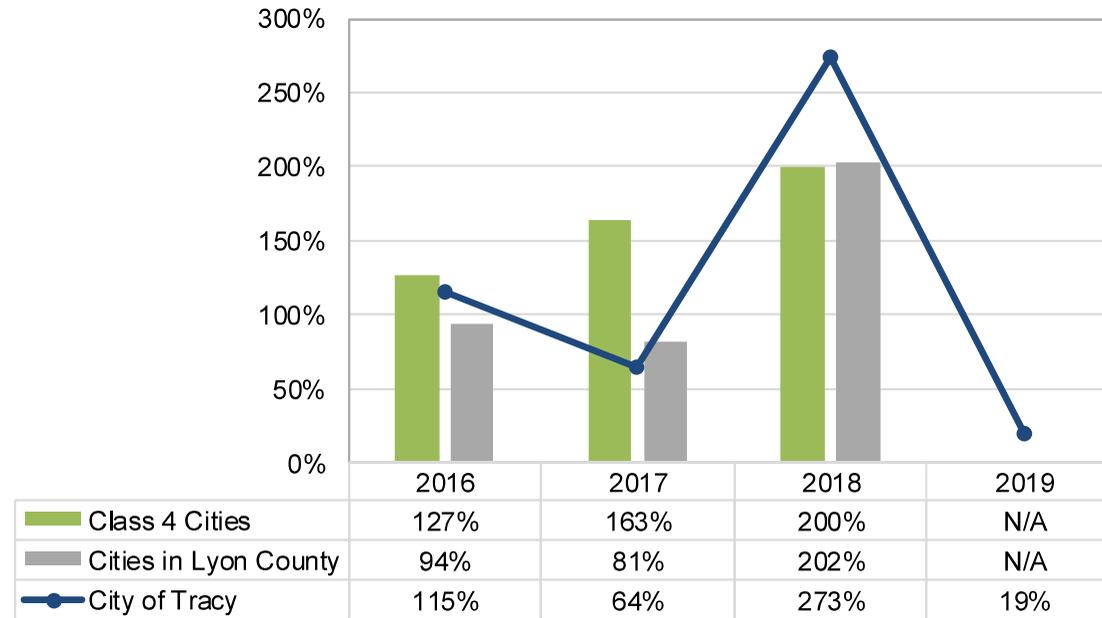
Per Capita Revenues by Source



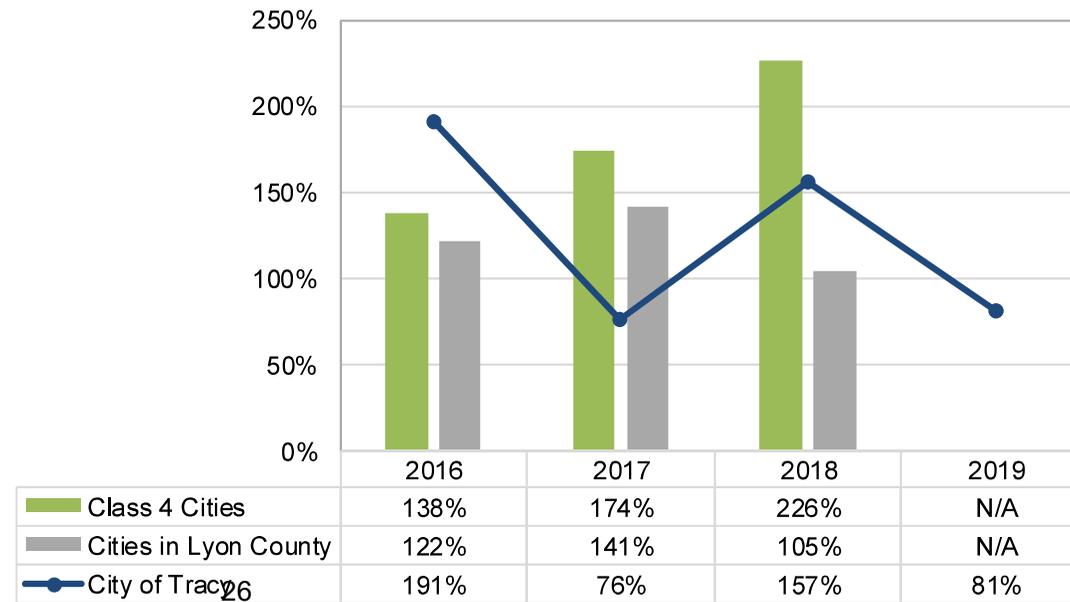
Key Ratios



Water Fund Debt Service Coverage



Sewer Fund Debt Service Coverage



Questions?

Audit Team

Tom Olinger, CPA

Erin Enstad, CPA

Abby Schmidt, CPA

Chad Guse

Lindsay Munguia - Admin

Kirsten Elliott - Admin

Annual Financial Report

City of Tracy
Tracy, Minnesota

For the Year Ended
December 31, 2019

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City of Tracy, Minnesota
Annual Financial Report
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For the Year Ended December 31, 2019

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INTRODUCTORY SECTION

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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City of Tracy, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2019

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tony Peterson	Mayor	12/31/20
Kou Thao	Council	12/31/20
George Landuyt	Council	12/31/20
Jeri Schons	Council	12/31/22
Dave Tiegs	Council	12/31/20

APPOINTED

Kris Ambuehl	City Administrator	1/1/2019 - 8/12/19
Shane Daniels	Interim City Administrator	8/12/19 - 3/09/2020
Erik Hansen	City Administrator	3/09/2020 - current

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FINANCIAL SECTION

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Tracy, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tracy, Minnesota (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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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 17 and the Schedule of Employer's Share of the Net Pension Liability, the Schedule of Employers Contributions, the related note disclosures, the Schedule of Employer's Fire Relief Association Contributions and Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios starting on page 84 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

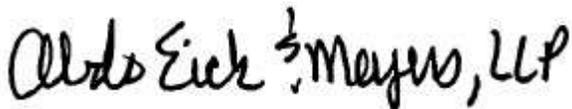
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for 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 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, the combining and individual fund financial statements and the Schedule of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2020, 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
Mankato, Minnesota
August 17, 2020

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Management's Discussion and Analysis

As management of the City of Tracy, 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, 2019.

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 \$9,456,037 (net position). Of this amount \$2,206,541 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$790,685. This increase largely relates to an increase in capital grants and contributions relating to the Wastewater Project.
- As of the close of the current fiscal year, the City's governmental fund reported combined ending fund balances of \$8,616,321, an increase of \$4,093,589 in comparison with the prior year. This increase was due to bonds issued the Phase III of the Wastewater Project but not yet expensed. Approximately 11.5 percent of this total amount or \$992,184 is available for spending at the City's discretion including \$357,972 assigned for a specific purpose.

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. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

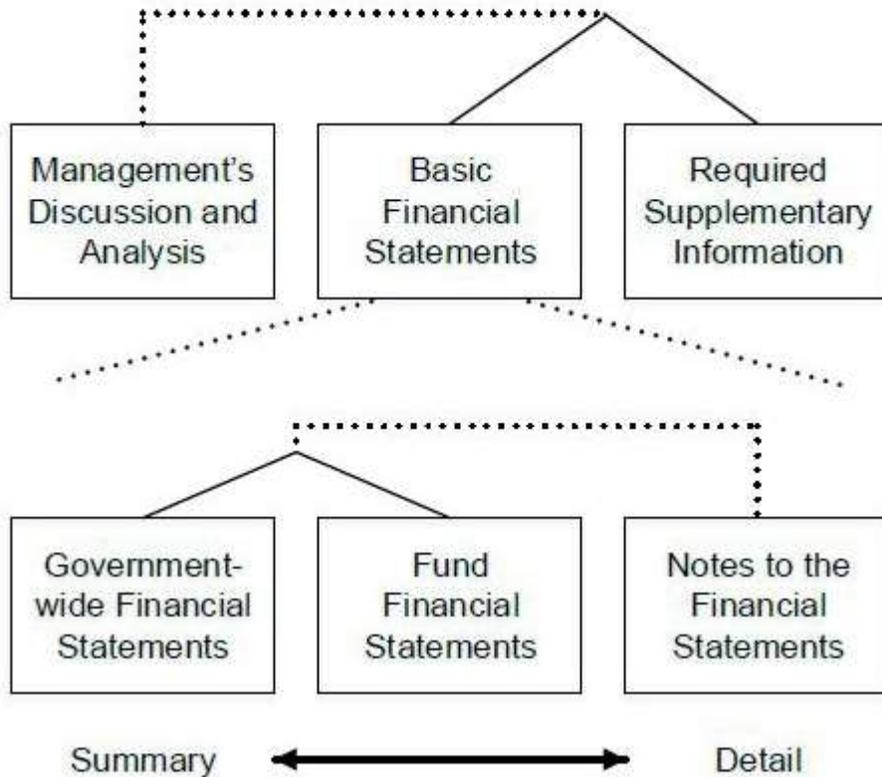


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets and highway, culture and recreation and economic development and miscellaneous. The business-type activities of the City include O'Brien Court, Orchard Lane Townhomes, Liquor, Water Utility, Utility Surcharge, Sewer Utility, Refuse Collection and Deputy Register & License operations.

The government-wide financial statements can be found starting on page 31 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 28 individual governmental funds, seven of which are Debt Service funds which are considered one fund for reporting purposes. 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, the Tracy Medical Center Capital fund, Airport Improvement fund, Wastewater Project Phase II fund and Debt Service fund, all of which are considered to be major funds. Data from the other nonmajor 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. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found starting on page 36 of this report.

Proprietary Funds. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its O'Brien Court, Orchard Lane Townhomes, Liquor, Water utility, Utility Surcharge, Sewer Utility, Refuse Collections, Deputy Register and License, and Storm Water.

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 each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found starting on page 44 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 53 of this report.

Required Supplementary Information. The required supplementary information can be found starting on page 84 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 92 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 \$9,456,037 at the close of the most recent fiscal year.

A large portion of the City's net position (46.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are 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 Tracy's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Current and Other Assets	\$ 9,940,848	\$ 5,397,326	\$ 4,543,522	\$ 8,860,686	\$ 2,467,832	\$ 6,392,854
Capital Assets	6,833,227	5,914,126	919,101	16,139,105	13,970,413	2,168,692
Total Assets	<u>16,774,075</u>	<u>11,311,452</u>	<u>5,462,623</u>	<u>24,999,791</u>	<u>16,438,245</u>	<u>8,561,546</u>
Deferred Outflows of Resources	395,195	405,470	(10,275)	28,766	31,147	(2,381)
Long-Term Liabilities Outstanding	10,226,620	5,179,682	5,046,938	20,848,288	12,770,969	8,077,319
Other Liabilities	852,559	243,761	608,798	203,179	636,813	(433,634)
Total Liabilities	<u>11,079,179</u>	<u>5,423,443</u>	<u>5,655,736</u>	<u>21,051,467</u>	<u>13,407,782</u>	<u>7,643,685</u>
Deferred Inflows of Resources	559,249	618,408	(59,159)	51,895	71,329	(19,434)
Net Investment in Capital Assets	1,929,833	1,413,623	516,210	2,478,701	1,415,176	1,063,525
Restricted	2,840,962	3,106,190	(265,228)	-	-	-
Unrestricted	<u>760,047</u>	<u>1,155,258</u>	<u>(395,211)</u>	<u>1,446,494</u>	<u>1,575,105</u>	<u>(128,611)</u>
Total Net Position	<u>\$ 5,530,842</u>	<u>\$ 5,675,071</u>	<u>\$ (144,229)</u>	<u>\$ 3,925,195</u>	<u>\$ 2,990,281</u>	<u>\$ 934,914</u>

An additional portion of the City's net position (30.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (23.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by \$790,685 during the current fiscal year. This increase largely relates to an increase in capital grants and contributions in the current year.

Governmental Activities. Governmental activities decreased the City's net position by \$144,229 and Business-type activities increased the City's net position by \$934,914. Key elements of these changes are as follows:

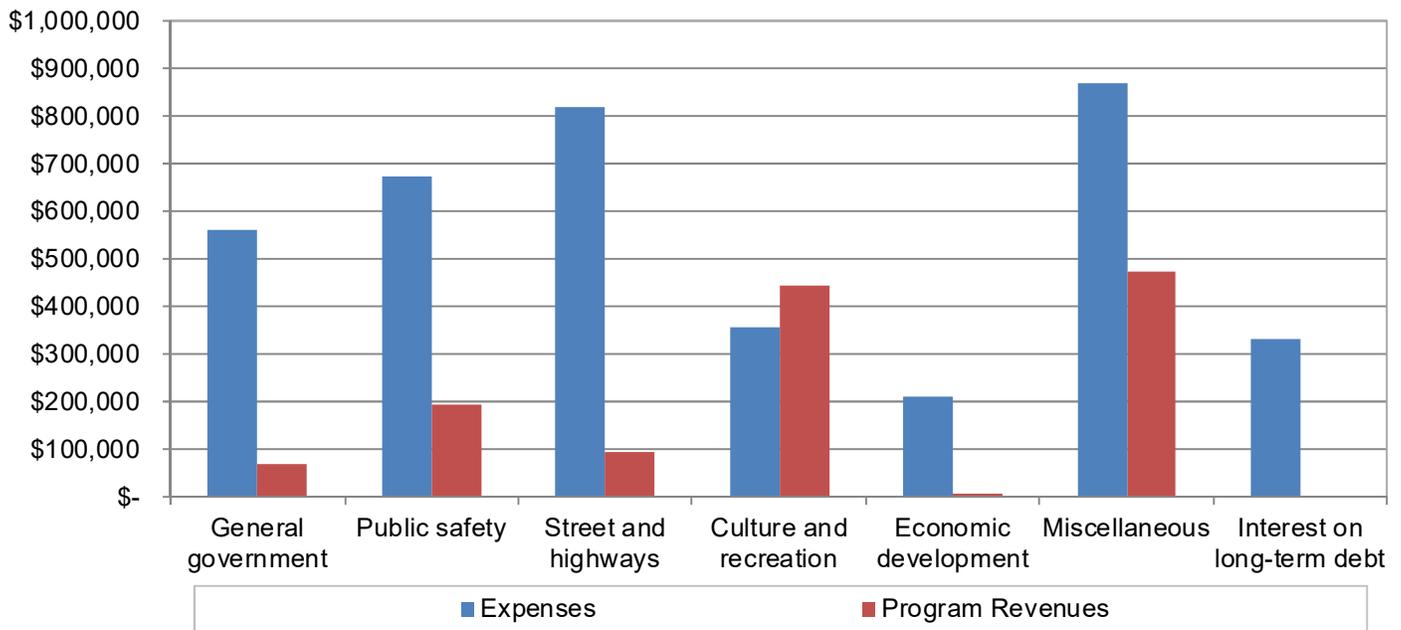
City of Tracy's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 269,563	\$ 235,030	\$ 34,533	\$ 2,839,361	\$ 2,704,890	\$ 134,471
Operating grants and contributions	392,928	205,907	187,021	29,168	10,145	19,023
Capital grants and contributions	618,806	187,413	431,393	1,277,534	44,945	1,232,589
General Revenues						
Property taxes/tax increments	1,164,988	1,142,097	22,891	-	-	-
Other taxes	29,859	33,374	(3,515)	-	-	-
Grants and contributions not restricted to specific programs	971,419	947,507	23,912	-	-	-
Unrestricted						
investment earnings	90,837	36,574	54,263	121,136	82,607	38,529
Gain on sale of fixed assets	39,270	3,901	35,369	85	158,543	(158,458)
Other	23,832	194,481	(170,649)	-	-	-
Total Revenues	<u>3,601,502</u>	<u>2,986,284</u>	<u>615,218</u>	<u>4,267,284</u>	<u>3,001,130</u>	<u>1,266,154</u>
Expenses						
General government	561,023	479,339	81,684	-	-	-
Public safety	671,935	600,190	71,745	-	-	-
Streets and highways	817,932	771,449	46,483	-	-	-
Culture and recreation	355,219	332,212	23,007	-	-	-
Economic development	210,632	95,419	115,213	-	-	-
Miscellaneous	867,885	605,043	262,842	-	-	-
Interest on long-term debt	330,341	115,440	214,901	-	-	-
O'Brien Court	-	-	-	51,246	67,446	(16,200)
Orchard Lane Townhomes	-	-	-	98,523	110,693	(12,170)
Liquor	-	-	-	643,881	556,848	87,033
Water utility	-	-	-	580,322	451,342	128,980
Utility Surcharge	-	-	-	4,080	9,731	(5,651)
Sewer utility	-	-	-	754,424	323,170	431,254
Storm water	-	-	-	72,371	-	72,371
Eastview Apartments	-	-	-	-	43,613	(43,613)
Refuse Collection	-	-	-	139,836	137,991	1,845
Deputy Register & License	-	-	-	918,451	887,519	30,932
Total Expenses	<u>3,814,967</u>	<u>2,999,092</u>	<u>815,875</u>	<u>3,263,134</u>	<u>2,588,353</u>	<u>674,781</u>
Increase (Decrease) in Net						
Assets Before Transfers	(213,465)	(12,808)	(200,657)	1,004,150	412,777	591,373
Transfers	<u>69,236</u>	<u>339,458</u>	<u>(270,222)</u>	<u>(69,236)</u>	<u>(339,458)</u>	<u>270,222</u>
Change in Net Position	(144,229)	326,650	(470,879)	934,914	73,319	861,595
Net Position - January 1	<u>5,675,071</u>	<u>5,348,421</u>	<u>326,650</u>	<u>2,990,281</u>	<u>2,916,962</u>	<u>73,319</u>
Net Position - December 31	<u>\$ 5,530,842</u>	<u>\$ 5,675,071</u>	<u>\$ (144,229)</u>	<u>\$ 3,925,195</u>	<u>\$ 2,990,281</u>	<u>\$ 934,914</u>

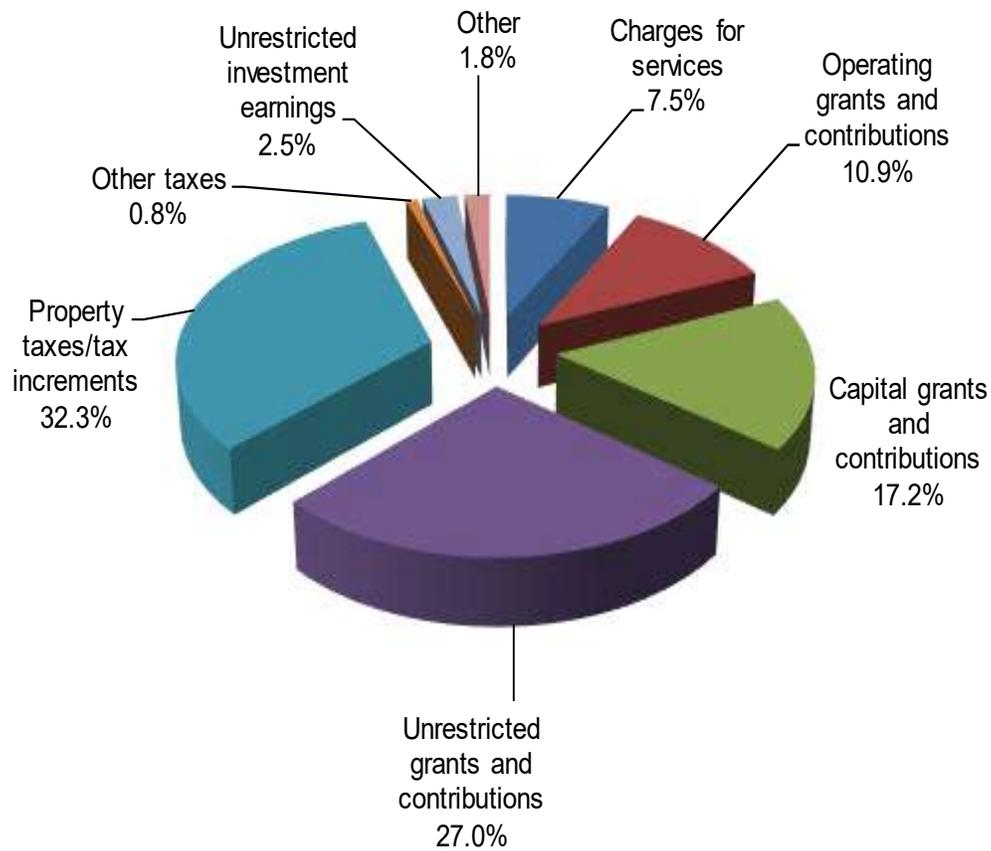
Property tax levies for 2019 increase 3.33 percent over 2018 levies.

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

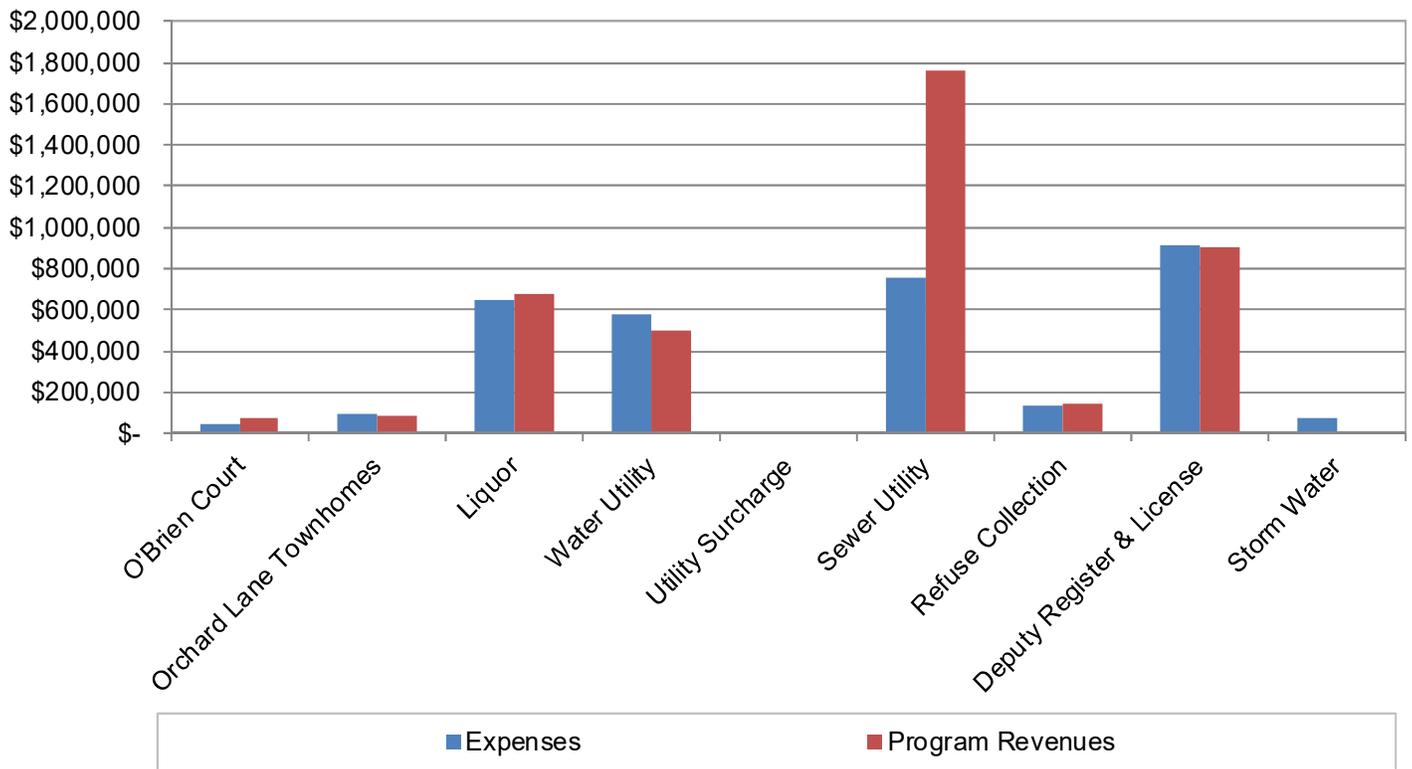


Revenues by Source - Governmental Activities

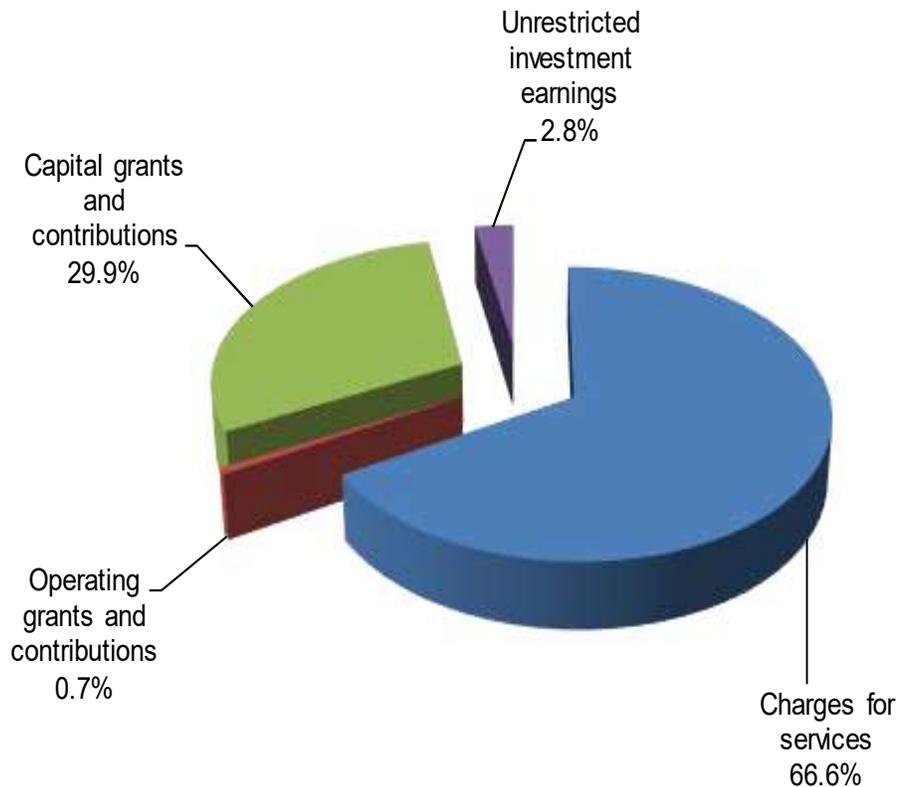


Business-type Activities. Business-type activities increased the City's net position by \$934,914.

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 close in the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,616,321, an increase of \$4,093,589 in comparison with the prior year. Approximately 7.4 percent of the total amount, \$634,212, 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 (\$14,029) 2) restricted (\$7,131,103), 3) committed (\$479,005), or 4) assigned (\$357,972).

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$870,747, of which \$857,975 was unassigned. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 44.3 percent of fund expenditures.

The fund balance of the City's General fund increased by \$76,632 during the current fiscal year. The key factors in this increase were:

- Revenues increased by \$152,994 mainly due to FEMA grants.
- Expenditures decreased by \$98,809 mainly due to less public safety capital outlay.
- There were budgeted transfers out of \$302,397.

Debt Service fund has a total fund balance of \$1,283,740, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in this fund was \$403,286 because of additional special assessment revenue and proceeds for capitalized interest.

Tracy Medical Center Capital fund has a total fund balance of \$999,912, all of which is restricted for facility improvements as a part of the agreement when the facility was sold. The net decrease in fund balance during the current year in the Tracy Medical Center fund was \$536,325 due to capital expenditures.

Airport Improvement fund has a total fund balance of \$9,378, all of which is assigned for airport improvements. The net decrease in fund balance during the current year in was \$20,099 due to capital expenditures.

Wastewater Project Phase III fund has a total fund balance of \$4,607,901, all of which is restricted for Phase III expenditures. The net increase in fund balance during the current year was \$4,607,901 due to bonds issued but not yet spent.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$1,446,494. The total increase in net position for the funds was \$934,914. The major factor of this increase is increased capital grants and contributions related to the Wastewater Project.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues were over expectations by \$244,404 and expenditures were over the budget by \$140,594 in 2019.

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, 2019, amounts to \$22,972,332 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 15.5 percent (a 15.5 percent increase for governmental activities and a 15.5 percent increase for business-type activities).

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

- Library basement project costing \$133,327.
- Purchase of a fire truck and chassis for \$364,232.
- 2019 Ford Interceptor costing \$42,968.
- Two Chevy Silverado's were purchased for a total of \$77,868.
- Purchase of a 2019 John Deere tractor for \$133,500.
- Phase I of the wastewater project was completed with a total cost of \$4,009,157.
- Phase II of the wastewater project was completed with a total cost of \$7,547,429.
- Costs for Phase III of the wastewater project totaled \$1,744,743.

Additional information on the City's capital assets can be found in Note 3C starting on pages 65 of this report.

City of Tracy's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 6,712	\$ 6,712	\$ -	\$ 78,693	\$ 78,693	\$ -
Construction in Progress	820,300	652,308	167,992	1,701,583	9,886,491	(8,184,908)
Buildings	980,558	1,034,743	(54,185)	1,359,040	1,415,000	(55,960)
Systems and Infrastructure	964,367	913,833	50,534	-	-	-
Improvements Other Than Buildings	3,006,707	2,774,621	232,086	12,834,757	2,439,671	10,395,086
Equipment and Machinery	1,054,583	531,909	522,674	165,032	150,558	14,474
Total	\$ 6,833,227	\$ 5,914,126	\$ 919,101	\$ 16,139,105	\$ 13,970,413	\$ 2,168,692

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$29,695,000. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Tracy's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
G.O. Special Assessment Bonds	\$ 2,405,000	\$ 3,190,000	\$ (785,000)	\$ 1,095,000	\$ 1,185,000	\$ (90,000)
G.O. Revenue Bonds	-	-	-	9,823,000	176,000	9,647,000
G.O. Bonds	6,732,000	930,000	5,802,000	1,245,000	1,380,000	(135,000)
G.O. Temporary Bonds	-	-	-	8,395,000	9,730,000	(1,335,000)
Total	\$ 9,137,000	\$ 4,120,000	\$ 5,017,000	\$ 20,558,000	\$ 12,471,000	\$ 8,087,000

The City's total debt increased by \$13,104,000 (79.0 percent) during the current fiscal year due to issuance of debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. The current debt limitation for the City is \$1,663,918. The City currently has \$6,732,000 of general obligation debt subject to this limit.

Additional information on the City's long-term debt can be found in Note 3E starting on page 68 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Lyon County is currently 3.5 percent, which is an increase from the prior year rate of 2.9. This compares is the same as the State's average unemployment rate of 3.5 percent and compares unfavorably to the national average rate of 3.4 percent.
- Property valuations within the City remain steady.
- Local Government Aid from the State of Minnesota will increase from \$928,568 in 2019 to \$952,745 in 2020, a 2.6 percent increase.

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

The General Fund Budget increased from \$2,143,146 in 2019 to \$2,676,109 in 2020, an increase of 24.9 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Tracy, 336 Morgan Street, Tracy, MN 56175.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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City of Tracy, Minnesota
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 8,396,181	\$ 8,158,417	\$ 16,554,598
Receivables			
Interest	10,978	1,320	12,298
Delinquent taxes	80,932	-	80,932
Accounts	33,822	210,105	243,927
Notes, net of allowance	180,140	-	180,140
Special assessments	474,237	359,232	833,469
Intergovernmental	587,156	118,056	705,212
Internal balances	93,595	(93,595)	-
Inventories	-	105,251	105,251
Land held for resale	19,162	-	19,162
Prepaid items	14,029	1,900	15,929
Net pension asset - Fire Relief	50,616	-	50,616
Capital assets			
Nondepreciable land and construction in progress	827,012	1,780,276	2,607,288
Depreciable assets (net of accumulated depreciation)	6,006,215	14,358,829	20,365,044
Total Assets	<u>16,774,075</u>	<u>24,999,791</u>	<u>41,773,866</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>395,195</u>	<u>28,766</u>	<u>423,961</u>
Liabilities			
Accounts payable	689,051	64,137	753,188
Deposits payable	-	16,313	16,313
Due to other governments	282	10,712	10,994
Accrued interest payable	133,817	103,094	236,911
Accrued salaries payable	29,409	8,923	38,332
Noncurrent liabilities			
Due within one year	501,326	321,257	822,583
Due in more than one year	9,086,870	20,341,212	29,428,082
Net pension liability	638,424	185,819	824,243
Total Liabilities	<u>11,079,179</u>	<u>21,051,467</u>	<u>32,130,646</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>559,249</u>	<u>51,895</u>	<u>611,144</u>
Net Position			
Net investment in capital assets	1,929,833	2,478,701	4,408,534
Restricted for			
Debt service	1,601,500	-	1,601,500
Economic development	180,140	-	180,140
Cemetery operations	59,410	-	59,410
Future capital improvements to the hospital facilities	999,912	-	999,912
Unrestricted	<u>760,047</u>	<u>1,446,494</u>	<u>2,206,541</u>
Total Net Position	<u>\$ 5,530,842</u>	<u>\$ 3,925,195</u>	<u>\$ 9,456,037</u>

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

City of Tracy, Minnesota
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 561,023	\$ 234	\$ -	\$ 68,027
Public safety	671,935	100,733	91,163	1,760
Streets and highways	817,932	34,769	656	59,964
Culture and recreation	355,219	116,595	260,154	68,266
Economic development	210,632	-	7,676	-
Miscellaneous	867,885	17,232	33,279	420,789
Interest on long-term debt	330,341	-	-	-
Total Governmental Activities	3,814,967	269,563	392,928	618,806
Business-type Activities				
O'Brien Court	51,246	78,835	-	-
Orchard Lane Townhomes	98,523	83,200	-	-
Liquor	643,881	676,020	244	-
Water utility	580,322	470,797	5,524	27,023
Utility Surcharge	4,080	163	-	-
Sewer utility	754,424	508,799	54	1,250,511
Storm water	72,371	-	-	-
Refuse Collection	139,836	143,384	-	-
Deputy Register & License	918,451	878,163	23,346	-
Total Business-type Activities	3,263,134	2,839,361	29,168	1,277,534
Total	\$ 7,078,101	\$ 3,108,924	\$ 422,096	\$ 1,896,340

General Revenues

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Franchise taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Other revenues
- Gain on sale of capital assets

Transfers

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
\$ (492,762)		\$ (492,762)
(478,279)		(478,279)
(722,543)		(722,543)
89,796		89,796
(202,956)		(202,956)
(396,585)		(396,585)
(330,341)		(330,341)
<u>(2,533,670)</u>		<u>(2,533,670)</u>
	\$ 27,589	27,589
	(15,323)	(15,323)
	32,383	32,383
	(76,978)	(76,978)
	(3,917)	(3,917)
	1,004,940	1,004,940
	(72,371)	(72,371)
	3,548	3,548
	<u>(16,942)</u>	<u>(16,942)</u>
	<u>882,929</u>	<u>882,929</u>
<u>(2,533,670)</u>	<u>882,929</u>	<u>(1,650,741)</u>
745,334	-	745,334
419,654	-	419,654
29,859	-	29,859
971,419	-	971,419
90,837	121,136	211,973
23,832	-	23,832
39,270	85	39,355
69,236	(69,236)	-
<u>2,389,441</u>	<u>51,985</u>	<u>2,441,426</u>
(144,229)	934,914	790,685
<u>5,675,071</u>	<u>2,990,281</u>	<u>8,665,352</u>
<u>\$ 5,530,842</u>	<u>\$ 3,925,195</u>	<u>\$ 9,456,037</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Tracy, Minnesota
Balance Sheet
Governmental Funds
December 31, 2019

	101		408	410
	General	Debt Service	Tracy Medical Center Capital	Airport Improvement
Assets				
Cash and temporary investments	\$ 128,851	\$ 1,288,714	\$ 998,767	\$ -
Receivables				
Interest	4,116	4,134	1,145	-
Delinquent taxes	80,932	-	-	-
Accounts	24,403	-	-	-
Notes, net of allowance	-	-	-	-
Special assessments	22,660	451,577	-	-
Intergovernmental	74,812	3,437	-	442,243
Due from other funds	685,301	-	-	-
Prepaid items	12,772	-	-	-
Assets held for resale	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,033,847</u>	<u>\$ 1,747,862</u>	<u>\$ 999,912</u>	<u>\$ 442,243</u>
Liabilities				
Accounts payable	\$ 30,115	\$ 12,545	\$ -	\$ -
Accrued salaries payable	29,156	-	-	-
Due to other funds	-	-	-	432,865
Due to other governments	237	-	-	-
Total Liabilities	<u>59,508</u>	<u>12,545</u>	<u>-</u>	<u>432,865</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	80,932	-	-	-
Unavailable revenue - special assessments	22,660	451,577	-	-
Total Deferred Inflows of Resources	<u>103,592</u>	<u>451,577</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable for				
Prepaid items	12,772	-	-	-
Restricted for				
Economic development	-	-	-	-
Debt service	-	1,283,740	-	-
Cemetery operations	-	-	-	-
Future capital improvements to the hospital facilities	-	-	999,912	-
Capital outlay	-	-	-	-
Committed for				
Economic development	-	-	-	-
Library improvements	-	-	-	-
Multi-purpose operations	-	-	-	-
Cemetery operations	-	-	-	-
Public Safety	-	-	-	-
Capital outlay	-	-	-	-
Assigned for				
Cemetery operations	-	-	-	-
Aquatic center operations	-	-	-	-
Capital outlay	-	-	-	9,378
Unassigned	857,975	-	-	-
Total Fund Balances	<u>870,747</u>	<u>1,283,740</u>	<u>999,912</u>	<u>9,378</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,033,847</u>	<u>\$ 1,747,862</u>	<u>\$ 999,912</u>	<u>\$ 442,243</u>

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

417 Wastewater Project Phase III	Other Governmental Funds	Totals
\$ 5,179,767	\$ 800,082	\$ 8,396,181
-	1,583	10,978
-	-	80,932
7,676	1,743	33,822
-	180,140	180,140
-	-	474,237
-	66,664	587,156
-	-	685,301
-	1,257	14,029
-	19,162	19,162
<u>\$ 5,187,443</u>	<u>\$ 1,070,631</u>	<u>\$ 10,481,938</u>
\$ 579,542	\$ 66,849	\$ 689,051
-	253	29,409
-	158,841	591,706
-	45	282
<u>579,542</u>	<u>225,988</u>	<u>1,310,448</u>
-	-	80,932
-	-	474,237
-	-	<u>555,169</u>
-	1,257	14,029
-	180,140	180,140
-	-	1,283,740
-	59,410	59,410
-	-	999,912
4,607,901	-	4,607,901
-	393,963	393,963
-	16,659	16,659
-	24,534	24,534
-	9,539	9,539
-	10,386	10,386
-	23,924	23,924
-	56,430	56,430
-	41,035	41,035
-	251,129	260,507
-	(223,763)	634,212
<u>4,607,901</u>	<u>844,643</u>	<u>8,616,321</u>
<u>\$ 5,187,443</u>	<u>\$ 1,070,631</u>	<u>\$ 10,481,938</u>

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

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City of Tracy, Minnesota
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
December 31, 2019

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

Total Fund Balances - Governmental Funds	\$ 8,616,321
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	6,833,227
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bond premiums, net of amortization	(113,251)
Compensated absences	(76,901)
Net pension liability	(587,808)
Bonds payable	(9,398,044)
Long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Delinquent property taxes receivable	80,932
Special assessments receivable	474,237
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	395,195
Deferred inflows of pension resources	(559,249)
Governmental funds do not report a liability for accrued interest until due and payable.	(133,817)
Total Net Position - Governmental Activities	\$ 5,530,842

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

City of Tracy, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	101		408	410
	General	Debt Service	Tracy Medical Center Capital	Airport Improvement
Revenues				
Taxes	\$ 643,655	\$ 419,654	\$ -	\$ -
Special assessments	4,785	88,913	-	-
Licenses and permits	35,501	-	-	-
Intergovernmental	1,310,920	-	-	420,789
Charges for services	157,387	-	-	-
Fines and forfeits	9,337	-	-	-
Investment earnings	15,293	14,332	16,080	-
Miscellaneous	104,987	-	-	4,140
Total Revenues	2,281,865	522,899	16,080	424,929
Expenditures				
Current				
General government	486,781	-	-	-
Public safety	555,348	-	-	-
Streets and highways	451,239	-	-	-
Culture and recreation	132,286	-	-	-
Economic development	114,060	-	-	-
Miscellaneous	168,912	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	2,400	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	620	-	-	-
Economic development	-	-	-	-
Miscellaneous	4,697	-	552,405	470,196
Debt service				
Principal	50,000	405,000	-	-
Interest and other	-	139,175	-	-
Bond issuance costs paid	-	-	-	-
Total Expenditures	1,966,343	544,175	552,405	470,196
Excess (Deficiency) of Revenues Over (Under) Expenditures	315,522	(21,276)	(536,325)	(45,267)
Other Financing Sources (Uses)				
Bonds issued	-	939,141	-	-
Bond premiums	-	-	-	-
Transfers in	63,507	421	-	25,168
Sale of capital assets	-	-	-	-
Transfers out	(302,397)	-	-	-
Payment to refunded bond escrow agent	-	(515,000)	-	-
Total Other Financing Sources (Uses)	(238,890)	424,562	-	25,168
Net Change in Fund Balances	76,632	403,286	(536,325)	(20,099)
Fund Balances, January 1	794,115	880,454	1,536,237	29,477
Fund Balances, December 31	\$ 870,747	\$ 1,283,740	\$ 999,912	\$ 9,378

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

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Wastewater Project Phase III	Other Governmental Funds	Totals
\$ -	\$ 105,000	\$ 1,168,309
-	-	93,698
-	-	35,501
-	67,204	1,798,913
-	86,407	243,794
-	-	9,337
32,709	12,423	90,837
-	53,872	162,999
<u>32,709</u>	<u>324,906</u>	<u>3,603,388</u>
-	-	486,781
-	2,132	557,480
-	-	451,239
-	171,561	303,847
-	77,969	192,029
-	26,423	195,335
-	7,516	7,516
-	444,870	447,270
320,225	235,023	555,248
-	141,327	141,947
-	18,493	18,493
-	-	1,027,298
-	-	455,000
-	205	139,380
113,972	-	113,972
<u>434,197</u>	<u>1,125,519</u>	<u>5,092,835</u>
<u>(401,488)</u>	<u>(800,613)</u>	<u>(1,489,447)</u>
4,956,859	41,000	5,937,000
52,530	-	52,530
-	441,990	531,086
-	39,270	39,270
-	(159,453)	(461,850)
-	-	(515,000)
<u>5,009,389</u>	<u>362,807</u>	<u>5,583,036</u>
4,607,901	(437,806)	4,093,589
-	1,282,449	4,522,732
<u>\$ 4,607,901</u>	<u>\$ 844,643</u>	<u>\$ 8,616,321</u>

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

City of Tracy, 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, 2019

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

Net change in fund balances - governmental funds	\$ 4,093,589
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	1,514,279
Depreciation expense	(595,178)
<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 deferred and amortized in the statement of activities.</p>	
Bonds and loans issued	(5,937,000)
Principal repayments	970,000
Premiums on bonds issued, net of amortization	(43,792)
<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>	
	(85,727)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(10,965)
Direct aid contribution	3,463
<p>Delinquent property taxes receivable will be collected this year, but is not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.</p>	
	26,538
<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	(67,694)
<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>	
Compensated absences	(11,742)
Change in Net Position - Governmental Activities	\$ (144,229)

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

City of Tracy, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2019

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 791,003	\$ 791,003	\$ 643,655	\$ (147,348)
Special assessments	5,000	5,000	4,785	(215)
Licenses and permits	19,900	19,900	35,501	15,601
Intergovernmental	1,031,508	1,031,508	1,310,920	279,412
Charges for services	120,600	120,600	157,387	36,787
Fines and forfeits	13,100	13,100	9,337	(3,763)
Investment earnings	15,000	15,000	15,293	293
Miscellaneous	41,350	41,350	104,987	63,637
Total Revenues	<u>2,037,461</u>	<u>2,037,461</u>	<u>2,281,865</u>	<u>244,404</u>
Expenditures				
Current				
General government	421,175	421,175	486,781	(65,606)
Public safety	591,548	591,548	555,348	36,200
Streets and highways	430,933	430,933	451,239	(20,306)
Culture and recreation	133,650	133,650	132,286	1,364
Economic development	105,533	105,533	114,060	(8,527)
Miscellaneous	131,105	131,105	168,912	(37,807)
Capital outlay				
General government	3,200	3,200	-	3,200
Public safety	3,000	3,000	2,400	600
Culture and recreation	200	200	620	(420)
Miscellaneous	5,405	5,405	4,697	708
Debt Service				
Principal	-	-	50,000	(50,000)
Total Expenditures	<u>1,825,749</u>	<u>1,825,749</u>	<u>1,966,343</u>	<u>(140,594)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>211,712</u>	<u>211,712</u>	<u>315,522</u>	<u>103,810</u>
Other Financing Sources (Uses)				
Transfers in	63,507	63,507	63,507	-
Transfers out	(306,230)	(306,230)	(302,397)	3,833
Total Other Financing Sources (Uses)	<u>(242,723)</u>	<u>(242,723)</u>	<u>(238,890)</u>	<u>3,833</u>
Net Change in Fund Balances	(31,011)	(31,011)	76,632	107,643
Fund Balances, January 1	<u>794,115</u>	<u>794,115</u>	<u>794,115</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 763,104</u>	<u>\$ 763,104</u>	<u>\$ 870,747</u>	<u>\$ 107,643</u>

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

City of Tracy, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds		
	601	602	608
	Liquor	Water Utility	Sewer Utility
Assets			
Current Assets			
Cash and temporary investments	\$ -	\$ 2,868,212	\$ 3,460,756
Receivables			
Interest	-	48	1,272
Accounts	-	92,777	85,952
Special assessments	-	161,547	197,685
Intergovernmental	-	601	117,455
Inventories	105,251	-	-
Prepaid items	455	895	550
Total Current Assets	105,706	3,124,080	3,863,670
Noncurrent Assets			
Capital assets, at cost			
Land	26,920	6,400	-
Construction in Progress	-	553,742	1,007,576
Buildings	235,529	98,348	29,706
Improvements other than buildings	-	4,226,408	11,689,337
Machinery and equipment	109,171	1,186,159	85,774
Less accumulated depreciation	(289,155)	(3,588,345)	(1,371,468)
Total capital assets (net of accumulated depreciation)	82,465	2,482,712	11,440,925
Total Assets	188,171	5,606,792	15,304,595
Deferred Outflow of Resources			
Deferred pension resources	6,089	10,394	3,644
Liabilities			
Current Liabilities			
Accounts payable	14,661	18,724	24,401
Deposits payable	-	15,000	-
Due to other governments	10,712	-	-
Due to other funds	58,814	-	-
Accrued salaries payable	2,418	2,883	487
Accrued interest payable	-	20,258	59,016
Bonds payable, current	-	110,500	168,500
Compensated absences payable, current	529	3,790	833
Total Current Liabilities	87,134	171,155	253,237
Noncurrent Liabilities			
Compensated absences payable, noncurrent	2,653	11,767	5,683
Net pension liability	39,334	67,140	23,539
Bonds payable, noncurrent	-	4,626,161	12,204,252
Total Noncurrent Liabilities	41,987	4,705,068	12,233,474
Total Liabilities	129,121	4,876,223	12,486,711
Deferred Inflows of Resources			
Deferred pension resources	10,985	18,751	6,574
Net Position			
Net investment in capital assets	82,465	719,941	1,239,254
Unrestricted	(28,311)	2,271	1,575,700
Total Net Position	\$ 54,154	\$ 722,212	\$ 2,814,954

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

Business-type Activities
Enterprise Funds

605	609		
Deputy Register and License	Storm Water	Other Enterprise Funds	Totals
\$ -	\$ 1,632,385	\$ 197,064	\$ 8,158,417
-	-	-	1,320
-	-	31,376	210,105
-	-	-	359,232
-	-	-	118,056
-	-	-	105,251
-	-	-	1,900
<u>-</u>	<u>1,632,385</u>	<u>228,440</u>	<u>8,954,281</u>
-	-	45,373	78,693
-	140,265	-	1,701,583
-	-	2,562,473	2,926,056
-	617,135	53,404	16,586,284
22,340	-	165,915	1,569,359
<u>(19,496)</u>	<u>(20,571)</u>	<u>(1,433,835)</u>	<u>(6,722,870)</u>
<u>2,844</u>	<u>736,829</u>	<u>1,393,330</u>	<u>16,139,105</u>
<u>2,844</u>	<u>2,369,214</u>	<u>1,621,770</u>	<u>25,093,386</u>
<u>8,639</u>	<u>-</u>	<u>-</u>	<u>28,766</u>
-	3,598	2,753	64,137
-	-	1,313	16,313
-	-	-	10,712
9,807	-	24,974	93,595
3,135	-	-	8,923
-	7,987	15,833	103,094
-	-	35,000	314,000
2,105	-	-	7,257
<u>15,047</u>	<u>11,585</u>	<u>79,873</u>	<u>618,031</u>
-	-	-	20,103
55,806	-	-	185,819
<u>-</u>	<u>2,430,000</u>	<u>1,060,696</u>	<u>20,321,109</u>
<u>55,806</u>	<u>2,430,000</u>	<u>1,060,696</u>	<u>20,527,031</u>
<u>70,853</u>	<u>2,441,585</u>	<u>1,140,569</u>	<u>21,145,062</u>
<u>15,585</u>	<u>-</u>	<u>-</u>	<u>51,895</u>
2,844	136,563	297,634	2,478,701
<u>(77,799)</u>	<u>(208,934)</u>	<u>183,567</u>	<u>1,446,494</u>
<u>\$ (74,955)</u>	<u>\$ (72,371)</u>	<u>\$ 481,201</u>	<u>\$ 3,925,195</u>

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

City of Tracy, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	601	602	608
	Liquor	Water Utility	Sewer Utility
Operating Revenues			
Sales	\$ 676,020	\$ -	\$ -
Cost of sales	(458,739)	-	-
Gross Profit	217,281	-	-
Charges for services	-	469,117	508,799
Pension revenue	91	155	54
Total Operating Revenues	<u>217,372</u>	<u>469,272</u>	<u>508,853</u>
Operating Expenses			
Personal services	72,738	144,091	56,099
Supplies	1,818	3,434	2,342
Other services and charges	85,807	88,343	72,133
Insurance	2,937	4,312	2,703
Utilities	12,600	44,070	1,810
Depreciation	9,242	192,468	407,758
Total Operating Expenses	<u>185,142</u>	<u>476,718</u>	<u>542,845</u>
Operating Income (Loss)	<u>32,230</u>	<u>(7,446)</u>	<u>(33,992)</u>
Nonoperating Revenues (Expenses)			
Intergovernmental	-	-	-
Other income	153	5,369	-
Investment earnings	-	19,920	98,866
Rental income	-	1,680	-
Gain from the sale of capital asset	-	35	50
Bond issuance costs paid	-	(42,720)	(40,980)
Amortization of bond premium	-	2,977	1,947
Interest and other expense	-	(63,861)	(172,546)
Total Nonoperating Revenues (Expenses)	<u>153</u>	<u>(76,600)</u>	<u>(112,663)</u>
Income (Loss) Before Transfers and Capital Contributions	32,383	(84,046)	(146,655)
Capital Contributions			
Special assessments	-	27,023	10,002
Federal grants	-	-	1,240,509
Transfers in	-	-	-
Transfers out	-	(22,507)	(10,000)
Change in Net Position	32,383	(79,530)	1,093,856
Net Position, January 1	<u>21,771</u>	<u>801,742</u>	<u>1,721,098</u>
Net Position, December 31	<u>\$ 54,154</u>	<u>\$ 722,212</u>	<u>\$ 2,814,954</u>

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

Business-type Activities
Enterprise Funds

605	609	Other	Total
Deputy Register and License	Storm Water	Enterprise Funds	
\$ 878,163	\$ -	\$ -	\$ 1,554,183
(811,961)	-	-	(1,270,700)
66,202	-	-	283,483
-	-	270,890	1,248,806
130	-	-	430
66,332	-	270,890	1,532,719
102,626	-	-	375,554
3,341	-	5,313	16,248
167	-	161,317	407,767
-	-	-	9,952
-	-	1,848	60,328
356	20,571	88,453	718,848
106,490	20,571	256,931	1,588,697
(40,158)	(20,571)	13,959	(55,978)
21,110	-	-	21,110
2,106	-	34,692	42,320
67	-	2,283	121,136
-	-	-	1,680
-	-	-	85
-	(23,364)	-	(107,064)
-	-	2,204	7,128
-	(28,436)	(38,958)	(303,801)
23,283	(51,800)	221	(217,406)
(16,875)	(72,371)	14,180	(273,384)
-	-	-	37,025
-	-	-	1,240,509
-	-	23,176	23,176
-	-	(59,905)	(92,412)
(16,875)	(72,371)	(22,549)	934,914
(58,080)	-	503,750	2,990,281
<u>\$ (74,955)</u>	<u>\$ (72,371)</u>	<u>\$ 481,201</u>	<u>\$ 3,925,195</u>

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

City of Tracy, Minnesota
Statement of Cash Flows (Continued on the Following Pages)
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	601	602	608
	Liquor	Water Utility	Sewer Utility
Cash Flows from Operating Activities			
Receipts from customers	\$ 676,020	\$ 465,460	\$ 386,713
Payments to suppliers and vendors	(570,243)	(175,405)	(79,795)
Payments to and on behalf of employees	(99,203)	(155,976)	(63,826)
Other receipts	153	7,049	-
Net Cash Provided (Used) by Operating Activities	<u>6,727</u>	<u>141,128</u>	<u>243,092</u>
Cash Flows from Noncapital Financing Activities			
Increase (decrease) in due from other funds	-	-	154,163
Increase (decrease) in due to other funds	26,273	(154,163)	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(22,507)	(10,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>26,273</u>	<u>(176,670)</u>	<u>144,163</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(33,000)	(472,151)	(2,062,886)
Principal paid on bonds payable	-	(684,537)	(9,322,463)
Interest and fees paid on bonds payable	-	(52,116)	(132,944)
Issuance cost paid on bonds issued	-	(42,720)	(40,980)
Proceeds from the sale of capital assets	-	35	50
Proceeds from bonds issued, net of premium	-	4,097,000	11,602,000
Intergovernmental contributions for capital assets	-	-	1,240,509
Payments received on special assessments	-	38,371	30,717
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(33,000)</u>	<u>2,883,882</u>	<u>1,314,003</u>
Cash Flows from Investing Activities			
Interest received on cash and temporary investments	-	19,872	97,594
Net Increase (Decrease) in Cash and Cash Equivalents	-	2,868,212	1,798,852
Cash and Cash Equivalents, January 1	-	-	1,661,904
Cash and Cash Equivalents, December 31	<u>\$ -</u>	<u>\$ 2,868,212</u>	<u>\$ 3,460,756</u>

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

Business-type Activities
Enterprise Funds

605	609	Other	Total
Deputy Register and License	Storm Water	Enterprise Funds	
\$ 878,163	\$ -	\$ 270,542	\$ 2,676,898
(816,847)	-	(166,884)	(1,809,174)
(73,979)	-	-	(392,984)
23,216	-	34,692	65,110
<u>10,553</u>	<u>-</u>	<u>138,350</u>	<u>539,850</u>
-	-	13,596	167,759
(10,620)	-	17,214	(121,296)
-	-	23,176	23,176
-	-	(59,905)	(92,412)
<u>(10,620)</u>	<u>-</u>	<u>(5,919)</u>	<u>(22,773)</u>
-	(753,802)	(36,340)	(3,358,179)
-	-	(35,000)	(10,042,000)
-	(20,449)	(39,250)	(244,759)
-	(23,364)	-	(107,064)
-	-	-	85
-	2,430,000	-	18,129,000
-	-	-	1,240,509
-	-	-	69,088
<u>-</u>	<u>1,632,385</u>	<u>(110,590)</u>	<u>5,686,680</u>
<u>67</u>	<u>-</u>	<u>2,283</u>	<u>119,816</u>
-	1,632,385	24,124	6,323,573
<u>-</u>	<u>-</u>	<u>172,940</u>	<u>1,834,844</u>
<u>\$ -</u>	<u>\$ 1,632,385</u>	<u>\$ 197,064</u>	<u>\$ 8,158,417</u>

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

City of Tracy, Minnesota
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds		
	601	602	608
	Liquor	Water Utility	Sewer Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 32,230	\$ (7,446)	\$ (33,992)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	153	7,049	-
Depreciation	9,242	192,468	407,758
(Increase) decrease in assets			
Accounts receivable	-	(4,332)	(4,916)
Due from other governments	-	675	(117,170)
Inventories	(22,958)	-	-
Prepaid items	836	985	741
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	3,845	2,431	171
Increase (decrease) in liabilities			
Accounts payable	8,062	(36,995)	(1,548)
Due to other governments	5,718	(236)	-
Deposits payable	-	1,000	-
Accrued salaries payable	577	459	(226)
Compensated absences payable	891	5,283	(6,278)
Net pension liability	(20,104)	(9,594)	714
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(11,765)	(10,619)	(2,162)
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,727</u>	<u>\$ 141,128</u>	<u>\$ 243,092</u>
Noncash Investing, Capital and Financing Activities			
Capital Assets Acquired on Account	<u>\$ -</u>	<u>\$ 13,447</u>	<u>\$ 22,822</u>
Amortization of Bond (Premium) Discount	<u>\$ -</u>	<u>\$ (2,977)</u>	<u>\$ (1,947)</u>

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

Business-type Activities
Enterprise Funds

605 Deputy Register and License	609 Storm Water	Other Enterprise Funds	Total
\$ (40,158)	\$ (20,571)	\$ 13,959	\$ (55,978)
23,216	-	34,692	65,110
356	20,571	88,453	718,848
-	-	(348)	(9,596)
-	-	-	(116,495)
-	-	-	(22,958)
-	-	-	2,562
(4,066)	-	-	2,381
(4)	-	2,573	(27,912)
(1,374)	-	(979)	3,129
-	-	-	1,000
936	-	-	1,746
(1,912)	-	-	(2,016)
28,447	-	-	(537)
5,112	-	-	(19,434)
<u>\$ 10,553</u>	<u>\$ -</u>	<u>\$ 138,350</u>	<u>\$ 539,850</u>
<u>\$ -</u>	<u>\$ 3,598</u>	<u>\$ -</u>	<u>\$ 39,867</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,204)</u>	<u>\$ (7,128)</u>

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

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City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Tracy (the City) is a municipal corporation, incorporated under the laws of the State of Minnesota, and governed under a charter adopted in 1886. The City was formed and operated pursuant to applicable Minnesota laws and statutes. The City is governed by an elected Mayor and a four-member Council. The Council exercises legislative authority and determines all matters of policy. The 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 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. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government.

Blended Component Unit. The Tracy Economic Development Authority (EDA) was established under Minnesota statutes, 469.090 through 469.108 for the purpose of promoting economic development within the City. The EDA has a December 31 year-end and is reported as a major special revenue fund. Separate financial statements are not issued for the EDA. The EDA is considered blended because the City has significant influence on the EDA activities, the governing body of the EDA consists of a five-member board with two council members and three appointed by the City Council, there is a financial benefit or burden relationship between the EDA and the City and the EDA provides benefits exclusively to the City.

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. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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.

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

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 Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Tracy Medical Center Capital fund* accounts for the lease revenue resources to be used for the medical center capital improvements.

The *Airport Improvement fund* accounts for the funding sources and capital costs associated with the Airport Improvement project.

The *Wastewater Project Phase III fund* accounts for the funding sources and capital costs associated with the Wastewater Project Phase III.

The City reports the following major proprietary funds:

The *Liquor fund* accounts for the costs associated with the City's liquor store and ensure that revenues are sufficient to pay for those costs.

The *Water Utility fund* accounts for costs associated with the City's water system and ensure that user charges are sufficient to pay for those costs.

The *Sewer Utility fund* accounts for the costs associated with the City's sewer system and ensure that user charges are sufficient to pay for those costs.

The *Deputy Register and License fund* accounts for the collections and costs associated with various state wide licensing.

The *Storm Water fund* accounts for costs associated with the City's storm water system and ensure that user charges are sufficient to pay for those costs.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating 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 with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

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

The City may 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.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

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's recurring fair value measurements are listed in detail on page 63 and are valued using quoted market prices (Level 1 inputs).

The City has the following recurring fair value measurements as of December 31, 2019:

- Broker certificate of deposits of \$2,765,901 are valued using quoted market prices (Level 1 inputs)

Note 1: Summary of Significant Accounting Policies (Continued)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Property Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

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

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2019. The City annually certifies delinquent utility accounts to the County for collection. As a result, there is no allowance for uncollectible accounts.

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 annually certified to the County or 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 governmental fund financial statements.

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."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in the General fund or a restricted, committed or assigned account in applicable governmental funds to indicate the constraint on these resources.

Inventories and Prepaid Items

All inventories are stated at the lower of cost or market on 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.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose not to record any assets acquired prior to December 31, 2003. As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land Improvements	\$ 10,000
Other Improvements	25,000
Buildings and Improvements	25,000
Infrastructure	100,000
Machinery and Equipment	5,000
Vehicles	5,000
Other Assets	5,000

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	15 - 50
Buildings	10 - 40
Machinery and Equipment	5 - 15
Other Improvements	15 - 20

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 only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation, comp time and sick pay benefits. All vacation and comp time pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Sick time is only paid out upon death, retirement or voluntary termination after the employee has completed 5 continuous years of service with the City and the employee receives 33.3 percent of the accumulated sick leave. 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. The total amount of compensated absences accrued for 2019 was \$104,261. The General fund is typically used to liquidate governmental compensated absences payable.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Pensions

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

The total pension expense for the GERP, PEPFP, and Tracy Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	PEPFP		
Pension Expense	\$ 58,304	\$ 35,506	\$ 28,684	\$ 122,494

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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

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 the fund financial statements, governmental fund types recognized 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.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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 (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 35-50 percent of budgeted operating expenditures for cash-flow timing needs.

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - 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.
- c. 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 Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the Administrator/Clerk/Treasurer so that a budget may be prepared. At least 10 days prior to October 1st, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator/Clerk/Treasurer. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted, or as amended by the Council. No budget amendments were made during the year.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2019 expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 1,825,749	\$ 1,966,343	\$ 140,594

These excess expenditures were funded by excess revenues.

C. Deficit Fund Equity

The following funds had fund equity deficits at December 31, 2019:

Fund	Amount
Nonmajor Governmental Funds	
Capital Projects	
Equipment Replacement	176,436
Fire Department Replacement	47,327
Major Business-type	
Deputy Registrar and License	74,955
Storm Water	72,371
Nonmajor Business-type	
Orchard Lane Townhomes	270,672
Utility Surcharge	4,386

The above deficits will be eliminated through the following ways:

- Equipment Replacement: through future levies or transfers
- Fire Department Replacement: through future levies or transfers
- Deputy Registrar and License: through future administrative charges
- Storm Water: through future charges for services
- Orchard Lane Townhomes: through rent revenue
- Utility Surcharge: through future charges for services

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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 Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance, bonds, or irrevocable standby letters of credit from Federal Home Loan Banks.

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 rate "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 \$1,690,906 and the bank balance was \$2,055,719. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

Investments

As of December 31, 2019 the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using Level 1
Pooled Investments at Amortized Costs				
Minnesota Municipal Money				
Market (4M) fund	N/A	less than 6 months	\$ 20,445	
Broker Money Market	N/A	less than 6 months	12,075,041	
Non-pooled Investments at Fair Value				
Broker Certificates of Deposits	NA	less than 6 months	746,403	\$ 746,403
Broker Certificates of Deposits	N/A	6 months to 1 year	758,616	758,616
Broker Certificates of Deposits	N/A	1 to 3 years	1,067,040	1,067,040
Broker Certificates of Deposits	N/A	more than 3 years	193,842	193,842
Total Investments			<u>\$ 14,861,387</u>	<u>\$ 2,765,901</u>

(1) Ratings are provided by various credit rating agencies 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.

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

- *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 limit the City's investments.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City has not adopted a formal investment policy outlining objectives and procedures for investing idle funds or that addresses interest rate and credit risk.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

Cash on Hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$2,305.

Cash and Investments Summary

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

Deposits	\$ 1,690,906
Investments	14,861,387
Cash on Hand	<u>2,305</u>
 Total Cash and Temporary Investments	 <u><u>\$ 16,554,598</u></u>

B. Notes Receivable

The Economic Development Authority of the City has established an Economic Development Fund, to provide loans to assist businesses to expand or locate within the City. The loans will be paid back to the City at various monthly payments with interest that ranges from 1.625 to 5 percent on all unpaid balances. The balance on these loans as of December 31, 2019, is \$125,837.

Notes receivable have also been recorded for Community Development Block Grants that are being paid back to the City. These Grants were disbursed from an outside agency with the payments to be made to the City. The interest rates on these loans are 1 percent. The City will use these funds for additional loans in the future. The loans have been collateralized and call for periodic payments of principle and interest. The balance of these loans as of December 31, 2019, is \$54,303.

The City also has a Small Cities Development Program Grant through the Minnesota Department of Trade and Economic Development. Loans are made to eligible homeowners to assist with home purchases and improvements. The City will collect these loans if there is an ownership change of the improved property. If the homeowners do not sell their property over an eight to ten year period the loans are forgiven. There is an allowance for these loans in the amount of \$306,544. The balance on these loans receivable as of December 31, 2019, is \$306,544.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

C. Capital Assets

Capital asset activity for the City for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,712	\$ -	\$ -	\$ 6,712
Construction in progress	652,308	721,469	(553,477)	820,300
Total Capital Assets not being Depreciated	<u>659,020</u>	<u>721,469</u>	<u>(553,477)</u>	<u>827,012</u>
Capital assets being depreciated				
Buildings	3,708,929	-	-	3,708,929
Systems and infrastructure	4,544,103	553,477	-	5,097,580
Improvements other than buildings	3,995,050	141,327	-	4,136,377
Equipment and machinery	2,746,954	651,483	(150,358)	3,248,079
Total Capital Assets being Depreciated	<u>14,995,036</u>	<u>1,346,287</u>	<u>(150,358)</u>	<u>16,190,965</u>
Less accumulated depreciation for				
Buildings	(2,674,186)	(54,185)	-	(2,728,371)
Systems and infrastructure	(1,769,482)	(321,391)	-	(2,090,873)
Improvements other than buildings	(3,081,217)	(90,793)	-	(3,172,010)
Equipment and machinery	<u>(2,215,045)</u>	<u>(128,809)</u>	150,358	<u>(2,193,496)</u>
Total Accumulated Depreciation	<u>(9,739,930)</u>	<u>(595,178)</u>	<u>150,358</u>	<u>(10,184,750)</u>
Total Capital Assets being Depreciated, Net	<u>5,255,106</u>	<u>751,109</u>	<u>-</u>	<u>6,006,215</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,914,126</u>	<u>\$ 1,472,578</u>	<u>\$ (553,477)</u>	<u>\$ 6,833,227</u>

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

	Beginning Balance	Increases	Decreases	Prior Period Adjustment	Ending Balance
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 78,693	\$ -	\$ -	\$ -	\$ 78,693
Construction in progress	9,886,491	2,818,200	(11,003,108)	-	1,701,583
Total Capital Assets not being Depreciated	<u>9,965,184</u>	<u>2,818,200</u>	<u>(11,003,108)</u>	<u>-</u>	<u>1,780,276</u>
Capital assets being depreciated					
Buildings	2,893,056	33,000	-	-	2,926,056
Improvements other than buildings	5,583,176	11,003,108	-	-	16,586,284
Equipment and machinery	1,537,149	36,340	(4,130)	-	1,569,359
Total Capital Assets being Depreciated	<u>10,013,381</u>	<u>11,072,448</u>	<u>(4,130)</u>	<u>-</u>	<u>21,081,699</u>
Less accumulated depreciation for					
Buildings and improvements	(1,478,056)	(88,960)	-	-	(1,567,016)
Improvements other than buildings	(3,143,505)	(608,022)	-	-	(3,751,527)
Equipment and machinery	(1,386,591)	(21,866)	4,130	-	(1,404,327)
Total Accumulated Depreciation	<u>(6,008,152)</u>	<u>(718,848)</u>	<u>4,130</u>	<u>-</u>	<u>(6,722,870)</u>
Total Capital Assets being Depreciated, Net	<u>4,005,229</u>	<u>10,353,600</u>	<u>-</u>	<u>-</u>	<u>14,358,829</u>
Business-type Activities Capital Assets, Net	<u>\$ 13,970,413</u>	<u>\$ 13,171,800</u>	<u>\$ (11,003,108)</u>	<u>\$ -</u>	<u>\$ 16,139,105</u>

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

Governmental Activities

General government	\$ 64,741
Public safety	74,629
Streets and highways	357,846
Culture and recreation	48,036
Miscellaneous	49,926
	<u>595,178</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 595,178</u>

Business-type Activities

Liquor	\$ 9,242
Water Utility	192,468
Sewer Utility	407,758
Storm Water	20,571
Deputy Register and License	356
Other enterprise funds	88,453
	<u>718,848</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 718,848</u>

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

Construction Commitment

The City has an active construction project as of December 31, 2019. At year end the City's commitments are as follows:

Project	Spent-to-Date	Remaining Commitment
Phase III - Infrastructure Improvements	\$ 860,188	\$ 4,852,377

D. Interfund Receivables, Payables and Transfers

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General	Airport Improvements	\$ 432,865
	Nonmajor governmental	158,841
	Liquor	58,814
	Deputy Register and License	9,807
	Nonmajor enterprise	24,974
Totals		<u>\$ 685,301</u>

The above outstanding balances between funds are to fund current cash deficits.

Interfund Transfers

Fund	Transfers In					Total
	General Fund	Debt Service Fund	Airport Improvements	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
Transfer Out						
Governmental						
General	\$ -	\$ -	\$ 25,168	\$ 277,229	\$ -	\$ 302,397
Nonmajor governmental	-	421	-	159,032	-	159,453
Business-type						
Water Utility	22,507	-	-	-	-	22,507
Sewer Utility	10,000	-	-	-	-	10,000
Nonmajor enterprise	31,000	-	-	5,729	23,176	59,905
Total	<u>\$ 63,507</u>	<u>\$ 421</u>	<u>\$ 25,168</u>	<u>\$ 441,990</u>	<u>\$ 23,176</u>	<u>\$ 554,262</u>

During the year, transfers are used to 1) reserve money for future capital purchases, 2) support funds for operations, 3) offset the tax levy, 4) transfer profits from enterprise funds and 5) close funds.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

E. Long-term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bond of 2016B	\$ 1,120,000	2.00 %	02/25/16	02/01/22	\$ 525,000
Housing Development Refunding Bond of 2016A	1,140,000	2.00 - 4.00	04/01/16	02/01/42	1,045,000
G.O Bonds of 2016D	530,000	1.35 - 2.75	12/06/16	02/01/32	470,000
G.O Bonds of 2019B	5,365,000	2.00 - 3.13	05/15/19	02/01/42	5,365,000
G.O Bonds of 2019E	572,000	2.15	10/30/19	02/01/25	<u>572,000</u>
 Total G.O. Bonds					 <u><u>\$ 7,977,000</u></u>

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

Annual requirement to maturity for general obligation are as follows:

Year Ending December 31,	G.O. Bonds Governmental Activities			G.O. Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 219,000	\$ 207,017	\$ 426,017	\$ 135,000	\$ 41,150	\$ 176,150
2021	238,000	173,280	411,280	135,000	37,950	172,950
2022	242,000	168,451	410,451	30,000	36,150	66,150
2023	361,000	162,273	523,273	30,000	35,250	65,250
2024	364,000	154,873	518,873	35,000	34,275	69,275
2025 - 2029	1,508,000	670,326	2,178,326	185,000	155,125	340,125
2030 - 2034	1,530,000	460,469	1,990,469	230,000	117,000	347,000
2035 - 2039	1,450,000	233,359	1,683,359	280,000	66,000	346,000
2040 - 2042	820,000	38,906	858,906	185,000	11,300	196,300
Total	\$ 6,732,000	\$ 2,268,954	\$ 9,000,954	\$ 1,245,000	\$ 534,200	\$ 1,779,200

General Obligation Special Assessment (Improvement) 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 partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2014A	\$ 2,400,000	2.00 - 3.10	12/04/14	02/01/31	\$ 1,985,000
G.O. Improvement Refunding Bonds of 2015A	1,895,000	2.00 - 3.00	04/16/15	02/01/28	1,515,000
Total General Obligation Special Assessment (Improvement) Bonds					\$ 3,500,000

Annual requirement to maturity for general obligation special assessment (improvement) bonds are is as follows:

Year Ending December 31,	G.O. Special Assessment Bonds Governmental Activities			G.O. Special Assessment Bonds Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 205,000	\$ 63,450	\$ 268,450	\$ 90,000	\$ 29,125	\$ 119,125
2021	215,000	59,250	274,250	85,000	27,375	112,375
2022	210,000	54,910	264,910	85,000	25,620	110,620
2023	235,000	49,575	284,575	95,000	23,530	118,530
2024	230,000	42,980	272,980	95,000	20,920	115,920
2025 - 2029	1,080,000	109,000	1,189,000	500,000	58,175	558,175
2030 - 2031	230,000	7,131	237,131	145,000	4,572	149,572
Total	\$ 2,405,000	\$ 386,296	\$ 2,791,296	\$ 1,095,000	\$ 189,317	\$ 1,284,317

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements to the enterprise funds. They will be retired from net revenue of the enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Utility Revenue Note of 2000 (PFA)	\$ 1,434,769	2.11 %	06/30/00	08/20/20	\$ 89,000
G.O. Utility Revenue Refunding Bond 2019C	2,663,000	2.13	09/13/19	01/01/59	2,663,000
G.O. Utility Revenue Refunding Bond 2019D	7,071,000	2.13	09/13/19	01/01/59	<u>7,071,000</u>
Total G.O. Revenue Bonds					<u>\$ 9,823,000</u>

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2020	\$ 89,000	\$ 1,878	\$ 90,878
2021	163,000	206,848	369,848
2022	166,000	203,384	369,384
2023	170,000	199,856	369,856
2024	173,000	196,244	369,244
2025 - 2029	924,000	924,375	1,848,375
2030 - 2034	1,027,000	821,886	1,848,886
2035 - 2039	1,139,000	708,156	1,847,156
2040 - 2044	1,267,000	581,846	1,848,846
2045 - 2049	1,406,000	441,405	1,847,405
2050 - 2054	1,563,000	285,494	1,848,494
2055 - 2059	1,736,000	112,200	1,848,200
Total	<u>\$ 9,823,000</u>	<u>\$ 4,683,572</u>	<u>\$ 14,506,572</u>

General Obligation Temporary Bonds

The following bonds were issued to finance capital improvements to the enterprise funds. They will be retired from a USDA loan in 2022.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Temporary Bonds of 2019A	\$ 8,395,000	1.75 %	05/15/19	05/01/22	<u>\$ 8,395,000</u>

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

The annual debt service requirements to maturity for loans payable are as follows:

Year Ending December 31,	G.O. Temporary Bonds Business-type Activities		
	Principal	Interest	Total
2020	\$ -	\$ 146,913	\$ 146,913
2021	-	146,913	146,913
2022	8,395,000	73,455	8,468,455
Total	\$ 8,395,000	\$ 367,281	\$ 8,762,281

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	Nonmajor Enterprise
Revenues	\$ 469,117	\$ 508,799	\$ 83,200
Principal and Interest	736,653	9,455,407	74,250
Percentage of Revenues	157.0%	1858.4%	89.2%

DEED Loan Payable

The following DEED loan payable was issued to demolition the abandoned Masonic Temple building so that the land can be used for future development.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
DEED Loan	\$ 61,044	2.00 %	12/15/17	02/15/32	\$ 61,044
League of MN Cities Loan	250,000	0.00 - 3.00	08/01/18	08/01/23	200,000
Total Notes					\$ 261,044

The annual debt service requirements to maturity for the DEED loan payable are as follows:

Year Ending December 31,	Notes Payable Governmental Activities		
	Principal	Interest	Total
2020	\$ 52,226	\$ 7,177	\$ 59,403
2021	53,704	5,654	59,358
2022	55,226	4,087	59,313
2023	56,793	2,475	59,268
2024	4,600	816	5,416
2025 - 2029	23,699	2,672	26,371
2030 - 2032	14,796	446	15,242
Total	\$ 261,044	\$ 23,327	\$ 284,371

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on all Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
G.O. special assessment bonds	\$ 3,190,000	\$ -	\$ (785,000)	\$ 2,405,000	\$ 205,000
G.O. bonds	930,000	5,937,000	(135,000)	6,732,000	219,000
Total bonds payable	<u>4,120,000</u>	<u>5,937,000</u>	<u>(920,000)</u>	<u>9,137,000</u>	<u>424,000</u>
Loan Payable	311,044	-	(50,000)	261,044	52,226
Bond Premiums	69,459	52,530	(8,738)	113,251	-
Compensated Absences Payable	<u>65,159</u>	<u>47,448</u>	<u>(35,706)</u>	<u>76,901</u>	<u>25,100</u>
Governmental Activities Long-term Liabilities	<u>\$ 4,565,662</u>	<u>\$ 6,036,978</u>	<u>\$ (1,014,444)</u>	<u>\$ 9,588,196</u>	<u>\$ 501,326</u>
Business-type Activities					
Bonds Payable					
G.O. special assessment bonds	\$ 1,185,000	\$ -	\$ (90,000)	\$ 1,095,000	\$ 90,000
G.O. bonds	1,380,000	-	(135,000)	1,245,000	135,000
G.O. temporary bonds	9,730,000	8,395,000	(9,730,000)	8,395,000	-
G.O. revenue bonds	176,000	9,734,000	(87,000)	9,823,000	89,000
Total Bonds Payable	<u>12,471,000</u>	<u>18,129,000</u>	<u>(10,042,000)</u>	<u>20,558,000</u>	<u>314,000</u>
Bond Premiums	84,237	-	(7,128)	77,109	-
Compensated Absences Payable	<u>29,376</u>	<u>17,445</u>	<u>(19,461)</u>	<u>27,360</u>	<u>7,257</u>
Business-type Activities Long-term Liabilities	<u>\$ 12,584,613</u>	<u>\$ 18,146,445</u>	<u>\$ (10,068,589)</u>	<u>\$ 20,662,469</u>	<u>\$ 321,257</u>

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 (GERP)

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

Public Employees Police and Fire Plan (PEFPF)

The PEFPF, 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 PEFPF 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.

GERP Benefits

GERP benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members.. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 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. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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

PEPFP Benefits

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

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

C. Contributions

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

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 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, 2019, 2018 and 2017 were \$62,272, \$56,453 and \$54,135 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 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018 and 2017 were \$31,775, \$32,544 and \$33,906, respectively. The City's contributions were equal to the required contributions for each year as set by Minnesota statute.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$635,809 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 to the fund in 2019. 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 \$19,666. The net pension liability was measured as of June 30, 2019, 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, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0115 percent which was a 0.0008 percent increase from its proportion measured as of June 30, 2018.

City's Proportionate Share of the Net Pension Liability	\$ 635,809
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	<u>19,666</u>
Total	<u><u>\$ 655,475</u></u>

For the year ended December 31, 2019, the City recognized pension expense of \$56,831 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$1,473 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2019 the City reported its proportionate share of General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 24,792	\$ 7,718
Changes in Actuarial Assumptions	5,599	57,910
Net Difference Between Projected and Actual Earnings on Plan Investments	-	63,978
Changes in Proportion	37,337	47,961
Contributions Paid to PERA Subsequent to the Measurement Date	<u>30,699</u>	<u>-</u>
Total	<u><u>\$ 98,427</u></u>	<u><u>\$ 177,567</u></u>

The \$30,699 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (48,528)
2021	(64,074)
2022	1,739
2023	1,024
2024	-
Thereafter	

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$188,434 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0177 percent which was a 0.0017 decrease from its proportionate share measured as of June 30, 2018.

The City also recognized \$2,390 for the year ended December 31, 2019, 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. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

For the year ended December 31, 2019, the City recognized pension expense of \$35,506 for its proportionate share of the Police and Fire Plan's pension expense.

At December 31, 2019, the City reported its proportionate share of Police and Fire Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 17,564	\$ 32,557
Changes in Actuarial Assumptions	205,579	263,997
Net Difference Between Projected and Actual Earnings on Plan Investments	-	45,137
Changes in Proportion	8,781	33,624
Contributions Paid to PERA Subsequent to the Measurement Date	17,455	-
Total	\$ 249,379	\$ 375,315

The \$17,455 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (17,572)
2021	(30,753)
2022	(85,448)
2023	(4,650)
2024	(4,968)
Thereafter	-

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 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%

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, 2019 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 most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

Police and Fire Fund

Changes in Actuarial Assumptions:

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

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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	35.50 %	5.10 %
Private Markets	25.00	5.90
Fixed Income	20.00	0.75
International Equity	17.50	5.90
Cash Equivalents	2.00	-
Total	100.00 %	

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

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

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 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:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
	General Employees Fund	\$ 1,045,236	\$ 635,809
Police and Fire Fund	411,883	188,434	4

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: Defined Benefit Pension Plan - Fire Relief Association

A. Plan Description

All members of the Tracy Fire Department (the Department) are covered by a defined benefit plan administered by the Tracy Firefighters Relief Association (the Association). As of December 31, 2017, the plan covered 27 active firefighters and 5 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

B. Benefits Provided

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

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

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

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 \$28,099 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2018, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2018 were \$28,099. The City's contributions were equal to the required contributions as set by state statute. The City made voluntary contributions of \$4,000 to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2019 the City reported a net pension liability (asset) of (\$50,616) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB 68 was determined by Van Iwaarden Associates, 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, 2018	\$ 400,927	\$ 483,525	\$ (82,598)
Changes for the Year			
Service cost	21,069	-	21,069
Interest on pension liability (asset)	21,733	-	21,733
Differences between expected and actual experience	(16,029)	-	(16,029)
Change of assumptions	10,458	-	10,458
Contributions - State and local	-	28,099	(28,099)
Contributions - member	-	400	(400)
Net investment income	-	(22,850)	22,850
Benefit payments	(53,700)	(53,700)	-
Administrative expenses	-	(400)	400
Total Net Changes	(16,469)	(48,451)	31,982
Ending Balance December 31, 2018	\$ 384,458	\$ 435,074	\$ (50,616)

For the year ended December 31, 2018 the City recognized pension expense of \$28,684.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

At December 31, 2018 the City reported deferred inflows of resources and deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 48,884
Changes in Actuarial Assumptions	9,379	9,378
Net Difference Between Projected and Actual Earnings on Plan Investments	35,708	-
Contributions to Plan Subsequent to the Measurement Date	31,068	-
Total	\$ 76,155	\$ 58,262

Deferred outflows of resources totaling \$31,068 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2020	\$ 6,274
2021	713
2022	(583)
2023	2,964
2024	(6,585)
Thereafter	(15,958)

E. Actuarial Assumptions

The total pension liability at December 31, 2018 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at the later of age 50 or after completion of 20 years of service. If a member is both age 50 and has 5 years of service, but not 20 years of service, the lump sum pension will be reduced by 4 percent for each year of service less than 20 years.

Cost of Living Increases	2.50% per year
Investment Rate of Return	5.50%
20 Year Municipal Bond Yield	3.71%

In 2019, the following changes in assumptions occurred:

- The expected investment return and discount rate decreased from 5.50% to 5.00% to reflect updated capital market assumptions.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.75% to 2.50%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 5: Defined Benefit Pension Plan - Fire Relief Association (Continued)

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	Long-term Expected Nominal Rate of Return
Domestic Equity	35.00 %	4.76 %	7.26 %
International Equity	15.00	5.41	7.91
Fixed Income	35.00	2.01	4.51
Real Estate and Alternatives	-	4.53	7.03
Cash and Equivalents	15.00	0.74	3.24
Total	100.00 %		6.18 %
Reduced for assumed investment expense			(1.10)
Net assumed investment return (weighted average, rounded to 1/4%)			5.00 %

F. Discount Rate

The discount rate used to measure the total pension liability was 5.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

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

	1 Percent Decrease (4.00%)	Current (5.00%)	1 Percent Increase (6.00%)
Defined Benefit Plan	\$ (32,776)	\$ (50,616)	\$ (67,828)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Tracy Firefighters' Relief Association, 336 Morgan Street, Tracy, MN 56175

City of Tracy, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 6: 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is aware of a claim related to an appeal of assessments of 10 property owners.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

C. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2019, the City is under the legal debt margin.

D. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2019 was \$928,568. This accounted for 41 percent of General fund revenues.

Note 7: Tax Abatements

As of December 31, 2019, the City has entered into an agreement that abate City property taxes. Below is the information specific to the agreements:

The City entered into a tax abatement agreement on May 9, 2016 with a private buyer. In return, the City will reimburse the buyer for some costs as the city collects future taxes for the increased property value and tax capacity related to the economic development. The agreement has a maximum return to the buyer of \$200,000 over the life of the agreement. The agreement was negotiated under state law (Minnesota Statute 469.1813). The amount of taxes abated during 2019 totaled \$21,543.

Note 8: Subsequent Event

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the City is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Tracy, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2019

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
06/30/19	0.0115 %	\$ 635,809	\$ 19,666	\$ 655,475	\$ 812,173	80.7 %	80.2 %
06/30/18	0.0107	593,592	19,557	613,149	720,659	85.1	79.5
06/30/17	0.0120	766,072	9,630	775,702	772,886	100.4	75.9
06/30/16	0.0124	1,006,818	13,085	1,019,903	760,515	134.1	68.9
06/30/15	0.0132	684,093	-	684,093	789,986	86.6	78.2

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

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/19	\$ 62,272	\$ 62,272	\$ -	\$ 830,295	7.5 %
12/31/18	56,453	56,453	-	752,710	7.5
12/31/17	54,135	54,135	-	721,796	7.5
12/31/16	57,395	57,395	-	765,264	7.5
12/31/15	59,400	59,400	-	819,310	7.3

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

City of Tracy, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

Notes to the Required Supplementary Information - General Employee Fund

Changes in Actuarial Assumptions

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.

Changes in Plan Provisions

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.

2017 - The State's special funding contribution increased from \$6 million to \$16 million.

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 Tracy, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2019

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
06/30/19	0.0177 %	\$ 188,434	\$ -	\$ 188,434	\$ 187,203	100.7 %	89.3 %
06/30/18	0.0194	206,784	-	206,784	204,410	101.2	88.8
06/30/17	0.0200	270,024	-	270,024	204,695	131.9	85.4
06/30/16	0.0190	762,503	-	762,503	185,171	411.8	63.9
06/30/15	0.0190	215,884	-	215,884	180,967	119.3	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)
12/31/19	\$ 31,775	\$ 31,775	\$ -	\$ 187,462	17.0 %
12/31/18	32,544	32,544	-	200,886	16.2
12/31/17	33,906	33,906	-	209,296	16.2
12/31/16	30,298	30,298	-	187,025	16.2
12/31/15	30,456	30,456	-	188,003	16.2

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

City of Tracy, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

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 Tracy, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

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

Changes in Plan Provisions

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 Tracy, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

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

	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	\$ 21,069	\$ 20,505	\$ 19,110	\$ 20,712	\$ 20,158
Interest on pension liability (asset)	21,733	20,901	19,277	14,733	15,117
Differences between expected and actual experience	(16,029)	-	(47,682)	-	-
Changes of assumptions	10,458	-	-	(15,854)	-
Changes of benefit terms	-	-	37,436	-	-
Benefit payments	(53,700)	-	-	(28,300)	(61,448)
Net Change in Total Pension Liability	(16,469)	41,406	28,141	(8,709)	(26,173)
Total Pension Liability - January 1	400,927	359,521	331,380	340,089	366,262
Total Pension Liability - December 31 (A)	\$ 384,458	\$ 400,927	\$ 359,521	\$ 331,380	\$ 340,089
Plan Fiduciary Net Position					
Employer contributions	28,099	31,926	32,361	33,693	31,564
Nonemployer contributions	\$ 400	\$ 22	\$ 222	\$ 182	\$ 197
Projected investment return	(22,850)	40,501	13,926	(11,707)	8,639
Benefit payments	(53,700)	-	-	(28,300)	(61,448)
Administrative expenses	(400)	(22)	(307)	(182)	(197)
Other	-	-	-	-	(40)
Net Change in Plan Fiduciary Net Position	(48,451)	72,427	46,202	(6,314)	(21,285)
Plan Fiduciary Net Position - January 1	483,525	411,098	364,896	371,210	392,495
Plan Fiduciary Net Position - December 31 (B)	\$ 435,074	\$ 483,525	\$ 411,098	\$ 364,896	\$ 371,210
Fire Relief's Net Pension Liability (Asset) - December 31 (A-B)	\$ (50,616)	\$ (82,598)	\$ (51,577)	\$ (33,516)	\$ (31,121)
Plan Fiduciary Net Position As a Percentage of the Total Pension Liability (B/A)	113.17%	120.60%	114.35%	110.11%	109.15%
Covered Payroll	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

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

City of Tracy, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2019

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2019 - The expected investment return and discount rate decreased from 5.50% to 5.00% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.75% to 2.50%.

2016 - The discount rate increased from 4.25% to 5.50%.

2015 - Amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of general employees. Amounts reported as changes of assumptions resulted primarily from adjustments to expected retirement ages of public safety employees. Amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2000 Healthy Annuitant Mortality Table for purposes of developing mortality rates.

Changes in Benefits

2017 - Benefit was increased from \$1,500 to \$1,700.

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.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Employer's Contributions - Tracy Firefighters Relief Association

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ 27,068	\$ 31,068	\$ (4,000)
12/31/18	28,099	28,099	-
12/31/17	27,926	31,926	(4,000)
12/31/16	29,861	29,861	-
12/31/15	33,993	33,993	-
12/31/14	31,564	31,564	-

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Tracy, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Totals
Assets			
Cash and temporary investments	\$ 526,772	\$ 273,310	\$ 800,082
Receivables			
Interest	1,583	-	1,583
Accounts	-	1,743	1,743
Notes	180,140	-	180,140
Intergovernmental	66,664	-	66,664
Due from other funds	-	-	-
Prepaid items	1,257	-	1,257
Assets held for resale	19,162	-	19,162
	<u>\$ 795,578</u>	<u>\$ 275,053</u>	<u>\$ 1,070,631</u>
Liabilities			
Accounts payable	\$ 1,927	\$ 64,922	\$ 66,849
Accrued salaries payable	253	-	253
Due to other funds	-	158,841	158,841
Due to other governments	45	-	45
Total Liabilities	<u>2,225</u>	<u>223,763</u>	<u>225,988</u>
Fund Balances			
Nonspendable for			
Prepaid items	1,257	-	1,257
Restricted for			
Economic development	180,140	-	180,140
Cemetery operations	59,410	-	59,410
Committed for			
Economic development	393,963	-	393,963
Library improvements	16,659	-	16,659
Multi-purpose center operations	24,534	-	24,534
Cemetery operations	9,539	-	9,539
Public safety	10,386	-	10,386
Capital outlay	-	23,924	23,924
Assigned for			
Cemetery operations	56,430	-	56,430
Aquatic center operations	41,035	-	41,035
Capital outlay	-	251,129	251,129
Unassigned	-	(223,763)	(223,763)
Total Fund Balances	<u>793,353</u>	<u>51,290</u>	<u>844,643</u>
	<u>\$ 795,578</u>	<u>\$ 275,053</u>	<u>\$ 1,070,631</u>
Total Liabilities and Fund Balances	<u>\$ 795,578</u>	<u>\$ 275,053</u>	<u>\$ 1,070,631</u>

City of Tracy, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2019

	Nonmajor Special Revenue	Nonmajor Capital Projects	Totals
Revenues			
Taxes	\$ -	\$ 105,000	\$ 105,000
Intergovernmental	67,204	-	67,204
Charges for services	64,409	21,998	86,407
Investment earnings	7,770	4,653	12,423
Miscellaneous	14,001	39,871	53,872
Total Revenues	<u>153,384</u>	<u>171,522</u>	<u>324,906</u>
Expenditures			
Current			
Public safety	59	2,073	2,132
Culture and recreation	168,881	2,680	171,561
Economic development	77,969	-	77,969
Miscellaneous	26,423	-	26,423
Capital outlay			
General government	-	7,516	7,516
Public safety	-	444,870	444,870
Streets and highways	-	235,023	235,023
Culture and recreation	133,327	8,000	141,327
Economic development	18,493	-	18,493
Miscellaneous	-	-	-
Debt service			
Interest and other	205	-	205
Total Expenditures	<u>425,357</u>	<u>700,162</u>	<u>1,125,519</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(271,973)</u>	<u>(528,640)</u>	<u>(800,613)</u>
Other Financing Sources (Uses)			
Bonds issued	-	41,000	41,000
Sale of capital assets	33,214	6,056	39,270
Transfer in	174,558	267,432	441,990
Transfer out	(300)	(159,153)	(159,453)
Total Other Financing Sources (Uses)	<u>207,472</u>	<u>155,335</u>	<u>362,807</u>
Net Change in Fund Balances	(64,501)	(373,305)	(437,806)
Fund Balances, January 1	<u>857,854</u>	<u>424,595</u>	<u>1,282,449</u>
Fund Balances, December 31	<u>\$ 793,353</u>	<u>\$ 51,290</u>	<u>\$ 844,643</u>

City of Tracy, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Net Position
December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	303 O'Brien Court	411 Orchard Lane Townhomes	603 Utility Surcharge	604 Refuse Collection	
Assets					
Current Assets					
Cash and temporary investments	\$ 170,528	\$ 26,536	\$ -	\$ -	\$ 197,064
Receivables					
Accounts	-	700	5,630	25,046	31,376
Total Current Assets	170,528	27,236	5,630	25,046	228,440
Noncurrent Assets					
Capital assets, at cost					
Land	131	35,042	10,200	-	45,373
Buildings	1,399,688	1,162,785	-	-	2,562,473
Improvements other than buildings	53,404	-	-	-	53,404
Equipment and machinery	165,915	-	-	-	165,915
Less accumulated depreciation	(1,053,287)	(380,548)	-	-	(1,433,835)
Total capital assets (net of accumulated depreciation)	565,851	817,279	10,200	-	1,393,330
Total Assets	736,379	844,515	15,830	25,046	1,621,770
Liabilities					
Current Liabilities					
Accounts payable	-	2,345	408	-	2,753
Deposits payable	-	1,313	-	-	1,313
Due to other funds	-	-	19,808	5,166	24,974
Accrued interest payable	-	15,833	-	-	15,833
Bonds payable - current	-	35,000	-	-	35,000
Total Current Liabilities	-	54,491	20,216	5,166	79,873
Noncurrent Liabilities					
Bonds payable, noncurrent	-	1,060,696	-	-	1,060,696
Total Liabilities	-	1,115,187	20,216	5,166	1,140,569
Net Position					
Net investment in capital assets	565,851	(278,417)	10,200	-	297,634
Unrestricted	170,528	7,745	(14,586)	19,880	183,567
Total Net Position	\$ 736,379	\$ (270,672)	\$ (4,386)	\$ 19,880	\$ 481,201

City of Tracy, Minnesota
 Nonmajor Proprietary Funds
 Combining Statement of Revenues, Expenses and Changes in Net Position
 For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	303 O'Brien Court	411 Orchard Lane Townhomes	603 Utility Surcharge	604 Refuse Collection	
Operating Revenues					
Charges for services	\$ 45,000	\$ 83,200	\$ 163	\$ 142,527	\$ 270,890
Operating Expenses					
Supplies	-	-	613	4,700	5,313
Other services and charges	5,077	17,637	3,467	135,136	161,317
Utilities	-	1,848	-	-	1,848
Depreciation	46,169	42,284	-	-	88,453
Total Operating Expenses	51,246	61,769	4,080	139,836	256,931
Operating Income (Loss)	(6,246)	21,431	(3,917)	2,691	13,959
Nonoperating Revenues (Expenses)					
Other income	33,835	-	-	857	34,692
Investment earnings	2,014	253	-	16	2,283
Amortization of bond premium	-	2,204	-	-	2,204
Interest and other expense	-	(38,958)	-	-	(38,958)
Total Nonoperating Revenues (Expenses)	35,849	(36,501)	-	873	221
Income (Loss) Before Transfers	29,603	(15,070)	(3,917)	3,564	14,180
Transfers in	-	23,176	-	-	23,176
Transfers out	(28,905)	-	(31,000)	-	(59,905)
Change in Net Position	698	8,106	(34,917)	3,564	(22,549)
Net Position, January 1	735,681	(278,778)	30,531	16,316	503,750
Net Position, December 31	\$ 736,379	\$ (270,672)	\$ (4,386)	\$ 19,880	\$ 481,201

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City of Tracy, Minnesota
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Totals
	303 O'Brien Court	411 Orchard Lane Townhomes	603 Utility Surcharge	604 Refuse Collection	
Cash Flows from Operating Activities					
Receipts from customers	\$ 45,000	\$ 82,600	\$ 402	\$ 142,540	\$ 270,542
Payments to suppliers and vendors	(5,081)	(17,312)	(3,672)	(140,819)	(166,884)
Other receipts	33,835	-	-	857	34,692
Net Cash Provided (Used) by Operating Activities	<u>73,754</u>	<u>65,288</u>	<u>(3,270)</u>	<u>2,578</u>	<u>138,350</u>
Cash Flows from Noncapital Financing Activities					
Increase (decrease) in due from other funds	13,596	-	-	-	13,596
Increase (decrease) in due to other funds	-	-	19,808	(2,594)	17,214
Transfers from other funds	-	23,176	-	-	23,176
Transfers to other funds	(28,905)	-	(31,000)	-	(59,905)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(15,309)</u>	<u>23,176</u>	<u>(11,192)</u>	<u>(2,594)</u>	<u>(5,919)</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(36,340)	-	-	-	(36,340)
Principal paid on bonds payable	-	(35,000)	-	-	(35,000)
Interest and fees paid on bonds payable	-	(39,250)	-	-	(39,250)
Net Cash Provided (Used) by Capital And Related Financing Activities	<u>(36,340)</u>	<u>(74,250)</u>	<u>-</u>	<u>-</u>	<u>(110,590)</u>
Cash Flows from Investing Activities					
Interest received on cash and temporary investments	2,014	253	-	16	2,283
Net Increase (Decrease) in Cash and Cash Equivalents	24,119	14,467	(14,462)	-	24,124
Cash and Cash Equivalents, January 1	146,409	12,069	14,462	-	172,940
Cash and Cash Equivalents, December 31	<u>\$ 170,528</u>	<u>\$ 26,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,064</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (6,246)	\$ 21,431	\$ (3,917)	\$ 2,691	\$ 13,959
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	33,835	-	-	857	34,692
Depreciation	46,169	42,284	-	-	88,453
(Increase) decrease in assets					
Accounts receivable	-	(600)	239	13	(348)
Increase (decrease) in liabilities					
Accounts payable	(4)	2,173	408	(4)	2,573
Due to other governments	-	-	-	(979)	(979)
Net Cash Provided (Used) by Operating Activities	<u>\$ 73,754</u>	<u>\$ 65,288</u>	<u>\$ (3,270)</u>	<u>\$ 2,578</u>	<u>\$ 138,350</u>
Noncash Investing, Capital and Financing Activities					
Amortization of Bond (Premium) Discount	<u>\$ -</u>	<u>\$ (2,204)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,204)</u>

City of Tracy, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2019

	201 Multi- Purpose Center	203 Cemetery Operating	204 Cemetery Memorial	406 Library
Assets				
Cash and temporary investments	\$ 26,264	\$ 55,673	\$ 9,539	\$ (50,005)
Receivables				
Interest	-	-	-	-
Notes	-	-	-	-
Intergovernmental	-	-	-	66,664
Prepaid items	218	-	-	-
Assets held for resale	-	-	-	-
	<u>26,482</u>	<u>55,673</u>	<u>9,539</u>	<u>16,659</u>
Total Assets	<u>\$ 26,482</u>	<u>\$ 55,673</u>	<u>\$ 9,539</u>	<u>\$ 16,659</u>
Liabilities				
Accounts payable	\$ 1,432	\$ 30	\$ -	\$ -
Accrued salaries payable	253	-	-	-
Due to other governments	45	-	-	-
Total Liabilities	<u>1,730</u>	<u>30</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable for				
Prepaid items	218	-	-	-
Restricted for				
Economic development	-	-	-	-
Cemetery operations	-	-	-	-
Committed for				
Economic development	-	-	-	-
Library improvements	-	-	-	16,659
Multi-purpose center operations	24,534	-	-	-
Cemetery operations	-	-	9,539	-
Public Safety	-	-	-	-
Assigned for				
Cemetery operations	-	55,643	-	-
Aquatic center operations	-	-	-	-
Total Fund Balances	<u>24,752</u>	<u>55,643</u>	<u>9,539</u>	<u>16,659</u>
Total Liabilities and Fund Balances	<u>\$ 26,482</u>	<u>\$ 55,673</u>	<u>\$ 9,539</u>	<u>\$ 16,659</u>

607 Aquatic Center Operations	802 CDBG Grant	803 Cemetery Reserve	806 Economic Development	808 Code Enforcement	Total Nonmajor Funds
\$ 41,158	\$ 104,311	\$ 60,197	\$ 269,249	\$ 10,386	\$ 526,772
-	-	-	1,583	-	1,583
-	54,303	-	125,837	-	180,140
-	-	-	-	-	66,664
1,039	-	-	-	-	1,257
-	-	-	19,162	-	19,162
<u>\$ 42,197</u>	<u>\$ 158,614</u>	<u>\$ 60,197</u>	<u>\$ 415,831</u>	<u>\$ 10,386</u>	<u>\$ 795,578</u>
\$ 123	\$ -	\$ -	\$ 342	\$ -	\$ 1,927
-	-	-	-	-	253
-	-	-	-	-	45
<u>123</u>	<u>-</u>	<u>-</u>	<u>342</u>	<u>-</u>	<u>2,225</u>
1,039	-	-	-	-	1,257
-	54,303	-	125,837	-	180,140
-	-	59,410	-	-	59,410
-	104,311	-	289,652	-	393,963
-	-	-	-	-	16,659
-	-	-	-	-	24,534
-	-	-	-	-	9,539
-	-	-	-	10,386	10,386
-	-	787	-	-	56,430
41,035	-	-	-	-	41,035
<u>42,074</u>	<u>158,614</u>	<u>60,197</u>	<u>415,489</u>	<u>10,386</u>	<u>793,353</u>
<u>\$ 42,197</u>	<u>\$ 158,614</u>	<u>\$ 60,197</u>	<u>\$ 415,831</u>	<u>\$ 10,386</u>	<u>\$ 795,578</u>

City of Tracy, Minnesota
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

	201 Multi- Purpose Center	203 Cemetery Operating	204 Cemetery Memorial	406 Library
Revenues				
Intergovernmental				
State grants	\$ -	\$ -	\$ -	\$ 66,664
Charges for services	14,149	2,175	-	-
Investment earnings	266	629	120	256
Miscellaneous				
Contributions and donations	690	-	-	1,700
Refunds and reimbursements	6	2,550	-	-
Other	693	-	-	-
Total Revenues	<u>15,804</u>	<u>5,354</u>	<u>120</u>	<u>68,620</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	44,199	-	-	8,812
Economic development	-	-	-	-
Miscellaneous	-	26,423	-	-
Capital outlay				
Culture and recreation	-	-	-	133,327
Economic development	-	-	-	-
Debt service				
Interest and other	-	-	-	-
Total Expenditures	<u>44,199</u>	<u>26,423</u>	<u>-</u>	<u>142,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,395)</u>	<u>(21,069)</u>	<u>120</u>	<u>(73,519)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	2,925	-	-
Transfers in	38,149	29,706	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>38,149</u>	<u>32,631</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	9,754	11,562	120	(73,519)
Fund Balances, January 1	<u>14,998</u>	<u>44,081</u>	<u>9,419</u>	<u>90,178</u>
Fund Balances, December 31	<u>\$ 24,752</u>	<u>\$ 55,643</u>	<u>\$ 9,539</u>	<u>\$ 16,659</u>

607 Aquatic Center Operations	802 CDBG Grant	803 Cemetery Reserve	806 Economic Development	808 Code Enforcement	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ 540	\$ -	\$ 67,204
48,085	-	-	-	-	64,409
356	1,166	762	4,143	72	7,770
-	-	-	-	-	2,390
1,226	-	-	335	-	4,117
-	6,801	-	-	-	7,494
<u>49,667</u>	<u>7,967</u>	<u>762</u>	<u>5,018</u>	<u>72</u>	<u>153,384</u>
-	-	-	-	59	59
115,870	-	-	-	-	168,881
-	1,928	-	76,041	-	77,969
-	-	-	-	-	26,423
-	-	-	-	-	133,327
-	-	-	18,493	-	18,493
-	-	-	205	-	205
<u>115,870</u>	<u>1,928</u>	<u>-</u>	<u>94,739</u>	<u>59</u>	<u>425,357</u>
<u>(66,203)</u>	<u>6,039</u>	<u>762</u>	<u>(89,721)</u>	<u>13</u>	<u>(271,973)</u>
-	-	325	29,964	-	33,214
91,674	-	-	5,729	9,300	174,558
-	-	(300)	-	-	(300)
<u>91,674</u>	<u>-</u>	<u>25</u>	<u>35,693</u>	<u>9,300</u>	<u>207,472</u>
25,471	6,039	787	(54,028)	9,313	(64,501)
<u>16,603</u>	<u>152,575</u>	<u>59,410</u>	<u>469,517</u>	<u>1,073</u>	<u>857,854</u>
<u>\$ 42,074</u>	<u>\$ 158,614</u>	<u>\$ 60,197</u>	<u>\$ 415,489</u>	<u>\$ 10,386</u>	<u>\$ 793,353</u>

City of Tracy, Minnesota
 Multi-Purpose Center
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 10,700	\$ 10,700	\$ 14,149	\$ 3,449	\$ 17,429
Investment earnings	100	100	266	166	3
Miscellaneous					
Contributions and donations	600	600	690	90	650
Refunds and reimbursements	100	100	6	(94)	74
Other	800	800	693	(107)	767
Total Revenues	<u>12,300</u>	<u>12,300</u>	<u>15,804</u>	<u>3,504</u>	<u>18,923</u>
Expenditures					
Current					
Culture and recreation	51,403	51,403	44,199	7,204	44,429
Capital outlay					
Culture and recreation	1,500	1,500	-	1,500	74
Total Expenditures	<u>52,903</u>	<u>52,903</u>	<u>44,199</u>	<u>8,704</u>	<u>44,503</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,603)	(40,603)	(28,395)	12,208	63,426
Other Financing Sources					
Transfer in	38,149	38,149	38,149	-	38,149
Net Change in Fund Balances	(2,454)	(2,454)	9,754	12,208	12,569
Fund Balance, January 1	14,998	14,998	14,998	-	2,429
Fund Balance, December 31	<u>\$ 12,544</u>	<u>\$ 12,544</u>	<u>\$ 24,752</u>	<u>\$ 12,208</u>	<u>\$ 14,998</u>

City of Tracy, Minnesota
 Cemetery Operating
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
Revenues					
Charges for services	\$ -	\$ -	\$ 2,175	\$ 2,175	\$ 1,160
Investment earnings	-	-	629	629	1
Miscellaneous					
Refunds and reimbursements	4,500	4,500	2,550	(1,950)	5,276
Total Revenues	<u>4,500</u>	<u>4,500</u>	<u>5,354</u>	<u>854</u>	<u>6,437</u>
Expenditures					
Current					
Miscellaneous	<u>36,962</u>	<u>36,962</u>	<u>26,423</u>	<u>10,539</u>	<u>29,532</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32,462)</u>	<u>(32,462)</u>	<u>(21,069)</u>	<u>11,393</u>	<u>(23,095)</u>
Other Financing Sources					
Sale of capital asset	2,000	2,000	2,925	925	3,510
Transfer in	<u>29,706</u>	<u>29,706</u>	<u>29,706</u>	<u>-</u>	<u>29,706</u>
Total Other Financing Sources	<u>31,706</u>	<u>31,706</u>	<u>32,631</u>	<u>925</u>	<u>33,216</u>
Net Change in Fund Balances	(756)	(756)	11,562	12,318	10,121
Fund Balance, January 1	<u>44,081</u>	<u>44,081</u>	<u>44,081</u>	<u>-</u>	<u>33,960</u>
Fund Balance, December 31	<u>\$ 43,325</u>	<u>\$ 43,325</u>	<u>\$ 55,643</u>	<u>\$ 12,318</u>	<u>\$ 44,081</u>

City of Tracy, Minnesota
Aquatic Center Operations
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Charges for services	\$ 49,200	\$ 49,200	\$ 48,085	\$ (1,115)	\$ 48,255
Investment earnings	-	-	356	356	-
Miscellaneous					
Contributions and donations	600	600	-	(600)	550
Refunds and reimbursements	1,500	1,500	1,226	(274)	3,728
Total Revenues	<u>51,300</u>	<u>51,300</u>	<u>49,667</u>	<u>(1,633)</u>	<u>52,533</u>
Expenditures					
Current					
Culture and recreation	135,361	135,361	115,870	19,491	121,126
Capital outlay					
Culture and recreation	60,000	60,000	-	60,000	-
Total Expenditures	<u>195,361</u>	<u>195,361</u>	<u>115,870</u>	<u>79,491</u>	<u>121,126</u>
Deficiency of Revenues Over (Under) Expenditures	(144,061)	(144,061)	(66,203)	77,858	(68,593)
Other Financing Sources					
Transfer in	91,674	91,674	91,674	-	91,674
Net Change in Fund Balances	(52,387)	(52,387)	25,471	77,858	23,081
Fund Balance, January 1	16,603	16,603	16,603	-	(6,478)
Fund Balance, December 31	<u>\$ (35,784)</u>	<u>\$ (35,784)</u>	<u>\$ 42,074</u>	<u>\$ 77,858</u>	<u>\$ 16,603</u>

City of Tracy, Minnesota
 Cemetery Reserve
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ 300	\$ 300	\$ 762	\$ 462	\$ 644
Other Financing Sources (Uses)					
Sale of capital asset	-	-	325	325	390
Transfer out	(300)	(300)	(300)	-	(300)
Total Other Financing Sources (Uses)	(300)	(300)	25	325	90
Net Change in Fund Balances	-	-	787	787	734
Fund Balance, January 1	59,410	59,410	59,410	-	58,676
Fund Balance, December 31	<u>\$ 59,410</u>	<u>\$ 59,410</u>	<u>\$ 60,197</u>	<u>\$ 787</u>	<u>\$ 59,410</u>

City of Tracy, Minnesota
 Economic Development
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Intergovernmental	\$ -	\$ -	\$ 540	\$ 540	\$ -
Investment earnings	1,995	1,995	4,143	2,148	2,579
Miscellaneous					
Refunds and reimbursements	-	-	335	335	200
Loan payments received	33,000	33,000	-	(33,000)	-
Total Revenues	<u>34,995</u>	<u>34,995</u>	<u>5,018</u>	<u>(29,977)</u>	<u>2,779</u>
Expenditures					
Current					
Economic development	49,906	49,906	76,041	(26,135)	13,879
Capital outlay					
Economic development	48,193	48,193	18,493	29,700	4,433
Debt service					
Interest	-	-	205	(205)	-
Total Expenditures	<u>98,099</u>	<u>98,099</u>	<u>94,739</u>	<u>3,360</u>	<u>18,312</u>
Deficiency of Revenues					
Over (Under) Expenditures	<u>(63,104)</u>	<u>(63,104)</u>	<u>(89,721)</u>	<u>(26,617)</u>	<u>(15,533)</u>
Other Financing Sources (Uses)					
Sale of capital asset	-	-	29,964	29,964	1
Transfer in	5,729	5,729	5,729	-	289,693
Total Other Financing Sources (Uses)	<u>5,729</u>	<u>5,729</u>	<u>35,693</u>	<u>29,964</u>	<u>289,694</u>
Net Change in Fund Balances	(57,375)	(57,375)	(54,028)	3,347	274,161
Fund Balance, January 1	<u>469,517</u>	<u>469,517</u>	<u>469,517</u>	<u>-</u>	<u>195,356</u>
Fund Balance, December 31	<u>\$ 412,142</u>	<u>\$ 412,142</u>	<u>\$ 415,489</u>	<u>\$ 3,347</u>	<u>\$ 469,517</u>

City of Tracy, Minnesota
 Code Enforcement
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Investment earnings	\$ -	\$ -	\$ 72	\$ 72	\$ -
Expenditures					
Current					
Public safety	\$ 350	\$ 350	\$ 59	\$ 291	\$ 105
Capital outlay					
Public safety	9,040	9,040	-	9,040	2,146
Total Expenditures	<u>9,390</u>	<u>9,390</u>	<u>59</u>	<u>9,331</u>	<u>2,251</u>
Deficiency of Revenues Over (Under) Expenditures	<u>(9,390)</u>	<u>(9,390)</u>	<u>13</u>	<u>9,403</u>	<u>(2,251)</u>
Other Financing Sources					
Transfer in	<u>9,300</u>	<u>9,300</u>	<u>9,300</u>	<u>-</u>	<u>9,300</u>
Net Change in Fund Balances	(90)	(90)	9,313	9,403	7,049
Fund Balance, January 1	<u>1,073</u>	<u>1,073</u>	<u>1,073</u>	<u>-</u>	<u>(5,976)</u>
Fund Balance, December 31	<u>\$ 983</u>	<u>\$ 983</u>	<u>\$ 10,386</u>	<u>\$ 9,403</u>	<u>\$ 1,073</u>

City of Tracy, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2019

	403	409	412	414
	Permanent Improvement	Park	2014 Street Improvements	2016 Street Project
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and temporary investments	\$ 44,183	\$ 29,613	\$ -	\$ -
Receivables				
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 44,183</u></u>	<u><u>\$ 29,613</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balances				
Committed for				
Capital outlay	23,924	-	-	-
Assigned for				
Capital outlay	20,259	29,613	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u><u>44,183</u></u>	<u><u>29,613</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 44,183</u></u>	<u><u>\$ 29,613</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

800 Police Equipment Replacement	801 Equipment Replacement	804 Fire Department Replacement	810 Infrastructure Replacement Reserve	Total Nonmajor Funds
\$ 40,973	\$ -	\$ -	\$ 158,541	\$ 273,310
-	-	-	1,743	1,743
<u>\$ 40,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,284</u>	<u>\$ 275,053</u>
\$ -	\$ 48,559	\$ 16,363	\$ -	\$ 64,922
-	127,877	30,964	-	158,841
-	176,436	47,327	-	223,763
-	-	-	-	23,924
40,973	-	-	160,284	251,129
-	(176,436)	(47,327)	-	(223,763)
<u>40,973</u>	<u>(176,436)</u>	<u>(47,327)</u>	<u>160,284</u>	<u>51,290</u>
<u>\$ 40,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,284</u>	<u>\$ 275,053</u>

City of Tracy, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2019

	403	409	412 2014 Street Improvements	414 2016 Street Project
	Permanent Improvement	Park		
Revenues				
Taxes	\$ 50,000	\$ -	\$ -	\$ -
Investment earnings	1,237	388	-	-
Charges for services	-	-	-	-
Miscellaneous				
Refunds and reimbursements	-	-	38,745	-
Other	-	-	-	-
Total Revenues	<u>51,237</u>	<u>388</u>	<u>38,745</u>	<u>-</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	-	2,680	-	-
Capital outlay				
General government	-	-	-	-
Public safety	-	-	-	-
Streets and highways	-	-	-	-
Culture and recreation	-	8,000	-	-
Total Expenditures	<u>-</u>	<u>10,680</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,237</u>	<u>(10,292)</u>	<u>38,745</u>	<u>-</u>
Other Financing Sources (Uses)				
Bonds issued	-	-	-	-
Transfers in	-	8,700	-	158,732
Transfers out	(158,732)	-	(421)	-
Sale of capital asset	-	-	-	-
Total Other Financing Sources (Uses)	<u>(158,732)</u>	<u>8,700</u>	<u>(421)</u>	<u>158,732</u>
Net Change in Fund Balances	(107,495)	(1,592)	38,324	158,732
Fund Balances, January 1	<u>151,678</u>	<u>31,205</u>	<u>(38,324)</u>	<u>(158,732)</u>
Fund Balances, December 31	<u>\$ 44,183</u>	<u>\$ 29,613</u>	<u>\$ -</u>	<u>\$ -</u>

800 Police Equipment Replacement	801 Equipment Replacement	804 Fire Department Replacement	810 Infrastructure Replacement Reserve	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ 55,000	\$ 105,000
782	531	209	1,506	4,653
-	-	-	21,998	21,998
470	516	-	-	39,731
-	140	-	-	140
<u>1,252</u>	<u>1,187</u>	<u>209</u>	<u>78,504</u>	<u>171,522</u>
2,073	-	-	-	2,073
-	-	-	-	2,680
-	7,516	-	-	7,516
45,694	246,532	152,644	-	444,870
-	235,023	-	-	235,023
-	-	-	-	8,000
<u>47,767</u>	<u>489,071</u>	<u>152,644</u>	<u>-</u>	<u>700,162</u>
<u>(46,515)</u>	<u>(487,884)</u>	<u>(152,435)</u>	<u>78,504</u>	<u>(528,640)</u>
-	41,000	-	-	41,000
5,000	55,000	40,000	-	267,432
-	-	-	-	(159,153)
-	6,056	-	-	6,056
<u>5,000</u>	<u>102,056</u>	<u>40,000</u>	<u>-</u>	<u>155,335</u>
(41,515)	(385,828)	(112,435)	78,504	(373,305)
<u>82,488</u>	<u>209,392</u>	<u>65,108</u>	<u>81,780</u>	<u>424,595</u>
<u>\$ 40,973</u>	<u>\$ (176,436)</u>	<u>\$ (47,327)</u>	<u>\$ 160,284</u>	<u>\$ 51,290</u>

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City of Tracy, Minnesota
 General Fund
 Comparative Balance Sheet
 December 31, 2019 and 2018

	2019	2018
Assets		
Cash and temporary investments	\$ 128,851	\$ 584,338
Receivables		
Interest	4,116	14,062
Delinquent taxes	80,932	54,394
Accounts	24,403	33,397
Special assessments	22,660	13,389
Intergovernmental	74,812	26,839
Due from other funds	685,301	181,798
Prepaid items	12,772	17,936
Total Assets	\$ 1,033,847	\$ 926,153
Liabilities		
Accounts payable	\$ 30,115	\$ 34,385
Accrued salaries payable	29,156	29,870
Due to other governments	237	-
Total Liabilities	59,508	64,255
Deferred Inflows of Resources		
Unavailable revenue - property taxes	80,932	54,394
Unavailable revenue - special assessment	22,660	13,389
Total Deferred Inflows of Resources	103,592	67,783
Fund Balances		
Nonspendable	12,772	17,936
Unassigned	857,975	776,179
Total Fund Balances	870,747	794,115
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,033,847	\$ 926,153

City of Tracy, 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, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019				2018
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Taxes					
Property taxes	\$ 759,003	\$ 759,003	\$ 613,796	\$ (145,207)	\$ 629,988
Franchise fees	32,000	32,000	29,859	(2,141)	33,374
Total taxes	<u>791,003</u>	<u>791,003</u>	<u>643,655</u>	<u>(147,348)</u>	<u>663,362</u>
Special Assessments	<u>5,000</u>	<u>5,000</u>	<u>4,785</u>	<u>(215)</u>	<u>3,481</u>
Licenses and permits					
Business	6,900	6,900	8,149	1,249	8,046
Nonbusiness	13,000	13,000	27,352	14,352	11,123
Total licenses and permits	<u>19,900</u>	<u>19,900</u>	<u>35,501</u>	<u>15,601</u>	<u>19,169</u>
Intergovernmental					
Federal					
FEMA grant	-	-	255,839	255,839	-
State					
Local government aid	927,648	927,648	928,568	920	927,648
Property tax credits and aids	-	-	-	-	142
Fire aid	30,000	30,000	27,068	(2,932)	27,099
Police aid	25,000	25,000	29,005	4,005	29,928
Other state aids	48,860	48,860	70,440	21,580	46,422
Total intergovernmental	<u>1,031,508</u>	<u>1,031,508</u>	<u>1,310,920</u>	<u>279,412</u>	<u>1,031,239</u>
Charges for services					
General government	700	700	234	(466)	552
Public safety	53,900	53,900	94,758	40,858	55,876
Streets and highways	8,500	8,500	12,771	4,271	9,858
Culture and recreation	10,500	10,500	7,984	(2,516)	9,779
Rents	47,000	47,000	41,640	(5,360)	39,664
Total charges for services	<u>120,600</u>	<u>120,600</u>	<u>157,387</u>	<u>36,787</u>	<u>115,729</u>
Fines and forfeits	<u>13,100</u>	<u>13,100</u>	<u>9,337</u>	<u>(3,763)</u>	<u>9,967</u>
Investment earnings	<u>15,000</u>	<u>15,000</u>	<u>15,293</u>	<u>293</u>	<u>18,991</u>
Miscellaneous					
Contributions and donations	-	-	411	411	510
Other	10,350	10,350	18,830	8,480	23,702
Refunds and reimbursements	31,000	31,000	85,746	54,746	193,641
Total miscellaneous	<u>41,350</u>	<u>41,350</u>	<u>104,987</u>	<u>63,637</u>	<u>217,853</u>
Total Revenues	<u>2,037,461</u>	<u>2,037,461</u>	<u>2,281,865</u>	<u>244,404</u>	<u>2,079,791</u>

City of Tracy, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019			2018	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Budget			
Expenditures					
Current					
General government					
Mayor					
Personal services	\$ 15,696	\$ 15,696	\$ 15,849	\$ (153)	\$ 14,440
Other services and charges	-	-	71	(71)	-
Total Mayor	<u>15,696</u>	<u>15,696</u>	<u>15,920</u>	<u>(224)</u>	<u>14,440</u>
Administration					
Personal services	233,855	233,855	229,313	4,542	209,452
Supplies	6,000	6,000	6,552	(552)	11,920
Other services and charges	11,187	11,187	83,381	(72,194)	29,954
Total administration	<u>251,042</u>	<u>251,042</u>	<u>319,246</u>	<u>(68,204)</u>	<u>251,326</u>
Election					
Personal services	3,500	3,500	-	3,500	3,457
Other services and charges	240	240	496	(256)	301
Total election	<u>3,740</u>	<u>3,740</u>	<u>496</u>	<u>3,244</u>	<u>3,758</u>
Municipal building					
Personal services	55,397	55,397	75,605	(20,208)	73,534
Other services and charges	54,600	54,600	53,400	1,200	44,907
Total municipal building	<u>109,997</u>	<u>109,997</u>	<u>129,005</u>	<u>(19,008)</u>	<u>118,441</u>
Assessing					
Other services and charges	16,700	16,700	13,656	3,044	13,548
Legal					
Other services and charges	24,000	24,000	8,458	15,542	12,891
Total general government	<u>421,175</u>	<u>421,175</u>	<u>486,781</u>	<u>(65,606)</u>	<u>414,404</u>
Public safety					
Police					
Personal services	344,351	344,351	307,906	36,445	319,075
Supplies	3,600	3,600	1,169	2,431	2,806
Other services and charges	43,055	43,055	44,205	(1,150)	43,655
Total police	<u>391,006</u>	<u>391,006</u>	<u>353,280</u>	<u>37,726</u>	<u>365,536</u>
Fire					
Personal services	45,851	45,851	62,909	(17,058)	59,389
Supplies	1,500	1,500	116	1,384	1,752
Other services and charges	113,011	113,011	102,733	10,278	100,342
Total fire	<u>160,362</u>	<u>160,362</u>	<u>165,758</u>	<u>(5,396)</u>	<u>161,483</u>
Building inspection					
Personal services	33,282	33,282	29,037	4,245	21,857
Supplies	700	700	1,080	(380)	513
Other services and charges	5,348	5,348	5,717	(369)	3,782
Total building inspection	<u>39,330</u>	<u>39,330</u>	<u>35,834</u>	<u>3,496</u>	<u>26,152</u>
Civil defense					
Supplies	650	650	421	229	1,741
Other services and charges	200	200	55	145	191
Total civil defense	<u>850</u>	<u>850</u>	<u>476</u>	<u>374</u>	<u>1,932</u>
Total public safety	<u>591,548</u>	<u>591,548</u>	<u>555,348</u>	<u>36,200</u>	<u>555,103</u>

City of Tracy, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Streets and highways					
Street maintenance					
Personal services	\$ 282,578	\$ 282,578	\$ 303,203	\$ (20,625)	\$ 287,834
Supplies	800	800	516	284	790
Other services and charges	119,555	119,555	127,450	(7,895)	104,359
Total street maintenance	<u>402,933</u>	<u>402,933</u>	<u>431,169</u>	<u>(28,236)</u>	<u>392,983</u>
Street lighting					
Other services and charges	28,000	28,000	20,070	7,930	27,713
Total streets and highways	<u>430,933</u>	<u>430,933</u>	<u>451,239</u>	<u>(20,306)</u>	<u>420,696</u>
Culture and recreation					
Library					
Personal services	89,670	89,670	89,619	51	85,671
Supplies	1,400	1,400	3,013	(1,613)	1,114
Other services and charges	42,580	42,580	39,654	2,926	33,713
Total library	<u>133,650</u>	<u>133,650</u>	<u>132,286</u>	<u>1,364</u>	<u>120,498</u>
Economic development					
Personal services	93,174	93,174	88,452	4,722	9,615
Supplies	700	700	123	577	471
Other services and charges	11,659	11,659	25,485	(13,826)	60,883
Total economic development	<u>105,533</u>	<u>105,533</u>	<u>114,060</u>	<u>(8,527)</u>	<u>70,969</u>
Miscellaneous					
Airport					
Personal services	15,895	15,895	8,658	7,237	9,842
Other services and charges	26,060	26,060	32,666	(6,606)	31,287
Total airport	<u>41,955</u>	<u>41,955</u>	<u>41,324</u>	<u>631</u>	<u>41,129</u>
Unallocated					
Personal services	-	-	995	(995)	40,292
Other services and charges	89,150	89,150	126,593	(37,443)	275,784
Total unallocated	<u>89,150</u>	<u>89,150</u>	<u>127,588</u>	<u>(38,438)</u>	<u>316,076</u>
Total miscellaneous	<u>131,105</u>	<u>131,105</u>	<u>168,912</u>	<u>(37,807)</u>	<u>357,205</u>
Total current	<u>1,813,944</u>	<u>1,813,944</u>	<u>1,908,626</u>	<u>(94,682)</u>	<u>1,938,875</u>

City of Tracy, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Capital outlay					
General government	\$ 3,200	\$ 3,200	\$ -	\$ 3,200	\$ 1,160
Public safety	3,000	3,000	2,400	600	122,918
Culture and recreation	200	200	620	(420)	-
Miscellaneous	5,405	5,405	4,697	708	2,199
Total capital outlay	<u>11,805</u>	<u>11,805</u>	<u>7,717</u>	<u>4,088</u>	<u>126,277</u>
Debt service					
Principal	-	-	50,000	(50,000)	-
Total Expenditures	<u>1,825,749</u>	<u>1,825,749</u>	<u>1,966,343</u>	<u>(140,594)</u>	<u>2,065,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>211,712</u>	<u>211,712</u>	<u>315,522</u>	<u>103,810</u>	<u>14,639</u>
Other Financing Sources (Uses)					
Bonds issued	-	-	-	-	250,000
Transfers in	63,507	63,507	63,507	-	63,507
Transfers out	(306,230)	(306,230)	(302,397)	3,833	(302,397)
Total Financing Sources (Uses)	<u>(242,723)</u>	<u>(242,723)</u>	<u>(238,890)</u>	<u>3,833</u>	<u>11,110</u>
Net Change in Fund Balances	(31,011)	(31,011)	76,632	107,643	25,749
Fund Balances, January 1	<u>794,115</u>	<u>794,115</u>	<u>794,115</u>	<u>-</u>	<u>768,366</u>
Fund Balances, December 31	<u>\$ 763,104</u>	<u>\$ 763,104</u>	<u>\$ 870,747</u>	<u>\$ 107,643</u>	<u>\$ 794,115</u>

City of Tracy, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2019

	502 2014 G.O. Improvement Bonds	503 2009 G.O. Improvement Bonds	505 2008 G.O. Refunding Bonds	510 2015A G.O. Refunding Bonds
Assets				
Cash and temporary investments	\$ 123,487	\$ 121,471	\$ 390,127	\$ 210,267
Receivables				
Interest	-	-	1,481	-
Special assessments	214,419	59,612	-	60,622
Intergovernmental	1,608	1,039	-	512
Due from other funds	-	-	47,678	-
 Total Assets	\$ 339,514	\$ 182,122	\$ 439,286	\$ 271,401
Liabilities				
Accounts payable	\$ -	\$ 6,795	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	6,795	-	-
Deferred Inflows of Resources				
Unavailable revenue - special assessments	214,419	59,612	-	60,622
Fund Balances				
Restricted for debt service	125,095	115,715	439,286	210,779
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 339,514	\$ 182,122	\$ 439,286	\$ 271,401

512 2016D G.O. Improvement Bonds	514 USDA Future Bonds	515 2019B G.O. Bonds	Totals
\$ -	\$ 38,104	\$ 405,258	\$ 1,288,714
-	-	2,653	4,134
-	116,924	-	451,577
-	278	-	3,437
-	-	-	47,678
<u>\$ -</u>	<u>\$ 155,306</u>	<u>\$ 407,911</u>	<u>\$ 1,795,540</u>
\$ -	\$ 5,750	\$ -	\$ 12,545
47,678	-	-	47,678
<u>47,678</u>	<u>5,750</u>	<u>-</u>	<u>60,223</u>
-	116,924	-	451,577
<u>(47,678)</u>	<u>32,632</u>	<u>407,911</u>	<u>1,283,740</u>
<u>\$ -</u>	<u>\$ 155,306</u>	<u>\$ 407,911</u>	<u>\$ 1,795,540</u>

City of Tracy, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2019

	502 2014 G.O. Improvement Bonds	503 2009 G.O. Improvement Bonds	505 2008 G.O. Refunding Bonds	510 2015A G.O. Refunding Bonds
Revenues				
Taxes				
Property taxes	\$ 86,320	\$ 75,728	\$ 125,199	\$ 132,407
Special assessments	34,458	12,482	-	25,824
Investment earnings	1,549	1,562	5,409	2,610
Total Revenues	<u>122,327</u>	<u>89,772</u>	<u>130,608</u>	<u>160,841</u>
Expenditures				
Debt service				
Principal	85,000	75,000	105,000	110,000
Interest and other	34,144	38,841	8,600	37,464
Total Expenditures	<u>119,144</u>	<u>113,841</u>	<u>113,600</u>	<u>147,464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,183</u>	<u>(24,069)</u>	<u>17,008</u>	<u>13,377</u>
Other Financing Sources (Uses)				
Bonds issued	-	531,000	-	-
Payment to refund bond	-	(515,000)	-	-
Transfers in	421	-	-	-
Total Other Financing Sources (Uses)	<u>421</u>	<u>16,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,604	(8,069)	17,008	13,377
Fund Balances, January 1	<u>121,491</u>	<u>123,784</u>	<u>422,278</u>	<u>197,402</u>
Fund Balances, December 31	<u>\$ 125,095</u>	<u>\$ 115,715</u>	<u>\$ 439,286</u>	<u>\$ 210,779</u>

512 2016D G.O. Improvement Bonds	514 USDA Future Bonds	515 2019B G.O. Bonds	Totals
\$ -	\$ -	\$ -	\$ 419,654
-	16,149	-	88,913
-	378	2,824	14,332
<u>-</u>	<u>16,527</u>	<u>2,824</u>	<u>522,899</u>
30,000	-	-	405,000
<u>11,322</u>	<u>5,750</u>	<u>3,054</u>	<u>139,175</u>
<u>41,322</u>	<u>5,750</u>	<u>3,054</u>	<u>544,175</u>
<u>(41,322)</u>	<u>10,777</u>	<u>(230)</u>	<u>(21,276)</u>
-	-	408,141	939,141
-	-	-	(515,000)
-	-	-	421
<u>-</u>	<u>-</u>	<u>408,141</u>	<u>424,562</u>
(41,322)	10,777	407,911	403,286
<u>(6,356)</u>	<u>21,855</u>	<u>-</u>	<u>880,454</u>
<u>\$ (47,678)</u>	<u>\$ 32,632</u>	<u>\$ 407,911</u>	<u>\$ 1,283,740</u>

City of Tracy, Minnesota
 Summary Financial Report
 Revenues and Expenditures For General Operations -
 Governmental Funds
 For the Years Ended December 31, 2019 and 2018

	Total		Percent Increase (Decrease)
	2019	2018	
Revenues			
Taxes	\$ 1,168,309	\$ 1,183,969	(1.32) %
Special assessments	93,698	98,223	(4.61)
Licenses and permits	35,501	19,169	85.20
Intergovernmental	1,798,913	1,180,585	52.37
Charges for services	243,794	165,730	47.10
Fines and forfeits	9,337	9,967	(6.32)
Investment earnings	90,837	36,574	148.36
Miscellaneous	162,999	457,243	(64.35)
	<u>\$ 3,603,388</u>	<u>\$ 3,151,460</u>	
Total Revenues	<u>\$ 3,603,388</u>	<u>\$ 3,151,460</u>	14.34 %
Per Capita	<u>\$ 1,697</u>	<u>\$ 1,476</u>	14.99 %
Expenditures			
Current			
General government	\$ 486,781	\$ 414,404	17.47 %
Public safety	557,480	555,841	0.29
Streets and highways	451,239	420,696	7.26
Culture and recreation	303,847	290,424	4.62
Economic development	192,029	85,899	123.55
Miscellaneous	195,335	386,737	(49.49)
Capital outlay			
General government	7,516	11,614	(35.29)
Public safety	447,270	138,685	222.51
Streets and highways	555,248	243,818	127.73
Culture and recreation	141,947	74	191,720.27
Economic development	18,493	4,433	317.17
Miscellaneous	1,027,298	170,775	501.55
Debt service			
Principal	455,000	393,459	15.64
Interest and other charges	253,352	125,832	101.34
	<u>\$ 5,092,835</u>	<u>\$ 3,242,691</u>	
Total Expenditures	<u>\$ 5,092,835</u>	<u>\$ 3,242,691</u>	57.06 %
Per Capita	<u>\$ 2,399</u>	<u>\$ 1,519</u>	57.94 %
Total Long-term Indebtedness	\$ 9,137,000	\$ 4,120,000	121.77 %
Per Capita	4,304	1,930	123.03
General Fund Balance - December 31	\$ 870,747	\$ 794,115	9.65 %
Per Capita	410	372	10.27

The purpose of this report is to provide a summary of financial information concerning the City of Tracy to interested citizens. The complete financial statements may be examined at City Hall, 336 Morgan St., Tracy, Minnesota. Questions about this report should be directed to Erik Hansen, City Administrator at (507) 629-5528.

OTHER REQUIRED REPORTS

CITY OF TRACY
TRACY, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Tracy, 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 Tracy, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2020.

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, and miscellaneous provisions, sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, except as described in the Schedule of Findings and Responses as item 2019-004. 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

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
August 17, 2020



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 Tracy, 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 Tracy, Minnesota (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 17, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses as items 2019-001, 2019-002 and 2019-003, we identified a certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as item 2019-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2019-001 and 2019-002 to be a significant deficiencies.

Compliance and Other Matters

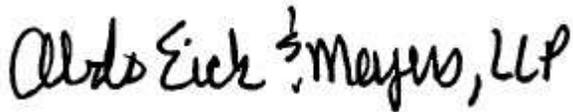
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

The City's Responses to Findings

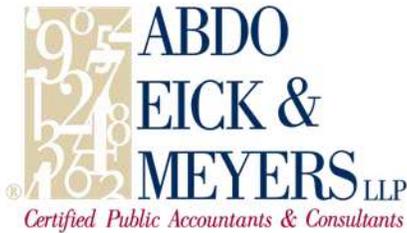
The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
Mankato, Minnesota
August 17, 2020



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

Honorable Mayor and City Council
City of Tracy, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of Tracy's, Tracy, 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, 2019. 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 requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

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

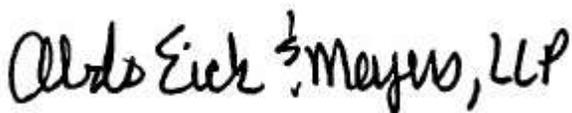
Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material 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
Mankato, Minnesota
August 17, 2020

City of Tracy, Minnesota
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Funding Source	Administering Department	Program Name	Federal Domestic Assistance Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Department of Homeland Security Direct Programs	Federal Emergency Management Agency	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 255,839
U.S. Department of Transportation	Federal Aviation Administration	Airport Improvement Program	20.106	3-27-0102-010-2019	398,642
U.S. Department of Agriculture	Rural Utilities Service	Water and Waste Disposal Systems for Rural Communities	10.760		<u>2,968,607</u>
			Total Federal Expenditures		<u><u>\$3,623,088</u></u>

City of Tracy, Minnesota
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Tracy, Minnesota, (the City) for the year ended December 31, 2018. 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 requirement of the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. 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 accrual basis of accounting.

Note 3: Pass-through Entity Identifying Numbers

Pass-through entity identifying numbers, if any, are presented where available.

Note 4: Subrecipients

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

Note 5: Indirect Cost Rate

During the year ended December 31, 2019 the City did not elect to use the 10% de minimis indirect cost rate.

City of Tracy, Minnesota
 Schedule of Findings, Responses and Questioned Costs
 For the Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
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).	Yes

Identification of Major Programs/Projects

	CFDA No.
U.S. Department of Agriculture	
Water and Waste Disposal Systems for Rural Communities	10.760
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

Two significant deficiencies (findings 2019-001 and 2019-002) and one material weakness (finding 2019-003) relating to the audit of the financial statements are reported in the Report on Internal Control and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies or material weaknesses that required to be reported in accordance with Uniform Guidance.

Section IV - Schedule of Prior Year Audit Findings

There were prior year audit findings that are attached.

City of Tracy, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2019-001	Segregation of Duties
<i>Condition:</i>	During our audit we reviewed internal control procedures over payroll, disbursements, cash receipts, utility billing and investments and found the City to have limited segregation of duties in these areas as noted below.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud and misstatement.

Internal Control Over Disbursements

<i>Cause:</i>	Both accounting clerks are involved with setting up and maintaining vendors, the check preparation process and mailing checks to vendors.
<i>Recommendation:</i>	We recommend that certain processes, such as maintaining payable records and posting to the general ledger, be separated between the accounting clerks. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Cash Receipts

<i>Cause:</i>	Both accounting clerks are involved with setting up and maintaining vendors, opening mail, the check endorsing process, and preparing the deposits.
<i>Recommendation:</i>	We recommend that certain processes, such as maintaining the receipts journal and posting to the general ledger, be separated between the accounting clerks. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

City of Tracy, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2019-001	Segregation of Duties (Continued)

Internal Control Over Utility Billing Transactions

Cause: The utility billing clerk has access to post billing adjustments without a formal review process.

Recommendation: We recommend that an individual, separate from the utility billing clerk such as the separate accounting clerk review adjustment reports and sign off on a monthly basis. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Payroll

Cause: Both accounting clerks are involved with the payroll check preparation process while the deputy clerk also has access to the payroll information.

Recommendation: We recommend that certain processes, such as setting up and maintaining payroll records, be separated between the accounting clerk and deputy clerk. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Offsite Cash – Liquor Store

Cause: The liquor store manager prepares the deposits, takes deposits to the bank, prepares and approves daily sales sheets, initiates and receives purchases, and maintains the inventory program.

Recommendation: We recommend that certain processes, such as setting up and maintaining payroll records, be separated between the accounting clerk and deputy clerk. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be making a change to take the deposits to the bank each day.

City of Tracy, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2019

Finding Description

2019-001 Segregation of Duties (Continued)

Internal Control Over Accounting Process

Cause: The accounting staff was unaware of the reconciling process of various balance sheet items which should be reconciled on a monthly basis.

Recommendation: We recommend that staff review the GL Yearly report be reviewed and accounts reconciled on a monthly basis. We have worked with staff to establish procedures to reconcile investment activity, payroll liability activity and miscellaneous cash accounts. There are opportunities to improve efficiencies in the accounting process to accomplish these reconciliations. We can assist with this evaluation to help utilize the software to make the reporting more accurate.

Management Response:

The City is implementing the procedures recommended for reconciling investment activity, payroll liability, and cash accounts at this time. Management will ensure that these procedures continue. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

2019-002 Financial Report Preparation

Condition: We were requested to assist in drafting the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria: Internal controls should be in place to provide reasonable assurance over financial reporting.

Cause: From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.

Effect: The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.

Recommendation: It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

Updated Progress from Prior Year:

No progress has been made in addressing this finding in the current year.

City of Tracy, Minnesota
Schedule of Findings, Responses and Questioned Costs (Continued)
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2019-003	Material Audit Adjustments
<i>Condition:</i>	During our audit, adjustments were needed for adjusting capital assets and accounts payable.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
<i>Effect:</i>	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

Management thoroughly reviews journal entries prepared for the audit and asks questions throughout the year to attempt to eliminate future material adjustments. The City will be getting new accounting software at the beginning of 2021, which will include a new chart of accounts to help eliminate some of the entries. There will also be additional training and looking to hire additional accounting staff.

Updated Progress from Prior Year:

The staff will continue to receive training on areas that have material adjustments.

2019-004	Time Period for Payment
<i>Condition:</i>	Auditing for legal compliance requires a review of the City's deposits and investments. Our study indicated an instance of non-compliance that we believe is required to be remedied.
<i>Criteria:</i>	Minnesota statute section 471.425 requires that the City pay bills within 35 days from receipt. If the invoice is not paid within the 35 days, interest at 1.5 percent per month is to be added to amount due.
<i>Cause:</i>	We noted four invoices that was paid after the 35 day period.
<i>Effect:</i>	The City is in violation of this statute.
<i>Recommendation:</i>	We recommend current procedures be reviewed to ensure proper reconciling and monitoring procedures are in place to reduce risk of future noncompliance with this state statutes.

Management response:

Management is aware of this issue and will monitor payments more closely in the future. There will be a new workflow process added with the new software in 2021 to help eliminate the delay of payments.



2019-001 Segregation of Duties

Corrective Action Plan (CAP):

1. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The City Council is taking an active role in management of City functions.

3. Official Responsible for Ensuring CAP:

Erik Hansen, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

Continual.

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan.

Sincerely,

A handwritten signature in black ink, appearing to be "Erik Hansen".

Erik Hansen
City Administrator



2019-002 Financial Report Preparation

Corrective Action Plan (CAP):

1. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

Continue training of accounting staff in financial reporting to gain competencies in this area for future preparation and review of financial statements. The City's goal is to better understand the financial statements and related footnote disclosures.

3. Official Responsible for Ensuring CAP:

Erik Hansen, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

Continual.

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan.

Sincerely,

A handwritten signature in black ink, appearing to be "Erik Hansen".

Erik Hansen
City Administrator



2019-003 Material Audit Adjustments

Corrective Action Plan (CAP):

1. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

2. Actions Planned in Response to Finding:

The City will review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

3. Official Responsible for Ensuring CAP:

Erik Hansen, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

4. Planned Completion Date for CAP:

Continual.

5. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Erik Hansen".

Erik Hansen
City Administrator



2019-004 Time Period for Payment

Corrective Action Plan (CAP):

6. Explanation of Disagreements with Audit Finding:

There is no disagreement with the audit finding.

7. Actions Planned in Response to Finding:

The City will pay closer attention to timing of payments.

8. Official Responsible for Ensuring CAP:

Erik Hansen, City Administrator, is the official responsible for ensuring corrective action of the deficiency.

9. Planned Completion Date for CAP:

Continual.

10. Plan to Monitor Completion of CAP:

The Council will be monitoring this corrective action plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Erik Hansen".

Erik Hansen
City Administrator

City of Tracy, Minnesota
Schedule Prior Year Findings
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2018-001	Segregation of Duties
<i>Condition:</i>	During our audit we reviewed internal control procedures over payroll, disbursements, cash receipts, utility billing and investments and found the City to have limited segregation of duties in these areas as noted below.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud and misstatement.

Internal Control Over Disbursements

<i>Cause:</i>	Both accounting clerks are involved with setting up and maintaining vendors and the check preparation process.
<i>Recommendation:</i>	We recommend that certain processes, such as maintaining payable records and posting to the general ledger, be separated between the accounting clerks. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will review processes to ensure compliance.

Internal Control Over Cash Receipts

<i>Cause:</i>	Both accounting clerks are involved with setting up and maintaining vendors and the check endorsing process.
<i>Recommendation:</i>	We recommend that certain processes, such as maintaining the receipts journal and posting to the general ledger, be separated between the accounting clerks. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will review processes to ensure compliance.

City of Tracy, Minnesota
Schedule Prior Year Findings (Continued)
For the Year Ended December 31, 2019

Finding Description

2018-001 Segregation of Duties (Continued)

Internal Control Over Payroll

Cause: Both accounting clerks are involved with the payroll check preparation process while the deputy clerk also has access to the payroll information.

Recommendation: We recommend that certain processes, such as setting up and maintaining payroll records, be separated between the accounting clerk and deputy clerk. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will review processes to ensure compliance.

Internal Control Over Accounting Process

Cause: The accounting staff was unaware of the reconciling process of various balance sheet items which should be reconciled on a monthly basis.

Recommendation: We recommend that staff review the GL Yearly report be reviewed and accounts reconciled on a monthly basis. We have worked with staff to establish procedures to reconcile investment activity, payroll liability activity and miscellaneous cash accounts. There are opportunities to improve efficiencies in the accounting process to accomplish these reconciliations. We can assist with this evaluation to help utilize the software to make the reporting more accurate.

Management Response:

The City is implementing the procedures recommended for reconciling investment activity, payroll liability, and cash accounts at this time. Management will ensure that these procedures continue.

City of Tracy, Minnesota
Schedule Prior Year Findings (Continued)
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2018-002	Financial Report Preparation
<i>Condition:</i>	We were requested to assist in drafting the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.
<i>Management Response:</i>	
	For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.
<i>Updated Progress from Prior Year:</i>	
	No progress has been made in addressing this finding in the current year.

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City of Tracy, Minnesota
Schedule Prior Year Findings (Continued)
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2018-003	Material Audit Adjustments
<i>Condition:</i>	During our audit, adjustments were needed for adjusting capital assets and accounts payable.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management.
<i>Cause:</i>	City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.
<i>Effect:</i>	It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

Management thoroughly reviews journal entries prepared for the audit and asks questions throughout the year to attempt to eliminate future material adjustments.

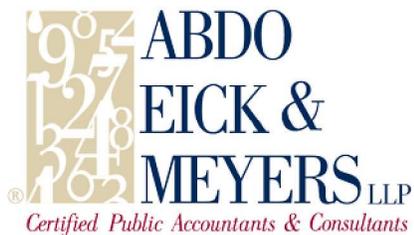
Updated Progress from Prior Year:

The staff will continue to receive training on areas that have material adjustments.

Management Communication

City of Tracy
Tracy, Minnesota

For the Year Ended
December 31, 2019



People
+ Process[®]
Going
Beyond the
Numbers

Management, Honorable Mayor and City Council
City of Tracy, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tracy, Minnesota (the City), for the year ended December 31, 2019 and have issued our report thereon dated August 17, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and the *Uniform Guidance*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15, 2019. Professional Standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We considered the deficiency described in the accompanying schedule of findings and responses as finding 2019-003 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and response as findings 2019-001 and 2019-002 to be significant deficiencies.

2019-001 Segregation of Duties

Condition: During our audit we reviewed internal control procedures over payroll, disbursements, cash receipts, utility billing and investments and found the City to have limited segregation of duties in these areas as noted below.

Criteria: There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.

Effect: The existence of this limited segregation of duties increases the risk of fraud and misstatement.

Internal Control Over Disbursements

Cause: Both accounting clerks are involved with setting up and maintaining vendors, the check preparation process and mailing checks to vendors.

Recommendation: We recommend that certain processes, such as maintaining payable records and posting to the general ledger, be separated between the accounting clerks. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Cash Receipts

Cause: Both accounting clerks are involved with setting up and maintaining vendors, opening mail, the check endorsing process, and preparing the deposits.

Recommendation: We recommend that certain processes, such as maintaining the receipts journal and posting to the general ledger, be separated between the accounting clerks. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Utility Billing Transactions

Cause: The utility billing clerk has access to post billing adjustments without a formal review process.

Recommendation: We recommend that an individual, separate from the utility billing clerk such as the separate accounting clerk review adjustment reports and sign off on a monthly basis. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Payroll

Cause: Both accounting clerks are involved with the payroll check preparation process while the deputy clerk also has access to the payroll information.

Recommendation: We recommend that certain processes, such as setting up and maintaining payroll records, be separated between the accounting clerk and deputy clerk. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Internal Control Over Offsite Cash – Liquor Store

Cause: The liquor store manager prepares the deposits, takes deposits to the bank, prepares and approves daily sales sheets, initiates and receives purchases, and maintains the inventory program.

Recommendation: We recommend that certain processes, such as setting up and maintaining payroll records, be separated between the accounting clerk and deputy clerk. It is important that the Council is aware of this condition and monitor all financial information.

Management Response:

The City has already taken measures to attempt to comply even though the City is relatively small and the number of clerical/bookkeeping staff they can employ is limited. The City will be making a change to take the deposits to the bank each day.

Internal Control Over Accounting Process

Cause: The accounting staff was unaware of the reconciling process of various balance sheet items which should be reconciled on a monthly basis.

Recommendation: We recommend that staff review the GL Yearly report be reviewed and accounts reconciled on a monthly basis. We have worked with staff to establish procedures to reconcile investment activity, payroll liability activity and miscellaneous cash accounts. There are opportunities to improve efficiencies in the accounting process to accomplish these reconciliations. We can assist with this evaluation to help utilize the software to make the reporting more accurate.

Management Response:

The City is implementing the procedures recommended for reconciling investment activity, payroll liability, and cash accounts at this time. Management will ensure that these procedures continue. The City will be looking to hire additional staff and reallocate current tasks to have better controls in place.

Condition: We were requested to assist in drafting the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria: Internal controls should be in place to provide reasonable assurance over financial reporting.

Cause: From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.

Effect: The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.

Recommendation: It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.

Management Response:

For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

Updated Progress from Prior Year:

No progress has been made in addressing this finding in the current year.

2019-003

Material Audit Adjustments

Condition: During our audit, adjustments were needed for adjusting capital assets, debt, taxes, grants, and accounts payable.

Criteria: The financial statements are the responsibility of the City's management.

Cause: City staff has not prepared a year-end trial balance reflecting all necessary accounting entries.

Effect: It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.

Recommendation: We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management Response:

Management thoroughly reviews journal entries prepared for the audit and asks questions throughout the year to attempt to eliminate future material adjustments. The City will be getting new accounting software at the beginning of 2021, which will include a new chart of accounts to help eliminate some of the entries. There will also be additional training and looking to hire additional accounting staff.

Updated Progress from Prior Year:

The staff will continue to receive training on areas that have material adjustments.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements and for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported in accordance with the Uniform Guidance.

2019-004

Time Period for Payment

Condition: Auditing for legal compliance requires a review of the City's deposits and investments. Our study indicated an instance of non-compliance that we believe is required to be remedied.

Criteria: Minnesota statute section 471.425 requires that the City pay bills within 35 days from receipt. If the invoice is not paid within the 35 days, interest at 1.5 percent per month is to be added to amount due.

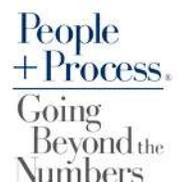
Cause: We noted four invoices that was paid after the 35 day period.

Effect: The City is in violation of this statute.

Recommendation: We recommend current procedures be reviewed to ensure proper reconciling and monitoring procedures are in place to reduce risk of future noncompliance with this state statutes.

Management response:

Management is aware of this issue and will monitor payments more closely in the future. There will be a new workflow process added with the new software in 2021 to help eliminate the delay of payments.



Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year ended December 31, 2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Estimates used by the City consist of capital asset basis, depreciation, the liability for the City's pensions, and other post-employment benefits.

- Capital asset basis is determined using cost.
- Management's estimate of depreciation is based on the estimated useful lives of the assets. Depreciation is calculated using the straight-line method.
- The City's liability for other post-employment benefits was estimated to be zero primarily based on the assumption that employees, whom participate in the health insurance plan, will retire after the age of 65 and not continue to participate in the plan following retirement.
- Management's estimate of its pension liability is based on several factors including, but not limited to, anticipated investment return rate, retirement age for active employees, life expectancy, salary increases and form of annuity payment upon retirement.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

- Adjustment of recording capital assets
- Adjustment of recording debt
- Adjustment of recording taxes
- Adjustment of recording grants
- Adjustment for additional accounts payable

We assisted in preparing a number of year end accounting entries. These were necessary to adjust the City's records at year end to correct ending balances. The City should establish more detailed processes and procedures to reduce the total number of entries in each category. The City will receive better and timelier information if the preparation of year end entries is completed internally.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 17, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedules of Employer's Shares of the Net Pension Liability and the Schedules of Employer's Contributions and the Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios, which is information that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (combining and individual fund financial statements and schedules and schedule of federal awards), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section, which accompany the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Future Accounting Standard Changes

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements: ⁽¹⁾

GASB Statement No. 87 - Leases

Summary

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

Summary

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Future Accounting Standard Changes (Continued)

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

GASB Statement No. 91 - Conduit Debt Obligations

Summary

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

Effective Date and Transition

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

Future Accounting Standard Changes (Continued)

How the Changes in This Statement Will Improve Accounting and Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

¹⁾ *Note.* From GASB Pronouncements Summaries. Copyright 2019 by the Financial Accounting Foundation, 401 Merritt 7, Norwalk, CT 06856, USA, and is reproduced with permission.

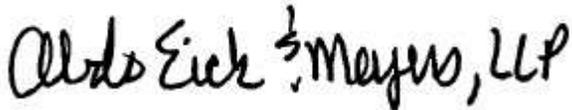
* * * * *

Restriction on Use

This communication is intended solely for the information and use of the members of the Council, management and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than those specified parties.

The comments and recommendation in this report are purely constructive in nature, and should be read in this context. Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the continued opportunity to be of service, and for the courtesy and cooperation extended to us by your staff.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
August 17, 2020

August 24, 2020

The regular meeting of the Tracy City Council was called to order at 6:30 p.m., Monday, August 10, 2020. The following Council members were available: Mayor Tony Peterson, Jeri Schons, Dave Tiegs, Kou Thao and George Landuyt. Also present in the Council Chambers were Erik Hansen-City Administrator, Shane Daniels-Public Works Director, Matt Gross-City Attorney and Diane Campbell-Deputy Clerk.

The Pledge of Allegiance was given.

The invocation was given.

Mayor Peterson asked for the approval of the agenda. Hansen indicated that he would like to add 10A5-Resolution 2020-53-Award RFP for the cleanup of 157 3rd Street. Motion was made by Tiegs, seconded by Landuyt to approve the agenda as amended. All voted in favor.

The Consent Calendar consisted of the Council minutes from August 10, 2020, the Municipal Accounts Payable and Receivable and Charter Commission minutes from January 21, 2020. Motion was made by Tiegs, seconded by Thao to approve the Council minutes, the Municipal Accounts payable without Breakthru Beverage, Municipal Accounts Receivable and the Charter minutes. All voted in favor. Motion was made by J. Schons, seconded by Thao to approve the Breakthru Beverage Accounts Payable. Voting in favor: J. Schons, Thao, Landuyt and Mayor Peterson. Abstaining: Tiegs.

Jeff Farber from Greenwood Nursery addressed the Council during the public comment in regards to his sewer hookup that he has been paying on. He explained how it was discovered that he has been paying for sewer services but has not actually been hooked up to the sewer line for roughly 40 years. It was pointed out that neither the city nor Farber was aware that it was not hooked in. The City assumed that it was as it is the responsibility of the property owner to ensure that it is. Farber is asking for some reimbursement from the City for the services that he paid for but never really received. He handed out an estimate of what he has paid and what he thought would be fair for reimbursement. He estimated that he has paid roughly \$21,610.70 over 40 years and feels that \$12,000 would be fair rather than the \$4,000 that he was offered. He is not asking for a cash payout, he would prefer a credit on his water bill. The issue was tabled for the public hearing.

Mayor Peterson opened the Public Hearing to consider amending Ordinance #73 regarding the duties of the Planning Commission. Hansen indicated that this is a cleanup ordinance as the original has not been updated since 1965. The is reflective of the State Law that the Planning Commission is also comfortable with. Mayor Peterson closed the public hearing and referred it back to the Council. Motion was made by J. Schons, seconded by Tiegs to approve Resolution 2020-49. All voted in favor.

Farber continued his presentation. Landuyt indicated that he understands that the property owner is responsible for getting the line hooked in. This really should not rest on the City's shoulders. Farber indicated that he is not asking for it all back but would like to know what gave the city the right to start billing for something that wasn't even hooked up. He again explained the situation and his perspective of what happened and is just looking for from fairness. Mayor Peterson questioned if he has had

problems previously and Farber indicated that he had. Farber did not feel that the \$4,000 that he was offered was fair so he did not accept that.

Gross addressed the city and property owners responsibilities and what the ordinance indicates. From the city's stand point they were following thru with their obligations so the liability does not fall on the City. The statute of limitation was pointed out and a lot of the claims are very problematic. The discovery rule and how it applies was discussed. Gross advised that the Council will discuss it and investigate it and Farber will receive a notice based on their decision. Farber asked that the Council do what is fair as they would want the same treatment if it happened to them. He is not blaming anyone but it happened and would only be fair that the city share in this. J. Schons questioned where Farber arrived at the \$12,000? Farber indicated that it includes the \$4,000 that the Council offered. Mayor Peterson thanked him for coming and indicated that they will get him an answer.

Jason Lichty, Police Chief addressed the Council with his department head report.

Val Quist, Librarian addressed the Council with her department head report. She indicated that there is water in their basement as a result of a pipe in the adjoining business being hooked up incorrectly. The tuck pointing was discussed as there water that runs down the back of the building causing damage.

Tam Schons, Liquor Store Manager addressed the Council with her department head report. They had a great July and love their new facility.

Jeff Carpenter, EDA Director addressed the Council with his department head report. He indicated that he had a great turn out at the first round of open house at broad acres. He will be having another one Labor Day weekend. He gave a UCAP update and indicated that there will not be a lot left as people are continuing to apply. COVID money thru the County and how it will be disbursed to the businesses that were affected by COVID was discussed. A countywide EDA fund was discussed.

Daniels addressed the Council with his department head report. Mayor Peterson questioned if they can control the dust at Swift Lake Park and Daniels indicated that they have addressed it.

Hansen addressed the Council with his department head report. He indicated that the current cash balance is pretty healthy. He also advised that there will be a Special Council meeting held on September 21, 2020 at 6:00 pm to discuss the 2021 budget. The COVID dollars plan will be discussed at a future meeting. Some of the training for the new software will be starting soon so that it can be implemented by January.

Chris Larson, ISG addressed the Council regarding Pay App #6 to Duininck Inc in the amount of \$1,010,988.59. This is about 70% of the contract completed which is right on schedule. Motion was made by Tiegs, seconded by J. Schons to approve Resolution 2020-51. All voted in favor.

Resolution 2020-50-Waive fee and allow for the use of the VMC by the School District was presented. Hansen indicated that due to COVID they would like to hold 8th grade class in the VMC gym as well as the room above the PD Office. They are going to put in an internet system so that they are not tapped into the City's. This will allow the school to open which in person learning which is important to the student, faculty and community. Motion was made by Landuyt, seconded by J. Schons to approve Resolution 2020-50. All voted in favor.

A request to consider calling for a public hearing to make changes to the City Charter was presented. The changes are small cleanup items and are very straight forward. Motion was made by Tiegs, seconded by J. Schons to call for a public hearing on September 14, 2020 at 6:45 pm to discuss the possible changes. All voted in favor.

Resolution 2020-52-Budget amendment for tuck pointing to be done at the library was presented. This would move some of the MPC money to the Library budget. There will also be additional maintenance at both the MPC and the Library. Motion was made by J. Schons, seconded by Tiegs to approve Resolution 2020-52. All voted in favor.

Resolution 2020-53-award RFP for the cleanup of 157 3rd Street (Old Enderson Building) was presented. It was decided at a previous Council meeting that rather than razing it at this time they would clean it up to remove some of the hazardous issues and re-evaluation. The bid was received from Advanced Health Safety and Security in the amount of roughly \$21,000.00 which will be done yet this fall. Submitting the claims for judgement was discussed. Gross stated that they should all be submitted at the same time. Motion was made by Tiegs, seconded by Landuyt to approve Resolution 2020-53. All voted in favor.

Motion was made by Tiegs, seconded by Tiegs to close the regular meeting and go into closed session to discuss the potential sale of city owned property. All voted in favor.

ATTEST:

City Administrator

Mayor

WORK STUDY SESSION MARKETING August 24, 2020

The work study session was called to order at 5:30 pm on Monday, August 24, 2020 in the Council Chambers. Members present were Mayor Tony Peterson, Dave Tiegs, George Landuyt, Kou Thao and Jeri Schons. Also present were Erik Hansen-City Administrator, Diane Campbell-Deputy Clerk, Jeff Carpenter-EDA Director and Shane Daniels-Public Works Director.

Hansen explained marketing and how it works. You have to find the right fit between potential residents and what the city has to offer. We can't pretend to be what we aren't and we can't be all things to all people. Marketing will include branding, messaging (what makes Tracy different and special) and research (strengths of Tracy). Hansen does not want to throw a bunch of money but to handle it maybe in more subtle ways and create actions without a lot of risk.

The first suggestion would be to create two separate websites – one that would be for the services and things like that and a second for the EDA and Chamber and why you should come to the City and events happening. Click on an icon to get a brochure would be the action items that he referred to. This would attach to any related searches on the internet. The second discussion is to finish the video that was started.

The cost of marketing was discussed. The plan is to apply for a \$400K EDA grant available thru CARES money with an \$80K match over two years. This would fund a temporary position within the City for marketing, the development of new online tools, and execution of social media and other marketing materials. This will not be budgeted for as they have not received the grant. He would start first with the websites if they get the grant.

Getting the video completed this year yet was discussed. Carpenter indicated that he would like the same company to do the websites and the websites. Hansen does not feel that they have the money or time to get the video done yet this year. Funds could be moved around to make it work yet this year. J. Schons indicated that she would prefer to have the video done sooner rather than later. Hansen stated that he would see what he can do to have it completed yet this year. Getting the Chamber involved in some of these things was discussed. Targeting larger cities closer to Tracy rather than farther away larger cities was discussed.

The Council agreed to hold a special meeting on September 21, 2020 at 6:00 pm to discuss the preliminary budget.

Hansen indicated that there was water coming in the basement of the Library due to water being hooked into an inactive pipe at the Dance Studio building. Duininck Inc put hooked into the correct pipe initially but then came and attached it to an old one. The Dance Studio building flooded and it leaked into the Library side.

The meeting was adjourned.

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AUGUST 2020 to SEPTEMBER 2020

Check Amt Invoice Comment

10100 MINNWEST CHECKING

Paid Chk# 078582 8/21/2020 DELTA DENTAL OF MN

E 101-431-126	HEALTH INSURANCE	\$112.56	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 101-413-126	HEALTH INSURANCE	\$67.00	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 101-421-126	HEALTH INSURANCE	\$67.00	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 101-441-126	HEALTH INSURANCE	\$33.50	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 101-425-126	HEALTH INSURANCE	\$25.13	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 602-492-126	HEALTH INSURANCE	\$30.15	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 608-498-126	HEALTH INSURANCE	\$27.14	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 607-451-126	HEALTH INSURANCE	\$5.03	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 203-461-126	HEALTH INSURANCE	\$1.01	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
E 605-495-126	HEALTH INSURANCE	\$100.48	MBR00001100	SEPT 2020 EMPLOYEE PEDIATRIC DENTAL INSURANCE
Total DELTA DENTAL OF MN		\$469.00		

Paid Chk# 078583 8/24/2020 DL AND MV-MN DEPT PUB SAFETY

E 605-495-301	LICENSES & TAXES	\$3,024.50		MOTOR VEHICLE #037
Total DL AND MV-MN DEPT PUB SAFETY		\$3,024.50		

Paid Chk# 078584 8/24/2020 DL AND MV-MN DEPT PUB SAFETY

E 605-495-301	LICENSES & TAXES	\$491.00		DRIVER'S LICENSE #037
Total DL AND MV-MN DEPT PUB SAFETY		\$491.00		

Paid Chk# 078585 8/25/2020 DL AND MV-MN DEPT PUB SAFETY

E 605-495-301	LICENSES & TAXES	\$351.00		DRIVER'S LICENSE #038
Total DL AND MV-MN DEPT PUB SAFETY		\$351.00		

Paid Chk# 078586 8/25/2020 DL AND MV-MN DEPT PUB SAFETY

E 605-495-301	LICENSES & TAXES	\$8,853.75		MOTOR VEHICLE #038
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AUGUST 2020 to SEPTEMBER 2020

		Check Amt	Invoice	Comment
Total DL AND MV-MN DEPT PUB SAFETY		\$8,853.75		
Paid Chk#	078587	8/25/2020	DUININCK INC	
E	514-485-321	OTHER CONTRACTUAL SERVICE	\$83,359.22	PAY APP #4 PHASE 3A-1 INFRASTRUCTURE IMPROVEMENTS
Total DUININCK INC		\$83,359.22		
Paid Chk#	078588	8/25/2020	ASCAP	
E	101-418-271	UTILITIES	\$363.50	ADMIN MUSIC LICENSE
Total ASCAP		\$363.50		
Paid Chk#	078589	8/25/2020	DL AND MV-MN DEPT PUB SAFETY	
E	605-495-301	LICENSES & TAXES	\$2,554.00	MOTOR VEHICLE #039
Total DL AND MV-MN DEPT PUB SAFETY		\$2,554.00		
Paid Chk#	078590	8/25/2020	DL AND MV-MN DEPT PUB SAFETY	
E	605-495-301	LICENSES & TAXES	\$165.75	DRIVERS LICENSE #039
Total DL AND MV-MN DEPT PUB SAFETY		\$165.75		
Paid Chk#	078591	8/26/2020	DL AND MV-MN DEPT PUB SAFETY	
E	605-495-301	LICENSES & TAXES	\$2,521.33	MOTOR VEHICLE #040
Total DL AND MV-MN DEPT PUB SAFETY		\$2,521.33		
Paid Chk#	078592	8/26/2020	DL AND MV-MN DEPT PUB SAFETY	
E	605-495-301	LICENSES & TAXES	\$418.50	DRIVERS LICENSE #40
Total DL AND MV-MN DEPT PUB SAFETY		\$418.50		
Paid Chk#	078593	8/27/2020	ABOVE THE FOLD PUBLISHING, LLC	
E	101-412-251	PRINTING & PUBLISHING-ADVER	\$76.13	3781 LEGAL AD-NOTICE OF FILING-CITY COUNCIL
E	101-413-251	PRINTING & PUBLISHING-ADVER	\$285.00	3851 SW SAILOR AD
E	604-494-320	CITY CLEANUP	\$228.38	3881 CITY CLEAN UP DAY AD
E	604-494-320	CITY CLEANUP	\$228.38	3913 CITY CLEAN UP DAY AD
E	602-492-251	PRINTING & PUBLISHING-ADVER	\$67.20	3913 WATER BILL CHANGE AD
E	608-498-251	PRINTING & PUBLISHING-ADVER	\$67.20	3913 WATER BILL CHANGE AD
E	101-413-251	PRINTING & PUBLISHING-ADVER	\$43.14	3913 PUBLIC HEARING-CITY ORDINANCE CHANGE
E	808-425-251	PRINTING & PUBLISHING-ADVER	\$101.50	3913 CLEAN UP 157 3RD STREET AD
E	101-441-201	OFFICE SUPPLIES	\$23.99	3953 LIBRARY SUPPLIES-EPSON 200
E	806-417-251	PRINTING & PUBLISHING-ADVER	\$30.00	3995 MARSHALL INDEPENDENT AD FOR EDA

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AUGUST 2020 to SEPTEMBER 2020

			Check Amt	Invoice	Comment
E 101-441-201	OFFICE SUPPLIES		\$20.99	3997	LIBRARY SUPPLIES-EPSON 200
E 802-417-251	PRINTING & PUBLISHING-ADVER		\$50.00	4008	EDA LOAN BOOKS-YANG VUE & KA YENG YANG AND VANDEWIELE
Total ABOVE THE FOLD PUBLISHING, LLC			\$1,221.91		
Paid Chk# 078594 8/27/2020 ALEX AIR APPARATUS, INC.					
E 101-424-221	MAINTENANCE & REPAIR-EQUIP		\$1,010.84	3125	FIRE DEPT COMPRESSOR SERVICE AND AIR QUALITY TEST
Total ALEX AIR APPARATUS, INC.			\$1,010.84		
Paid Chk# 078595 8/27/2020 AMERIPRIDE LINEN & APPAREL INC					
E 601-491-321	OTHER CONTRACTUAL SERVICE		\$61.50	2801195364	LQ STORE MATS, DISINFECT PORTION PACK
Total AMERIPRIDE LINEN & APPAREL INC			\$61.50		
Paid Chk# 078596 8/27/2020 ARCTIC GLACIER					
E 601-491-904	MIX PURCHASES		\$81.20	3451023810	LQ STORE ICE
Total ARCTIC GLACIER			\$81.20		
Paid Chk# 078597 8/27/2020 ARTISAN BEER COMPANY					
E 601-491-902	LIQUOR PURCHASES		\$30.40	3433903	LQ STORE LIQUOR PURCHASE
Total ARTISAN BEER COMPANY			\$30.40		
Paid Chk# 078598 8/27/2020 BAKER & TAYLOR BOOKS					
E 101-441-435	BOOKS		\$129.85	2035424127	LIBRARY BOOKS
Total BAKER & TAYLOR BOOKS			\$129.85		
Paid Chk# 078599 8/27/2020 BEVERAGE WHOLESALERS, INC.					
E 601-491-903	BEER PURCHASES		\$336.00	128582	LQ STORE BEER PURCHASE
E 601-491-903	BEER PURCHASES		\$3,701.03	128991	LQ STORE BEER PURCHASE
E 601-491-903	BEER PURCHASES		\$470.40	128992	LQ STORE BEER PURCHASE
Total BEVERAGE WHOLESALERS, INC.			\$4,507.43		
Paid Chk# 078600 8/27/2020 BUFFALO RIDGE CONCRETE, INC.					
E 603-493-221	MAINTENANCE & REPAIR-EQUIP		\$49.69	399586	CURBSTOP REPAIR OF SIDEWALK
E 601-491-223	MAINTENANCE & REPAIR-OTHER		\$449.06	399586	LQ STORE RECEIVING PAD
Total BUFFALO RIDGE CONCRETE, INC.			\$498.75		
Paid Chk# 078601 8/27/2020 CENTURYLINK					

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AUGUST 2020 to SEPTEMBER 2020

			Check Amt	Invoice	Comment
E 101-462-271	UTILITIES		\$36.21	AUG192020	AIRPORT COMMUNICATONS
	Total CENTURYLINK		\$36.21		
Paid Chk# 078602	8/27/2020	CULLIGAN WATER CONDITIONING			
E 411-417-321	OTHER CONTRACTUAL SERVICE		\$251.20		EDA-2 WATER SOFTNERS RENTALS FOR 5 MONTHS EACH
	Total CULLIGAN WATER CONDITIONING		\$251.20		
Paid Chk# 078603	8/27/2020	DOLL DISTRIBUTING, LLC			
E 601-491-903	BEER PURCHASES		\$6,218.15	378840	LQ STORE BEER PURCHASE
	Total DOLL DISTRIBUTING, LLC		\$6,218.15		
Paid Chk# 078604	8/27/2020	G & R ELECTRIC			
E 602-492-321	OTHER CONTRACTUAL SERVICE		\$44.89	37882	RELAY REPLACEMENT-WATER PLANT DEHUMIDIFIER
E 101-418-222	MAINTENANCE & REPAIR-BUILDI		\$130.25	37902	REPAIR FIXTURES IN VMC GYM
E 101-431-221	MAINTENANCE & REPAIR-EQUIP		\$420.61	37904	STREET LIGHT REPAIR
E 101-432-223	MAINTENANCE & REPAIR-OTHER		\$51.57	37905	LIGHT POLE REPAIR
	Total G & R ELECTRIC		\$647.32		
Paid Chk# 078605	8/27/2020	HEIMAN INC.			
E 101-424-222	MAINTENANCE & REPAIR-BUILDI		\$115.00	36849	FIRE DEPT SERVICES- REPLACED OUTDATED EXTINGUISHERS
	Total HEIMAN INC.		\$115.00		
Paid Chk# 078606	8/27/2020	JOHNSON BROTHERS LIQUOR CO.			
E 601-491-902	LIQUOR PURCHASES		\$1,051.86	1624963	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER		\$25.49	1624963	LQ STORE FREIGHT
	Total JOHNSON BROTHERS LIQUOR CO.		\$1,077.35		
Paid Chk# 078607	8/27/2020	LOCHER BROS INC			
E 601-491-903	BEER PURCHASES		\$140.00	20146	LQ STORE BEER PURCHASE
	Total LOCHER BROS INC		\$140.00		
Paid Chk# 078608	8/27/2020	MARCO DALLAS			
E 101-413-201	OFFICE SUPPLIES		\$50.31	27622962	ADMIN COPIER LEASE
E 101-421-201	OFFICE SUPPLIES		\$50.31	27622962	PD COPIER LEASE
E 101-441-201	OFFICE SUPPLIES		\$50.31	27622962	LIBRARY COPIER LEASE

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E 601-491-201	OFFICE SUPPLIES		\$50.31	27622962	LQ STORE COPIER LEASE
E 101-424-201	OFFICE SUPPLIES		\$50.30	27622962	FIRE DEPT COPIER LEASE
Total MARCO DALLAS			\$251.54		
<hr/>					
Paid Chk#	078609	8/27/2020	MIDWEST SUPPLY CO.		
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$6.49	283030	SHOP TAPE
E 601-491-223	MAINTENANCE & REPAIR-OTHER		\$90.00	283074	LQ STORE GRASS SEED
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$29.99	283074	GRASS SEED
E 203-461-223	MAINTENANCE & REPAIR-OTHER		\$3.39	283085	CEMETERY MARKING
E 101-418-222	MAINTENANCE & REPAIR-BUILD		\$16.45	283136	VMC SUPPLIES
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$13.99	283152	BARRICADE PAINT
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$19.99	283189	FIRE TRUCK WATER NOZZLE
E 608-498-221	MAINTENANCE & REPAIR-EQUIP		\$15.50	283197	SPRAYER NOZZLE
Total MIDWEST SUPPLY CO.			\$195.80		
<hr/>					
Paid Chk#	078610	8/27/2020	MINNESOTA CHIEFS OF POLICE ASN		
E 101-421-241	TRAVEL CONFERENCES & SCHO		\$150.00	10920	PD-REGISTRATION-CRITICAL ISSUES SERIES
Total MINNESOTA CHIEFS OF POLICE ASN			\$150.00		
<hr/>					
Paid Chk#	078611	8/27/2020	NORTH CENTRAL INTERNATIONAL		
E 101-431-221	MAINTENANCE & REPAIR-EQUIP		\$8.30	372103	1445 JOHN DEERE FUEL FILTER
Total NORTH CENTRAL INTERNATIONAL			\$8.30		
<hr/>					
Paid Chk#	078612	8/27/2020	ONE OFFICE SOLUTION		
E 605-495-201	OFFICE SUPPLIES		\$31.32	001536-00	LICENSING SUPPLIES-BINDERS, PENS
E 101-413-201	OFFICE SUPPLIES		\$31.44	001625-00	ADMIN OFFICE SUPPLIES-DUSTER
Total ONE OFFICE SOLUTION			\$62.76		
<hr/>					
Paid Chk#	078613	8/27/2020	ON-THE-SPOT HANDYMAN & HOME RE		
E 411-417-222	MAINTENANCE & REPAIR-BUILD		\$45.00	191	EDA-LABOR
E 303-417-321	OTHER CONTRACTUAL SERVICE		\$215.83	192	EDA-ROOF REPAIR
Total ON-THE-SPOT HANDYMAN & HOME RE			\$260.83		
<hr/>					
Paid Chk#	078614	8/27/2020	PAUSTIS WINE COMPANY		
E 601-491-902	LIQUOR PURCHASES		\$749.40	99209	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER		\$10.00	99209	LQ STORE FREIGHT
Total PAUSTIS WINE COMPANY			\$759.40		

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Paid Chk# 078615 8/27/2020 PHILLIPS WINE & SPIRITS					
E 601-491-902	LIQUOR PURCHASES		\$1,525.90	6080105	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER		\$30.42	6080105	LQ STORE FREIGHT
	Total PHILLIPS WINE & SPIRITS		\$1,556.32		
Paid Chk# 078616 8/27/2020 REDWOOD ELECTRIC COOPERATIVE					
E 608-498-271	UTILITIES		\$37.00		SEWER UTILITIES
	Total REDWOOD ELECTRIC COOPERATIVE		\$37.00		
Paid Chk# 078617 8/27/2020 SANFORD USD MEDICAL CENTER					
E 101-421-321	OTHER CONTRACTUAL SERVICE		\$78.00		POLICE DEPT-BLOOD ALCOHOL DRAW
	Total SANFORD USD MEDICAL CENTER		\$78.00		
Paid Chk# 078618 8/27/2020 SOUTHERN GLAZERS OF MN					
E 601-491-902	LIQUOR PURCHASES		\$1,096.35	1985672	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER		\$12.95	1985672	LQ STORE FREIGHT
	Total SOUTHERN GLAZERS OF MN		\$1,109.30		
Paid Chk# 078619 8/27/2020 TRACY ACE HOME CENTER					
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$7.98	B35855	PARKS-HORNET SPRAY
E 101-499-331	MISCELLANEOUS		\$48.65	B35869	CATCH BASIN REPAIR-701 4TH STREET E
E 018-499-331	MISCELLANEOUS		\$29.94	B35907	ALCOHOL WIPES FOR OFFICE
	Total TRACY ACE HOME CENTER		\$86.57		
Paid Chk# 078620 8/27/2020 TRACY AUTO VALUE					
E 608-498-221	MAINTENANCE & REPAIR-EQUIP		\$3.27	35121980	DEMCO SPRAYER CLAMPS
E 101-431-221	MAINTENANCE & REPAIR-EQUIP		\$85.99	35121990	01 CHEVY 2500 POWER WINDOW MOTOR
	Total TRACY AUTO VALUE		\$89.26		
Paid Chk# 078621 8/27/2020 VERIZON WIRELESS					
E 101-421-231	COMMUNICATIONS-TELEPHONE		\$35.01		PD-COMMUNICATIONS
E 101-421-231	COMMUNICATIONS-TELEPHONE		\$35.01		PD-COMMUNICATIONS
E 101-425-231	COMMUNICATIONS-TELEPHONE		\$8.76		BLDG INSP-COMMUNICATIONS
E 602-492-231	COMMUNICATIONS-TELEPHONE		\$8.76		WATER-COMMUNICATIONS
E 608-498-231	COMMUNICATIONS-TELEPHONE		\$8.76		SEWER-COMMUNICATIONS
E 101-431-231	COMMUNICATIONS-TELEPHONE		\$8.76		STREET-COMMUNICATIONS
E 203-461-231	COMMUNICATIONS-TELEPHONE		\$22.84		CEMETERY-COMMUNICATIONS

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E 602-492-231	COMMUNICATIONS-TELEPHONE	\$23.10		WATER-COMMUNICATIONS
E 101-431-231	COMMUNICATIONS-TELEPHONE	\$33.96		STREET-COMMUNICATIONS
E 101-421-231	COMMUNICATIONS-TELEPHONE	\$125.69		PD-COMMUNICATIONS
	Total VERIZON WIRELESS	\$310.65		
<hr/>				
Paid Chk# 078622	8/27/2020	WALNUT GROVE FIRE DEPT		
R 101-34202	FIRE PROTECTION SERVICES	\$1,137.50		SEARCH & RESCUE OPERATIONS FROM MURRAY COUNTY/ PAID TRACY
	Total WALNUT GROVE FIRE DEPT	\$1,137.50		
<hr/>				
Paid Chk# 078623	8/27/2020	AMERICAN ENG TESTING, INC.		
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$2,214.50	1302167	PHASE 3A-1 TESTING
	Total AMERICAN ENG TESTING, INC.	\$2,214.50		
<hr/>				
Paid Chk# 078624	8/27/2020	DUININCK INC		
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$783,127.86		PAY APP 5 PHASE 3A-1 INFRASTRUCTURE IMPROVEMENTS
	Total DUININCK INC	\$783,127.86		
<hr/>				
Paid Chk# 078625	8/27/2020	I & S GROUP INC		
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$36,794.11	64680	PHASE 3A-1 INFRASTRUCTURE IMPROEVEMENTS
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$3,947.70	64681	PHASE 3A-2 INFRASTRUCTURE IMPROVEMENTS
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$57,235.31	65351	PHASE 3A-1 INFRASTRUCTURE IMPROVEMENTS
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$3,534.50	65352	PHASE 3A-2 INFRASTRUCTURE IMPROVEMENTS
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$63,041.18	66672	PHASE 3A-1 INFRASTRUCTURE IMPROVEMENTS
E 514-485-321	OTHER CONTRACTUAL SERVICE	\$2,408.50	66673	PHASE 3A-3 INFRASTRUCTURE IMPROVEMENTS
	Total I & S GROUP INC	\$166,961.30		
<hr/>				
Paid Chk# 078626	8/27/2020	DL AND MV-MN DEPT PUB SAFETY		
E 605-495-301	LICENSES & TAXES	\$297.25		DRIVER'S LICENSE #041
	Total DL AND MV-MN DEPT PUB SAFETY	\$297.25		
<hr/>				
Paid Chk# 078627	8/27/2020	DL AND MV-MN DEPT PUB SAFETY		
E 605-495-301	LICENSES & TAXES	\$3,718.75		MOTOR VEHICLE #041
	Total DL AND MV-MN DEPT PUB SAFETY	\$3,718.75		
<hr/>				
Paid Chk# 078628	8/28/2020	DL AND MV-MN DEPT PUB SAFETY		
E 605-495-301	LICENSES & TAXES	\$2,747.30		MOTOR VEHICLE #042

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Total	DL AND MV-MN DEPT PUB SAFETY		\$2,747.30		
Paid Chk#	078629	8/28/2020			DL AND MV-MN DEPT PUB SAFETY
E	605-495-301	LICENSES & TAXES	\$367.25		DRIVERS LICENSE #042
Total	DL AND MV-MN DEPT PUB SAFETY		\$367.25		
Paid Chk#	078630	8/31/2020			DL AND MV-MN DEPT PUB SAFETY
E	605-495-301	LICENSES & TAXES	\$4,789.00		MOTOR VEHICLE #043
Total	DL AND MV-MN DEPT PUB SAFETY		\$4,789.00		
Paid Chk#	078631	8/31/2020			DL AND MV-MN DEPT PUB SAFETY
E	605-495-301	LICENSES & TAXES	\$504.50		DRIVERS LICENSE #043
Total	DL AND MV-MN DEPT PUB SAFETY		\$504.50		
Paid Chk#	078632	9/1/2020			DL AND MV-MN DEPT PUB SAFETY
E	605-495-301	LICENSES & TAXES	\$269.00		DRIVER'S LICENSE #044
Total	DL AND MV-MN DEPT PUB SAFETY		\$269.00		
Paid Chk#	078633	9/1/2020			DL AND MV-MN DEPT PUB SAFETY
E	605-495-301	LICENSES & TAXES	\$3,735.00		MOTOR VEHICLE #044
Total	DL AND MV-MN DEPT PUB SAFETY		\$3,735.00		
Paid Chk#	078634	9/2/2020			AFLAC
G	101-21712	AFLAC CANCER WITHHOLDING	\$257.26		EMPLOYEE CHECK WITHHOLDING
G	101-21713	AFLAC ACCIDENT WITHHOLDING	\$132.64		EMPLOYEE CHECK WITHHOLDING
G	101-21715	AFLAC STD WITHHOLDING	\$99.52		EMPLOYEE CHECK WITHHOLDING
G	101-21730	AFLAC LIFE WITHHOLDING	\$9.70		EMPLOYEE CHECK WITHHOLDING
Total	AFLAC		\$499.12		
Paid Chk#	078635	9/2/2020			AFSCME
G	101-21723	AFSCME UNION WITHHOLDING	\$334.15		EMPLOYEE UNION DUES
Total	AFSCME		\$334.15		
Paid Chk#	078636	9/2/2020			COLONIAL LIFE & ACCIDENT
G	101-21732	COLONIAL LIFE ACCIDENT	\$12.86		EMPLOYEE CHECK WITHHOLDINGS
G	101-21733	COLONIAL LIFE CANCER	\$16.30		EMPLOYEE CHECK WITHHOLDINGS
Total	COLONIAL LIFE & ACCIDENT		\$29.16		

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Paid Chk#	078637	9/2/2020	GURSTEL LAW FIRM PC		
	G 101-21735	LEVY-ALL PAY PERIODS	\$38.32		EMPLOYEE CHECK WITHHOLDING
		Total GURSTEL LAW FIRM PC	\$38.32		
Paid Chk#	078638	9/2/2020	LELS		
	G 101-21724	LELS UNION WITHHOLDING	\$77.86		POLICE UNION DUES
		Total LELS	\$77.86		
Paid Chk#	078639	9/2/2020	MN PEIP		
	G 101-25300	FUND BALANCE	\$15.85		EMPLOYEE CHECK WITHHOLDING
		Total MN PEIP	\$15.85		
Paid Chk#	078640	9/2/2020	NCPERS		
	G 101-21711	NCPERS WITHHOLDING	\$56.00		EMPLOYEE CHECK WITHHOLDING
		Total NCPERS	\$56.00		
Paid Chk#	078641	9/2/2020	USABEL LIFE		
	G 101-21716	LIFE INS PRETAX WITHHOLDING	\$11.70		LICHTY, APRIL LEIGH
	G 101-21716	LIFE INS PRETAX WITHHOLDING	\$2.80		VUE, PETER CHEE MENG
	G 101-21716	LIFE INS PRETAX WITHHOLDING	\$2.93		SCHULTZ, ALLEN J
		Total USABEL LIFE	\$17.43		
Paid Chk#	078642	9/2/2020	VSP		
	G 101-21731	AFLAC VISION WITH HOLDING	\$119.64		EMPLOYEE CHECK WITHHOLDING
		Total VSP	\$119.64		
Paid Chk#	078643	9/2/2020	DL AND MV-MN DEPT PUB SAFETY		
	E 605-495-301	LICENSES & TAXES	\$3,795.97		MOTOR VEHICLE #045
		Total DL AND MV-MN DEPT PUB SAFETY	\$3,795.97		
Paid Chk#	078644	9/2/2020	DL AND MV-MN DEPT PUB SAFETY		
	E 605-495-301	LICENSES & TAXES	\$258.25		DRIVERS LICENSE #045
		Total DL AND MV-MN DEPT PUB SAFETY	\$258.25		
Paid Chk#	078645	9/3/2020	ARCTIC GLACIER		
	E 601-491-904	MIX PURCHASES	\$88.83	3452024120	LQ STORE ICE
	E 601-491-904	MIX PURCHASES	\$34.12	3452024508	LQ STORE ICE

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Total ARCTIC GLACIER		\$122.95		
Paid Chk#	078646	9/3/2020	BELLBOY CORP	
E 601-491-902	LIQUOR PURCHASES	\$90.00	0085572300	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$2.55	0085572300	LQ STORE FREIGHT
E 601-491-904	MIX PURCHASES	\$34.00	0101922400	LQ STORE MIX SUPPLIES
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$2.16	0101922400	LQ STORE FREIGHT
Total BELLBOY CORP		\$128.71		
Paid Chk#	078647	9/3/2020	BEVERAGE WHOLESALERS, INC.	
E 601-491-903	BEER PURCHASES	\$2,607.60	130098	LQ STORE BEER PURCHASE
Total BEVERAGE WHOLESALERS, INC.		\$2,607.60		
Paid Chk#	078648	9/3/2020	BREAKTHRU BEVERAGE MN WINE	
E 601-491-902	LIQUOR PURCHASES	\$323.93	1081173446	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$4.47	1081173446	LQ STORE FREIGHT
E 601-491-902	LIQUOR PURCHASES	\$255.20	1081173447	LQ STORE LIQUOR PURCHASE
Total BREAKTHRU BEVERAGE MN WINE		\$583.60		
Paid Chk#	078649	9/3/2020	COMPUTERS & BEYOND	
E 101-421-201	OFFICE SUPPLIES	\$42.50	5454	PD HELP WITH EMAIL
E 101-413-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 806-417-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 303-417-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 411-417-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 101-421-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 101-424-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 101-425-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 101-431-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 101-441-210	OPERATING SUPPLIES	\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE

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E 607-451-210	OPERATING SUPPLIES		\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 203-461-210	OPERATING SUPPLIES		\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 101-462-210	OPERATING SUPPLIES		\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 601-491-210	OPERATING SUPPLIES		\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 602-492-210	OPERATING SUPPLIES		\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 608-498-210	OPERATING SUPPLIES		\$11.53	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 605-495-210	OPERATING SUPPLIES		\$11.52	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
E 604-494-210	OPERATING SUPPLIES		\$11.52	5526	OFF SITE BACKUP & MICROSOFT OFFICE 365 EXCHANGE
Total COMPUTERS & BEYOND			\$238.49		
<hr/>					
Paid Chk# 078650	9/3/2020	DOLL DISTRIBUTING, LLC			
E 601-491-903	BEER PURCHASES		\$4,352.25	383430	LQ STORE BEER PURCHASE
Total DOLL DISTRIBUTING, LLC			\$4,352.25		
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Paid Chk# 078651	9/3/2020	DOLLAR GENERAL			
E 601-491-904	MIX PURCHASES		\$14.50	1000991627	LQ STORE SODA
E 601-491-904	MIX PURCHASES		\$21.00	1000991628	LQ STORE SODA
E 018-499-331	MISCELLANEOUS		\$25.00	1000991691	ADMIN DISINFECTING WIPES
E 018-499-331	MISCELLANEOUS		\$15.90	1000995244	ADMIN CLOROX DISINFECTANT WIPES
E 601-491-904	MIX PURCHASES		\$20.75	1000995433	LQ STORE SODA
E 018-499-331	MISCELLANEOUS		\$12.00	1000996092	ADMIN CLIP BOARDS
Total DOLLAR GENERAL			\$109.15		
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Paid Chk# 078652	9/3/2020	HAWKINS WATER TREATMENT			
E 602-492-224	MAINTENANCE-CHEMICALS		\$3,011.57	4782500	WATER PLANT CHEMICALS
Total HAWKINS WATER TREATMENT			\$3,011.57		
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Paid Chk# 078653	9/3/2020	JOHNSON BROTHERS LIQUOR CO.			
E 601-491-902	LIQUOR PURCHASES		\$235.44	1616244	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER		\$18.00	1616244	LQ STORE FREIGHT

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E 601-491-902	LIQUOR PURCHASES	\$112.32	1616245	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$1.69	1616245	LQ STORE FREIGHT
E 601-491-902	LIQUOR PURCHASES	\$539.75	1629915	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$10.14	1629915	LQ STORE FREIGHT
Total JOHNSON BROTHERS LIQUOR CO.		\$917.34		
<hr/>				
Paid Chk#	078654	9/3/2020	LEAGUE OF MN CITIES	
E 101-413-291	SUBS, MEMBRSHPS & CONTRBT	\$2,421.00	326659	MEMBERSHIP DUES 2020-2021
Total LEAGUE OF MN CITIES		\$2,421.00		
<hr/>				
Paid Chk#	078655	9/3/2020	LYON COUNTY RECORDER	
E 101-463-321	OTHER CONTRACTUAL SERVICE	\$46.00		615 EMORY STREET TEMPORARY EASEMENT AGREEMENT
Total LYON COUNTY RECORDER		\$46.00		
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Paid Chk#	078656	9/3/2020	MIDWEST SUPPLY CO.	
E 101-424-222	MAINTENANCE & REPAIR-BUILD	\$14.99	282327	FIRE DEPT DRYER
E 101-418-222	MAINTENANCE & REPAIR-BUILD	\$16.74	283252	VMC TWINE, HOOK, WIRE
Total MIDWEST SUPPLY CO.		\$31.73		
<hr/>				
Paid Chk#	078657	9/3/2020	MINNESOTA PUMP WORKS	
E 608-498-321	OTHER CONTRACTUAL SERVICE	\$1,006.00	00011919	LIFT STATION INSPECTION
Total MINNESOTA PUMP WORKS		\$1,006.00		
<hr/>				
Paid Chk#	078658	9/3/2020	MN ENERGY RESOURCES CORP	
E 601-491-271	UTILITIES	\$48.09		336 SOUTH STREET UTILITIES
E 601-491-271	UTILITIES	\$38.48		701 CRAIG AVE UTILITIES
E 411-417-271	UTILITIES	\$21.00		UTILITIES-420 ORCHARD LN
E 411-417-271	UTILITIES	\$21.00		UTILITIES-430 ORCHARD LN
E 411-417-271	UTILITIES	\$21.00		UTILITIES-440 ORCHARD LN
E 411-417-271	UTILITIES	\$21.00		UTILITIES-421 ORCHARD LN
E 411-417-271	UTILITIES	\$21.00		UTILITIES-431 ORCHARD LN
E 411-417-271	UTILITIES	\$21.00		UTILITIES-441 ORCHARD LN
E 411-417-271	UTILITIES	\$21.00		UTILITIES-411 ORCHARD LN
Total MN ENERGY RESOURCES CORP		\$233.57		
<hr/>				
Paid Chk#	078659	9/3/2020	PHILLIPS WINE & SPIRITS	

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AUGUST 2020 to SEPTEMBER 2020

		Check Amt	Invoice	Comment
E 601-491-902	LIQUOR PURCHASES	\$1,887.45	6083518	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$33.80	6083518	LQ STORE FREIGHT
Total PHILLIPS WINE & SPIRITS		\$1,921.25		
<hr/>				
Paid Chk#	078660	9/3/2020	QUARNSTROM & DOERING, P.A	
E 101-416-321	OTHER CONTRACTUAL SERVICE	\$991.75		AUGUST 2020 LEGAL SERVICES
Total QUARNSTROM & DOERING, P.A		\$991.75		
<hr/>				
Paid Chk#	078661	9/3/2020	RED ROCK QUARRY	
E 101-499-331	MISCELLANEOUS	\$99.87	3059	4TH STREET E CATCH BASIN-2018 FLOOD
Total RED ROCK QUARRY		\$99.87		
<hr/>				
Paid Chk#	078662	9/3/2020	SCHONS, TAM	
E 101-412-103	TEMPORARY & PART-TIME WAG	\$123.04		2020 PRIMARY ELECTION JUDGE
Total SCHONS, TAM		\$123.04		
<hr/>				
Paid Chk#	078663	9/3/2020	SOUTHERN GLAZERS OF MN	
E 601-491-902	LIQUOR PURCHASES	\$1,140.30	1988167	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$20.35	1988167	LQ STORE FREIGHT
Total SOUTHERN GLAZERS OF MN		\$1,160.65		
<hr/>				
Paid Chk#	078664	9/3/2020	TRACY ACE HOME CENTER	
E 411-417-222	MAINTENANCE & REPAIR-BUILDI	\$21.97	B35909	EDA SUPPLIES-DISPOSER CARE, HOME PEST PLUS GERM
E 101-499-331	MISCELLANEOUS	\$38.13	B35912	2018 FLOOD-CATCH BASIN 4TH STREET E MORTAR
Total TRACY ACE HOME CENTER		\$60.10		
<hr/>				
Paid Chk#	078665	9/3/2020	WINE MERCHANTS	
E 601-491-902	LIQUOR PURCHASES	\$136.00	7296311	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$1.69	7296311	LQ STORE FREIGHT
Total WINE MERCHANTS		\$137.69		
<hr/>				
Paid Chk#	078666	9/3/2020	XCEL ENERGY	
E 101-431-271	UTILITIES	\$55.90		306 AND 355 E CRAIG AVE UTILITIES
Total XCEL ENERGY		\$55.90		
<hr/>				
Paid Chk#	078667	9/3/2020	ZIEGLER INC	
E 602-492-321	OTHER CONTRACTUAL SERVICE	\$368.80	SW040103411	CAT LOADER DIAGNOTSTIC

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AUGUST 2020 to SEPTEMBER 2020

			Check Amt	Invoice	Comment
E 101-431-321	OTHER CONTRACTUAL SERVICE		\$1,106.41	SW040103411	CAT LOADER DIAGNOTSTIC
	Total ZIEGLER INC		\$1,475.21		
Paid Chk# 078668	9/4/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$276.50		DRIVER'S LICENSE #046
	Total DL AND MV-MN DEPT PUB SAFETY		\$276.50		
Paid Chk# 078669	9/4/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$2,543.50		Motor vehicle #046
	Total DL AND MV-MN DEPT PUB SAFETY		\$2,543.50		
Paid Chk# 078670	9/4/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$216.25		DL#047
	Total DL AND MV-MN DEPT PUB SAFETY		\$216.25		
Paid Chk# 078671	9/4/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$3,779.00		MV#047
	Total DL AND MV-MN DEPT PUB SAFETY		\$3,779.00		
Paid Chk# 078672	9/8/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$5,414.50		MOTOR VEHICLE #048
	Total DL AND MV-MN DEPT PUB SAFETY		\$5,414.50		
Paid Chk# 078673	9/8/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$367.75		DRIVERS LICENSE #048
	Total DL AND MV-MN DEPT PUB SAFETY		\$367.75		
Paid Chk# 078674	9/9/2020	JOHNSON III, DALE			
G 602-22600	DEPOSITS		\$43.63		Utility Billing Credit Refund FOR 412 UNION ST
	Total JOHNSON III, DALE		\$43.63		
Paid Chk# 078675	9/9/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$1,819.75		MOTOR VEHICLE #049
	Total DL AND MV-MN DEPT PUB SAFETY		\$1,819.75		
Paid Chk# 078676	9/9/2020	DL AND MV-MN DEPT PUB SAFETY			
E 605-495-301	LICENSES & TAXES		\$231.75		DRIVERS LICENSE #049

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			Check Amt	Invoice	Comment
Total DL AND MV-MN DEPT PUB SAFETY			\$231.75		
Paid Chk#	078677	9/10/2020	TRACY POST OFFICE		
E 604-494-201	OFFICE SUPPLIES		\$230.50		WATER BILL POSTAGE
Total TRACY POST OFFICE			\$230.50		
Paid Chk#	078679	9/10/2020	A&B BUSINESS SOLUTIONS		
E 101-413-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 806-417-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 303-417-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 411-417-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 101-421-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 101-424-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 101-425-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 101-431-210	OPERATING SUPPLIES		\$12.41	IN757437	COPIER LEASE
E 101-441-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 607-451-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 203-461-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 101-462-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 201-471-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 601-491-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 602-492-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 608-498-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 605-495-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
E 604-494-210	OPERATING SUPPLIES		\$12.39	IN757437	COPIER LEASE
Total A&B BUSINESS SOLUTIONS			\$223.18		
Paid Chk#	078680	9/10/2020	ARCTIC GLACIER		
E 601-491-904	MIX PURCHASES		\$152.47	3449024822	LQ STORE ICE
Total ARCTIC GLACIER			\$152.47		
Paid Chk#	078681	9/10/2020	ARTISAN BEER COMPANY		
E 601-491-902	LIQUOR PURCHASES		\$67.30	3436309	LQ STORE LIQUOR PURCHASE
Total ARTISAN BEER COMPANY			\$67.30		
Paid Chk#	078682	9/10/2020	BAKER & TAYLOR BOOKS		
E 101-441-435	BOOKS		\$69.93	2035434781	LIBRARY BOOKS

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		Check Amt	Invoice	Comment
Total BAKER & TAYLOR BOOKS		\$69.93		
Paid Chk#	078683	9/10/2020	BEVERAGE WHOLESALERS, INC.	
E 601-491-903	BEER PURCHASES	\$737.60	130833	LQ STORE BEER PURCHASE
Total BEVERAGE WHOLESALERS, INC.		\$737.60		
Paid Chk#	078684	9/10/2020	BHE RENEWABLES	
E 101-441-271	UTILITIES	\$335.99		UTILITIES-189 3RD ST
E 101-418-271	UTILITIES	\$566.49		UTILITIES-336 MORGAN ST
E 101-431-271	UTILITIES	\$56.72		UTILITIES-1650 CENTER ST
E 101-424-271	UTILITIES	\$479.90		UTILITIES-231 2ND ST
E 602-492-271	UTILITIES	\$2,438.09		UTILITIES-1156 CRAIG AVE
E 201-471-271	UTILITIES	\$660.89		UTILITIES-200 3RD ST
E 101-424-271	UTILITIES	\$371.79		UTILITIES-360 MORGAN ST
E 602-492-271	UTILITIES	\$113.30		UTILITIES-110 6TH ST
E 608-498-271	UTILITIES	\$170.02		UTILITIES-517 UNION ST
E 101-431-271	UTILITIES	\$170.02		UTILITIES-124 ROWLAND ST
E 101-418-271	UTILITIES	\$24.02		UTILITIES-336 SOUTH ST
E 602-492-271	UTILITIES	\$1,024.60		UTILITIES-1500 330TH AVE
E 602-492-271	UTILITIES	\$1,118.73		UTILITIES-321 ELM ST
E 101-432-271	UTILITIES	\$311.67		UTILITIES-421 SOUTH ST
E 101-432-271	UTILITIES	\$339.90		UTILITIES-299 SOUTH ST
E 101-462-271	UTILITIES	\$287.94	10756483	UTILITIES-1640 CENTER ST
Total BHE RENEWABLES		\$8,470.07		
Paid Chk#	078685	9/10/2020	BOLLIG INC	
E 410-462-321	OTHER CONTRACTUAL SERVICE	\$11,580.00	5313	AIRPORT MASTER PLAN BASIC SERVICES
Total BOLLIG INC		\$11,580.00		
Paid Chk#	078686	9/10/2020	BREAKTHRU BEVERAGE MN WINE	
E 601-491-902	LIQUOR PURCHASES	\$1,103.43	1081176296	LQ STORE LIQUOR PURCHASE
E 601-491-902	LIQUOR PURCHASES	\$8.70	1081176296	LQ STORE FREIGHT
Total BREAKTHRU BEVERAGE MN WINE		\$1,112.13		
Paid Chk#	078687	9/10/2020	BUFFALO RIDGE CONCRETE, INC.	
E 101-499-331	MISCELLANEOUS	\$250.50	393601	PRECAST-4TH STREET E CATCH BASIN REPAIR FROM 2018 FLOOD

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			Check Amt	Invoice	Comment
E 601-491-223	MAINTENANCE & REPAIR-OTHER		\$350.62	399643	LQ STORE RECEIVING DOOR PAD
E 603-493-223	MAINTENANCE & REPAIR-OTHER		\$116.88	399643	CURB STOP REPAIR OF SIDEWALKS
Total	BUFFALO RIDGE CONCRETE, INC.		\$718.00		
<hr/>					
Paid Chk#	078688	9/10/2020	CULLIGAN WATER CONDITIONING		
E 101-418-271	UTILITIES		\$22.00		POLICE DEPT COOLER RENT/WATER
E 602-492-271	UTILITIES		\$40.00		WATER DEPT COOLER RENT/WATER
Total	CULLIGAN WATER CONDITIONING		\$62.00		
<hr/>					
Paid Chk#	078689	9/10/2020	DESMET WELDORS & MACHINE CO.		
E 101-431-221	MAINTENANCE & REPAIR-EQUIP		\$51.50	0083930	DISC MOWER PIN
Total	DESMET WELDORS & MACHINE CO.		\$51.50		
<hr/>					
Paid Chk#	078690	9/10/2020	GOPHER STATE ONE CALL		
E 602-492-321	OTHER CONTRACTUAL SERVICE		\$45.50	0060784	GOPHER ONE CALL
E 608-498-321	OTHER CONTRACTUAL SERVICE		\$45.50	0060784	GOPHER ONE CALL
E 602-492-321	OTHER CONTRACTUAL SERVICE		\$47.85	0080785	GOPHER ONE CALL
E 608-498-321	OTHER CONTRACTUAL SERVICE		\$47.85	0080785	GOPHER ONE CALL
Total	GOPHER STATE ONE CALL		\$186.70		
<hr/>					
Paid Chk#	078691	9/10/2020	JOHNSON BROTHERS LIQUOR CO.		
E 601-491-902	LIQUOR PURCHASES		\$503.43	1635248	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER		\$9.63	1635248	LQ STORE FREIGHT
Total	JOHNSON BROTHERS LIQUOR CO.		\$513.06		
<hr/>					
Paid Chk#	078692	9/10/2020	KLM ENGINERRING INC		
E 602-492-321	OTHER CONTRACTUAL SERVICE		\$6,200.00	7932	WATER TOWER EXTERIOR CLEANING
Total	KLM ENGINERRING INC		\$6,200.00		
<hr/>					
Paid Chk#	078693	9/10/2020	MIDWEST SUPPLY CO.		
E 101-431-221	MAINTENANCE & REPAIR-EQUIP		\$103.60	283246	77 DODGE BATTERY CABLE
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$19.48	283255	PAINTING BARRICADES
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$169.95	283263	TRAFFIC PAINT
E 101-431-223	MAINTENANCE & REPAIR-OTHER		\$12.98	283264	PAINTING BARRICADES
E 101-431-223	MAINTENANCE & REPAIR-OTHER		(\$143.97)	283265	TRAFFIC PAINT RETURN/EXCHANGE
E 602-492-223	MAINTENANCE & REPAIR-OTHER		\$9.98	283387	WATER DEPT COUPLING-AERATOR REPAIR
E 608-498-223	MAINTENANCE & REPAIR-OTHER		\$17.47	283389	WATER DEPT SEWER CLEAROUT REPAIR

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AUGUST 2020 to SEPTEMBER 2020

		Check Amt	Invoice	Comment
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$13.99	283435	WATER DEPT SLUDGE SUMP FITTINGS
E 101-431-223	MAINTENANCE & REPAIR-OTHER	\$13.99	283543	TRASH BAGS
E 101-431-223	MAINTENANCE & REPAIR-OTHER	\$11.99	283609	SHOP SUPPLIES-TAPE
E 101-431-223	MAINTENANCE & REPAIR-OTHER	\$11.99	283612	CARWASH SOAP
E 602-492-222	MAINTENANCE & REPAIR-BUILD	\$12.99	283621	SHOP SUPPLIES-LIGHT BULB
E 608-498-221	MAINTENANCE & REPAIR-EQUIP	\$6.99	283622	955 ROOF REPAIR
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$49.59	283636	WATER PLANT AERATOR REPAIR
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$11.50	283638	WATER PLANT AERATOR REPAIR
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$197.15	283668	WATER PLANT AERATOR REPAIR
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$11.30	283669	UTILITY AERATOR REPAIR
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$16.99	283672	WATER PLANT AERATOR REPAIR
E 605-495-201	OFFICE SUPPLIES	\$17.48	283676	DEPUTY REG-OFFICE SUPPLIES-TAPE, TAPE MEASURE
Total MIDWEST SUPPLY CO.		<u>\$565.44</u>		
<hr/>				
Paid Chk# 078694	9/10/2020	MIKE PETERREINS		
E 101-441-222	MAINTENANCE & REPAIR-BUILD	\$200.00		LIBRARY BASEMENT WATER DAMAGE-CABINET REPAIR
Total MIKE PETERREINS		<u>\$200.00</u>		
<hr/>				
Paid Chk# 078695	9/10/2020	MN DEPT HEALTH		
E 602-492-301	LICENSES & TAXES	\$2,230.00		COMMUNITY WATER SUPPLY SERVICE CONNECTION FEE
Total MN DEPT HEALTH		<u>\$2,230.00</u>		
<hr/>				
Paid Chk# 078696	9/10/2020	MN ENERGY RESOURCES CORP		
E 101-441-271	UTILITIES	\$46.20		LIBRARY-189 3RD STREET UTILITIES
E 607-451-271	UTILITIES	\$45.00		AQ-321 ELM STREET UTILITIES
E 602-492-271	UTILITIES	\$48.01		1056 HWY 14 UTILITIES
E 101-431-271	UTILITIES	\$45.00		HWY 14 UTILITIES
Total MN ENERGY RESOURCES CORP		<u>\$184.21</u>		
<hr/>				
Paid Chk# 078697	9/10/2020	PHILLIPS WINE & SPIRITS		
E 601-491-902	LIQUOR PURCHASES	\$850.85	6087087	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$18.63	6087087	LQ STORE FREIGHT
Total PHILLIPS WINE & SPIRITS		<u>\$869.48</u>		
<hr/>				
Paid Chk# 078698	9/10/2020	SOUTHERN GLAZERS OF MN		

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AUGUST 2020 to SEPTEMBER 2020

		Check Amt	Invoice	Comment
E 601-491-902	LIQUOR PURCHASES	\$784.60	1990636	LQ STORE LIQUOR PURCHASE
E 601-491-901	FREIGHT ON LIQUOR & BEER	\$12.02	1990636	LQ STORE FREIGHT
Total SOUTHERN GLAZERS OF MN		\$796.62		
<hr/>				
Paid Chk#	078699	9/10/2020	SOUTHWEST SANITATION	
E 601-491-271	UTILITIES	\$9.36		LQ STORE-CONTAINER RENTAL
E 101-431-271	UTILITIES	\$14.04		SHOP-CONTAINER RENTAL
E 101-424-271	UTILITIES	\$9.36		FD-CONTAINER RENTAL
E 101-441-271	UTILITIES	\$9.36		LIBRARY-CONTAINER RENTAL
E 201-471-271	UTILITIES	\$6.00		MPC-CONTAINER RENTAL
E 101-418-271	UTILITIES	\$6.00		CITY HALL-CONTAINER RENTAL
E 101-431-271	UTILITIES	\$9.36		SWIFT LK-CONTAINER RENTAL
E 101-431-271	UTILITIES	\$9.36		SOFTBALL FIELD-CONTAINER RENTA
E 607-451-271	UTILITIES	\$9.36		AQ CTR-CONTAINER RENTAL
Total SOUTHWEST SANITATION		\$82.20		
<hr/>				
Paid Chk#	078700	9/10/2020	TRACY ACE HOME CENTER	
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$43.98	B35970	WATER TOWER SURGE PROTECTOR
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$5.39	B35991	WATER PLANT SLUDGE DUMP REPAIR
E 018-499-331	MISCELLANEOUS	\$11.45	D4080	KEY FOR SCHOOL USE
E 602-492-223	MAINTENANCE & REPAIR-OTHER	\$4.99	D4082	WATER PLANT SLUDGE DUMP REPAIR FITTINGS
E 018-499-331	MISCELLANEOUS	\$9.16	D4089	KEY FOR SCHOOL USE
Total TRACY ACE HOME CENTER		\$74.97		
<hr/>				
Paid Chk#	078701	9/10/2020	TRACY AUTO VALUE	
E 101-431-221	MAINTENANCE & REPAIR-EQUIP	\$26.99	35122093	77 DODGE FUEL PUMP
E 101-431-221	MAINTENANCE & REPAIR-EQUIP	\$1.09	35122137	77 DODGE FUEL LINE
E 101-431-221	MAINTENANCE & REPAIR-EQUIP	\$6.86	35122185	PAINT SPRAYER FITTINGS
E 101-431-221	MAINTENANCE & REPAIR-EQUIP	(\$1.00)	35122188	PAINT SPRAYER RETURN
E 101-431-221	MAINTENANCE & REPAIR-EQUIP	\$52.99	35122204	77 DODGE IGNITION SWITCH
E 101-431-221	MAINTENANCE & REPAIR-EQUIP	\$4.38	35122219	07 GMC OIL FILTER
Total TRACY AUTO VALUE		\$91.31		
<hr/>				
Paid Chk#	078702	9/10/2020	VIKING COCA - COLA BOTTLING	
E 601-491-904	MIX PURCHASES	\$65.95	2579436	LQ STORE POP
Total VIKING COCA - COLA BOTTLING		\$65.95		

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Paid Chk# 078703 9/10/2020 XCEL ENERGY			
E 101-431-271 UTILITIES	\$12.11		VELTA PARK UTILITIES
E 101-431-271 UTILITIES	\$8.84		365 E CRAIG AVE UTILITIES
E 101-418-271 UTILITIES	\$22.64		MTR BY CITY HALL UTILITIES
E 101-431-271 UTILITIES	\$556.64		SWIFT LAKE PARK UTILITIES
E 101-432-271 UTILITIES	\$13.12		3298 US HWY 14 UTILITIES
E 101-462-271 UTILITIES	\$12.74	699116826	AIRPORT UTILITIES
Total XCEL ENERGY	\$626.09		
10100 MINNWEST CHECKING	\$1,171,354.11		

Fund Summary

10100 MINNWEST CHECKING

018 FLOOD	\$103.45
101 GENERAL	\$16,011.32
201 MULTI PURPOSE CENTER OP	\$679.28
203 CEMETERY OPRNG FUND	\$51.16
303 O BRIEN COURT	\$239.77
410 AIRPORT IMPROVEMENT FUND	\$11,580.00
411 ORCHARD LANE & 2016A HOUSING	\$489.11
514 USDA FUTURE BONDS	\$1,035,662.88
601 LIQUOR STORE OPRNG	\$32,903.79
602 UTILITY-WATER	\$17,305.95
603 UTILITY SURCHARGE	\$166.57
604 REFUSE COLLECTION	\$711.17
605 LICENSING	\$53,684.29
607 AQ CENTER OPERATIONS	\$83.31
608 UTILITY-SEWER	\$1,476.62
802 CDBG GRANT FUND	\$50.00
806 ECONOMIC DEV RESERVE	\$53.94
808 CODE ENFORCEMENT	\$101.50
	\$1,171,354.11

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TRACY CHECK REGISTER-FOR CITY COUNCIL

Pay Group	Pay Period	Check #	Employee #	Employee Name	Check Date	Check Amount	Check Gross
01	18	516866	000000002	ZWACH, PEGGY JO	09/04/20	\$1,459.99	\$2,248.00
01	18	516879	000000056	SCHULTZ, ALLEN J	09/04/20	\$1,452.30	\$2,420.15
01	18	516868	000000007	LICHTY, APRIL LEIGH	09/04/20	\$1,539.89	\$2,268.91
01	18	516874	000000062	PETERSON, DAVID P.	09/04/20	\$1,286.97	\$1,857.31
01	18	516891	000000072	QUIST, VALERIE D	09/04/20	\$1,090.94	\$1,582.08
01	18	516893	000000077	RAYMOND, DIANNE L.	09/04/20	\$323.33	\$421.26
01	18	516872	000000058	MEYER, BARTON JOSEPH	09/04/20	\$1,189.73	\$1,715.12
01	18	516884	000000031	SIK, LYDELL E	09/04/20	\$1,148.14	\$1,602.41
01	18	516869	000000008	CAMPBELL, DIANE MARIE	09/04/20	\$1,400.75	\$1,946.04
01	18	516870	000000009	VANDENDRIESSCHE, CHRIST	09/04/20	\$1,111.89	\$1,818.41
01	18	516871	000000041	HANSEN, ADAM	09/04/20	\$11.53	\$13.42
01	18	516875	000000066	SCHONS, KEITH FRANCIS	09/04/20	\$654.24	\$828.38
01	18	516888	00000121	ARVIZU, JANET OTTO	09/04/20	\$276.92	\$357.50
01	18	516894	000000050	HEMISH, JANELLE LEA	09/04/20	\$976.60	\$1,391.60
01	18	516892	000000073	FOX, LAURINNE KAY	09/04/20	\$325.67	\$352.64
01	18	516878	000000070	DANIELS, SHANE CHARLES	09/04/20	\$2,166.72	\$3,296.80
01	18	516890	000000010	CARPENTER, JEFFREY PAUL	09/04/20	\$1,593.68	\$2,316.00
01	18	516889	00000130	EKNESS, CHERYL E	09/04/20	\$199.28	\$261.25
01	18	516873	000000060	CARON, CLAY MERLYN	09/04/20	\$1,523.36	\$2,144.10
01	18	516876	000000067	DESMITH, MARK AUGUST	09/04/20	\$749.89	\$1,218.40
01	18	516882	000000045	MARKEGARD, JORDAN LEE	09/04/20	\$1,396.13	\$2,034.41
01	18	516877	000000068	TORKELSON, SHAWN LEE	09/04/20	\$1,424.98	\$2,117.61
01	18	516867	000000003	HANSEN, ERIK LARS	09/04/20	\$2,569.78	\$3,846.40
01	18	516886	00000110	JENSEN, DANIEL WALTER	09/04/20	\$168.55	\$189.75
01	18	516885	000000099	STEFANICK, STACY L	09/04/20	\$312.53	\$376.75
01	18	516880	000000042	HANSEN, ADAM L.	09/04/20	\$1,322.12	\$2,322.95
01	18	516881	000000044	LICHTY, JASON	09/04/20	\$1,882.96	\$2,843.20
01	18	516883	000000048	VUE, PETER CHEE MENG	09/04/20	\$669.84	\$934.80
01	18	516887	00000120	STIMPERT SCHONS, TAMMAR	09/04/20	\$1,241.18	\$1,783.20
						\$31,469.89	\$46,508.85

PLANNING COMMISSION

August 3, 2020

The regular meeting of the Tracy Planning Commission was called to order on Monday, August 3, 2020 at 6:00 p.m. in the Council Chambers of the City Hall. The following Commission members were present: Chairman Rosemary Martin, Rhonda Fredericks, Dustin Demuth, James Green and Councilmember Jeri Schons. Also present was Erik Hansen-City Administrator, Shane Daniels-Public Works Director and Diane Campbell-Deputy Clerk/Administrative Asst. Members absent: Matt Knakmuhs and Mark Seager.

Chairman Martin asked for the approval of the June 15, 2020 and July 6, 2020 minutes. Motion was made by Fredericks, seconded by Demuth to approve the minutes as written. All voted in favor.

Chairman Martin asked for the approval of the Agenda. Motion was made by Demuth, seconded by Green to approve the Agenda as written. All voted in favor.

Chairman Martin asked for any conflicts of interest that any Commission members would like to identify. None were indicated.

Rosemary Bruce-White with SRDC gave a presentation on developing a City Comp Plan and how she could assist the City with one. The purpose and impact of a City Comp Plan was explained as well as the benefits of it and the importance of public input. The process will likely take a year and it is Hansen hope to work and complete one in 2021. The content of the Comp Plan and the need for it to be user friendly was discussed. It was suggested to use high school students and their talents for certain aspects of it rather than paying someone to do it. The first step would be to set up a Planning Commission task force.

Proposed changes of Ordinance #73 regarding the Planning Commission duties was presented. It was pointed out that Officers should be appointing in April vs January as new appointments are in March. It was also discussed to change it from four-fifths to five out of seven vote for removal of members. As the Planning Commission they would have a role in the sale of property to the extent of the proposed use of the property once it is sold. These along with several other changes were discussed. Motion was made by Green, seconded by Demuth to recommend the changes to the Council. All voted in favor.

Motion was made by Green, seconded by J. Schons to adjourn the meeting. All voted in favor.

ATTEST:

Erik Hansen, City Administrator

RESOLUTION NO. 2020-54

A RESOLUTION DENYING JEFFREY FARBER'S CLAIM FOR REIMBURSEMENT FOR ALLEGED OVERPAYMENTS FOR SEWER SERVICES

WHEREAS, Minn. Stat. 444.075 authorizes municipalities to operate, maintain, and charge for water and sanitary sewer services;

WHEREAS, City Code Section 6.14, subd. 2 establishes the monthly rates for sewer services within the City of Tracy;

WHEREAS, City Code Section 6.12, subd. 5 provides that “[t]he City Council, by unanimous vote, shall have authority to adjust any and all charges herein provided for, if the costs to the City of Tracy, Minnesota shall exceed or be less than the specific charges herein provided for, or should the Council determine that special circumstances exist.”;

WHEREAS, City Code Section 4.30, subd. 4 provides that “[n]o connection shall be made with any sewer in said City, except by licenses persons to do that work.”

WHEREAS, City Code Section 4.30, subd. 5 provides that “[n]o connection shall be made with any of the sewers of the City, without first securing written permission therefore from the Director of Public Works. After any connection has been laid from any public sewer to the street line said pipe shall in no instance be covered until the Director of Public Works has inspected and approved the same.”

WHEREAS, City Code Section 6.13, subd. 6 provides that the City does not have “any obligation to share in, or pay, the cost of installation of any new service line or its connection to a water main, nor shall this section affect or change any hookup or related fees associated with the installation of a water service line.”;

WHEREAS, City Code Section 4.3, subd. 15 provides that “whenever any sewer or drain connected with the public sewer or drain in the City becomes broken or out of order, or shall for any reason interfere with the use of the public sewers or drains or be unfit for the purpose of drainage, the owner, agent, occupant or person or persons having charge of any building, yard or other premises which are drained by said sewer or drain shall, when directed by the Director of Public Works, alter, repair, clean out, remove or rebuild said sewer or drain as the Director of Public Works may direct.”;

WHEREAS, Jeffrey Farber and Susan Farber own real property located at 601 South 4th Street in the City of Tracy, parcel # 31-182001-0 (“Property”),

WHEREAS, the Farbers operate a nursery business, Greenwood Nursery, on the Property;

WHEREAS, on August 24, 2020 Jeffrey Farber (“Farber”) appeared before the City Council at a regularly scheduled city council meeting to present a claim for reimbursement for alleged overpayments for sewer services to the Property;

WHEREAS, Farber alleged that the Property was overcharged for sewer services in the amount of \$21,610.70 from 1981 to 2020 (“Claim”);

WHEREAS, Farber claimed a refund from the City in the amount of \$21,610.70 for his Claim;

WHEREAS, Farber was provided an opportunity to present facts to the City Council that supported the Claim for reimbursement for alleged overpayments;

WHEREAS, the City Council investigated the Claim, which included reviewing City sewer and water records for the Property and inspecting the Property and its service lines;

WHEREAS, after listening to Farber’s presentation of facts and investigating the Claim, the City Council weighed the evidence to determine if an adjustment shall be granted pursuant to the standard set forth in City Code Section 6.12, subd. 5;

WHEREAS, the City Council makes the following Findings of Fact:

1. In approximately 1957 the City installed a sewer main that serviced the Property.
2. The sewer main is located in the right of way of South 4th Street.
3. Prior to the City installing a sewer main accessible to the Property, the former owners of the Property installed a septic tank on the Property.
4. Farber took possession of the Property in 1981 and rented the Property from 1981 to 1991.
5. Farber later purchased the Property in 1991.
6. From at least 1981 to present, the City has billed the Property for sewer service charges.
7. From 1981 to present, Farber has paid the sewer service charges billed to the Property by the City.
8. Prior to Farber purchasing the Property, the former owners of the Property installed various sewer service lines on the Property in various locations.
9. There is no evidence that the City of Tracy was aware that the former owners of the Property installed sewer service lines on the Property.
10. There is no evidence that the former owners of the Property obtained written permission from the City of Tracy Director of Public Works to connect to the City’s sewer line.
11. There is no evidence that the former owners of the Property used licensed persons to make the unauthorized connections on and to the Property.
12. There is no evidence that the City of Tracy Director of Public Works was ever notified by the former owners, or Farber until March 2020, that the Property was not connected to the City’s sewer line.
13. Until March 2020, the City of Tracy did not have a reason or opportunity to inspect the sewer line connection to the Property.
14. In March 2020, Farber experienced sewer problems on the Property.
15. After investigation by Farber, Farber learned that the Property was not connected to the sewer main.

16. Farber later hired a licensed person and connected the Property to the City's sewer line.
17. The City did not have any knowledge that the Property was not connected to the main sewer line.
18. The sewer main that was accessible to the Property was properly maintained and repaired by City.
19. The sewer main that was accessible to the Property was in proper working condition and was not obstructed or leaking.
20. The former owners of the Property were aware that there was septic tank on the Property and that the Property was not connected to the main sewer line.
21. There is no evidence that the former owners of the Property, or Farber prior to March 2020, notified the City of Tracy that the Property utilized a septic tank instead of the City's sewer main.
22. The Property had sewer problems on at least three prior occasions prior to 2020, requiring the septic system to be "roto-rooted" on three separate occasions.
23. The former owners and Farber had either actual knowledge or constructive knowledge that the Property was not connected to the City's main sewer line.
24. Farber does not have any records or evidence that shows the actual amounts that the City charged to the Property for sewer services from 1981 to 1998.
25. From 1981 to 1998, Farber based his calculation for overpayments on estimated water usage of the Property during that time period.
26. Farber has not presented any evidence that proves that the sewer services charged by the City to the Property exceeded or were less than the costs to the City.
27. No special circumstances exist to adjust the sewer service charges the City billed to the Property.
28. More than ten (10) years have elapsed since the sewer main was installed to provide sewer service to the Property.
29. More than ten (10) years have elapsed since a septic tank was installed to provide sewer service on the Property.
30. More than ten (10) years have elapsed since Farber, or the former owners of the Property, either had actual or constructive knowledge that the Property was not connected to the sewer main.

WHEREAS, the City Council makes the following Conclusions of Law:

1. The Claim is barred by the statute of limitations set forth in Minn. Stat. 541.051 and Minn. Stat. 541.05.
2. Alternatively, pursuant to City Code 4.30, subds. 4 and 5, the City had no legal responsibility to ensure that Property was connected to the sewer main.
3. Alternatively, pursuant to City Code 6.12, subd. 5, the evidence does not support that an adjustment is authorized or that special circumstances exist to adjust the sewer services billed to the Property and paid for by Farber.
4. Alternatively, pursuant to City Code 4.3 subd. 15, the owner has full responsibility for connection to the public sewer.

NOW THEREFORE, THE CITY OF TRACY DOES ORDAIN:

1. The City Council denies in its entirety Farber's Claim for Reimbursement for Alleged Overpayments for Sewer Services in the amount of \$21,610.70.
2. This Resolution constitutes a final and binding decision.
3. A copy of this Resolution shall be served upon Jeffrey Farber and Susan Farber.

PASSED AT THE REGULAR CITY COUNCIL MEETING OF THE CITY OF TRACY,
MINNESOTA THIS ____ DAY OF SEPTEMBER, 2020

MAYOR ANTHONY PETERSON

ATTEST:

CITY CLERK, ERIK HANSEN

Council Communication

Meeting Date: September 14, 2020

Subject: Donation to American Cancer Society Relay for Life

Background

Due to COVID the Relay for Life event will look different this year and fundraising has been impacted as a result. They are formally asking for a donation to assist them in their efforts. If approved the City of Tracy will be acknowledged as a sponsor of the 2020 Relay for Life of Lyon County and will be recognized at their event on September 24th.

Budget Implications

\$250.00

Recommendation

RESOLUTION NO. 2020-56

**A RESOLUTION AUTHORIZING THE DONATION TO THE
AMERICAN CANCER SOCIETY RELAY FOR LIFE**

WHEREAS, new law authorizes cities to solicit contributions to fund events that foster positive relationships between the City of Tracy and the American Cancer Society Relay for Life; and

WHEREAS, events including, but not limited to, American Cancer Society Relay for Life, an annual event to promote awareness of cancer and to raise fund to help advance treatment of it; and

WHEREAS, the City of Tracy may authorize contributions toward this event.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TRACY, MINNESOTA AS FOLLOWS:

That this council hereby authorizes a donation of _____ for the purposes of funding or supporting the American Cancer Society Relay for Life on September 24, 2020

Passed by the City Council of Tracy, Minnesota this 14th day of September, 2020.

Mayor

Attested:

City Clerk

Council Communication

Meeting Date: 9/14/2020

Subject: Surplus Equipment

Background

Over the last couple years, there have been some vehicles replaced in various departments. We are currently storing the decommissioned vehicles and need to free up space, and help offset costs of equipment replacement. There are 3 vehicles from the Fire Department, 1 from the Airport, and 3 from Public Works that are decommissioned.

Budget Implications

Selling surplus vehicles will help offset the costs of new equipment being purchased.

Recommendation

Allow the surplus vehicles to be sold to free up storage space at public works.

RESOLUTION 2020-57

A RESOLUTION DECLARING PROPERTY NO LONGER NEEDED FOR PUBLIC PURPOSE

WHEREAS, it is the intent of the Tracy City Council to disposed of the obsolete equipment and property, and

WHEREAS, the following list of items at the City of Tracy, Tracy, MN is no longer needed for public purposes:

Items no longer needed for public use

1991 GMC TopKick Fire Pumper (Fire)

1991 Dodge PowerWagon Diesel Pickup (Fire)

2001 Chevy 2500HD Crew Cab Pickup (Fire)

1999 Ford Explorer (Airport)

1997 Chevy 3500 2WD Flatbed Chassis (PW)

1997 Chevy K1500 Extended Cab 4x4 Pickup (PW)

1979 Ford F350 Flatbed Chassis (PW)

NOW, THEREFORE, BE IT RESOLVED by the City Council of Tracy, Minnesota declare that the City Administrator is authorized to advertise for sealed bids for the sale of said items on the list.

PASSED AND ADOPTED by the City Council of Tracy, MN on September 14, 2020

Mayor

City Administrator/Clerk

Petition For Local Improvements

Date: 9-9-2020

To the City Council of Tracy, Minnesota:

I, Robin Hay, (hereinafter referred to as "Owner"), representing all of the owners of the real property located at 237 1st Street, Tracy, Minnesota 56175 with the following legal description:

Northerly 87.5 feet of Lot One (1) and Lot Two (2), of Block Three (3), Original Plat to the City of Tracy, according to the recorded plat thereof (hereinafter referred to as the "Property")

hereby petition that such sewer service replacement from the sewer main provided by the City of Tracy to the start of the building drain/building sewer intersection at the dwelling of said address, pursuant to Minnesota Statutes, Chapter 429, and that the City of Tracy assess the entire cost of the improvement against my property described above and hereby agree to pay the entire cost as apportioned by the City of Tracy.

Robin Hay

Date

Owner

9/9/2020

Robin Hay

Examined, checked, and found to be in proper form and to be signed by the required number of owners of property affected by the making of the improvement petitioned for.

City Clerk

Council Communication

Meeting Date: 9/14/2020

Subject: COVID program

Background

As part of the CARES Act, the city received a direct allocation of funds from the state based on population. The City has already received the money totaling \$159,947. The state has put numerous restrictions on how the money can be spent. In general these monies can be used on expenses between March 1, 2020 and November 15, 2020. The funds must be spent on unexpected, documented expenses and not lost revenue. Expenses have to general meet this three-pronged test to be eligible:

1. Costs not accounted for in the budget most recently approved as of March 27, 2020.
2. Costs cannot lawfully be funded using a line item, allotment, or allocation within that budget.
3. The costs are for a substantially different use from any expected use of funds.

The city can spend the money in broad categories, including PPE, COVID testing, public health, telework and small business assistance. There is monthly reporting provided to the state on our expenditures, and there will be random audits of the expenditures.

Budget Implications

Budget revenues and expenditures will be increased by \$159,947. There is no net budget change.

Recommendation

Staff recommends the budget amendment with expenditures as follows:

PPE	\$	20,000
COVID testing	\$	1,000
Public Health	\$	20,000
Telework	\$	10,000
Small Business Assistance to Tracy Chamber of Commerce	\$	8,080
Small Business Assistance grant program	\$	100,867
	\$	159,947

- Office remodel to accommodate indoor social distancing for driver's license and other transactions as well as new office furniture for social distancing for employees. This will eliminate the need for an outdoor window, a necessity when the weather turns cold.
- A direct allocation to the Tracy Chamber of Commerce due to expenses incurred directly due to COVID-19 as a result of the cancellation of box car days and the women's expo and modifications to the Miss Tracy Pageant to meet social distancing guidelines and stream the event.

- New computer equipment for staff and city council to allow for teleworking options
- \$2,500 to \$5,000 grants to small businesses and nonprofits. The city will piggyback on the county application.

Event	Expense	\$
<hr/>		
2020 Prairie Women's Expo		
	Advertising	\$850
	Worked time	\$250
Gift Card Drive		
	Advertising	\$780
	Worked time	\$325
	Office Supplies	\$100
Radio Show		
	Sharing news about local businesses and events throughout covid	\$700
Box Car Days 2020		
	Miss Tracy Stream Equipment	\$400
	Spotlights/Camera/Lights/Sound Operators	\$725
	Band-Drop Tailgate	\$2,000
	Worked Time	\$750
	Advertising	<u>\$1,200</u>
		<u>\$8,080</u>

RESOLUTION 2020-58

**RESOLUTION AUTHORIZING BUDGET AMENDMENTS FOR THE ACCEPTANCE OF COVID-19
MONIES FROM THE STATE OF MINNESOTA AND AUTHORIZING EXPENDITURES**

WHEREAS, the City of Tracy received \$159,147 in money from the State of Minnesota through the CARES Act;

WHEREAS, the city is required to spend the entire allocation by November 15, 2020 and return unused any unused portions; and

WHEREAS, the City Council wishes to use all of its allocation for the benefit of the community.

BE IT RESOLVED by the City Council of the City of Tracy Minnesota as follows:

1. That the City of Tracy City Council authorizes a budget increase of \$159,147 in the 018 emergency fund.
2. That the City of Tracy City Council authorizes expenditures of these funds in the following categories:

PPE	\$ 20,000
COVID testing	\$ 1,000
Public Health	\$ 20,000
Telework	\$ 10,000
Small Business Assistance to Tracy Chamber of Commerce	\$ 8,080
Small Business Assistance grant program	\$ 100,867
	<hr/>
	\$ 159,947

3. Dated this _____ day of _____, 2020

Attest:

City Administrator

Mayor