

**AGENDA
CITY OF ISANTI
CITY COUNCIL MEETING
TUESDAY, APRIL 21, 2020 – 7:00 P.M.
CITY HALL**

Pursuant to Minn Statute 13D.02, the public body has determined that the Isanti City Council will not be able to hold the meeting in person due to the pandemic COVID-19. Pursuant to Minn Statute 13D.021, The Isanti City Council will be holding the City Council meeting via telephone or virtual, by use of computer, by using GoToMeeting.com

The public can view and comment at the City Council meeting by visiting this website:

<https://global.gotomeeting.com/join/978234229>

or by calling into this number 1 (224) 501-3412 with this code 978-234-229

- A. Call to Order**
- B. Pledge of Allegiance**
- C. Roll Call**
- D. Public Comment**
- E. Adopt Agenda**

F. Proclamations/Commendations/Certificate Awards

G. Approve City Council Minutes

- 1. April 7, 2020- Regular Meeting of the City Council

H. Announcements

- 1. City Council Meeting Tuesday, May 5, 2020 at 7:00 p.m.
- 2. EDA Meeting Tuesday, May 5, 2020
(Following the City Council Meeting)
- 3. Park Rec and Culture Board Tuesday April 28th - *Cancelled*

I. Council Committee Reports

J. Public Hearings

K. Business Items

- 1. Update Regarding Clean-Up Day and Compost Site *(Administrator Wood)*
- 2. Resolution 2020-XXX Accepting the 2019 Annual Financial Report and Management Letter

City Administrator Josi Wood

- 3. Resolution 2020-XXX Approving a Memorandum of Understanding Between the City of Isanti and Independent School District No. 911 for the School Resource Officer Program

L. Approve Consent Agenda

- 1. Consider Accounts Payable in the Amount of \$453,861.03 Payroll in the Amount of \$101,235.86
- 2. Resolution 2020-XXX Approving Donation Box at Liquor Store
- 3. Resolution 2020-XXX Approving the Hire of Part-Time Public Works Seasonal Joel Bazey
- 4. Resolution 2020-XXX Adopting Purchasing and Fuel Card Policy and Authorizing Staff to Enter into a Business Credit Card Program

5. Resolution 2020-XXX Authorization and Execution of Repayment Agreement on Lot 4, Block 1, Sun Prairie Fourth Addition with J Robinson Construction, Inc
6. Resolution 2020-XXX Authorization and Execution of Repayment Agreement on Lot 5, Block 1, Sun Prairie Fourth Addition with J Robinson Construction, Inc
7. Resolution 2020-XXX Awarding the Bid for the 2020 6th Avenue SW Rehabilitation Project
8. Resolution 2020-XXX Requesting Advancement of Municipal State Aid Funds
9. Resolution 2020-XXX Approving Special Event Permit Revised Dates
10. Resolution 2020-XXX Accepting Donation of Lighting Improvement at the Police Department

M. Other Communications

1. March Police Department Reports
2. March Code Enforcement Officer Report
3. March Building Inspector Report
4. April Engineering Project Status Report

Adjournment

**MINUTES
CITY OF ISANTI
CITY COUNCIL MEETING
TUESDAY, APRIL 7, 2020 – 7:00 P.M.
CITY HALL**

G.1.

Pursuant to Minn Statute 13D.02, the public body has determined that the Isanti City Council will not be able to hold the meeting in person due to the pandemic COVID-19. Pursuant to Minn Statute 13D.021, The Isanti City Council will be holding the City Council meeting via telephone or virtual, by use of computer, by using GoToMeeting.com

The public can view and comment at the City Council meeting by visiting this website:

<https://global.gotomeeting.com/join/252940021>

or by calling into this number +1 (571) 317-3112 with this code 252-940-021

Mayor Johnson called the meeting to order at 7:00 p.m.

The Pledge of Allegiance was recited.

Members Present: Mayor Jeff Johnson, Councilors: Jimmy Gordon, Paul Bergley (arrived at 7:21 p.m. via telephone), Steve Lundeen and Dan Collison

Members Absent: None

Staff Present: City Administrator Josi Wood, Human Resources/ City Clerk Katie Brooks and Chief of Police Travis Muyres

D. Public Comment

None

E. Adopt Agenda

Motion by Lundeen, second by Gordon to approve the agenda as presented. Motion passed 4-0 with Councilmember Bergley absent. Motion carried.

F. Proclamations/Commendations/Certificate Award

None

G. Approve City Council Minutes

1. March 17, 2020- Regular Meeting of the City Council
2. March 17, 2020- Committee of the Whole Meeting
3. February 18, 2020- Planning Commission Meeting
4. March 25, 2020- Special Emergency Meeting

Motion by Gordon, second by Collison to approve minutes as presented. Motion passed 4-0 with Councilmember Bergley absent. Motion carried.

H. Announcements

1. CITY OFFICES CLOSED

Friday, April 10, 2020

(In Observance of Good Friday)

2. Committee of the Whole

Tuesday, April 21, 2020 at 5:00 p.m.

3. City Council Meeting

Tuesday, April 21, 2020 at 7:00 p.m.

4. Planning Commission Meeting

Tuesday, April 21, 2020

(Immediately following the City Council Meeting)

I. Council Committee Reports

Councilmember Dan Collison stated that he would like to apologize for his recent absences as he was taking care of health issues and glad to be back.

Mayor Johnson, Councilmember Lundeen and Councilmember Gordon shared they are glad to have Councilmember Collison back.

Mayor Johnson stated that with the COVID 19 Pandemic, May 9th is scheduled to be the City's Clean-up day and asked Council if they would like the date to remain the same.

Councilmember Collison asked the time and if it was a Saturday.

City Administrator Josi Wood shared that it is a Saturday and is from 8 a.m. to noon. Wood continued to share that this date has been moved back from previous years to fall after the city-wide garage sale however, the city-wide garage sale will not happen this year.

Collison asked when people pulled up in their cars, if would Public Works unload for them.

Wood stated that staff from Public Works that work the event typically help unload things because they are heavy and then take payment. Wood continued to share that it is asked that residents prepay but it does not always happen so money is collected there. Wood further shared that Public Works would wear gloves for their safety.

Mayor Johnson stated that Public Works could wear rubber gloves, masks and have hand sanitizer provided to them.

Collison stated that his concern is if employees are comfortable doing the clean-up day.

Wood stated that if Governor Walz's stay at home order gets extended out to May 9th, the City would cancel but if there is not a stay at home order at that time, she agreed with the recommendation to keep the clean-up day.

Collison stated that with the warm weather a lot of people have been cleaning because they have been home.

Councilmember Steve Lundeen stated that as long as the staff are okay with it and feel comfortable.

Councilmember Jimmy Gordon stated that he has no problem moving forward with it.

Mayor Johnson stated he has had a lot of questions regarding the compost site.

Collison stated that it should be treated that same way as the clean-up day and move forward with it.

Mayor Johnson stated for residents to show proof of address the resident can hold up the ID where Public Works does not have to take it to confirm their address.

Wood stated that some other Cities have cancelled theirs and they are receiving a lot of push back from their residents because they have no place to take their yard waste. Wood continued to share the City could keep the compost site open as long as there is not a stay at home order.

Lundeen stated that the person in the booth should wear a mask.

Wood stated there will only be one person working so it will not be changing hands multiple times.

Johnson stated the compost site will stay as well.

Mayor Johnson asked City Council if Parks should be closed.

Councilmember Collison stated there have been other cities that have closed their parks and they have received a lot of grief. Collison continued to share that City Council has to trust their residents are going to keep their distance from other people visiting the parks as well. Collison further shared that closing them down would be a bad decision.

Lundeen stated that 1/3 of people want the parks closed, 1/3 don't want them closed and a 1/3 that do not care.

Collison stated that he has seen more people out on their bikes and walking than he has seen in the parks.

Wood stated that Governor Walz's stay at home order has maintained all parks and trails to be open and she has called almost daily to make sure that it has included the playground equipment and that it has not changed. Wood further shared that the Governor's order states it is up to the local jurisdictions what they want to do with playground equipment and there is no order to close them. Wood continued to share that there are signs going up in the parks to remind people to maintain social distancing, wash hands regularly and to not use the park if sick.

Lundeen shared that if someone is worried, they need to be accountable and not go to the park. Lundeen continued to share that the ones that do choose to go to the park also need to be accountable and maintain social distancing, wash their hands and wear gloves.

Mayor Johnson stated he is glad Council is all on the same page about leaving the parks open.

Councilmember Steve Lundeen shared that the Fire District meeting was about 5 minutes long. Lundeen continued to share that the meeting was to pay bills and everything is being on hold off for the time being and the Joint Powers Agreement still has not shown movement with Oxford Township.

City Administrator Josi Wood stated that she has been working on the lease for the Fire Department building and also working with Fire Chief Jankovich to amend the Joint Powers Agreement which is what the City Attorney has recommended for the lease language because what it states in the Joint Powers Agreement contradicts what the lease agreement says. Wood further stated that Fire Board will likely see it on one of the board meetings to get the language changed and the lease fee in the Joint Powers Agreement.

J. Public Hearings

None

K. Business Items

City Administrator Josi Wood

1. Ordinance-727 Amendment to City Code Chapter 160, Fees

City Administrator Josi Wood shared that the Ordinance is being repealed in its entirety. Wood continued to share that 160 included all the items that the City charges a fee for however, it did not contain the fee amount. The fee amount was always approved annually by resolution. The City Attorney has recommended that that is not best practice so the Ordinance is being repealed with a stand-alone Ordinance including the fees. Wood further shared that it also includes food truck fees that was discussed at Committee of the Whole otherwise the rest of the fees remain the same.

Motion by Lundeen, second by Gordon to approve Ordinance as presented. Motion passed 5-0. Motion carried.

Chief of Police Travis Muyres

2. Ordinance-728 Repealing and Replacing Chapter 233, Pawnshops

City Administrator Josi Wood shared that the Pawnshop Ordinance has been completely reviewed by the City Attorney and city code listed specifically what type of automated pawn system the pawnshop was to use and what the city utilized. Wood continued to share that what was being utilized was a software from Minneapolis Police

Department but is no longer supported which made the city code obsolete because it named it by name. Wood further shared that it has now been generalized to call it automated pawn system and does not have the name in city code to be in compliance with state law for what is available.

Motion by Lundeen, second by Collison to approve Ordinance as presented. Motion passed 5-0. Motion carried.

Community Development Director Sheila Sellman

3. Amendment to the Development Agreement for Legacy Pines- Phase I

City Administrator Josi Wood shared that this is an amendment for phase I which is complete. Wood continued to share that the Development Agreement is with Odyssey Homes and they have requested to assign the agreement to Everpine Land Holdings, LLC. Odyssey Homes has also requested because the development is complete per the Development Agreement, the City has 10% of the original letter of credit they are requesting a warranty bond in place of a letter of credit which has been reviewed with the City Attorney and City Engineer and the money being held is sufficient the City can release it and get a warranty bond for the exact amount.

Motion by Lundeen, second by Collison to approve the Amendment to the Development Agreement for Legacy Pines-Phase I. Motion passed 5-0. Motion carried.

L. Approve Consent Agenda

1. Accounts Payable in the Amount of \$362,100.30 Payroll in the Amount of \$214,468.20 and First Quarter Payroll for Council/ Boards/ Commissions in the Amount of \$9,063.35
2. **Resolution 2020-077** Offering Seasonal Maintenance Worker Position to Gene West
3. **Resolution 2020-078** Awarding Quote and Authorizing to Enter into a Contract for Portable Toilet Services
4. **Resolution 2020-079** Awarding Quote and Authorizing to Enter into A Contract for Rug & Uniform Services for All City Departments
5. Approving Request for Proposals for Refuse Services
6. **Resolution 2020-080** Accepting Full-Time Assistant City Administrator/ Special Projects Coordinator Letter of Resignation for Donald Lorsung
7. **Resolution 2020-081** Awarding Quote for Outsourcing the Mowing of Nuisance Weed/Grass Abatement Lots
8. **Resolution 2020-082** Awarding Quote and Authorizing to Enter into a Contract for Automated Pawn Systems
9. **Resolution 2020-083** Specifying Automated Pawn System for Reporting
10. **Resolution 2020-084** Authorizing a Fireworks Display

Councilmember Gordon shared that when the fireworks were first talked about it was estimated at \$13,000 and now it is \$6,000 which he believes is pretty reasonable. Gordon continued to share that he had heard that North Branch cancelled their summer days and asked when the fireworks have to be purchased by and does the City have to commit to that if unsure if it will be going on at that time.

City Administrator Josi Wood shared that if cancelled or postponing any time prior to the scheduled date of the fireworks display the City will pay 5% of \$6,000.

Councilmember Steve Lundeen stated that if the pandemic pushes out until then they will not be able to show up. Lundeen further stated that this pandemic is unusual circumstances.

Wood stated that staff would have to reach out to Pyrotechnic Display, Inc to receive their thoughts.

Councilmember Dan Collison stated that even if the rodeo did not go on people could still watch the fireworks.

Wood suggested that City Council can approve the resolution but staff can hold off with executing and signing the contract until staff has determined moving forward with Summer events. Wood further suggested going through the month of April before having the contract signed.

Motion by Collison, second by Bergley to approve the Consent Agenda. Motion passed 5-0. Motion carried.

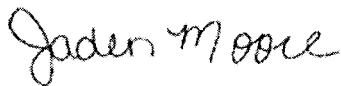
M. Other Communications

None

Adjournment

Motion to adjourn by Lundeen, second by Collison. Motion passed 5-0. Motion carried. The meeting was adjourned at 7:30 p.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Jaden Moore".

Jaden Moore

Deputy City Clerk/ Human Resources



Memo for Council Action

To: Mayor Johnson and Members of the City Council
From: Finance Director Betker
Date: April 21, 2020
Subject: Res. 2020-XXX Accepting the 2019 Annual Financial Report & Management Letter

Background:

Steve McDonald, managing partner with Abdo, Eick & Meyers (AEM) will discuss the 2019 Annual Financial Report and Management Letter by pre-recorded presentation

Request:

Consider resolution accepting the 2019 Annual Financial Report and Management Letter

Attachment:

- Resolution 2020-XXX – Accepting the 2019 Annual Financial Report and Management Letter
- 2019 Audit Presentation Slides
- 2019 Management Letter
- 2019 Annual Financial Report

RESOLUTION 2020-XXX

**ACCEPTING THE 2019 ANNUAL FINANCIAL REPORT AND MANAGEMENT
LETTER**

WHEREAS, MN State Statutes require the City of Isanti to employ a certified public accounting firm to audit, examine and report upon the books and records of the accounts of the City; and,

WHEREAS, the City of Isanti designated the public accounting firm of Abdo, Eick & Meyers, LLP for their auditors for 2019; and,

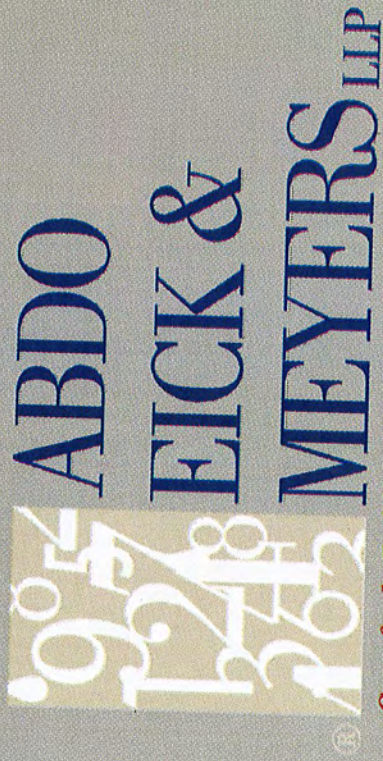
NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota hereby approves the 2019 Annual Financial Report and Management Letter.

This Resolution is hereby approved by the Isanti City Council this 21st day of April, 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk



Certified Public Accountants & Consultants

City of Isanti

2019 Financial
Statement Audi

Introduction

927
1248
265
ABDO
EICK &
MEYERS LLP
Certified Public Accountants & Consultants

Audit Opinion and Responsibility

General Fund Results

Other Governmental Funds

Enterprise Funds

Key Performance Indicators

Audit Results

ABDO
EICK &
MEYERS LLP
Certified Public Accountants & Consultants

Auditor's Opinion



Minnesota Legal
Compliance



Audit Results

2019 Audit Findings



Preparation
of Financial
Statements

- Internal Control Finding

Results From
Prior Year:



Prior Year Finding

Material Audit Adjustments

Update:
Management ensured complete reconciliations of all accounts, including journal entries to adjust balances to these reconciliations needed to be done prior to the start of the audit.

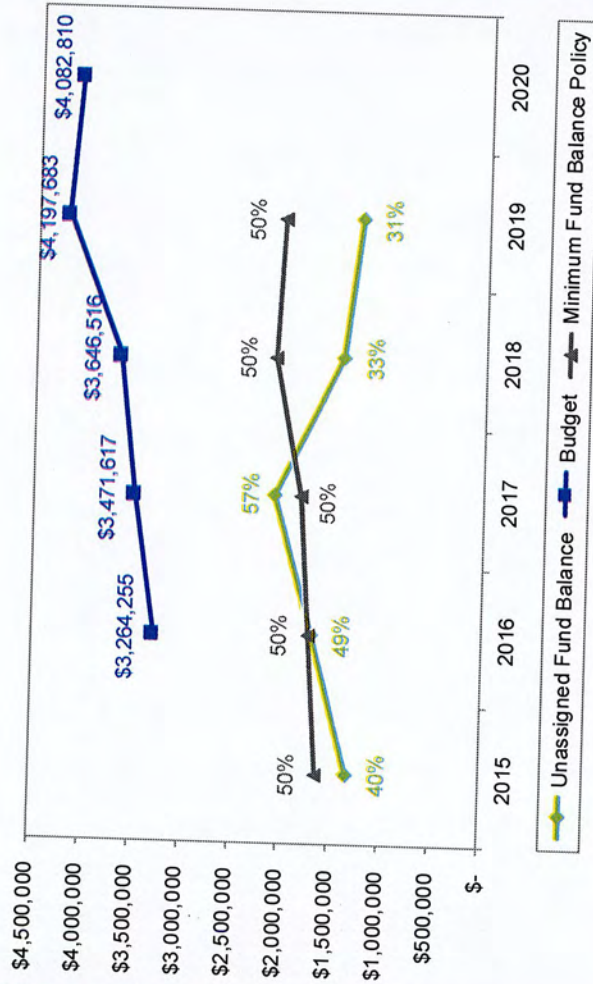
Results From
Prior Year:

Prior Year Finding

Insufficient Collateral Coverage

Update: The Finance Director has taken the appropriate action to ensure that City deposits are sufficiently covered by collateral throughout the entire year.

General Fund - Fund Balances



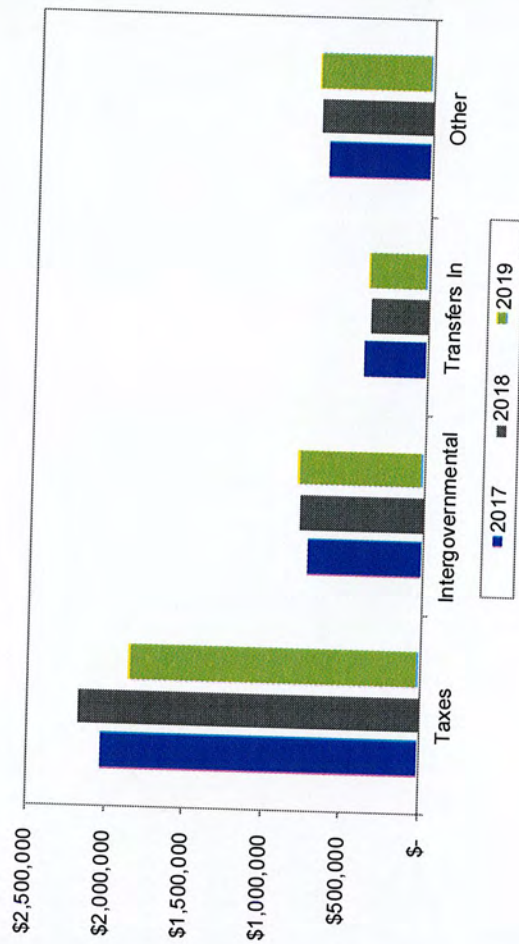
General Fund Budget to Actual



	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 3,229,830	\$ 3,339,144	\$ 109,314
Expenditures	3,921,773	3,732,474	189,299
Deficiency of Revenues Under Expenditures	(691,943)	(393,330)	298,613
Other Financing Sources (Uses)			
Sale of capital asset	-	649	649
Transfers in	369,150	369,150	-
Transfers out	(275,910)	(123,624)	152,286
Total Other Financing Sources (Uses)	93,240	246,175	152,935
Net Change in Fund Balances	(598,703)	(147,155)	451,548
Fund Balances, January 1	1,410,429	1,410,429	-
Fund Balances, December 31	\$ 811,726	\$ 1,263,274	\$ 451,548

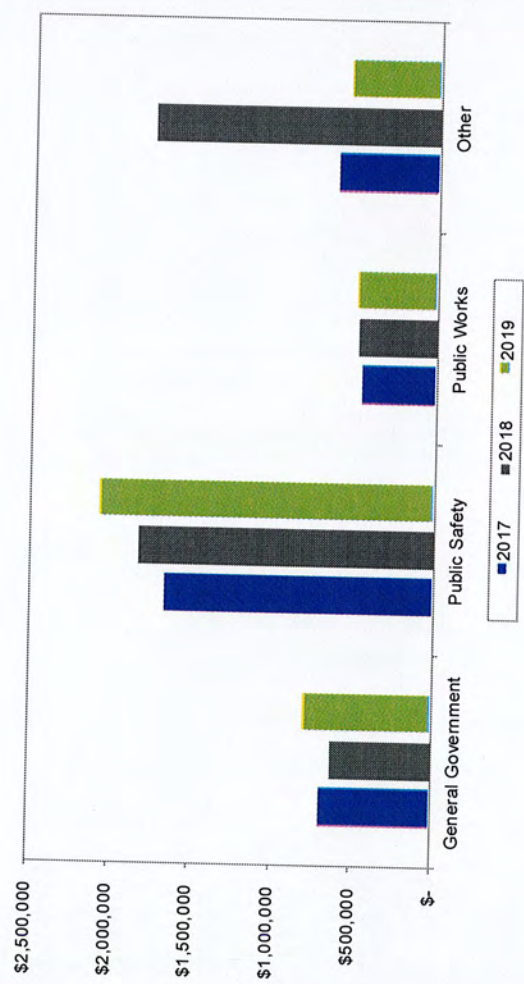
General Fund Revenues by Type

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants



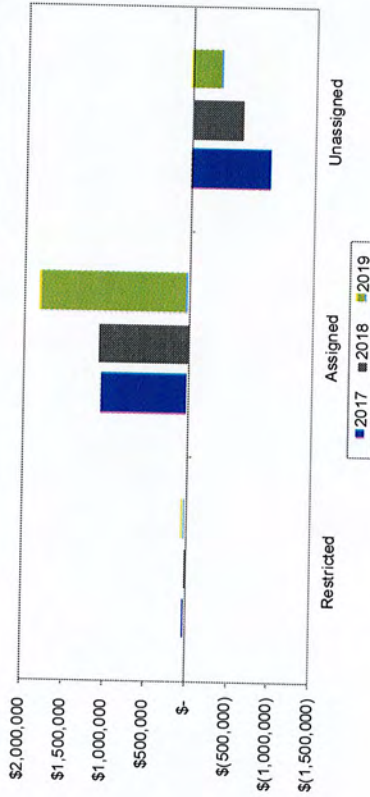
General Fund Expenditures by Type

ABDO
EICK &
MEYERS LLP
Crafted Public Accounting & Consulting



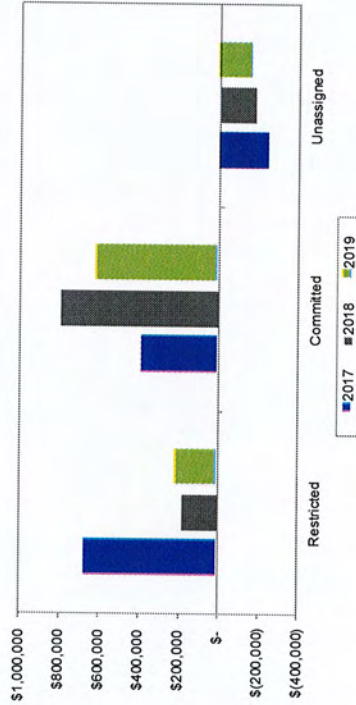
Capital Projects Fund Balances

Major	Capital Projects Fund	Fund Balances December 31,		Increase (Decrease)
		2018	2019	
Capital Replacement		\$ 559,684	\$ 797,706	\$ 238,022
Nonmajor				
2017 Palomino Road Street Improvements		(479,515)	(287,974)	\$ 191,541
Street Construction		-	(15,328)	\$ (15,328)
Signal Light Improvement		349,817	-	(349,817)
Fairway Blvd/County 5 Signal		194,020	200,848	6,828
2013 Railroad Avenue and Walk Improvements		(5,316)	-	5,316
City Parking Improvements		(74,687)	(74,687)	-
2017 Pavement Management Improvements		364,461	431,367	66,906
Highway 64 and Cajima		(42,486)	358,853	401,339
Total		\$ 865,978	\$ 1,410,785	\$ 544,807



Special Revenue Fund Balances

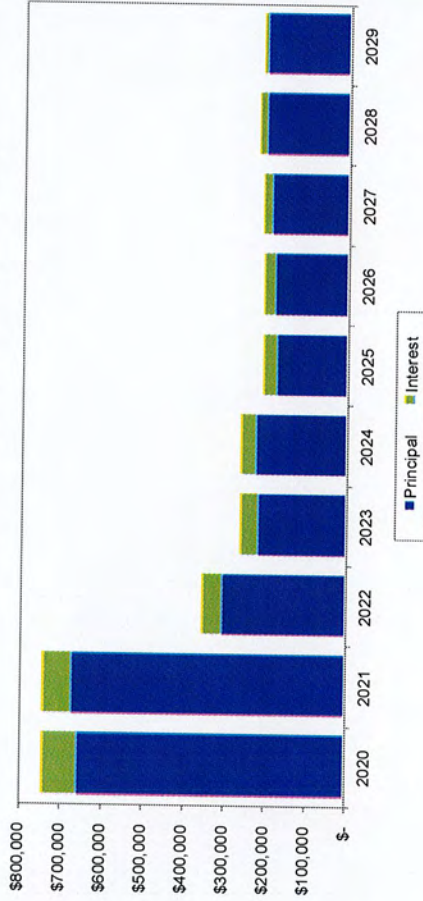
Fund	Fund Balances December 31,		Increase (Decrease)
	2018	2019	
Normal	\$	\$	\$
Redbirds Maintenance	23,842	1,871	(21,971)
Economic Development Authority	45,592	160,851	115,259
Park	6,317	103,504	97,187
Revolving Loan	335,402	329,941	(5,461)
Forfeiture	4,805	9,884	5,079
Youth Rec Education Safety	3,162	3,272	110
Cambridge Isanti Joint Event	1,472	1,472	-
Isanti Indoor Arena	(178,172)	(167,588)	10,584
TIF 9	118,936	136,149	17,213
TIF 10	56,383	57,854	1,471
TIF 11	129	-	(129)
City Technology Improvement	9,003	8,746	(257)
Total	\$ 426,871	\$ 645,956	\$ 219,085



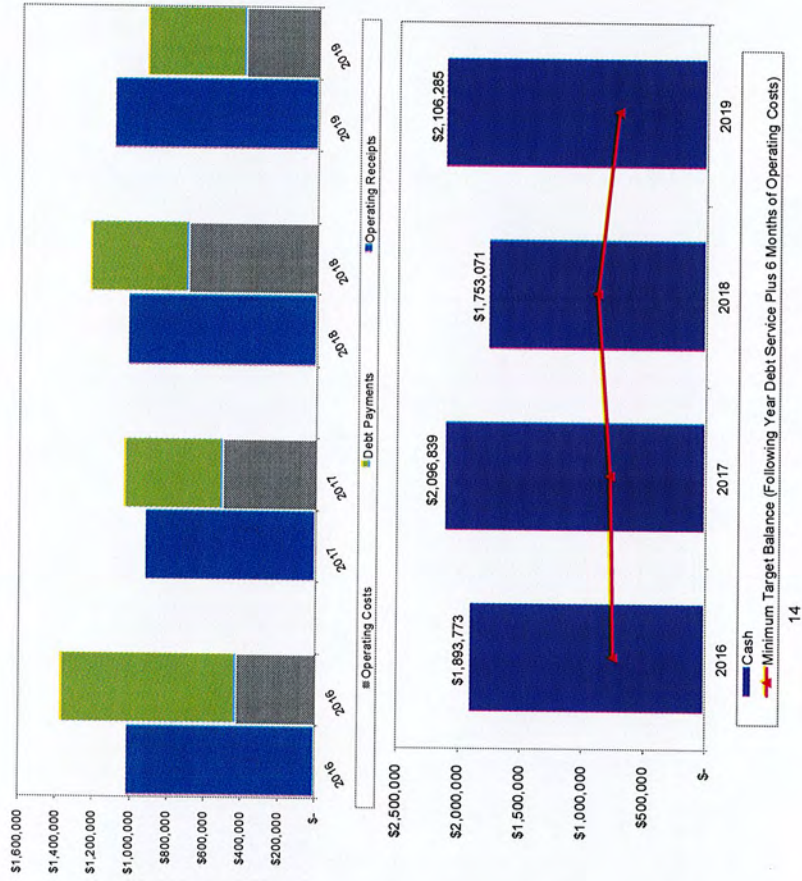
Debt Service Funds

ABDO
EICK &
MEYERS LLP
Certified Public Accountants & Consultants

Debt Service Fund	Cash Balance	Total Assets	Bonds Outstanding	Maturity Date
2011A G.O. Improvement Bonds	\$ 903,707	\$ 1,240,729	\$ 1,000,000	02/01/22
2014A G.O. Tax Abatement Bonds	297,234	297,727	1,965,000	02/01/30
2014B G.O. Improvement Bonds	24,162	67,590	225,000	02/01/24
Total	\$ 1,225,103	\$ 1,606,046	\$ 3,190,000	
Total Remaining Interest Payments		\$	391,198	

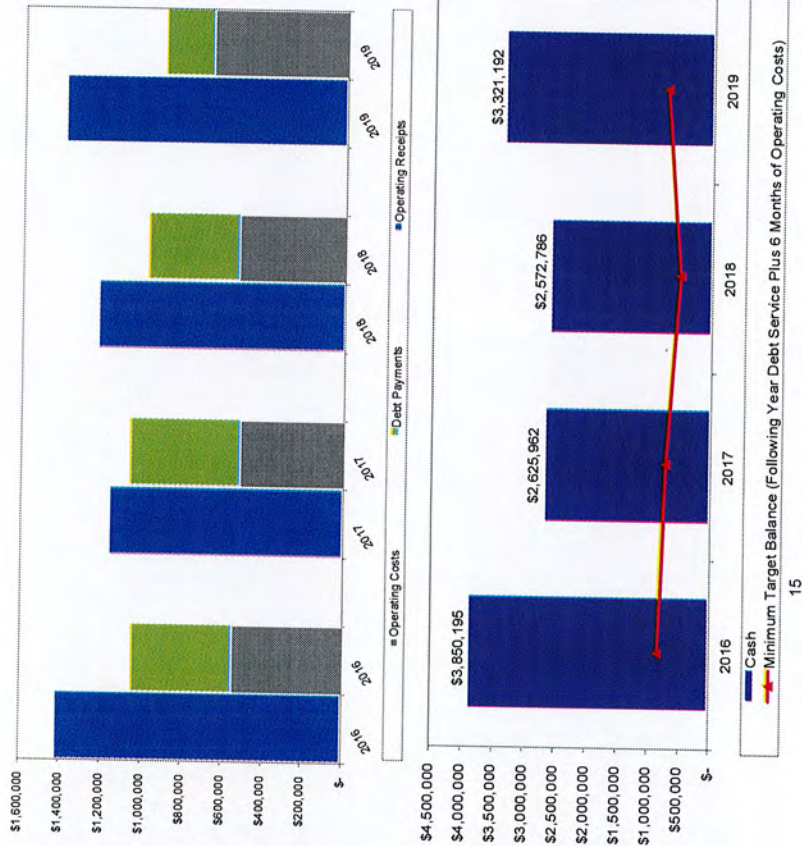


Water Fund - Cash Flows from Operations and Cash Balances

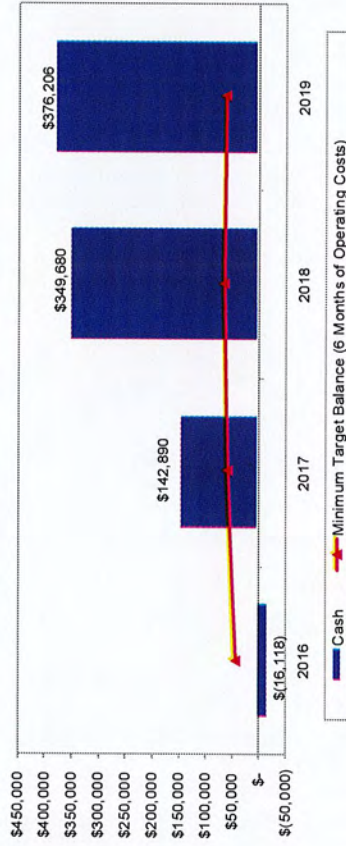
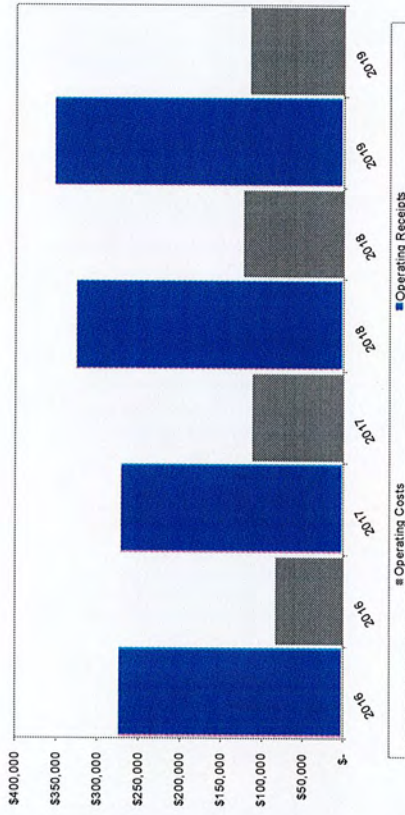


Sewer Fund - Cash Flows from Operations and Cash Balances

**ABDO
EICK &
MEYERS**
Certified Public Accountants & Consultants

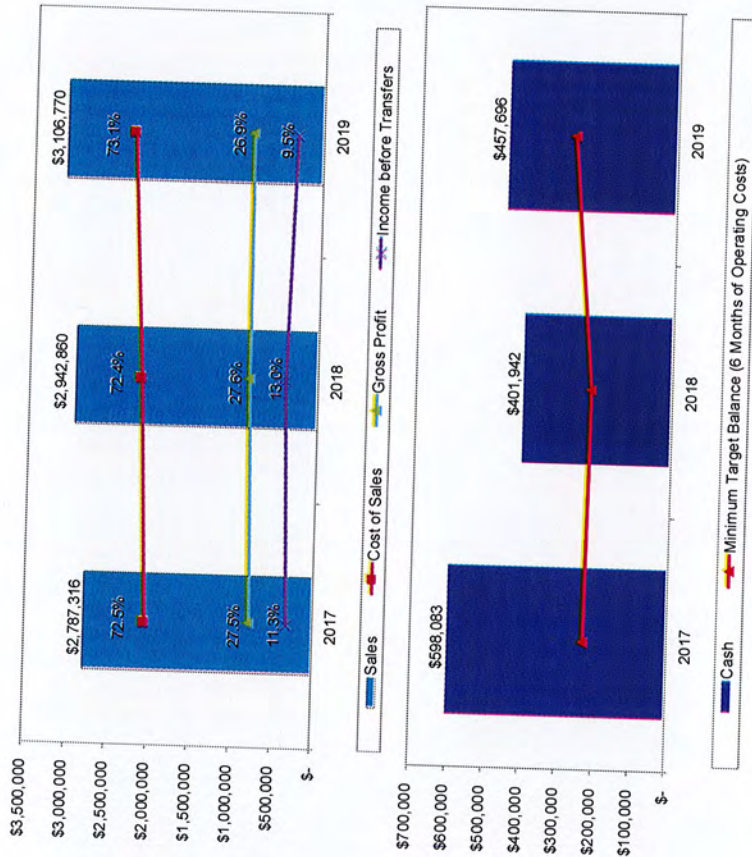


Stormwater Fund - Cash Flows from Operations and Cash Balances

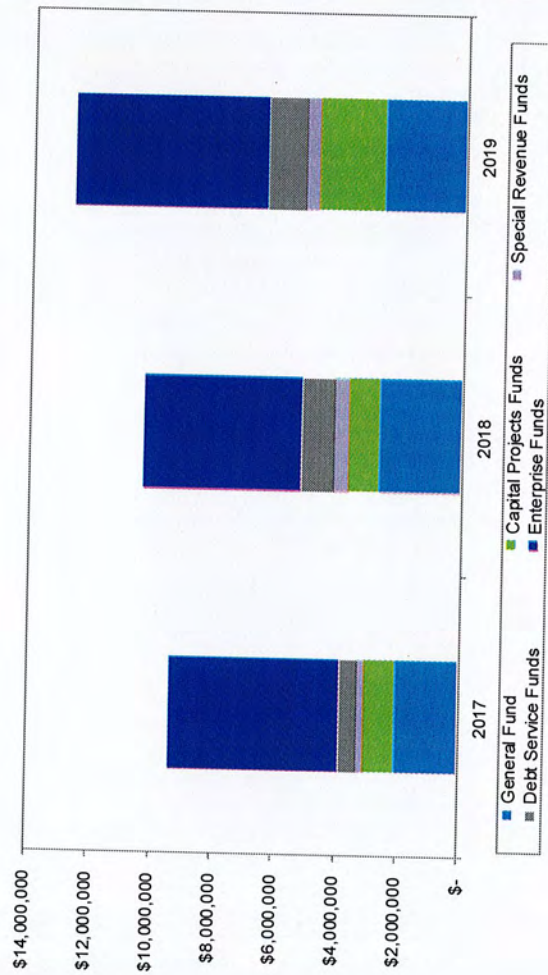


Liquor Store Fund - Gross Profit and Cash Balances

9.5%
12.7%
27.6%
ABDO
EICK &
MEYERS LLP
Crafted Public Accountants & Consultants



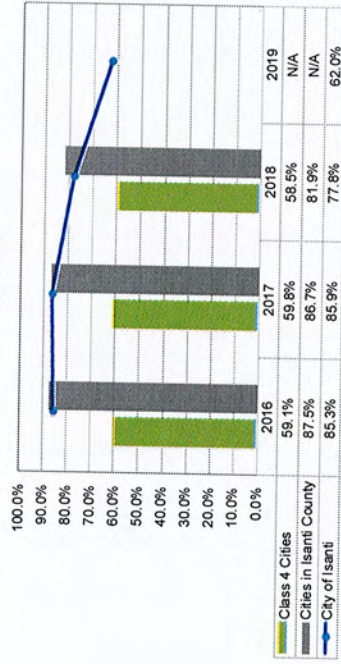
Cash and Investments Balances by Fund Type



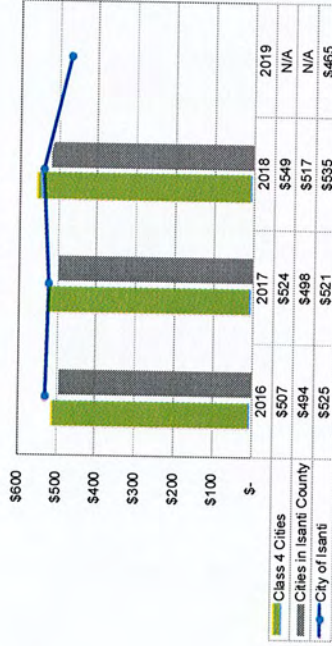
Key Performance Indicators



Tax Rates

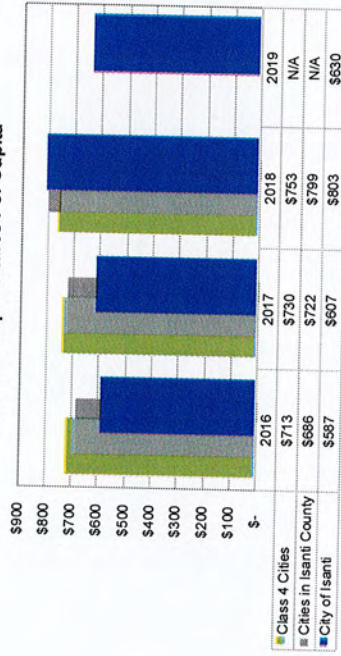


Taxes Per Capita

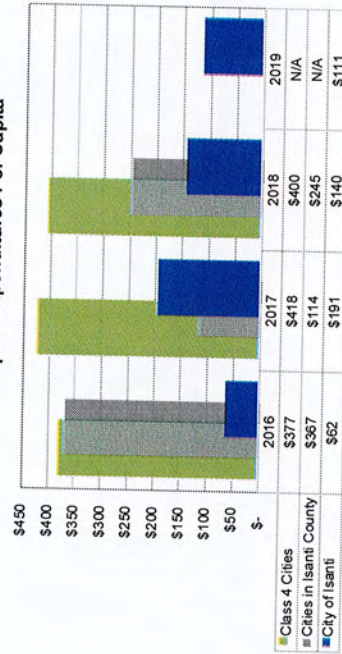


Key Performance Indicators

Current Expenditures Per Capita

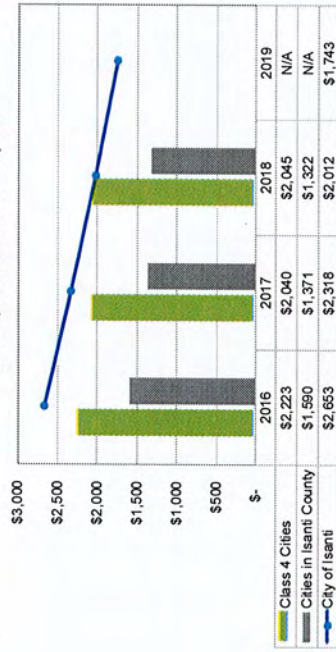


Capital Expenditures Per Capita

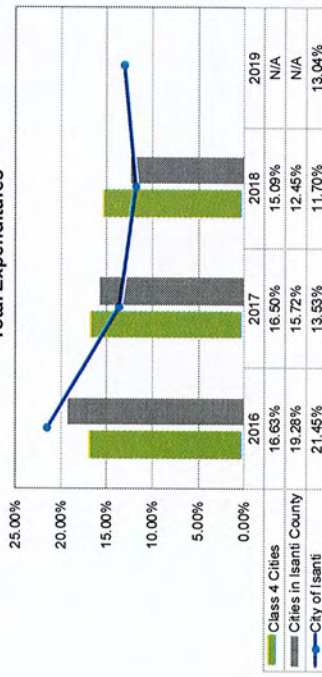


Key Performance Indicators

Debt Expenditures Per Capita

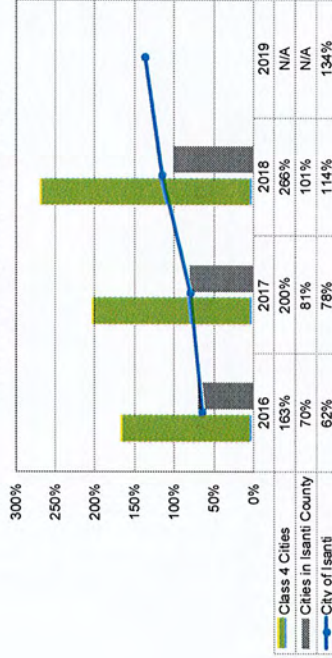


Debt Service Expenditures as a Percent of Total Expenditures

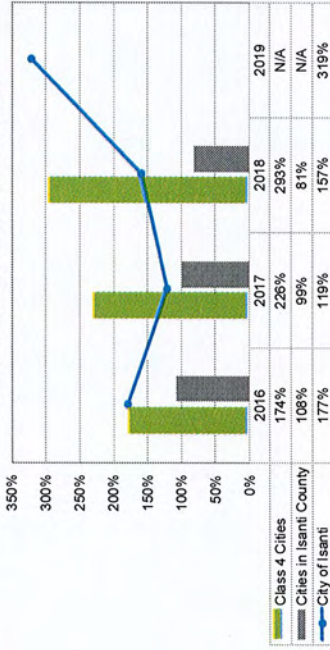


Key Performance Indicators

Water Fund Debt Service Coverage



Sewer Fund Debt Service Coverage



Questions?

Audit Team
Steve McDonald
Justin Nilson
Erik Wagner
Jeff Hines
Jill Knutson
Tomi McDonald

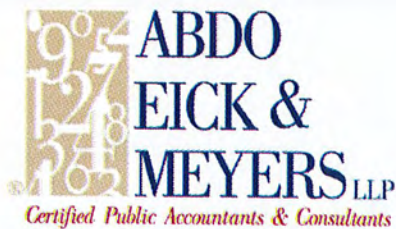
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Management Communication

City of Isanti

Isanti, Minnesota

For the Year Ended
December 31, 2019



People
+ Process[®]
Going
Beyond the
Numbers

April 1, 2020

Management, Honorable Mayor and City Council
City of Isanti, 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 Isanti, Minnesota (the City) for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, 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 October 16, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting (internal control) of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Findings

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. As described below, we identified a deficiency that we consider to be a significant deficiency, finding 2019-001.

Preparation of Financial Statements*Condition:*

As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. 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. 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 the reliability of financial records and reporting.

Cause:

From a practical standpoint, we both prepare your statements and determine the fairness of that presentation at the same time in connection with our audit. This is not unusual for us to do with organizations 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. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation:

Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your accounting software to the amounts reported in the financial statements.

Management Response:

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

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, 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. 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. As a result of our testing we noted no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or statutes set forth by the State of Minnesota.

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. The City changed accounting policies during 2019 related to accounting for fiduciary activities (GASB 84). 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. The most sensitive estimates affecting the financial statements were depreciation on capital assets, allocation of payroll and compensated absences, liability for other post-employment benefit, and the liability of the City's pensions.

- Management's estimate of depreciation is based on estimated useful lives of the assets. Depreciation is calculated using the straight-line method.
- Allocations of gross wages and payroll benefits are approved by City Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City. These allocations are also used in allocating accrued compensated absences payable.
- 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.

Difficulties Encountered in Performing the Audit

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

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: Recognizing expense activity for business subsidy payments.

We also 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 April 1, 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 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 Matters

We applied certain limited procedures to the required supplementary information (RSI) (Management's Discussion and Analysis, the Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, and the Schedule of changes in the City's OPEB Liability), 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), 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 accompanies 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.

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.

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.

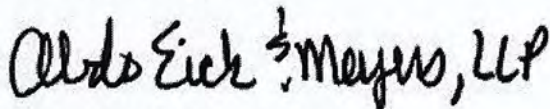
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Restriction on Use

This purpose of this communication is solely for the information and use of the City Council and management of the City and is not intended to be, and should not be used by anyone other than those specified parties.

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. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

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
Minneapolis, Minnesota
April 1, 2020

Annual Financial Report

City of Isanti
Isanti, Minnesota

For the Year Ended
December 31, 2019

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City of Isanti, Minnesota
Annual Financial Report
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INTRODUCTORY SECTION

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires December 31,</u>
Jeff Johnson	Mayor	2023
Jimmy Gordon	Council Member	2020
Steve Lundeen	Council Member	2020
Paul Bergley	Council Member	2023
Dan Collison	Council Member	2023

APPOINTED

Josi Wood	Administrator
Mike Betker	Finance Director

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FINANCIAL SECTION

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Isanti, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Isanti, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Standards

As described in Note 8 to the financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, for the year ended December 31, 2019. Adoption of the provisions of these statements results in significant change to the classifications of the components of the financial statements.

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 Schedules of Employer's Share of the Net Pension Liability and the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios starting on page 78 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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

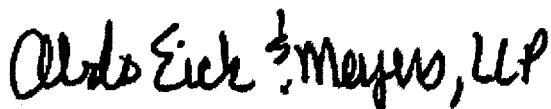
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and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

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

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 April 1, 2020 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 1, 2020

People
+ Process.
Going
Beyond the
Numbers

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Management's Discussion and Analysis

As management of the City of Isanti, 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.

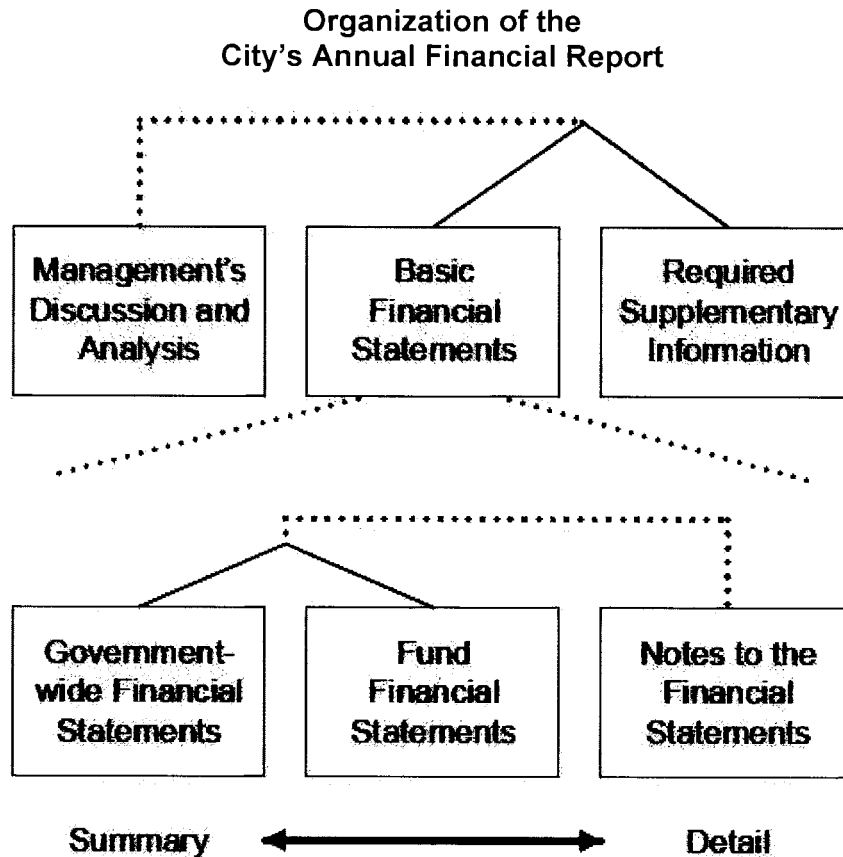
Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$45,277,834. Of this amount, \$8,543,416 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$704,441. This was largely a result of operating income within business-type activities of \$866,729 as well as capital contributions of \$660,344 from connection fees.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,546,376, an increase of \$471,632, in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$1,254,221, or 32.5 percent of 2019 expenditures and transfers out.

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 following chart 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.



The following chart summarizes the major features of the City's financial statements, including the portion of the City's activities 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.

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary 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	Instances in which the City administers resources on behalf of someone else, such as developers
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"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position
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	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	All assets and liabilities, both short-term and long-term; fund do not currently contain capital assets, although they can
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/out flow 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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions 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 deferred inflows of resources and liabilities and deferred outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements start 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 three categories: governmental funds, proprietary funds and the fiduciary fund.

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 City'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 City'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 35 individual governmental funds, 7 of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and Debt Service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start 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 water, sewer, liquor store, 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, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 42 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 49 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 84 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 exceeded liabilities and deferred inflows of resources by \$45,277,834 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (77.1 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Isanti's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Assets						
Current and other assets	\$ 6,631,435	\$ 6,104,257	\$ 527,178	\$ 8,017,400	\$ 6,984,348	\$ 1,033,052
Capital assets, net of depreciation	17,044,869	18,086,837	(1,041,968)	28,390,257	28,873,075	(482,818)
Total Assets	23,676,304	24,191,094	(514,790)	36,407,657	35,857,423	550,234
Deferred Outflows of Resources						
Deferred pension resource	1,067,006	1,144,849	(77,843)	46,583	81,352	(34,769)
Liabilities						
Noncurrent liabilities outstanding	3,398,898	5,620,888	(2,221,990)	7,354,545	8,533,521	(1,178,976)
Other liabilities	2,002,310	156,454	1,845,856	749,618	206,406	543,212
Total Liabilities	5,401,208	5,777,342	(376,134)	8,104,163	8,739,927	(635,764)
Deferred Inflows of Resources						
Resources received in advance	760,223	475,687	284,536	-	-	-
Deferred pension resource	1,545,974	1,598,249	(52,275)	108,148	110,120	(1,972)
Total Deferred Inflows of Resources	2,306,197	2,073,936	232,261	108,148	110,120	(1,972)
Net Position						
Net investment in capital assets	13,819,212	14,287,678	(468,466)	21,105,692	20,924,492	181,200
Restricted	1,809,514	2,821,511	(1,011,997)	-	-	-
Unrestricted	1,407,179	375,476	1,031,703	7,136,237	6,164,236	972,001
Total Net Position	\$ 17,035,905	\$ 17,484,665	\$ (448,760)	\$ 28,241,929	\$ 27,088,728	\$ 1,153,201

An additional portion of the City's net position (4.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$8,543,416, may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental Activities. The City's net position increased \$704,441 during the current fiscal year. Governmental activities decreased the City's net position by \$448,760. Significant changes from the prior year are noted below:

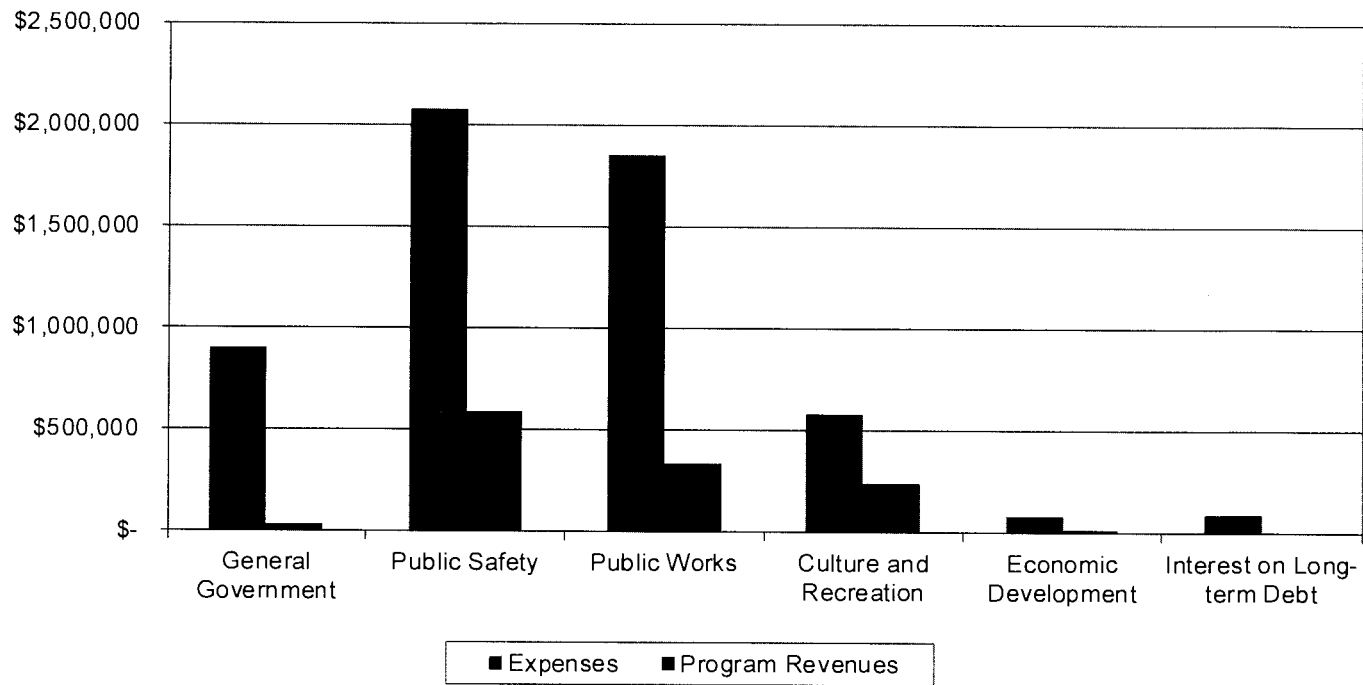
City of Isanti's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 667,789	\$ 703,113	\$ (35,324)	\$ 5,916,616	\$ 5,500,605	\$ 416,011
Operating grants and contributions	223,124	228,006	(4,882)	11,186	15,541	(4,355)
Capital grants and contributions	336,031	415,502	(79,471)	660,344	566,517	93,827
General Revenues						
Taxes						
Property taxes	2,340,623	2,812,032	(471,409)	-	-	-
Tax increment	28,074	15,479	12,595	-	-	-
Other taxes	333,619	325,236	8,383	-	-	-
Grants and contributions not restricted to specific programs	646,879	646,624	255	-	-	-
Unrestricted investment earnings	178,668	54,747	123,921	194,170	60,029	134,141
Gain on sale of capital assets	7,262	737	6,525	-	-	-
Total Revenues	<u>4,762,069</u>	<u>5,201,476</u>	<u>(439,407)</u>	<u>6,782,316</u>	<u>6,142,692</u>	<u>639,624</u>
Expenses						
General government	903,000	722,906	180,094	-	-	-
Public safety	2,083,053	1,807,152	275,901	-	-	-
Public works	1,854,836	1,638,261	216,575	-	-	-
Culture and recreation	586,995	558,939	28,056	-	-	-
Economic development	81,569	1,317,206	(1,235,637)	-	-	-
Interest on long-term debt	94,899	163,131	(68,232)	-	-	-
Water	-	-	-	935,191	937,988	(2,797)
Sewer	-	-	-	1,306,422	1,009,703	296,719
Storm Water	-	-	-	169,345	168,280	1,065
Liquor store	-	-	-	2,824,634	2,567,141	257,493
Total Expenses	<u>5,604,352</u>	<u>6,207,595</u>	<u>(603,243)</u>	<u>5,235,592</u>	<u>4,683,112</u>	<u>552,480</u>
Changes in Net Position Before Transfers and Special Items	(842,283)	(1,006,119)	163,836	1,546,724	1,459,580	87,144
Transfers - Capital Assets	-	(261,542)	261,542	-	261,542	(261,542)
Transfers - Internal Activities	<u>393,523</u>	<u>734,250</u>	<u>(340,727)</u>	<u>(393,523)</u>	<u>(734,250)</u>	<u>340,727</u>
Change in Net Position	(448,760)	(533,411)	84,651	1,153,201	986,872	166,329
Net Position, January 1	<u>17,484,665</u>	<u>18,018,076</u>	<u>(533,411)</u>	<u>27,088,728</u>	<u>26,101,856</u>	<u>986,872</u>
Net Position, December 31	<u>\$ 17,035,905</u>	<u>\$ 17,484,665</u>	<u>\$ (448,760)</u>	<u>\$ 28,241,929</u>	<u>\$ 27,088,728</u>	<u>\$ 1,153,201</u>

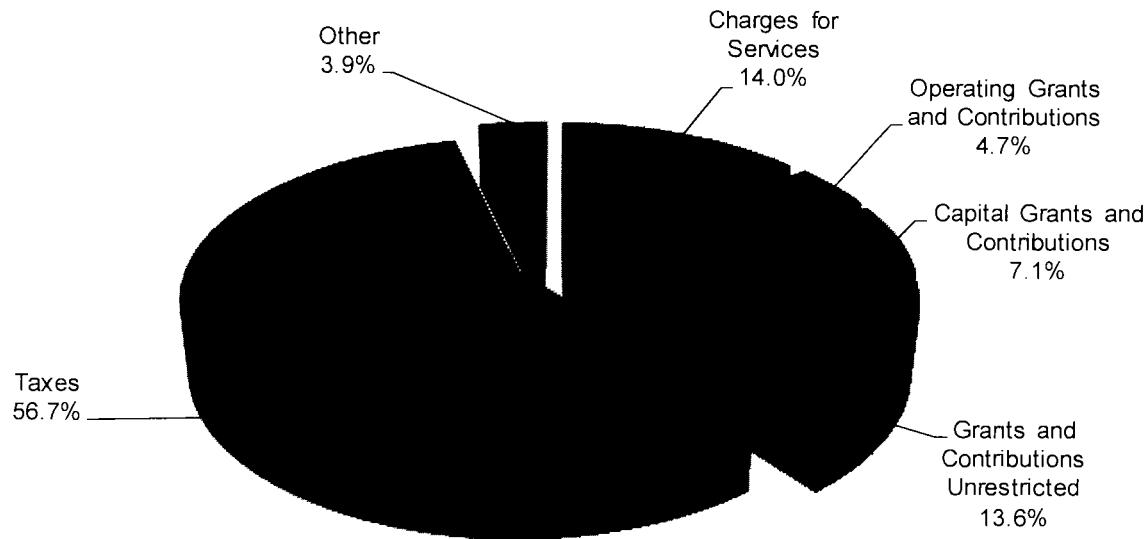
- Property taxes decreased \$471,409 from the prior year in line with the City's budget and capital improvement plan.
- Economic development expenses decreased \$1,235,637 during the year due to a business subsidy agreement the city had in 2018.

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

Expenses and Program Revenues - Governmental Activities



Revenues by Sources - Governmental Activities

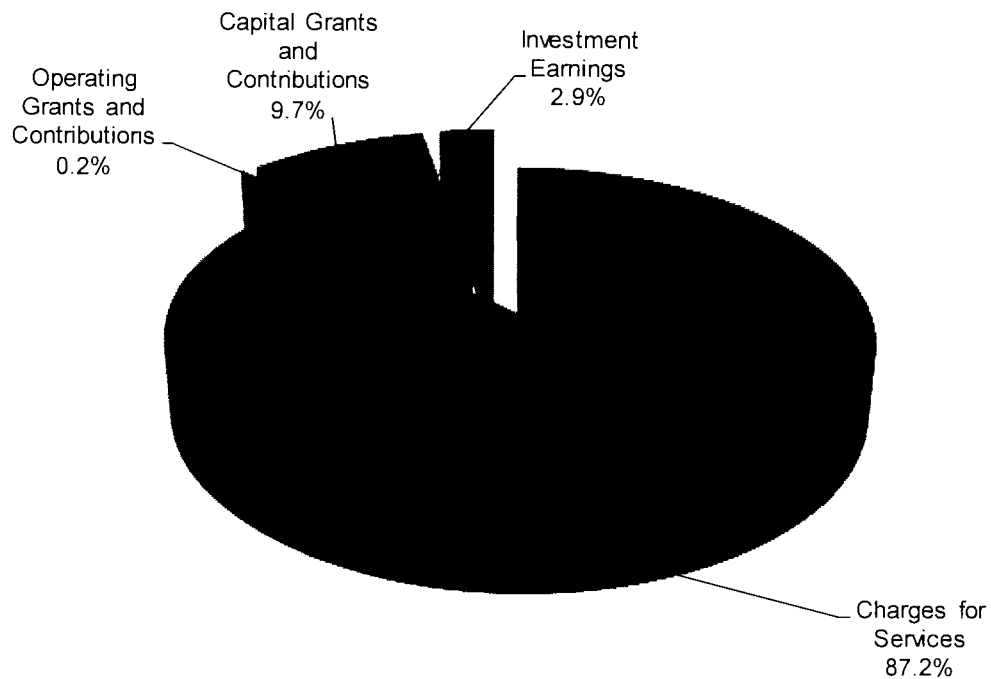


Business-type Activities. Business-type activities increased the City's net position by \$1,153,201. The main reason for the increase was charges for services increased \$416,011 from the prior year. Additional information noted below:

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,546,376, an increase of \$471,632 in comparison with the prior year. Of this total amount, 15.6 percent, or \$708,644, constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance of \$3,837,732 is not available for new spending because it is either 1) nonspendable (\$9,058), 2) restricted (\$1,440,248), 3) Assigned (\$1,778,774) or 4) committed (\$609,652). For further classification, refer to Note 3F on page 68 of this report.

The General fund is the chief operating fund of the City. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures and transfers out. Fund balance represents 31.0 percent of budgeted 2019 expenditures and transfers out. Of the fund balance, \$1,254,221 is unassigned and will be used for cash flow for general operations and will be used to support operations until funds are received in June from the first tax settlement.

The Debt Service fund balance decreased \$145,105 during the year mainly due to regularly scheduled principal and interest payments exceeding sources during the year.

The Capital Replacement fund has an increase in fund balance of \$238,022 with an ending balance of \$797,706.

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 \$7,136,237. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's original General fund budget was amended during the year, increasing expenditures \$76,326 with a budget to decrease fund balance by \$598,703. Revenues were \$109,314 over budget. This is primarily due to licenses and permits being more than budgeted by \$43,798. Expenditures were under budget by \$189,299. The largest variance in the General fund expenditures is due to culture and recreation which was \$69,841 under budget.

Capital Assets 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 \$45,435,126 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads and highways.

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

- 2018 Street Improvements that were finished and capitalized in 2019.
- 2019 Stormwater Improvements
- SCADA System Upgrades
- Water Chlorination System
- A/V Equipment (Council Chambers)
- Squad Vehicles and Police Equipment.

City of Isanti's Capital Asset (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 2,424,266	\$ 2,424,266	\$ -	\$ 94,237	\$ 94,237	\$ -
Construction in Progress	115,870	358,518	(242,648)	160,599	-	160,599
Land Improvements	-	6,279	(6,279)	67,408	87,660	(20,252)
Buildings	3,507,705	3,650,855	(143,150)	3,401,123	3,500,399	(99,276)
Infrastructure	10,319,975	11,131,462	(811,487)	23,997,898	24,603,014	(605,116)
Machinery and Equipment	499,087	379,752	119,335	605,634	515,502	90,132
Vehicles	177,966	135,705	42,261	63,358	72,263	(8,905)
Total	<u>\$ 17,044,869</u>	<u>\$ 18,086,837</u>	<u>\$ (1,041,968)</u>	<u>\$ 28,390,257</u>	<u>\$ 28,873,075</u>	<u>\$ (482,818)</u>

Additional information on the City's capital assets can be found in Note 3D starting on page 62 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$10,415,056. 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 Isanti's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
G.O. Bonds	\$ 2,190,000	\$ 2,390,000	\$ (200,000)	\$ -	\$ -	\$ -
G.O. Improvement Bonds	1,000,000	1,370,000	(370,000)	335,000	370,000	(35,000)
G.O. Revenue Bonds	-	-	-	6,890,056	7,513,056	(623,000)
Bond Premium	35,657	39,159	(3,502)	59,509	65,527	(6,018)
Total	<u>\$ 3,225,657</u>	<u>\$ 3,799,159</u>	<u>\$ (573,502)</u>	<u>\$ 7,284,565</u>	<u>\$ 7,948,583</u>	<u>\$ (664,018)</u>

Minnesota statutes limit the amount of net general obligation debt a City may issue to 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.

Additional information on the City's long-term debt can be found in Note 3E starting on page 64 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property tax valuations within the City increased in 2019 and have continued to increase for 2020.
- The 2019 budget includes a property tax levy of \$2,721,006 which is 12.69% higher than the 2019 levy but left the tax rate unchanged.
- The 2020 budget includes an amount for Local Government Aid in the amount of \$737,393.
- Franchise fees were implemented in 2016 to offset capital improvements, specifically pavement management costs.
- Isanti County has an average unemployment rate for 2019 of 4.1%. This compares with unemployment rates of 3.2% for the State of Minnesota and 3.7% for the United States.

All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

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 Finance Director, City of Isanti, 110 1st Avenue Northwest, PO Box 428, Isanti, Minnesota 55040.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 6,401,905	\$ 6,261,379	\$ 12,663,284
Receivables			
Accrued interest	11,057	10,390	21,447
Taxes	43,819	-	43,819
Accounts	119,465	286,738	406,203
Loans	188,660	-	188,660
Special assessments	914,319	45,552	959,871
Internal balances	(1,082,628)	1,082,628	-
Due from other governments	1,880	-	1,880
Inventories	-	327,249	327,249
Prepaid items	9,058	3,464	12,522
Land held for resale	23,900	-	23,900
Capital assets			
Land and construction in progress	2,540,136	254,836	2,794,972
Depreciable assets (net of accumulated depreciation)	14,504,733	28,135,421	42,640,154
Total Assets	<u>23,676,304</u>	<u>36,407,657</u>	<u>60,083,961</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>1,067,006</u>	<u>46,583</u>	<u>1,113,589</u>
Liabilities			
Accounts payable	79,341	128,549	207,890
Deposits payable	253,905	-	253,905
Due to other governments	5,408	32,198	37,606
Accrued salaries payable	45,778	17,964	63,742
Accrued interest payable	8,891	40,294	49,185
Noncurrent liabilities			
Due within one year	793,728	819,039	1,612,767
Due in more than one year	2,605,170	6,535,506	9,140,676
Net Pension Liability	1,410,848	415,400	1,826,248
Other postemployment benefits liability	198,139	115,213	313,352
Total Liabilities	<u>5,401,208</u>	<u>8,104,163</u>	<u>13,505,371</u>
Deferred Inflows of Resources			
Resources received in advance	760,223	-	760,223
Deferred pension resources	<u>1,545,974</u>	<u>108,148</u>	<u>1,654,122</u>
Total Deferred Inflows of Resources	<u>2,306,197</u>	<u>108,148</u>	<u>2,414,345</u>
Net Position			
Net investment in capital assets	13,819,212	21,105,692	34,924,904
Restricted for			
Debt service	1,595,627	-	1,595,627
Public safety	9,884	-	9,884
Community center improvements	10,000	-	10,000
Economic development	194,003	-	194,003
Unrestricted	<u>1,407,179</u>	<u>7,136,237</u>	<u>8,543,416</u>
Total Net Position	<u>\$ 17,035,905</u>	<u>\$ 28,241,929</u>	<u>\$ 45,277,834</u>

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

City of Isanti, 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	\$ 903,000	\$ 37,436	\$ -	\$ -
Public safety	2,083,053	496,995	96,357	-
Public works	1,854,836	30,875	67,155	241,694
Culture and recreation	586,995	96,483	51,017	94,337
Economic development	81,569	6,000	8,595	-
Interest on long-term debt	94,899	-	-	-
Total Governmental Activities	<u>5,604,352</u>	<u>667,789</u>	<u>223,124</u>	<u>336,031</u>
Business-type Activities				
Water	935,191	1,077,961	7,719	240,279
Sewer	1,306,422	1,382,297	1,918	420,065
Liquor store	2,824,634	3,106,810	717	-
Stormwater	169,345	349,548	832	-
Total Business-type Activities	<u>5,235,592</u>	<u>5,916,616</u>	<u>11,186</u>	<u>660,344</u>
Total	<u>\$ 10,839,944</u>	<u>\$ 6,584,405</u>	<u>\$ 234,310</u>	<u>\$ 996,375</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

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

Net (Expenses) Revenues
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (865,564)	\$ -	\$ (865,564)
(1,489,701)	-	(1,489,701)
(1,515,112)	-	(1,515,112)
(345,158)	-	(345,158)
(66,974)	-	(66,974)
(94,899)	-	(94,899)
<u>(4,377,408)</u>	<u>-</u>	<u>(4,377,408)</u>
-	390,768	390,768
-	497,858	497,858
-	282,893	282,893
-	181,035	181,035
<u>-</u>	<u>1,352,554</u>	<u>1,352,554</u>
<u>(4,377,408)</u>	<u>1,352,554</u>	<u>(3,024,854)</u>
1,806,411	-	1,806,411
534,212	-	534,212
28,074	-	28,074
333,619	-	333,619
646,879	-	646,879
178,668	194,170	372,838
7,262	-	7,262
393,523	(393,523)	-
<u>3,928,648</u>	<u>(199,353)</u>	<u>3,729,295</u>
(448,760)	1,153,201	704,441
<u>17,484,665</u>	<u>27,088,728</u>	<u>44,573,393</u>
<u>\$ 17,035,905</u>	<u>\$ 28,241,929</u>	<u>\$ 45,277,834</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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

	101 General	900's Debt Service	920 Capital Replacement	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and temporary investments	\$ 2,599,424	\$ 1,225,103	\$ 796,377	\$ 1,781,001	\$ 6,401,905
Receivables					
Accrued interest	3,944	1,990	1,329	3,794	11,057
Taxes	43,781	-	-	38	43,819
Accounts	33,516	-	-	85,949	119,465
Loans	-	-	-	188,660	188,660
Special assessments	2,333	378,953	533,033	-	914,319
Due from other governments	1,880	-	-	-	1,880
Advances to other funds	25,060	-	-	-	25,060
Prepaid items	9,053	-	-	5	9,058
Land held for resale	5,000	-	-	18,900	23,900
Total Assets	\$ 2,723,991	\$ 1,606,046	\$ 1,330,739	\$ 2,078,347	\$ 7,739,123
Liabilities					
Accounts payable	\$ 44,751	\$ 1,528	\$ -	\$ 33,062	\$ 79,341
Deposits payable	253,905	-	-	-	253,905
Due to other governments	5,408	-	-	-	5,408
Accrued salaries payable	44,811	-	-	967	45,778
Due to other funds	141,797	-	-	-	141,797
Advances from other funds	940,831	-	-	25,060	965,891
Total Liabilities	1,431,503	1,528	-	59,089	1,492,120
Deferred Inflows of Resources					
Unavailable revenue - delinquent taxes	27,604	-	-	-	27,604
Unavailable revenue - special assessments	1,610	378,157	533,033	-	912,800
Unavailable revenue - other	-	-	-	760,223	760,223
Total Deferred Inflows of Resources	29,214	378,157	533,033	760,223	1,700,627
Fund Balances					
Nonspendable	9,053	-	-	5	9,058
Restricted	-	1,226,361	10,000	203,887	1,440,248
Committed	-	-	-	609,652	609,652
Assigned	-	-	787,706	991,068	1,778,774
Unassigned	1,254,221	-	-	(545,577)	708,644
Total Fund Balances	1,263,274	1,226,361	797,706	1,259,035	4,546,376
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,723,991	\$ 1,606,046	\$ 1,330,739	\$ 2,078,347	\$ 7,739,123

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

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

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

Total Fund Balances - Governmental Funds	\$ 4,546,376
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	34,624,682
Less: accumulated depreciation	(17,579,813)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Bond principal payable	(3,190,000)
Plus bond premium	(35,657)
Compensated absences payable	(173,241)
Other postemployment benefits payable	(198,139)
Pension liability	(1,410,848)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.	
Taxes receivable	27,604
Special assessments receivable	912,800
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of pension resources	1,067,006
Deferred inflows of pension resources	(1,545,974)
Governmental funds do not report a liability for accrued interest until due and payable.	(8,891)
Total Net Position - Governmental Activities	<u>\$ 17,035,905</u>

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

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

	101 General	900's Debt Service	920 Capital Replacement	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 1,844,385	\$ 534,212	\$ -	\$ 424,258	\$ 2,802,855
Licenses and permits	345,044	-	-	-	345,044
Intergovernmental	789,776	-	-	201,464	991,240
Charges for services	233,542	-	-	127,356	360,898
Fines and forfeitures	52,524	-	-	-	52,524
Special assessments	-	53,135	333,677	-	386,812
Investment earnings	63,798	35,238	24,043	55,589	178,668
Miscellaneous	10,075	-	1,200	83,126	94,401
Total Revenues	<u>3,339,144</u>	<u>622,585</u>	<u>358,920</u>	<u>891,793</u>	<u>5,212,442</u>
Expenditures					
Current					
General government	776,739	-	-	168	776,907
Public safety	2,059,164	-	-	2,699	2,061,863
Public works	479,717	-	-	-	479,717
Culture and recreation	313,073	-	-	89,146	402,219
Economic development	264	-	-	78,559	78,823
Capital outlay					
General government	20,774	-	62,190	13,648	96,612
Public safety	51,143	-	108,395	-	159,538
Public works	24,426	-	-	340,441	364,867
Culture and recreation	6,833	-	43,019	-	49,852
Economic development	-	-	-	500	500
Debt service					
Principal	-	570,000	-	-	570,000
Interest and other	341	100,356	-	-	100,697
Total Expenditures	<u>3,732,474</u>	<u>670,356</u>	<u>213,604</u>	<u>525,161</u>	<u>5,141,595</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(393,330)</u>	<u>(47,771)</u>	<u>145,316</u>	<u>366,632</u>	<u>70,847</u>
Other Financing Sources (Uses)					
Sale of capital assets	649	-	6,613	-	7,262
Transfers in	369,150	43,523	182,159	559,124	1,153,956
Transfers out	(123,624)	(140,857)	(96,066)	(399,886)	(760,433)
Total Other Financing Sources (Uses)	<u>246,175</u>	<u>(97,334)</u>	<u>92,706</u>	<u>159,238</u>	<u>400,785</u>
Net Change in Fund Balances	(147,155)	(145,105)	238,022	525,870	471,632
Fund Balances, January 1	<u>1,410,429</u>	<u>1,371,466</u>	<u>559,684</u>	<u>733,165</u>	<u>4,074,744</u>
Fund Balances, December 31	<u>\$ 1,263,274</u>	<u>\$ 1,226,361</u>	<u>\$ 797,706</u>	<u>\$ 1,259,035</u>	<u>\$ 4,546,376</u>

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

City of Isanti, 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

Total Net Change in Fund Balances - Governmental Funds	\$ 471,632
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlays	346,218
Depreciation expense	(1,388,186)
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.	
Principal repayments	570,000
Amortization of bond premium	3,502
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	2,296
Long-term pension activity is not reported in governmental funds.	
Pension expense	(13,500)
Other post employment benefit expense	(14,375)
Pension other revenue	10,520
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(100,539)
Special assessments	(367,616)
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 the governmental funds.	
Compensated absences	31,288
Change in Net Position - Governmental Activities	<u>\$ (448,760)</u>

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Taxes	\$ 1,817,814	\$ 1,817,814	\$ 1,844,385	\$ 26,571
Licenses and permits	313,000	313,000	345,044	32,044
Intergovernmental	788,779	788,779	789,776	997
Charges for services	222,987	222,987	233,542	10,555
Fines and forfeitures	40,250	40,250	52,524	12,274
Investment earnings	20,000	20,000	63,798	43,798
Miscellaneous	27,000	27,000	10,075	(16,925)
Total Revenues	<u>3,229,830</u>	<u>3,229,830</u>	<u>3,339,144</u>	<u>109,314</u>
Expenditures				
Current				
General government	839,270	839,270	776,739	62,531
Public safety	1,993,456	2,071,156	2,059,164	11,992
Public works	507,982	507,982	479,717	28,265
Culture and recreation	382,914	382,914	313,073	69,841
Economic development	-	-	264	(264)
Capital outlay	121,484	120,110	103,176	16,934
Debt service				
Interest and other	341	341	341	-
Total Expenditures	<u>3,845,447</u>	<u>3,921,773</u>	<u>3,732,474</u>	<u>189,299</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(615,617)</u>	<u>(691,943)</u>	<u>(393,330)</u>	<u>298,613</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	649	649
Transfers in	369,150	369,150	369,150	-
Transfers out	<u>(275,910)</u>	<u>(275,910)</u>	<u>(123,624)</u>	<u>152,286</u>
Total Other Financing Sources (Uses)	<u>93,240</u>	<u>93,240</u>	<u>246,175</u>	<u>152,935</u>
Net Change in Fund Balances	<u>(522,377)</u>	<u>(598,703)</u>	<u>(147,155)</u>	<u>451,548</u>
Fund Balances, January 1	<u>1,410,429</u>	<u>1,410,429</u>	<u>1,410,429</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 888,052</u>	<u>\$ 811,726</u>	<u>\$ 1,263,274</u>	<u>\$ 451,548</u>

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

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

Business-type Activities - Enterprise Funds				
	601	439, 602	609	Nonmajor 603
	Water	Sewer	Liquor Store	Storm Water
				Total
Assets				
Current Assets				
Cash and temporary investments	\$ 2,106,285	\$ 3,321,192	\$ 457,696	\$ 376,206
Receivables				
Accrued interest	3,501	5,511	752	626
Accounts	103,891	146,773	-	36,074
Special assessments	1,528	-	-	3,572
Due from other funds	29,919	58,259	53,619	-
Inventories	-	-	327,249	-
Prepaid items	630	1,419	1,180	235
Total Current Assets	2,245,754	3,533,154	840,496	416,713
Noncurrent Assets				
Special assessments receivable	-	40,452	-	-
Advances to other funds	228,230	454,950	257,651	-
Capital assets				
Land	11,078	5,000	57,159	21,000
Construction in progress	93,629	66,970	-	-
Buildings	37,156	3,349,403	337,305	-
Improvements other than buildings	-	-	268,238	-
Machinery and equipment	648,802	457,008	41,357	301,953
Infrastructure	14,868,679	19,749,269	-	533,016
Less accumulated depreciation	(4,628,889)	(7,179,393)	(462,796)	(185,687)
Total Capital Assets (Net of Accumulated Depreciation)	11,030,455	16,448,257	241,263	670,282
Total Noncurrent Assets	11,258,685	16,943,659	498,914	670,282
Total Assets	13,504,439	20,476,813	1,339,410	1,086,995
Deferred Outflows of Resources				
Deferred pension resources	9,883	12,416	20,143	4,141

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

City of Isanti, Minnesota
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds				
	601	439, 602	609	Nonmajor 603	
	Water	Sewer	Liquor Store	Storm Water	Total
Liabilities					
Current Liabilities					
Accounts payable	\$ 14,070	\$ 40,398	\$ 69,888	\$ 4,193	\$ 128,549
Due to other governments	5,372	-	26,826	-	32,198
Accrued salaries payable	4,397	5,023	7,582	962	17,964
Accrued interest payable	34,675	5,619	-	-	40,294
Current portion of compensated absences payable	13,056	17,753	22,864	2,366	56,039
Current portion of bonds payable	408,000	355,000	-	-	763,000
Total Current Liabilities	<u>479,570</u>	<u>423,793</u>	<u>127,160</u>	<u>7,521</u>	<u>1,038,044</u>
Noncurrent Liabilities					
Compensated absences payable	3,248	4,417	5,688	588	13,941
Other postemployment benefits payable	29,136	36,314	42,467	7,296	115,213
Net pension liability	88,133	110,715	179,624	36,928	415,400
Bonds payable	3,592,056	2,929,509	-	-	6,521,565
Total Noncurrent Liabilities	<u>3,712,573</u>	<u>3,080,955</u>	<u>227,779</u>	<u>44,812</u>	<u>7,066,119</u>
Total Liabilities	<u>4,192,143</u>	<u>3,504,748</u>	<u>354,939</u>	<u>52,333</u>	<u>8,104,163</u>
Deferred Inflows of Resources					
Deferred pension resources	<u>22,945</u>	<u>28,824</u>	<u>46,765</u>	<u>9,614</u>	<u>108,148</u>
Net Position					
Net investment in capital assets	7,030,399	13,163,748	241,263	670,282	21,105,692
Unrestricted	<u>2,268,835</u>	<u>3,791,909</u>	<u>716,586</u>	<u>358,907</u>	<u>7,136,237</u>
Total Net Position	<u>\$ 9,299,234</u>	<u>\$ 16,955,657</u>	<u>\$ 957,849</u>	<u>\$ 1,029,189</u>	<u>\$ 28,241,929</u>

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

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City of Isanti, 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	439, 602	609	Nonmajor 603	Total
	Water	Sewer	Liquor Store	Storm Water	
Operating Revenues					
Sales	\$ -	\$ -	\$ 3,106,770	\$ -	\$ 3,106,770
Cost of sales	-	-	(2,270,724)	-	(2,270,724)
Gross Profit	-	-	836,046	-	836,046
Charges for services	1,077,961	1,382,297	-	349,533	2,809,791
Total Operating Revenues	1,077,961	1,382,297	836,046	349,533	3,645,837
Operating Expenses					
Personnel services	225,622	280,629	421,659	78,636	1,006,546
Supplies	57,910	55,023	5,502	6,458	124,893
Professional services	40,938	33,665	4,144	24,324	103,071
Communications	3,595	3,180	2,249	636	9,660
Insurance	10,876	19,382	6,203	374	36,835
Utilities	53,217	239,625	14,243	4,444	311,529
Repairs and maintenance	23,819	44,271	5,290	13,473	86,853
Depreciation	399,781	564,320	21,245	41,000	1,026,346
Other services and charges	-	-	73,375	-	73,375
Total Operating Expenses	815,758	1,240,095	553,910	169,345	2,779,108
Operating Income	262,203	142,202	282,136	180,188	866,729
Nonoperating Revenues (Expenses)					
Other revenues	7,719	1,918	757	847	11,241
Investment earnings	66,493	103,188	12,476	12,013	194,170
Interest expense and other	(119,433)	(66,327)	-	-	(185,760)
Total Nonoperating Revenues (Expenses)	(45,221)	38,779	13,233	12,860	19,651
Income Before Contributions and Transfers	216,982	180,981	295,369	193,048	886,380
Capital Contributions	240,279	420,065	-	-	660,344
Transfers Out	(4,333)	(39,190)	(350,000)	-	(393,523)
Change in Net Position	452,928	561,856	(54,631)	193,048	1,153,201
Net Position, January 1	8,846,306	16,393,801	1,012,480	836,141	27,088,728
Net Position, December 31	\$ 9,299,234	\$ 16,955,657	\$ 957,849	\$ 1,029,189	\$ 28,241,929

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

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

	Business-type Activities - Enterprise Funds				
	601 Water	439, 602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	Total
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 1,081,169	\$ 1,381,138	\$ 3,106,940	\$ 349,267	\$ 5,918,514
Other receipts	7,719	1,918	757	847	11,241
Payments to suppliers	(162,780)	(377,410)	(2,393,318)	(48,018)	(2,981,526)
Payments to employees	(227,265)	(285,183)	(375,293)	(66,738)	(954,479)
Net Cash Provided by Operating Activities	698,843	720,463	339,086	235,358	1,993,750
Cash Flows from Noncapital Financing Activities					
Receipt on advance to other funds	1,589	68,731	53,619	-	123,939
Transfers to other funds	(4,333)	(39,190)	(350,000)	-	(393,523)
Net Cash Provided (Used) by Noncapital Financing Activities	(2,744)	29,541	(296,381)	-	(269,584)
Cash Flows from Capital and Related Financing Activities					
Connection fees received	240,279	313,018	-	-	553,297
Acquisition of capital assets	(130,548)	(192,067)	-	(220,913)	(543,528)
Interest paid on bonds	(122,199)	(72,818)	-	-	(195,017)
Principal paid on bonds	(398,000)	(152,953)	-	-	(550,953)
Net Cash Used by Capital and Related Financing Activities	(410,468)	(104,820)	-	(220,913)	(736,201)
Cash Flows from Investing Activities					
Interest received	67,583	103,222	13,049	12,081	195,935
Net Increase (Decrease) in Cash and Cash Equivalents	353,214	748,406	55,754	26,526	1,183,900
Cash and Cash Equivalents, January 1	1,753,071	2,572,786	401,942	349,680	5,077,479
Cash and Cash Equivalents, December 31	<u>\$ 2,106,285</u>	<u>\$ 3,321,192</u>	<u>\$ 457,696</u>	<u>\$ 376,206</u>	<u>\$ 6,261,379</u>

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

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

	Business-type Activities - Enterprise Funds				
	601 Water	439, 602 Sewer	609 Liquor Store	Nonmajor 603 Storm Water	Total
Reconciliation of Operating Income to					
Net Cash Provided by Operating Activities					
Operating income	\$ 262,203	\$ 142,202	\$ 282,136	\$ 180,188	\$ 866,729
Adjustments to reconcile operating income to					
net cash provided by operating activities					
Depreciation	399,781	564,320	21,245	41,000	1,026,346
Other receipts	7,719	1,918	757	847	11,241
(Increase) decrease in assets					
Accounts receivable	2,415	(1,918)	170	146	813
Special assessments	793	759	-	(412)	1,140
Due from other governments	28,330	-	-	-	28,330
Inventories	-	-	(4,224)	-	(4,224)
Prepaid items	317	(455)	183	(172)	(127)
(Increase) in deferred outflows of resources					
Deferred pension resources	9,252	11,875	12,066	1,576	34,769
Increase (decrease) in liabilities					
Accounts payable	(1,406)	18,191	(9,929)	1,863	8,719
Due to other governments	334	-	2,382	-	2,716
Accrued salaries payable	849	462	2,145	159	3,615
Compensated absences payable	1,139	1,361	8,022	(428)	10,094
Other postemployment benefits payable	3,926	4,559	13,013	2,260	23,758
Pension liability	(13,853)	(18,754)	7,954	6,456	(18,197)
Increase (decrease) in deferred inflows of resources					
Deferred pension resources	(2,956)	(4,057)	3,166	1,875	(1,972)
Net Cash Provided					
by Operating Activities	<u>\$ 698,843</u>	<u>\$ 720,463</u>	<u>\$ 339,086</u>	<u>\$ 235,358</u>	<u>\$ 1,993,750</u>
Schedule of Noncash Capital and					
Related Financing Activities					
Forgiveness of loan principal from prior year	<u>\$ -</u>	<u>\$ 107,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,047</u>
Amortization of bond premium	<u>\$ -</u>	<u>\$ 6,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,018</u>

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Isanti, Minnesota (the City) operates under "Optional Plan A" form of government as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The 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. The 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 City. The City has the following component unit:

Blended Component Unit. The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The City has the authority to approve and modify the EDA's budget, and the City Council has the ability to veto, overrule, or modify the decisions of the EDA Board of Commissioners. The EDA is governed by a total of seven commissioners, two of which are residents and five are City Council members. The EDA activities are blended and reported as a special revenue fund due to substantively the same governing board and due to the City having operation responsibility. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Property taxes, 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.

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 funds* account 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 *Capital Replacement fund* is the City's capital fund. It accounts for costs associated with capital projects within the City.

The City reports the following major proprietary funds:

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

The *Sewer 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 *Liquor Store fund* accounts for the costs associated with the City's liquor operations.

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

Note 1: Summary of Significant Accounting Policies (Continued)

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 statement of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. It is the City's policy to refrain from investing in banks, savings and loan associations or credit unions whose equity to asset ratio is less than 10 percent. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

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 59.

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

- US Treasury securities of \$798,820 are valued using quoted market prices (Level 2 inputs)
- Negotiable certificates of deposit of \$5,204,058 are valued using a matrix pricing model (Level 1 inputs)

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

Note 1: Summary of Significant Accounting Policies (Continued)

The City may 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.

Investment Policy

The City's investment policy incorporates Minnesota statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings provided by various credit rating agencies where applicable indicate associated credit risk. The City's investments in Government Agencies are fully backed by the U.S. Government and are rated AAA.
- *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. The City limits its exposure to custodial credit risk by purchasing insured or registered investments. It is the City's policy to refrain from investing in banks, savings and loan associations or credit unions whose equity to asset ratio is less than 10%.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution to 5%. The City has invested more than 5 percent of investments in the following issuers: Federal Home Loan Mortgage Corporation (8.31%).
- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Using the segmented time distribution method, the interest rate risk of these investments ranges from less than 6 months to more than 3 years.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The City Council annually adopts a tax levy in December and certifies it to the County for collection in 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 Auditor and tax settlements are made to the City during January, July and December each year.

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

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 water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All 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."

Inventories and Prepaid Items

Inventories are valued at lower of cost or market, using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

Land Held for Resale

Land held for resale is valued at the lower of the cost or the market value of the property.

City of Isanti, 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, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). 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.

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

Assets	Useful Lives in Years
Buildings and Structures	40
Infrastructure	10 to 50
Furniture and Equipment	3 to 20
Improvements other than Buildings	10 to 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.

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 and PEPFP was as follows:

	GERP	PEPFP	Total Pension Expense
Pension Expense	\$ 242,525	\$ 143,822	\$ 386,347

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

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, which is paid to the employee upon separation. A portion of unused sick leave may also be paid upon separation from City service. In governmental fund types the cost of these benefits is recognized when payments are made to the employees. The General fund is typically used to liquidate governmental compensated absences payable.

Postemployment Benefits other than Pensions

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

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, *unavailable revenue* and *resources received in advance*, and *deferred pension resources*.

- *Unavailable revenue* 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.
- *Resources received in advance* is reported in both the governmental fund financial statements and within the government-wide financial statements. This item is reported for amounts that have been received before time requirements are met, but after all other eligibility requirements have been met.
- *Deferred pension resources* is reported only in the statements of net position and results from actuarial calculations.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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

Fund Balance

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

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

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

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

Assigned - 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 City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the Finance Committee.

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 50 percent of the following year's budgeted expenditures and transfers out.

Net Position

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

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- 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 Isanti, 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 and Economic Development Authority. All annual appropriations lapse at year end. The City does not use encumbrance accounting.

In May of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City 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 City Council. The legal level of budgetary control is the department level. The original budget was amended in 2019 increasing expenditures \$76,326 for a total budgeted decrease in fund balance of \$598,703.

B. Deficit Fund Equity

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

Fund	Amount
Nonmajor	
Isanti Indoor Arena	\$ 167,588
Street Construction	15,328
City Parking Improvements	74,687
2017 Palomino Road Southeast Improvements	287,974

These deficits will be eliminated with future state aid, franchise taxes and transfers from other funds.

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

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

At year end, the City's carrying amount of deposits was \$6,642,742 and the bank balance was \$6,843,987. Of the bank balance, \$500,000 was covered by Federal depository insurance, \$2,241 was covered by National Credit Union Share Insurance Fund coverage, and the remaining balance was collateral held in the City's name.

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

Note 3: Detailed Notes on All Funds (Continued)

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

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Cost					
Broker Money Markets	N/A	Less than 1 year	\$ 14,439	\$ -	\$ -
Non-pooled Investments at Fair Value					
Negotiable CDs	N/A	Less than 1 year	1,138,021	1,138,021	-
Negotiable CDs	N/A	1 to 5 years	3,809,240	3,809,240	-
Negotiable CDs	N/A	More than 5 years	256,797	256,797	-
U.S. Government Agency Securities	AAA	1 to 5 years	798,820	-	798,820
Total Investments			<u>\$ 6,017,317</u>	<u>\$ 5,204,058</u>	<u>\$ 798,820</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.

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

Carrying Amount of Deposits	\$ 6,642,742
Investments	6,017,317
Cash on Hand	<u>3,225</u>
Total	<u>\$ 12,663,284</u>
Cash and Temporary Investments	
Unrestricted	<u>\$ 12,663,284</u>

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

Note 3: Detailed Notes on All Funds (Continued)

B. Loans Receivable

In 2011, the City's Revolving Loan fund loaned \$50,000 to H.M. Chris, LLC for 10 years at 3 percent interest. The monthly payment is \$529. As of December 31, 2019, the loan receivable was \$9,297.

In 2012, the City's Revolving Loan fund loaned \$22,500 to K & D Investments for 10 years at 3 percent interest. The monthly payment is \$298. The loan was paid in full in 2019.

In 2013, the City's Revolving Loan fund loaned \$25,000 to the Isanti Parkway Center for 7 years at 3 percent interest. The monthly payment is \$331. As of December 31, 2019, the loan receivable was \$2,286.

In 2015, the City's Revolving Loan fund loaned \$427,000 to Mom's Food Co-op Inc. for 7 years at zero percent interest. The monthly payment is \$321. As of December 31, 2019, the loan receivable was \$169,167.

In 2016, the City's Revolving Loan fund loaned \$15,000 to RPF, LLC for 7 years at 3 percent interest. The monthly payment is \$199. As of December 31, 2019, the loan receivable was \$7,910.

C. Interfund Receivables, Payables and Transfers

In 2009, the Sewer enterprise fund advanced funds to the General fund to cover the City portion of the 2009 Street Improvements. Future General fund property tax levies will be utilized to repay the advance. Repayments will include interest of 3.25 percent. An additional \$23,274 was borrowed between the funds in 2010. The loan was paid in full in 2019.

In 2011, the Water and Sewer enterprise funds each loaned \$15,897 to the General fund to cover the City portion of the Deer Haven Improvements. General fund property tax levies will be utilized to repay these advances. Repayments are interest free. The outstanding balance at December 31, 2019 is \$6,357.

In 2016, the General fund loaned \$25,060 to the TIF 9 nonmajor governmental fund to cover demolition costs. Future tax increment or land sale proceeds will be utilized to repay these advances. Repayments are interest free. The outstanding balance at December 31, 2019 is \$25,060.

In 2017, the Liquor fund loaned \$107,237 to the General fund to cover land purchase costs. Future land sale proceeds will be utilized to repay these advances. Repayments are interest free. The outstanding balance at December 31, 2019 is \$53,619.

In 2018, the Liquor fund loaned \$257,652 to the General fund to cover the 2018 Street and Utility Improvement Project. The loan is expected to be paid back over a ten year period from future levy dollars. Repayments are interest free. The outstanding balance at December 31, 2019 is \$257,652.

In 2018, the Water and Sewer funds loaned \$283,300 and \$566,700, respectively to the General fund for the business subsidy agreement relating to City development. The loan is expected to be paid back over a ten year period from future levy dollars. Repayments are interest free. The outstanding balance at December 31, 2019 is \$765,000.

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

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following interfund transfers were made during 2019:

Fund	Transfer in				Total
	General	Debt Service	Capital Replacement	Nonmajor Governmental	
Transfer Out					
General	\$ -	\$ -	\$ 36,500	\$ 87,124	\$ 123,624
Debt Service	-	-	140,857	-	140,857
Capital Replacement	-	-	-	96,066	96,066
Nonmajor Governmental	19,150	-	4,802	375,934	399,886
Water	-	4,333	-	-	4,333
Sewer	-	39,190	-	-	39,190
Liquor Store	350,000	-	-	-	350,000
Total Transfers In	<u>\$ 369,150</u>	<u>\$ 43,523</u>	<u>\$ 182,159</u>	<u>\$ 559,124</u>	<u>\$ 1,153,956</u>

During the year ended December 31, 2019, the City made the following one-time transfer:

- Transfer of \$375,394 from nonmajor governmental funds to nonmajor governmental funds to close fund 420.
- Transfer of \$4,802 from nonmajor governmental funds to Capital Replacement fund to close fund 434.
- Transfer of \$96,066 from Capital Replacement fund to nonmajor governmental funds for future road improvements.
- Transfer of \$140,857 from Debt Service fund to Capital Replacement fund for future capital projects.

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

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

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

	Beginning Balance	Adjustment/ Reclassification	Increases	Decreases	Ending Balance
Governmental Activities					
Capital Assets not being Depreciated					
Land	\$ 2,424,266	\$ -	\$ -	\$ -	\$ 2,424,266
Construction in progress	358,518	-	73,382	(316,030)	115,870
Total Capital Assets not being Depreciated	<u>2,782,784</u>	<u>-</u>	<u>73,382</u>	<u>(316,030)</u>	<u>2,540,136</u>
Capital Assets being Depreciated					
Land improvements	440,300	-	-	-	440,300
Buildings	5,616,339	-	-	-	5,616,339
Infrastructure	23,609,706	-	329,520	-	23,939,226
Machinery and equipment	1,358,156	41,614	164,282	-	1,564,052
Vehicles	413,792	18,771	92,066	-	524,629
Total Capital Assets being Depreciated	<u>31,438,293</u>	<u>60,385</u>	<u>585,868</u>	<u>-</u>	<u>32,084,546</u>
Less Accumulated Depreciation for					
Land improvements	(434,021)	(6,279)	-	-	(440,300)
Buildings	(1,965,484)	-	(143,150)	-	(2,108,634)
Infrastructure	(12,478,244)	-	(1,141,007)	-	(13,619,251)
Machinery and equipment	(978,404)	(14,442)	(72,119)	-	(1,064,965)
Vehicles	(278,087)	(36,666)	(31,910)	-	(346,663)
Total Accumulated Depreciation	<u>(16,134,240)</u>	<u>(57,387)</u>	<u>(1,388,186)</u>	<u>-</u>	<u>(17,579,813)</u>
Total Capital Assets being Depreciated, Net	<u>15,304,053</u>	<u>2,998</u>	<u>(802,318)</u>	<u>-</u>	<u>14,504,733</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,086,837</u>	<u>\$ 2,998</u>	<u>\$ (728,936)</u>	<u>\$ (316,030)</u>	<u>\$ 17,044,869</u>

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

General Government	\$ 73,766
Public Safety	31,592
Public Works	1,110,845
Culture and Recreation	<u>171,983</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,388,186</u>

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

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not being Depreciated				
Land	\$ 94,237	\$ -	\$ -	\$ 94,237
Construction in progress	-	160,599	-	160,599
Total Capital Assets not being Depreciated	94,237	160,599	-	254,836
Capital Assets being Depreciated				
Land improvements	268,238	-	-	268,238
Buildings	3,723,864	-	-	3,723,864
Infrastructure	34,941,403	209,561	-	35,150,964
Machinery and equipment	1,168,509	173,368	-	1,341,877
Vehicles	107,243	-	-	107,243
Total Capital Assets being Depreciated	40,209,257	382,929	-	40,592,186
Less Accumulated Depreciation for				
Land improvements	(180,578)	(20,252)	-	(200,830)
Buildings	(223,465)	(99,276)	-	(322,741)
Infrastructure	(10,338,389)	(814,677)	-	(11,153,066)
Machinery and equipment	(653,007)	(83,236)	-	(736,243)
Vehicles	(34,980)	(8,905)	-	(43,885)
Total Accumulated Depreciation	(11,430,419)	(1,026,346)	-	(12,456,765)
Total Capital Assets being Depreciated, Net	28,778,838	(643,417)	-	28,135,421
Business-type Activities Capital Assets, Net	<u>\$ 28,873,075</u>	<u>\$ (482,818)</u>	<u>\$ -</u>	<u>\$ 28,390,257</u>

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

Water	\$ 399,781
Sewer	564,320
Stormwater	41,000
Liquor store	21,245
Total Depreciation Expense - Business-type Activities	<u>\$ 1,026,346</u>

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

Note 3: Detailed Notes on All Funds (Continued)

E. Long-term Debt

General Obligation (G.O.) Bonds

The City issues G.O. bonds to provide funds for the acquisition and construction of major capital facilities. G.O. bonds have been issued for both general government 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, bonds have been issued to refund G.O. bonds.

G.O. bonds are direct obligations and pledge the full faith and credit of the government. G.O. bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement					
Bonds, Series 2014A	\$ 2,560,000	0.50 - 2.50 %	10/01/14	02/01/30	\$ 1,965,000
G.O. Bonds, Series 2014B	1,420,000	0.50 - 2.50	10/01/14	02/01/24	225,000
Total G.O. Bonds					<u>\$ 2,190,000</u>

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

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2020	\$ 205,000	\$ 55,266	\$ 260,266
2021	210,000	51,319	261,319
2022	210,000	47,220	257,220
2023	215,000	42,545	257,545
2024	220,000	37,243	257,243
2025 - 2029	930,000	108,681	1,038,681
2030	200,000	3,500	203,500
Total	<u>\$ 2,190,000</u>	<u>\$ 345,774</u>	<u>\$ 2,535,774</u>

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

Note 3: Detailed Notes on All Funds (Continued)

G.O. Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net revenues pledged from the Water and Sewer funds and are backed by the taxing power of the City. Annual principal and interest payments on the bonds and enterprise G.O. improvement bonds are expected to require over 87 and 51 percent of net revenues from the Water and Sewer funds, respectively. Principal and interest paid for 2019 and total customer net revenues for the Water fund were \$520,199 and \$1,077,961, respectively. Principal and interest paid for 2019 and total customer net revenues for the Sewer fund were \$225,771 and \$1,382,297 respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
MPFA - Water Revenue Bonds, Series 2007A	\$ 965,000	2.63 %	07/10/08	08/20/26	\$ 415,000
MPFA - Water Revenue Bonds, Series 2008	5,064,256	3.04	10/07/08	08/20/28	2,693,056
G.O. Utility Revenue Bonds, Series 2010A	835,000	2.00 - 3.70	07/01/10	12/01/24	310,000
MPFA - Water Revenue Bonds, Series 2011	479,047	1.533	11/23/11	08/20/31	437,000
G.O. Utility Revenue Bonds, Series 2014B	1,030,000	0.50 - 2.50	10/01/14	02/01/25	645,000
MPFA - Sewer Revenue Bonds, Series 2016A	2,525,000	2.00	07/15/16	12/01/29	2,390,000
Total G.O. Revenue Bonds					<u>\$ 6,890,056</u>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2020	\$ 728,000	\$ 170,504	\$ 898,504
2021	753,000	152,684	905,684
2022	774,000	133,922	907,922
2023	789,000	114,284	903,284
2024	805,000	93,949	898,949
2025 - 2029	2,963,056	196,311	3,159,367
2030 - 2031	78,000	1,794	79,794
Total	<u>\$ 6,890,056</u>	<u>\$ 863,448</u>	<u>\$ 7,753,504</u>

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

Note 3: Detailed Notes on All Funds (Continued)

G.O. Improvement (Special Assessment) Bonds

The following bonds were issued to finance various improvements and will be repaid from special assessments levied on the properties benefiting from the improvements and/or ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments. The business-type bonds will be repaid from special assessments and future net revenues pledged from the Water and Sewer funds and are backed by the taxing power of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Refunding Bonds, Series 2010B	\$ 1,825,000	2.00 - 3.20 %	12/01/10	12/01/21	\$ 740,000
G.O. Improvement Bonds, Series 2011A	790,000	0.60 - 2.70	09/29/11	02/01/22	260,000
G.O. Refunding Bonds, Series 2013A	2,160,000	0.35 - 2.50	02/01/13	12/01/28	335,000
Total G.O. Improvement Bonds					<u>\$ 1,335,000</u>

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

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 450,000	\$ 28,631	\$ 478,631	\$ 35,000	\$ 6,990	\$ 41,990
2021	460,000	15,578	475,578	35,000	6,430	41,430
2022	90,000	1,215	91,215	35,000	5,870	40,870
2023	-	-	-	40,000	5,310	45,310
2024	-	-	-	35,000	4,470	39,470
2025 - 2028	-	-	-	155,000	9,735	164,735
Total	<u>\$ 1,000,000</u>	<u>\$ 45,424</u>	<u>\$ 1,045,424</u>	<u>\$ 335,000</u>	<u>\$ 38,805</u>	<u>\$ 373,805</u>

City of Isanti, 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:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 2,390,000	\$ -	\$ (200,000)	\$ 2,190,000	\$ 205,000
G.O. improvement bonds	1,370,000	-	(370,000)	1,000,000	450,000
Unamortized premium on bonds	39,159	-	(3,502)	35,657	-
Total Bonds Payable	3,799,159	-	(573,502)	3,225,657	655,000
Compensated Absences Payable	204,529	84,152	(115,440)	173,241	138,728
Governmental Activities Long-term Liabilities	<u>\$ 4,003,688</u>	<u>\$ 84,152</u>	<u>\$ (688,942)</u>	<u>\$ 3,398,898</u>	<u>\$ 793,728</u>
Business-type Activities					
Bonds Payable					
G.O. revenue bonds	\$ 7,513,056	\$ -	\$ (623,000)	\$ 6,890,056	\$ 728,000
G.O. improvement bonds	370,000	-	(35,000)	335,000	35,000
Unamortized premium on bonds	65,527	-	(6,018)	59,509	-
Total Bonds Payable	7,948,583	-	(664,018)	7,284,565	763,000
Compensated Absences Payable	59,886	33,992	(23,898)	69,980	56,039
Business-type Activities Long-term Liabilities	<u>\$ 8,008,469</u>	<u>\$ 33,992</u>	<u>\$ (687,916)</u>	<u>\$ 7,354,545</u>	<u>\$ 819,039</u>

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

Note 3: Detailed Notes on All Funds (Continued)

F. Components of Fund Balance

At December 31, 2019, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Capital Replacement	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid items	\$ 9,053	\$ -	\$ -	\$ 5	\$ 9,058
Restricted for					
Debt service	\$ -	\$ 1,226,361	\$ -	\$ -	\$ 1,226,361
Public safety	-	-	-	9,884	9,884
Community center improvements	-	-	-	10,000	10,000
Economic development	-	-	-	194,003	194,003
Total Restricted	\$ -	\$ 1,226,361	\$ -	\$ 213,887	\$ 1,440,248
Committed to					
Culture and recreation	\$ -	\$ -	\$ -	\$ 110,119	\$ 110,119
Economic development	-	-	-	490,787	490,787
City technology improvements	-	-	-	8,746	8,746
Total Committed	\$ -	\$ -	\$ -	\$ 609,652	\$ 609,652
Assigned to					
Capital projects	\$ -	\$ -	\$ 1,778,774	\$ -	\$ 1,778,774
Unassigned	\$ 1,254,221	\$ -	\$ -	\$ (545,577)	\$ 708,644

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 (PEPFP)

The PEPFP, 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 PEPFP also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

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

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

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.

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 PEPFP members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. 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 \$112,189, \$108,556 and \$104,864, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

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

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

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 \$113,940, \$104,226 and \$113,975, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$1,127,870 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 \$35,165. 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 0.0204 percent which was a decrease of 0.0014 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$239,891 for its proportionate share of General Employees Fund's pension expense. In addition, the City recognized an additional \$2,634 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 44,212	\$ 2,305
Changes in Actuarial Assumptions	6,525	98,420
Net Difference Between Projected and Actual Earnings on Plan Investments	-	127,569
Changes in Proportion	14,062	65,340
Contributions Paid to PERA Subsequent to the Measurement Date	<u>61,682</u>	<u>-</u>
Total	<u><u>\$ 126,481</u></u>	<u><u>\$ 293,634</u></u>

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

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

The \$61,682 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	\$ (71,796)
2021	(110,959)
2022	(47,896)
2023	1,816

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$698,378 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 0.0656 percent which was an increase of 0.0014 percent from its proportionate share measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$134,966 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$8,856 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.

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 59,253	\$ 130,261
Changes in Actuarial Assumptions	761,222	975,882
Net Difference Between Projected and Actual Earnings on Plan Investments	-	150,516
Changes in Proportion	107,686	103,829
Contributions Paid to PERA Subsequent to the Measurement Date	58,947	-
Total	<u>\$ 987,108</u>	<u>\$ 1,360,488</u>

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

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

The \$58,947 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	\$ (40,266)
2021	(91,796)
2022	(290,805)
2023	(19,902)
2024	10,442

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 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 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.

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

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

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	35.5 %	5.10 %
Private Markets	25.0	5.30
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	2.0	-
Total	<u>100.00 %</u>	

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:

	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 1,854,158	\$ 1,127,870	\$ 528,175
Police and Fire Fund	1,526,525	698,378	14

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.

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

Note 5: Postemployment Benefits Other Than Pensions

A. Plan Description

The City operates a single-employer retiree benefit plan ("the Plan") that provides health, life and dental insurance to eligible employees and their families through the City's health insurance plan. The full cost of the benefits is covered by the plan. Benefit and eligibility provisions are established through negotiations between the City and various unions representing City employees and are renegotiated each two-year bargaining period. The Plan does not issue a publicly available report. At December 31, 2019, the 31 active plan members/employees were covered by the benefit terms.

B. Funding Policy

OPEB benefits have historically been funded on a pay-as-you-go basis (PAYGO). Plan sponsors may set up a trust and pre-fund the benefits. There is no requirement to pre-fund benefit. However, continuing on a PAYGO basis will create a Total OPEB Liability (TOL) on the balance sheet. Results throughout the report assume continued funding under PAYGO. The overall single discount rate is 3.30%.

C. Actuarial Methods and Assumptions

The City's total OPEB liability of \$313,352 was measured as of December 31, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of January 1, 2019. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.30%
20-Year Municipal Bond Yield	3.30%
Inflation Rate	2.50%
Salary Increases	3.00%
Medical Trend Rate	6.50% as of January 1, 2019 grading to 5.00% over 6 years

The discount rate is based on the estimated yield of 20-Year AA-rated municipal bonds. The overall single discount rate is 3.30%. Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale. The actuarial assumptions used in the December 31, 2018 valuation were based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

D. Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balances at December 31, 2018	\$ 275,219
Changes for the Year:	
Service cost	28,959
Interest	10,024
Benefit payments	(850)
Net Changes	38,133
Balances at December 31, 2019	\$ 313,352

There are no assumption changes.

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

Note 5: Postemployment Benefits other than Pensions (Continued)

E. Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.30 percent) or 1-percentage-point higher (4.30 percent) than the current discount rate:

1 Percent Decrease (2.3%)	Current (3.3%)	1 Percent Increase (4.3%)
\$ 341,858	\$ 313,352	\$ 286,752

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

1 Percent Decrease (5.5% Decreasing to 4%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5%)	1 Percent Increase (7.5% Decreasing to 6%)
\$ 271,483	\$ 313,352	\$ 362,887

F. OPEB Expense

For the year ended December 31, 2019, the City recognized OPEB expense of \$38,983. There are no deferred inflows or outflows associated with the OPEB plan.

Note 6: Other Information

A. 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 estimated 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.

B. 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 not aware of any incurred but not reported claims.

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

Note 6: Other Information (Continued)

C. Isanti Area Joint Operating Fire Board District

In October of 2002, the City and the towns of Athens, Bradford, Isanti, Oxford, Spencer Brook and Stanford, entered a joint powers agreement to acquire and pay for new fire department substations in the townships. The City shall deposit in advance quarterly contributions with the treasurer of the Isanti Area Joint Operating Fire fund. The amount of the quarterly contributions to the fund shall be according to the proportions established in the fire protection contract. Upon termination of the agreement, any real property or buildings owned by the Board shall become the sole property of the City or Township in which the property lies. The City contributed \$231,246 to the Board in 2019. The City's equity interest and its share of the net income (loss) of the District is not measurable and it is not explicit; therefore, no equity interest is reported in the government-wide financial statements.

D. Cambridge-Isanti Bike-Walk Trail

On September 8, 2008, the City entered into a joint and cooperative agreement with Isanti County, Isanti Township, and the City of Cambridge for the construction, operation, and maintenance of a bike-walk trail that connects the cities of Cambridge and Isanti. The trail was constructed with Federal and State grants received by Isanti County and the City of Cambridge. Isanti is responsible for maintaining and operating the part of the trail lying south of the centerline of the right of way of 301st Avenue. The agreement will terminate after 20 years. The City contributed \$7,500 to the cooperative during 2019.

E. North Trunk Highway 65 Corridor Coalition

On September 19, 2006, the City of Isanti joined the North Trunk Highway 65 Corridor Coalition. The Coalition consists of cities, counties, and towns from Highway 10 in Blaine to the northern reaches of Kanabec County. The agreement states that the City must support the preservation and upgrade of the corridor to meet future transportation needs for various modes including, but not limited to, highway improvements, bus improvements, commuter, freight rail, multi-use paths, and Intelligent Transportation Systems (ITS).

Note 7: Commitments and Contingencies

A. Concentrations

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2019 was \$635,435 for LGA. This accounted for 19.0 percent of General fund revenues.

B. Tax Increment Districts

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

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 Company is unable to determine if it will have a material impact to its operations.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Isanti, 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	0.0204 %	\$ 1,127,870	\$ 35,165	\$ 1,163,035	\$1,390,803	83.6 %	80.2 %
06/30/18	0.0218	1,209,375	39,643	1,249,018	1,465,877	85.2	79.5
06/30/17	0.0216	1,378,930	17,319	1,396,249	1,389,926	100.5	75.9
06/30/16	0.0211	1,713,216	22,401	1,735,617	1,310,966	132.4	68.9
06/30/15	0.0219	1,134,972	-	1,134,972	1,284,497	88.4	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	\$ 112,189	\$ 112,189	\$ -	\$ 1,495,849	7.5 %
12/31/18	108,556	108,556	-	1,447,416	7.5
12/31/17	104,864	104,864	-	1,398,189	7.5
12/31/16	105,054	105,054	-	1,400,725	7.5
12/31/15	97,034	97,034	-	1,293,790	7.5

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

City of Isanti, 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.

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 Isanti, 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	0.0656 %	\$ 698,378	\$ -	\$ 698,378	\$ 668,403	104.5 %	89.3 %
06/30/18	0.0617	657,658	-	657,658	649,935	101.2	88.8
06/30/17	0.0700	945,083	-	945,083	723,699	130.6	85.4
06/30/16	0.0660	2,648,695	-	2,648,695	637,473	415.5	63.9
06/30/15	0.0620	704,465	-	704,465	563,393	125.0	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)	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	\$ 113,940	\$ 113,940	\$ -	\$ 672,213	16.9 %
12/31/18	104,266	104,266	-	643,617	16.2
12/31/17	113,975	113,975	-	703,552	16.2
12/31/16	110,692	110,692	-	683,285	16.2
12/31/15	98,214	98,214	-	606,260	16.2

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

City of Isanti, 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.

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.

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.

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

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

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.

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

	2019	2018
Total OPEB Liability		
Service cost	\$ 28,959	\$ 28,116
Interest	10,024	8,792
Benefit payments	(850)	-
Net Change in Total OPEB Liability	38,133	36,908
Total OPEB Liability - Beginning	275,219	238,311
Total OPEB Liability - Ending	<u>\$ 313,352</u>	<u>\$ 275,219</u>
Covered - Employee Payroll	\$ 2,059,503	\$ 1,999,517
City's total OPEB liability as a percentage of covered employee payroll	15 %	14 %

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

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 457,306	\$ 1,323,695	\$ 1,781,001
Receivables			
Accrued interest	1,031	2,763	3,794
Taxes	38	-	38
Accounts	8,922	77,027	85,949
Loans	188,660	-	188,660
Prepaid items	5	-	5
Land held for resale	18,900	-	18,900
	<u>18,900</u>	<u>-</u>	<u>18,900</u>
Total Assets	<u><u>\$ 674,862</u></u>	<u><u>\$ 1,403,485</u></u>	<u><u>\$ 2,078,347</u></u>
Liabilities			
Accounts payable	\$ 2,879	\$ 30,183	\$ 33,062
Accrued salaries payable	967	-	967
Advances from other funds	25,060	-	25,060
Total Liabilities	<u>28,906</u>	<u>30,183</u>	<u>59,089</u>
Deferred Inflows of Resources			
Unavailable revenue - other	-	760,223	760,223
	<u>-</u>	<u>760,223</u>	<u>760,223</u>
Fund Balances			
Nonspendable	5	-	5
Restricted	203,887	-	203,887
Committed	609,652	-	609,652
Assigned	-	991,068	991,068
Unassigned	(167,588)	(377,989)	(545,577)
Total Fund Balances	<u>645,956</u>	<u>613,079</u>	<u>1,259,035</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 674,862</u></u>	<u><u>\$ 1,403,485</u></u>	<u><u>\$ 2,078,347</u></u>

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ 124,024	\$ 300,234	\$ 424,258
Intergovernmental	-	201,464	201,464
Charges for services	127,356	-	127,356
Investment earnings	18,084	37,505	55,589
Miscellaneous	66,367	16,759	83,126
Total Revenues	<u>335,831</u>	<u>555,962</u>	<u>891,793</u>
Expenditures			
Current			
General government	168	-	168
Public safety	2,699	-	2,699
Culture and recreation	89,146	-	89,146
Economic development	78,559	-	78,559
Capital outlay			
General government	13,648	-	13,648
Public works	-	340,441	340,441
Economic development	500	-	500
Total Expenditures	<u>184,720</u>	<u>340,441</u>	<u>525,161</u>
Excess of Revenues Over Expenditures	<u>151,111</u>	<u>215,521</u>	<u>366,632</u>
Other Financing Sources (Uses)			
Transfers in	87,124	472,000	559,124
Transfers out	(19,150)	(380,736)	(399,886)
Total Other Financing Sources (Uses)	<u>67,974</u>	<u>91,264</u>	<u>159,238</u>
Net Change in Fund Balances	219,085	306,785	525,870
Fund Balances, January 1	<u>426,871</u>	<u>306,294</u>	<u>733,165</u>
Fund Balances, December 31	<u><u>\$ 645,956</u></u>	<u><u>\$ 613,079</u></u>	<u><u>\$ 1,259,035</u></u>

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

	104	108	214	219	220
	Redbirds Maintenance	Economic Development Authority	Park	Revolving Loan	Forfeiture
Assets					
Cash and temporary investments	\$ 1,868	\$ 153,932	\$ 103,332	\$ 141,047	\$ 9,868
Receivables					
Accrued interest	3	253	172	234	16
Taxes	-	-	-	-	-
Accounts	-	7,809	-	-	-
Loans	-	-	-	188,660	-
Prepaid items	-	5	-	-	-
Land held for resale	-	-	-	-	-
Total Assets	<u>\$ 1,871</u>	<u>\$ 161,999</u>	<u>\$ 103,504</u>	<u>\$ 329,941</u>	<u>\$ 9,884</u>
Liabilities					
Accounts payable	\$ -	\$ 181	\$ -	\$ -	\$ -
Accrued salaries payable	-	967	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	5	-	-	-
Restricted	-	-	-	-	9,884
Committed	1,871	160,846	103,504	329,941	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,871</u>	<u>160,851</u>	<u>103,504</u>	<u>329,941</u>	<u>9,884</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,871</u>	<u>\$ 161,999</u>	<u>\$ 103,504</u>	<u>\$ 329,941</u>	<u>\$ 9,884</u>

223 Youth Rec Education Safety	224 Cambridge Isanti Joint Event	226 Isanti Indoor Arena	409 TIF 9	410 TIF 10	411 TIF 11	614 City Technology Improvement	Total
\$ 3,267	\$ 1,472	\$ (167,315)	\$ 143,933	\$ 57,758	\$ 524	\$ 7,620	\$ 457,306
5	-	-	239	96	-	13	1,031
-	-	-	38	-	-	-	38
-	-	-	-	-	-	1,113	8,922
-	-	-	-	-	-	-	188,660
-	-	-	-	-	-	-	5
-	-	-	18,900	-	-	-	18,900
<u>\$ 3,272</u>	<u>\$ 1,472</u>	<u>\$ (167,315)</u>	<u>\$ 163,110</u>	<u>\$ 57,854</u>	<u>\$ 524</u>	<u>\$ 8,746</u>	<u>\$ 674,862</u>
\$ -	\$ -	\$ 273	\$ 1,901	\$ -	\$ 524	\$ -	\$ 2,879
-	-	-	-	-	-	-	967
-	-	-	25,060	-	-	-	25,060
-	-	273	26,961	-	524	-	28,906
-	-	-	-	-	-	-	5
-	-	-	136,149	57,854	-	-	203,887
3,272	1,472	-	-	-	-	8,746	609,652
-	-	(167,588)	-	-	-	-	(167,588)
<u>3,272</u>	<u>1,472</u>	<u>(167,588)</u>	<u>136,149</u>	<u>57,854</u>	<u>-</u>	<u>8,746</u>	<u>645,956</u>
<u>\$ 3,272</u>	<u>\$ 1,472</u>	<u>\$ (167,315)</u>	<u>\$ 163,110</u>	<u>\$ 57,854</u>	<u>\$ 524</u>	<u>\$ 8,746</u>	<u>\$ 674,862</u>

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

	104	108	214	219	220
	Redbirds Maintenance	Economic Development Authority	Park	Revolving Loan	Forfeiture
Revenues					
Taxes					
Property taxes	\$ -	\$ 62,565	\$ -	\$ -	\$ -
Tax increments	-	-	-	-	-
Franchise taxes	-	20,031	-	-	-
Charges for services	-	6,000	94,337	803	-
Investment earnings	726	2,971	2,650	4,569	220
Miscellaneous	25,500	7,792	200	-	7,558
Total Revenues	<u>26,226</u>	<u>99,359</u>	<u>97,187</u>	<u>5,372</u>	<u>7,778</u>
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	2,699
Culture and recreation	48,197	-	-	-	-
Economic development	-	52,074	-	10,833	-
Capital outlay					
General government	-	-	-	-	-
Economic development	-	-	-	-	-
Total Expenditures	<u>48,197</u>	<u>52,074</u>	<u>-</u>	<u>10,833</u>	<u>2,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,971)</u>	<u>47,285</u>	<u>97,187</u>	<u>(5,461)</u>	<u>5,079</u>
Other Financing Sources (Uses)					
Transfers in	-	87,124	-	-	-
Transfers out	-	(19,150)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>67,974</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(21,971)	115,259	97,187	(5,461)	5,079
Fund Balances, January 1	<u>23,842</u>	<u>45,592</u>	<u>6,317</u>	<u>335,402</u>	<u>4,805</u>
Fund Balances, December 31	<u>\$ 1,871</u>	<u>\$ 160,851</u>	<u>\$ 103,504</u>	<u>\$ 329,941</u>	<u>\$ 9,884</u>

223 Youth Rec Education Safety	224 Cambridge Isanti Joint Event	226 Isanti Indoor Arena	409 TIF 9	410 TIF 10	411 TIF 11	614 City Technology Improvement	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,565
-	-	-	16,984	-	11,090	-	28,074
-	-	-	-	-	-	13,354	33,385
-	-	26,216	-	-	-	-	127,356
110	-	-	4,530	1,971	132	205	18,084
-	-	25,317	-	-	-	-	66,367
110	-	51,533	21,514	1,971	11,222	13,559	335,831
-	-	-	-	-	-	168	168
-	-	-	-	-	-	-	2,699
-	-	40,949	-	-	-	-	89,146
-	-	-	3,801	500	11,351	-	78,559
-	-	-	-	-	-	13,648	13,648
-	-	-	500	-	-	-	500
-	-	40,949	4,301	500	11,351	13,816	184,720
110	-	10,584	17,213	1,471	(129)	(257)	151,111
-	-	-	-	-	-	-	87,124
-	-	-	-	-	-	-	(19,150)
-	-	-	-	-	-	-	67,974
110	-	10,584	17,213	1,471	(129)	(257)	219,085
3,162	1,472	(178,172)	118,936	56,383	129	9,003	426,871
\$ 3,272	\$ 1,472	\$ (167,588)	\$ 136,149	\$ 57,854	\$ -	\$ 8,746	\$ 645,956

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

	420 Signal Light Improvement	425 Street Construction	427 Fairway Blvd/ County 5 Signal	434 2013 Railroad Avenue and Walk Improvements	438 City Parking Improvements
Assets					
Cash and temporary investments	\$ -	\$ (6,253)	\$ 200,515	\$ -	\$ (74,687)
Receivables					
Accrued interest	-	-	333	-	-
Accounts	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ (6,253)</u>	<u>\$ 200,848</u>	<u>\$ -</u>	<u>\$ (74,687)</u>
Liabilities					
Accounts payable	\$ -	\$ 9,075	\$ -	\$ -	\$ -
	<u>-</u>	<u>9,075</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue - other	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Assigned	-	-	200,848		-
Unassigned	-	(15,328)	-	-	(74,687)
Total Fund Balances	<u>-</u>	<u>(15,328)</u>	<u>200,848</u>	<u>-</u>	<u>(74,687)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ (6,253)</u>	<u>\$ 200,848</u>	<u>\$ -</u>	<u>\$ (74,687)</u>

440 Pavement Management Improvements	441 2017 Palomino Road Southeast Improvements	444 Highway 64 and Cajima	Total
\$ 374,431	\$ (13,764)	\$ 843,453	\$ 1,323,695
1,017	13	1,400	2,763
77,027	-	-	77,027
<u>\$ 452,475</u>	<u>\$ (13,751)</u>	<u>\$ 844,853</u>	<u>\$ 1,403,485</u>
 \$ 21,108	 \$ -	 \$ -	 \$ 30,183
 -	 274,223	 486,000	 760,223
431,367	-	358,853	991,068
-	(287,974)	-	(377,989)
<u>431,367</u>	<u>(287,974)</u>	<u>358,853</u>	<u>613,079</u>
 <u>\$ 452,475</u>	 <u>\$ (13,751)</u>	 <u>\$ 844,853</u>	 <u>\$ 1,403,485</u>

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

	420 Signal Light Improvement	425 Street Construction	427 Fairway Blvd/ County 5 Signal	434 2013 Railroad Avenue and Walk Improvements	438 City Parking Improvements
Revenues					
Franchise taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	9,963	-
Investment earnings	9,358	-	6,828	155	-
Miscellaneous	16,759	-	-	-	-
Total Revenues	26,117	-	6,828	10,118	-
Expenditures					
Capital outlay					
Public works	-	15,328	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,117	(15,328)	6,828	10,118	-
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(375,934)	-	-	(4,802)	-
Total Other Financing Sources (Uses)	(375,934)	-	-	(4,802)	-
Net Change in Fund Balances	(349,817)	(15,328)	6,828	5,316	-
Fund Balances, January 1	349,817	-	194,020	(5,316)	(74,687)
Fund Balances, December 31	\$ -	\$ (15,328)	\$ 200,848	\$ -	\$ (74,687)

440 Pavement Management Improvements	441 2017 Palomino Road Southeast Improvements	444 Highway 64 and Cajima	Total
\$ 300,234	\$ -	\$ -	\$ 300,234
-	191,501	-	201,464
18,206	164	2,794	37,505
-	-	-	16,759
<u>318,440</u>	<u>191,665</u>	<u>2,794</u>	<u>555,962</u>
 251,534	 124	 73,455	 340,441
 66,906	 191,541	 (70,661)	 215,521
 -	 -	472,000	472,000
 -	 -	-	<u>(380,736)</u>
 -	 -	472,000	<u>91,264</u>
66,906	191,541	401,339	306,785
<u>364,461</u>	<u>(479,515)</u>	<u>(42,486)</u>	<u>306,294</u>
<u>\$ 431,367</u>	<u>\$ (287,974)</u>	<u>\$ 358,853</u>	<u>\$ 613,079</u>

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City of Isanti, 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 the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Revenues					
Property taxes	\$ 1,817,814	\$ 1,817,814	\$ 1,844,385	\$ 26,571	\$ 2,170,166
Licenses and permits					
Business	13,000	13,000	14,385	1,385	13,325
Nonbusiness	300,000	300,000	330,659	30,659	375,496
Total licenses and permits	313,000	313,000	345,044	32,044	388,821
Intergovernmental					
Federal					
Other	10,000	10,000	8,102	(1,898)	6,477
State					
Local government aid	635,435	635,435	635,435	-	631,811
Property tax credits	-	-	164	164	391
Police aid	76,275	76,275	77,715	1,440	83,753
Municipal state aid					
street maintenance	65,864	65,864	67,155	1,291	65,864
Other	1,205	1,205	1,205	-	1,205
Total intergovernmental	788,779	788,779	789,776	997	789,501
Charges for services					
General government	125,137	125,137	34,444	(90,693)	48,838
Public safety	79,300	79,300	116,387	37,087	96,965
Public works	4,700	4,700	12,444	7,744	12,227
Culture and recreation	13,850	13,850	70,267	56,417	67,683
Total charges for services	222,987	222,987	233,542	10,555	225,713
Fines and forfeitures	40,250	40,250	52,524	12,274	56,808
Investment earnings	20,000	20,000	63,798	43,798	22,482
Miscellaneous					
Refunds and reimbursements	24,000	24,000	9,099	(14,901)	7,748
Other	3,000	3,000	976	(2,024)	5,469
Total miscellaneous	27,000	27,000	10,075	(16,925)	13,217
Total Revenues	3,229,830	3,229,830	3,339,144	109,314	3,666,708

City of Isanti, 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 the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 26,834	\$ 26,834	\$ 27,265	\$ (431)	\$ 24,304
Supplies	4,875	4,875	849	4,026	707
Other services and charges	9,947	9,947	7,910	2,037	8,815
Total mayor and city council	41,656	41,656	36,024	5,632	33,826
Elections					
Personnel services	-	-	-	-	3,592
Supplies	100	100	-	100	661
Other services and charges	1,250	1,250	154	1,096	5,373
Total elections	1,350	1,350	154	1,196	9,626
Financial administration					
Personnel services	484,694	484,694	472,791	11,903	354,017
Supplies	60,502	60,502	38,288	22,214	12,942
Other services and charges	96,214	96,214	123,336	(27,122)	80,464
Total finance administration	641,410	641,410	634,415	6,995	447,423
Planning and zoning					
Personnel services	95,656	95,656	38,358	57,298	87,616
Supplies	3,170	3,170	2,229	941	2,157
Other services and charges	14,092	14,092	24,832	(10,740)	13,389
Total planning and zoning	112,918	112,918	65,419	47,499	103,162
Municipal building					
Personnel services	5,000	5,000	3,984	1,016	-
Supplies	1,890	1,890	2,214	(324)	1,060
Other services and charges	35,046	35,046	34,529	517	33,259
Total municipal building	41,936	41,936	40,727	1,209	34,319
Total general government	839,270	839,270	776,739	62,531	628,356

City of Isanti, 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 the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public safety					
Police					
Personnel services	\$ 1,220,209	\$ 1,295,209	\$ 1,237,916	\$ 57,293	\$ 1,025,703
Supplies	19,856	19,856	22,274	(2,418)	22,078
Other services and charges	150,463	153,163	163,254	(10,091)	147,619
Total police	1,390,528	1,468,228	1,423,444	44,784	1,195,400
Fire protection					
Other services and charges	233,789	233,789	234,662	(873)	224,513
Building inspection					
Personnel services	72,026	72,026	63,921	8,105	56,557
Supplies	3,015	3,015	1,428	1,587	1,440
Other services and charges	237,569	237,569	289,391	(51,822)	304,051
Total building inspection	312,610	312,610	354,740	(42,130)	362,048
Code enforcement					
Personnel services	44,574	44,574	41,043	3,531	40,424
Supplies	450	450	91	359	90
Other services and charges	6,618	6,618	3,617	3,001	3,266
Total code enforcement	51,642	51,642	44,751	6,891	43,780
Animal control					
Supplies	270	270	124	146	-
Other services and charges	4,617	4,617	1,443	3,174	3,722
Total animal control	4,887	4,887	1,567	3,320	3,722
Total public safety	1,993,456	2,071,156	2,059,164	11,992	1,829,463
Public works					
Streets and highways					
Personnel services	203,562	203,562	214,237	(10,675)	202,462
Supplies	96,052	96,052	102,604	(6,552)	100,087
Other services and charges	69,607	69,607	53,590	16,017	77,453
Total streets and highways	369,221	369,221	370,431	(1,210)	380,002

City of Isanti, 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 the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Street lighting					
Other services and charges	\$ 60,000	\$ 60,000	\$ 48,239	\$ 11,761	\$ 46,738
Sanitation and waste control					
Personnel services	14,889	14,889	15,092	(203)	13,793
Supplies	900	900	1,280	(380)	1,057
Other services and charges	3,881	3,881	687	3,194	2,876
Total sanitation and waste control	19,670	19,670	17,059	2,611	17,726
General city maintenance					
Personnel services	32,768	32,768	27,057	5,711	28,177
Supplies	7,525	7,525	1,228	6,297	4,095
Other services and charges	18,798	18,798	15,703	3,095	16,160
Total general city maintenance	59,091	59,091	43,988	15,103	48,432
Total public works	507,982	507,982	479,717	28,265	492,898
Culture and recreation					
Parks and recreation					
Personnel services	223,849	223,849	201,320	22,529	202,927
Supplies	15,595	15,595	9,156	6,439	13,883
Other services and charges	143,470	143,470	102,597	40,873	103,126
Total parks and recreation	382,914	382,914	313,073	69,841	319,936
Total culture and recreation	382,914	382,914	313,073	69,841	319,936
Economic development					
Other services and charges	-	-	264	(264)	963,684
Total current	3,723,622	3,801,322	3,628,957	172,365	4,234,337

City of Isanti, 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 the Year Ended December 31, 2018)

	2019				2018
	Budget Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Capital outlay					
General government	\$ 25,834	\$ 24,521	\$ 20,774	\$ 3,747	\$ 4,950
Public safety	58,700	58,639	51,143	7,496	-
Public works	26,450	26,450	24,426	2,024	32,486
Culture and recreation	10,500	10,500	6,833	3,667	44,823
Total capital outlay	<u>121,484</u>	<u>120,110</u>	<u>103,176</u>	<u>16,934</u>	<u>82,259</u>
Debt service					
Interest and other	<u>341</u>	<u>341</u>	<u>341</u>	<u>-</u>	<u>962</u>
Total Expenditures	<u>3,845,447</u>	<u>3,921,773</u>	<u>3,732,474</u>	<u>189,299</u>	<u>4,317,558</u>
Deficiency of Revenues					
Under Expenditures	<u>(615,617)</u>	<u>(691,943)</u>	<u>(393,330)</u>	<u>298,613</u>	<u>(650,850)</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	649	649	737
Transfers in	369,150	369,150	369,150	-	369,150
Transfers out	<u>(275,910)</u>	<u>(275,910)</u>	<u>(123,624)</u>	<u>152,286</u>	<u>(390,195)</u>
Total Other Financing Sources (Uses)	<u>93,240</u>	<u>93,240</u>	<u>246,175</u>	<u>152,935</u>	<u>(20,308)</u>
Net Change in Fund Balances	(522,377)	(598,703)	(147,155)	451,548	(671,158)
Fund Balances, January 1	<u>1,410,429</u>	<u>1,410,429</u>	<u>1,410,429</u>	<u>-</u>	<u>2,081,587</u>
Fund Balances, December 31	<u>\$ 888,052</u>	<u>\$ 811,726</u>	<u>\$ 1,263,274</u>	<u>\$ 451,548</u>	<u>\$ 1,410,429</u>

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

	918 2006A Improvement Bonds	919 2008A Improvement Bonds	928 2009A Crossover Refunding Bonds	929 2011A G.O. Improvement Bonds
Assets				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 727,511
Receivables				
Accrued interest	-	-	-	1,206
Special assessments	-	-	-	282,479
	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,479</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,011,196</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 382
	<u>-</u>	<u>-</u>	<u>-</u>	<u>382</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	282,392
	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,392</u>
Fund Balances				
Restricted for debt service	-	-	-	728,422
	<u>-</u>	<u>-</u>	<u>-</u>	<u>728,422</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,011,196</u>

930 2011A G.O. Improvement Bonds	931 2014A G.O. Tax Abatement Bonds	932 2014B G.O. Improvement Bonds	933 2014B G.O. Improvement Bonds	Total
\$ 176,196	\$ 243,555	\$ 53,679	\$ 24,162	\$ 1,225,103
291	404	89	-	1,990
53,046	-	-	43,428	378,953
<u>\$ 229,533</u>	<u>\$ 243,959</u>	<u>\$ 53,768</u>	<u>\$ 67,590</u>	<u>\$ 1,606,046</u>
\$ 382	\$ 382	\$ 382	\$ -	\$ 1,528
52,337	-	-	43,428	378,157
176,814	243,577	53,386	24,162	1,226,361
<u>\$ 229,533</u>	<u>\$ 243,959</u>	<u>\$ 53,768</u>	<u>\$ 67,590</u>	<u>\$ 1,606,046</u>

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

	918 2006A Improvement Bonds	919 2008A Improvement Bonds	928 2009A Crossover Refunding Bonds	929 2011A G.O. Improvement Bonds
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 250,000
Special assessments	-	-	-	1,907
Investment earnings	-	-	-	27,085
Total Revenues	-	-	-	278,992
Expenditures				
Debt service				
Principal	-	-	-	290,000
Interest and other	-	-	-	32,092
Total Expenditures	-	-	-	322,092
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(43,100)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(88,380)	(2,109)	(50,368)	-
Total Other Financing Sources (Uses)	(88,380)	(2,109)	(50,368)	-
Net Change in Fund Balances	(88,380)	(2,109)	(50,368)	(43,100)
Fund Balances, January 1	88,380	2,109	50,368	771,522
Fund Balances, December 31	\$ -	\$ -	\$ -	\$ 728,422

930 2011A G.O. Improvement Bonds	931 2014A G.O. Tax Abatement Bonds	932 2014B G.O. Improvement Bonds	933 2017 Palamino Road	Total
\$ 8,909	\$ 223,611	\$ 51,692	\$ -	\$ 534,212
27,066	-	-	24,162	53,135
4,473	3,110	570	-	35,238
<u>40,448</u>	<u>226,721</u>	<u>52,262</u>	<u>24,162</u>	<u>622,585</u>
80,000	155,000	45,000	-	570,000
8,488	54,894	4,882	-	100,356
<u>88,488</u>	<u>209,894</u>	<u>49,882</u>	<u>-</u>	<u>670,356</u>
(48,040)	16,827	2,380	24,162	(47,771)
43,523	-	-	-	43,523
-	-	-	-	(140,857)
<u>43,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97,334)</u>
(4,517)	16,827	2,380	24,162	(145,105)
181,331	226,750	51,006	-	1,371,466
<u>\$ 176,814</u>	<u>\$ 243,577</u>	<u>\$ 53,386</u>	<u>\$ 24,162</u>	<u>\$ 1,226,361</u>

City of Isanti, 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	\$ 2,802,855	\$ 3,098,144	(9.53) %
Licenses and permits	345,044	388,821	(11.26)
Intergovernmental	991,240	987,094	0.42
Charges for services	360,898	332,872	8.42
Fines and forfeits	52,524	56,808	(7.54)
Special assessments	386,812	156,340	147.42
Investment earnings	178,668	54,747	226.35
Miscellaneous	94,401	79,864	18.20
Total Revenues	<u>\$ 5,212,442</u>	<u>\$ 5,154,690</u>	1.12 %
Per Capita	<u>\$ 864</u>	<u>\$ 891</u>	(2.99) %
Expenditures			
Current			
General government	\$ 776,907	\$ 636,129	22.13 %
Public safety	2,061,863	1,829,944	12.67
Public works	479,717	492,898	(2.67)
Culture and recreation	402,219	358,868	12.08
Economic development	78,823	1,327,518	(94.06)
Capital outlay			
General government	96,612	7,415	1,202.93
Public safety	159,538	-	100.00
Public works	364,867	744,532	(50.99)
Culture and recreation	49,852	55,291	(9.84)
Economic development	500	946	(47.15)
Debt service			
Principal	570,000	560,000	1.79
Interest and other	100,697	162,872	(38.17)
Total Expenditures	<u>\$ 5,141,595</u>	<u>\$ 6,176,413</u>	(16.75) %
Per Capita	<u>\$ 853</u>	<u>\$ 1,067</u>	(20.14) %
Total Long-term Indebtedness	\$ 3,190,000	\$ 3,760,000	(15.16) %
Per Capita	529	650	(18.61)
General Fund Balance - December 31	\$ 1,263,274	\$ 1,410,429	(10.43) %
Per Capita	209	244	(14.07)

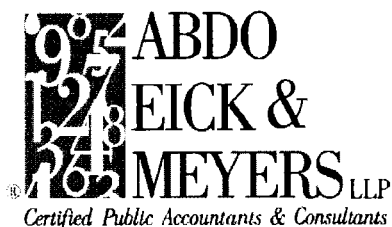
The purpose of this report is to provide a summary of financial information concerning the City of Isanti to interested citizens. The complete financial statements may be examined at City Hall, 110 1st Avenue Northwest, PO Box 428, Isanti, MN 55040. Questions about this report should be directed to the Finance Director at (763) 444-5512.

OTHER REQUIRED REPORTS

CITY OF ISANTI
ISANTI, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

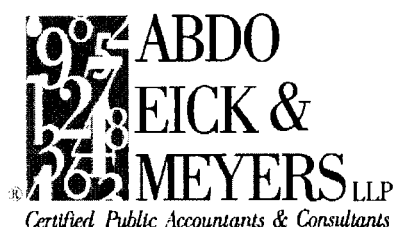
Honorable Mayor and City Council
City of Isanti, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Isanti, 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 April 1, 2020.

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

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 1, 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 Isanti, 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 Isanti, 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 April 1, 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 Finding and Response, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Finding and Response as item 2019-001 to be a significant deficiency.

Compliance and Other Matters

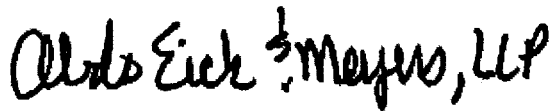
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 no instances of non-compliance and identified no other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to the Finding

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

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 1, 2020

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City of Isanti, Minnesota
Schedule of Finding and Response
For the Year Ended December 31, 2019

<u>Finding</u>	<u>Description</u>
2019-001	Preparation of Financial Statements
<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. 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. 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 the reliability of financial records and reporting.
<i>Cause:</i>	From a practical standpoint, we both prepare your statements and determine the fairness of that presentation at the same time in connection with our audit. This is not unusual for us to do with organizations 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. We have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
<i>Recommendation:</i>	Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situations listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your accounting software to the amounts reported in the financial statements.
<i>Management Response:</i>	
	For now, the City accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

A Community For Generations.

**MEMO for Council Action**

To: Mayor Johnson and Members of the City Council
From: Josi Wood, City Administrator
Date: April 21, 2020
Subject: Resolution to Approve Memorandum of Understanding with the Cambridge-Isanti Independent School District No. 911 for the School Resource Officer Program

Superintendent Nate Rudolph reached out to the City to discuss the current MOU for the School Resource Officer program. With school being completed remotely due to the Governor's Order in response to Covid-19, his request was to suspend the program for the remainder of the 2019-2020 school year. The requested date would make the amended SRO agreement effective April 1, 2020.

Request:

Staff is requesting action on this item.

Action Required:

If the Council concurs, it should by motion, approve Resolution as written and approve signature of the MOU.

Attachments:

- Resolution 2020-XXX
- 'Exhibit A' - MOU Amendment for suspending the SRO program for the remainder of the school year

RESOLUTION 2020-XXX

**APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY
OF ISANTI AND INDEPENDENT SCHOOL DISTRICT NO. 911 FOR THE SCHOOL
RESOURCE OFFICER PROGRAM**

WHEREAS, an amendment to the Memorandum of Understanding (MOU) for the School Resource Officer program has been prepared by Staff and the City Attorney and it has been reviewed by Cambridge-Isanti School Superintendent Rudolph; and,

WHEREAS, the MOU is attached hereto as "Exhibit A";

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota that the amendment to the MOU between the City of Isanti and Independent School District No. 911 to suspend the School Resource Officer program for the remainder of the 2019-2020 school season is hereby approved and is authorized to be signed.

This Resolution is hereby approved by the Isanti City Council this 21st day of April, 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk

‘Exhibit A’

**AMENDMENT TO
MEMORANDUM OF UNDERSTANDING
BETWEEN CITY OF ISANTI AND
INDEPENDENT SCHOOL DISTRICT No. 911**

School Resource Officer Program

This Amendment is entered into by and between the City of Isanti and Independent School District No. 911, Cambridge-Isanti.

Recitals

- A. The City and the School District entered into a Memorandum of Understanding dated July 19, 2018, concerning the assignment of a School Resource Officer to District schools.
- B. Due to the COVID-19 pandemic and Executive Order 20-19, District schools closed for in-person instruction and switched to distance learning methods.
- C. The closure of District schools eliminated the need for the SRO Program for the remainder of the 2019-2020 school year.
- D. The parties wish to suspend, but not terminate, the MOU in light of the temporary school closures.

Agreement

- 1. The MOU is hereby suspended for the remainder of the 2019-2010 school year effective April 1, 2020. The SRO Program will restart at the beginning of the 2020-2021 school year unless otherwise agreed to in writing by the parties.
- 2. Reimbursement by the District to the City pursuant to the “SRO Funding” section of the MOU shall be calculated with an end date of March 31, 2020. Vacation days taken prior to that date shall be compensated pursuant to the MOU. No additional “District covered vacation days” need to be compensated by the District.
- 3. All terms of the MOU not otherwise modified by this Amendment remain in effect.

Independent School District No. 911

Board Chair

Date

Board Clerk

Date

City of Isanti

Jeff Johnson, Mayor

Date

Attest: _____
Katie Brooks, City Clerk

Date

City of Isanti

Check Register - Mayor/Council Approval

Page: 1

Check Issue Dates: 4/8/2020 - 4/9/2020

Apr 09, 2020 01:15PM

Report Criteria:

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04/20	04/09/2020	53341	2853	BENEFIT EXTRAS, INC	101-20200	33.00
04/20	04/09/2020	53342	9	BERNICKS PEPSI-COLA	609-20200	937.58
04/20	04/09/2020	53343	1387	BJORKLUND COMPANIES	101-20200	144.00
04/20	04/09/2020	53344	2020	BOYLE, EUGENE	101-20200	1,059.80
04/20	04/09/2020	53345	2319	BREAKTHRU BEVERAGE	609-20200	11,392.19
04/20	04/09/2020	53346	2221	C & L DISTRIBUTING	609-20200	523.30
04/20	04/09/2020	53347	1474	CDW GOVERNMENT INC	614-20200	383.61
04/20	04/09/2020	53348	2891	CHRISTOPHERSON, JAKOB	101-20200	40.00
04/20	04/09/2020	53349	1629	CITY OF ISANTI	226-20200	11,651.17
04/20	04/09/2020	53350	2751	CMS MONITORING	101-20200	60.00
04/20	04/09/2020	53351	8	DAHLHEIMER DISTRIBUTING CO	609-20200	11,489.00
04/20	04/09/2020	53352	2720	DEFIANT DISTRIBUTORS	609-20200	341.46
04/20	04/09/2020	53353	55	ECM PUBLISHERS INC	609-20200	355.00
04/20	04/09/2020	53354	912	FASTENAL COMPANY	602-20200	32.83
04/20	04/09/2020	53355	1698	FINANCE AND COMMERCE INC	425-20200	260.73
04/20	04/09/2020	53356	2028	FURTHER	861-20200	117.47
04/20	04/09/2020	53357	134	GOPHER STATE ONE-CALL INC	601-20200	62.10
04/20	04/09/2020	53358	2761	GRATITUDE FARMS	101-20200	250.00
04/20	04/09/2020	53359	2562	HERITAGE-CRYSTAL CLEAN INC	101-20200	150.00
04/20	04/09/2020	53360	2209	INNOVATIVE OFFICE SOLUTIONS, INC	101-20200	43.98
04/20	04/09/2020	53361	2890	INTL ASSOC OF CHIEFS OF POLICE	101-20200	190.00
04/20	04/09/2020	53362	7	JOHNSON BROTHERS LIQUOR CO	609-20200	5,761.04
04/20	04/09/2020	53363	5	KAWALEK TRUCKING	609-20200	355.60
04/20	04/09/2020	53364	1773	KLERSY, SCOT	101-20200	164.97
04/20	04/09/2020	53365	2648	LEPAGE & SONS	101-20200	721.92
04/20	04/09/2020	53366	17	MCDONALD DISTRIBUTING CO	609-20200	7,690.57
04/20	04/09/2020	53367	2826	MINOKAW VAR SERVICES	101-20200	3,450.00
04/20	04/09/2020	53368	1279	NOVAK-FLECK INC	001-20200	1,368.75
04/20	04/09/2020	53369	2553	O'REILLY	101-20200	118.83
04/20	04/09/2020	53370	617	PAUSTIS & SONS	609-20200	178.50
04/20	04/09/2020	53371	44	PHILLIPS WINE & SPIRITS INC	609-20200	1,645.10
04/20	04/09/2020	53372	1113	RJM DISTRIBUTING INC	609-20200	148.90
04/20	04/09/2020	53373	2396	SOUTHERN GLAZERS OF MN	609-20200	16,652.33
04/20	04/09/2020	53374	1361	STAPLES ADVANTAGE	101-20200	150.26
04/20	04/09/2020	53375	1354	TAPES PLUS ADVERTISING	609-20200	295.00
04/20	04/09/2020	53376	1290	THE AMBLE GROUP	602-20200	224.53
04/20	04/09/2020	53377	97	TOTAL CONTROL SYSTEMS INC	602-20200	770.30
04/20	04/09/2020	53378	686	VERIZON WIRELESS	609-20200	2,098.14
04/20	04/09/2020	53379	427	VESSCO INC	601-20200	1,956.36
04/20	04/09/2020	53380	42	VIKING COCA-COLA BOTTLING CO	609-20200	160.40
04/20	04/09/2020	53381	1286	VINOPIA INC	609-20200	295.75
04/20	04/09/2020	53382	4	WATSON CO INC	609-20200	1,790.53
04/20	04/09/2020	53383	780	WINE MERCHANTS	609-20200	204.00

Grand Totals:

87,290.95

City of Isanti

Check Register - Mayor/Council Approval

Page: 1

Check Issue Dates: 4/16/2020 - 4/16/2020

Apr 16, 2020 02:04PM

Report Criteria:

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04/20	04/16/2020	53389	9	BERNICKS PEPSI-COLA	609-20200	1,678.30
04/20	04/16/2020	53390	368	BILLS QUALITY CLEANING	101-20200	446.00
04/20	04/16/2020	53391	2893	BLOOMQUIST, LINDA	101-20200	134.22
04/20	04/16/2020	53392	2892	BLOOMQUIST, RACHEL	101-20200	348.97
04/20	04/16/2020	53393	1792	CARLOS CREEK WINERY	609-20200	594.00
04/20	04/16/2020	53394	1198	CENTER POINT ENERGY	601-20200	2,752.52
04/20	04/16/2020	53395	1822	CENTURYLINK BUSINESS SERVICES	101-20200	44.62
04/20	04/16/2020	53396	2610	CINTAS	101-20200	409.55
04/20	04/16/2020	53397	918	CRYSTAL SPRINGS ICE	609-20200	165.78
04/20	04/16/2020	53398	8	DAHLHEIMER DISTRIBUTING CO	609-20200	12,864.82
04/20	04/16/2020	53399	1840	DIRTWORKS INC	603-20200	67,659.00
04/20	04/16/2020	53400	1682	FERGUSON WATERWORKS	602-20200	188.46
04/20	04/16/2020	53401	2028	FURTHER	101-20200	31.40
04/20	04/16/2020	53402	160	HAWKINS INC	602-20200	7,097.60
04/20	04/16/2020	53403	1891	ISANTI AREA JOINT	101-20200	59,519.38
04/20	04/16/2020	53404	1684	ISANTI COUNTY AUDITOR-	920-20200	189.00
04/20	04/16/2020	53405	7	JOHNSON BROTHERS LIQUOR CO	609-20200	4,789.66
04/20	04/16/2020	53406	5	KAWALEK TRUCKING	609-20200	214.60
04/20	04/16/2020	53407	394	LMCIT	101-20200	99,636.00
04/20	04/16/2020	53408	17	MCDONALD DISTRIBUTING CO	609-20200	12,519.24
04/20	04/16/2020	53409	616	MENARDS - CAMBRIDGE	101-20200	453.56
04/20	04/16/2020	53410	281	MINNCO CREDIT UNION	101-20200	1,957.78
04/20	04/16/2020	53411	2208	MINNESOTA EQUIPMENT INC	101-20200	64.96
04/20	04/16/2020	53412	194	MN DEPT OF HEALTH	601-20200	5,258.00
04/20	04/16/2020	53413	194	MN DEPT OF HEALTH	601-20200	23.00
04/20	04/16/2020	53414	1945	MN DEPT OF LABOR	101-20200	1,332.98
04/20	04/16/2020	53415	176	MN DEPT OF REVENUE	101-20200	32,027.00
04/20	04/16/2020	53416	2842	MN PEIP	861-20200	23,644.36
04/20	04/16/2020	53417	617	PAUSTIS & SONS	609-20200	1,452.50
04/20	04/16/2020	53418	44	PHILLIPS WINE & SPIRITS INC	609-20200	9,106.04
04/20	04/16/2020	53419	2894	PINOTTI, HEATHER	101-20200	295.28
04/20	04/16/2020	53420	2341	RED BULL DISTRIBUTION	609-20200	225.50
04/20	04/16/2020	53421	626	THE WINE COMPANY	609-20200	450.00
04/20	04/16/2020	53422	1740	TOSHIBA FINANCIAL SERVICES	108-20200	276.61
04/20	04/16/2020	53423	1820	URBANS HARDWARE INC	101-20200	277.41
04/20	04/16/2020	53424	2524	US BANK EQUIPMENT FINANCE	101-20200	63.00
04/20	04/16/2020	53425	2027	US INTERNET	603-20200	57.80
04/20	04/16/2020	53426	42	VIKING COCA-COLA BOTTLING CO	609-20200	219.60
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04/20	04/16/2020	53429	780	WINE MERCHANTS	609-20200	408.00
Grand Totals:						366,570.08

City of Isanti

Gross Payroll	87,138.07
Social Security & Medicare	4,924.61
Public Employees Retirement	9,173.18
Total City Expense	<u>101,235.86</u>

Pay Date 4/17/2020

Pay Period 8 (3/29-4/11/20)



L.2.

Request for City Council Action- MEMO

To: Mayor Johnson and Members of City Council

From: John Jacobi, Liquor Store Manager

Date: April 21, 2020

Subject: Donation Request for 7th Annual MMBA "Help Our Local Animals" Supplies Drive promotion in-store

Background:

- Each year the MMBA supports a Pet drive for the sole purpose of raising funds as well as pet supply donations to help support local pet shelters in our area. I am requesting that we promote this program in-store and customers can donate pet supply items or a cash donation in any amount they wish to help support this program. The dates of the donations are May 1st through May 31st, 2020.

Action:

Staff is requesting City Council action on this item.

Attachment:

- Resolution 2020-XXX Approving Donation Box at Liquor Store

RESOLUTION 2020-XXX

APPROVING DONATION BOX AT LIQUOR STORE

WHEREAS, on June 2nd, 2009 City Council approved a donation box policy; and,

WHEREAS, Isanti Liquor is requesting use of a donation box at the liquor store in support of the “MMBA Pet Drive”; and,

WHEREAS, the Donation Policy has been reviewed the request and recommended its approval;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Isanti, Minnesota hereby approves placement of a donation box for the “MMBA Pet Drive” at the Isanti Liquor Store from May 1, 2020 through May 31, 2020.

Adopted by the Isanti City Council this 21st day of April 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk



7th Annual MMBA “Help Our Local Animals” Supplies Drive

In an effort to help members Promote the Community Value of their Municipal Liquor Operation, MMBA, in partnership with **now Coors Light**, is coordinating the *7th Annual Municipal “Help Our Local Animals” Supplies Drive* benefiting your local animal shelter or other related animal cause.

This is an effort to support animals in need. We’ll be raising both supplies and funds. You in turn will donate everything to the local animal program of your choice.

Participating individual cities will be randomly drawn to win one of ten \$200 donations to your local animal shelter from Molson Coors and MMBA.

Also new in 2020, the MMBA will be helping to pay for adopted pets during the month of May. The MMBA will pay \$100 to the 1st 30 people who adopt a pet from a MN shelter or human society! Forms will need to be acquired and turned into a municipal location. Details to come on the process.

So, everyone has a chance to win!

Here are additional details:

- The Supplies Drive has been pushed to May 1 – May 31, 2020.
- Each participating MMBA member will collect money and / or pet supplies (food, blankets, leashes, kennels, etc) for donation to your local shelter or animal cause of choice. Please reach out to your local animal causes and discuss items of need and anything they can do to help publicize this event
- At the end of the event (June 1), please take the collected supplies and cash to the recipient. (Contact the MMBA office if you need assistance locating your local cause.)

- Coors Light POS to help Support the event
 - Signage from your Coors Distributor - One 3x5 banner - One 1x2 foot sign – Please contact them and discuss the info you would like on your custom sign.
 - 100 donation cards (with scannable UPC) will be created and provided by your distributor.
 - Bucket for collection of cash if you do not want to scan
 - Additional signage and donation cards can be obtained by contacting your Coors Distributor. Get creative!
 - Materials will arrive the end of April.

Here are some successful ideas to promote the event:

- ✓ Product discount for those donating supplies – IE 5%-10%
- ✓ Stapling a flyer to carry-out bags
- ✓ Photo's of animals from your local shelter / cause that need adoption or help
- ✓ Displaying the donated supplies in the front of the store to catch customer eyes
- ✓ Reference or total focus in advertising mediums
- ✓ Coors wholesaler could build a platform of Coors Light cases for the supplies to display on, or a wall of cases around an area where donations will be placed.
- ✓ Local newspaper story
- ✓ Collect contributions by participating in other community events

Any and all additional display/feature consideration for Coors Light is greatly appreciated!

If you would like to participate in this event, contact the MMBA Office at:

Phone: 612-799-1629 or 866-938-3925

Email: kaspszak@outlook.com

If you have questions about POS, please address with your local Coors Distributor.

If you have any issues contacting your local distributor, please contact Jon Chance

Phone: 612-718-6862

Jonathan.chance@molsoncoors.com

Thanks for your participation!!!!

RESOLUTION 2020-XXX

APPROVING THE HIRE OF PART-TIME PUBLIC WORKS
SEASONAL JOEL BAZEY

WHEREAS, the City Council of the City of Isanti is required to approve all new employees; and,

WHEREAS, the City Council approved to advertise and accept applications to fill two Seasonal positions for part time employment; and,

WHEREAS, Joel Bazey is selected as the most qualified candidate for the open Seasonal position. The offer is contingent on successfully passing a background check;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota, as follows:

1. That Human Resources is hereby directed to offer the Public Works Seasonal position to Joel Bazey for the City of Isanti and shall be eligible to start on or after April 21st, 2020.
2. Joel Bazey shall start at the wage scale of \$13.00 per hour.
3. Seasonal hires shall not work more than 100 days per the Union Contract in the position of the Public Works Seasonal position effective Spring through Fall 2020.
4. That Human Resources is directed to complete all required documentation for the completion of the employment offers.
5. That Human Resources is directed to forward an executed copy of this resolution to the employee and place a copy in the employee's personnel file for future reference.

This Resolution is hereby approved by the Isanti City Council this 21st day of April 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk



Memo for Council Action

To: Mayor Johnson and Members of the City Council
From: Finance Director Betker
Date: April 21, 2020
Subject: Resolution 2020-XXX Approving Purchasing & Fuel Card Policy

Background:

Currently the City of Isanti has one credit card for city/staff use. That card is kept in the Finance Director's office and must be signed out to be used. After purchase(s) are complete the card is checked back in to the Finance Director's office. It has been this way since at least the start of 2013.

The primary problem with this method is security and fraud detection. When one card is shared among multiple staff, if fraud were committed (unpermitted charges) it would be difficult to identify the perpetrator simply because multiple people will have had the card in their possession over time. If any one individual decided to write down the pertinent credit card information then use that information to commit fraud while they understood the card to be in someone else's possession, it may prove exceedingly difficult to identify the perpetrator of the fraud.

Recommendation:

This item was discussed at Committee of the Whole on March 17th, 2020 and was recommended to bring to Council with a revised credit card policy. The Finance Director in consultation with the City Administrator will make a determination as to the best available credit card for City use based on the financial interest of the City giving primacy to fraud detection, deterrence and mitigation. Secondary consider will be given to the City's ability to earn cash back and a preference to work with a local banking institution.

Request:

Consideration and approval of attached resolution and policy.

Attachments:

Resolution 2020-XXX Approving Purchasing and Fuel Card Policy
'Exhibit A' Purchasing and Fuel Card Policy

RESOLUTION 2020-XXX

**ADOPTING PURCHASING AND FUEL CARD POLICY AND AUTHORIZING STAFF
TO ENTER INTO A BUSINESS CREDIT CARD PROGRAM**

WHEREAS, pursuant to MN Statute 471.382, the Isanti City Council may authorize the use of a credit card by any City officer or employee otherwise authorized to make a purchase on behalf of the City; and,

WHEREAS, the City Council had adopted Resolution 2005-011 and Resolution 2018-168, a Credit Card Policy, that this Resolution and Credit Card Policy will supercede; and,

WHEREAS, the Credit Card Policy hereto attached as "Exhibit A" will provide guidance, and instructions regarding use of the City credit and fuel cards;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota that the attached City of Isanti Purchasing and Fuel Card Policy 'Exhibit A' is hereby approved as well as the following:

1. Staff is authorized to enter into an agreement, and sign necessary documentation, with a banking institution for a business credit card program which allows for cash back.
2. Staff is authorized to pay an annual fee if the program benefits will outweigh the annual fee cost.
3. Staff is authorized to deposit all funds received from the cash back program into Fund 920, Capital Improvement Plan Fund, which will be reported to Council annually.

This Resolution is hereby approved by the Isanti City Council this 21st day of April, 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk

CITY OF ISANTI PURCHASING AND FUEL CARD POLICY

The City of Isanti may provide a purchasing credit card and/or fuel card (collectively referred to as credit cards or cards for purposes of this policy) to employees (also referred to as cardholder) who show a business reason for usage of a card or drive city vehicles on a regular basis. Credit cards will not be provided to city employees merely for the personal convenience of the employee. This policy is designed to provide rules and regulations and sets forth the authority and responsibility to the employee involved in the use of credit cards.

A. Guidelines

1. Department Heads are responsible for ensuring the integrity of the credit card use within their Department by upholding City policies and procedures. Department Heads are responsible for overseeing card activity and must have an understanding of the rules and regulations as set forth within this Policy. While the Department Head holds the responsibility of oversight, administration of the day-to-day activity and usage of the credit card will be managed through designation of the employee.
2. No employee will intentionally use a City card for personal purchases. Unauthorized use or abuse of a City card may result in disciplinary action, up to and including termination of employment.
3. A card purchase must comply with all statutes, rules and city policies. The Department Head should sign and approve the overall monthly statement that shall constitute his/her approval of each individual charge.
4. Under no circumstances may cards be used by non-city employees.
5. No cash advances are permitted using city cards.
6. It is the cardholder's responsibility to safeguard the credit card and protect it from theft and unauthorized use.
7. The city reserves the right to cancel an employee's credit card for any reason.
8. Prior to employee issuance of a City Card the employee must sign acknowledgement of this policy for the privilege and convenience of using a credit card under the City's name.

B. Obtaining a Purchasing or Fuel Card

1. Purchasing Card

A City employee who wishes to obtain a city purchasing card to use in the conduct of city business shall submit a request to his or her Department Head Supervisor. The request shall include reasons why the employee wishes to obtain the card. All requests must be recommended for approval by the City Administrator, including a recommendation for a credit limit. Employees who seek to obtain a card for use but do not wish to keep the card in their possession may have the Finance Director hold onto the card.

The City Administrator will forward approved requests to the Finance Director for processing. The approval will include a specific dollar limit which will not exceed \$5,000.00.

City purchasing cards will generally be issued when the following criteria are met:

The staff member is a Department Head.

The staff member has primary responsibility for purchasing equipment and supplies for his or her department.

2. Fuel Card

The Public Services Director, Police Chief and City Administrator may recommend issuance of fuel cards only to employees authorized to make certain fuel purchases. Fuel cardholders must sign the policy acknowledgement form to use city fuel cards prior to any use. No personal use of the fuel card is permitted.

a) Permissible Fuel Card Purchases

- Fuel purchases are restricted to self-service fuel of the type and grade specified by the vehicle manufacturer.
- Bulk fuel when approved by the Department Head.

b) Prohibited Fuel Card Purchases Include, but are not limited to:

- Food or personal items
- Pre-paid services or coupon books

C. Card Profiles

Each Card is assigned a single profile. The profile specifies the authorized employee (cardholder) or other identifying profile (i.e. vehicle or equipment). Each card will have a designated individual card limit. Requests for increases in the limit should be submitted to the City Administrator for approval and then to Finance Director for processing.

D. Making Purchases

1. Purchases may be made in person, by phone, fax, e-mail, Internet, or mail. If the purchase is made via the Internet, ensure it is a secure site. Look for "https" in the URL and check for the lock or key icon in the Security Status bar in the Address bar (do not enter confidential information if there is no lock or key icon on the Address bar). You should be confident that the site is using your information properly and in a secure manner before providing any information.
2. When making a purchase by fax, call the merchant and provide the card number over the phone instead of including it on the fax documentation. If the card number is provided over the telephone, the cardholder should be alert to others in the surrounding area that may hear the card information.
3. The cardholder should initial and indicate the appropriate budget category to which each charge should be coded.
4. Cardholders who make purchases not approved by the Department Head will become personally responsible for the amount of the purchase.
5. When making a purchase or placing an order, remember the following:
 - a) Provide the merchant with the Tax ID number and/or Sales and Use Tax Certificate of Exemption;
 - b) Take advantage of any government discounts or price agreements, if applicable;
 - c) Supply your cardholder name and expiration date of the card;
 - d) Provide delivery instructions;
 - e) Obtain receipts/invoices showing the details and pricing for each item ordered;
 - f) Do not split orders or purchase the same item from several vendors to circumvent the limits of which a purchase requisition must be completed (see City's Purchasing Policy).

E. Documentation of Transactions

The cardholder is responsible for ensuring that every transaction has valid supporting documentation. The nature of the goods or services received will determine what information the invoice or receipt must contain. However, all invoices should contain basic information about the transaction. These are:

- a) Vendor or merchant name
- b) Transaction date
- c) Itemized information
- d) Quantity
- e) Description
- f) Unit Price
- g) Line Price (quantity x unit price)
- h) Total invoice amount
- i) Confirmation of receipt of goods or services.

If the documentation is a cash register receipt, then the cardholder's signature must be on the receipt. The signed charge transaction slip must also be signed and attached to the cash register receipt. If the items were shipped, the receiving employee must sign the packing slip and the invoice if it comes in the shipment, and forward this documentation to the cardholder. The cardholder must then forward the signed packing slip, invoice and all other pertinent documentation to the Finance Department for processing.

F. Card Cancellation

The card and signed Return Card Acknowledgement shall be returned to the Finance Department when an employee is terminated from employment, submits their notice of separation from the City of Isanti, or loses their card privileges for any reason. Transfers within the same department may also require cancellation of the card if the cardholder's job responsibilities change and they no longer require the need of a City card. The absence of obtaining a Return Card Acknowledgement signature from the employee does not limit the Finance Director from cancelling a card upon direction of the City Administrator.

G. Lost or Stolen Card

Cardholder's are required to immediately report any lost or stolen credit card to the Finance Department Director and Department Head if applicable.

H. Sales Tax Exemption

1. Purchases made are exempt from Minnesota Sales Tax. Cardholders should use the State of Minnesota Sales and Use Tax Certificate of Exemption (ST-3) as documentation. Purchases made in other states are subject to that state's sales tax. Cardholders are responsible for ensuring that merchants do not charge tax. If taxes are charged, the cardholder must contact the merchant to obtain a credit to the account. Documentation of attempts to obtain credit for any State Sales Tax charged in error must be maintained with the documentation for the transaction where the tax was charged.
2. Exceptions:
 - a) Purchases in restaurants are not required to have sales tax removed due to the varying ability of restaurants to exempt sales tax. Cardholders may still attempt to have sales tax removed, however, if unsuccessful, the transaction will not be considered a policy violation.
 - b) Purchases for the liquor store are not exempt to sales tax.

I. Card Security

Cardholders should always treat the City of Isanti credit card with at least the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

J. Credits

If a cardholder returns merchandise, a credit should be issued to the cardholder's card and a credit receipt obtained. Under no circumstances should a cardholder receive cash or a credit voucher. The cardholder should contact the vendor first to obtain the credit and ensure the credit is applied. If the vendor refuses to issue a credit to the cardholder's account, the next step would be to contact the Finance Department to resolve the issue and they will obtain the credit on behalf of the cardholder. Cardholders should avoid merchants with restrictive merchandise return policies.

By signing this policy, I acknowledge and accept my responsibilities for the privilege and convenience of using credit cards under the City's name as a Cardholder. I confirm reading and understanding the above rules, procedures and responsibilities.

Employee Printed Name _____

Signature _____

Date _____

Department _____

.....
Return Card Acknowledgement

Card Type: _____

Date Card Returned: _____

Employee Signature

Date

Finance Director

Date

.....
Finance Department Use Only

Card Type: _____

Credit Limit: _____

Department Head Approval

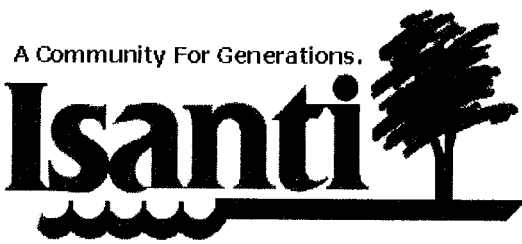
Date

City Administrator Approval

Date

Finance Department Issuance

Date Employee was Issued Card



L.5.

Request for City Council Action

To: Mayor Johnson and Members City Council
From: Sheila Sellman, Community Development Director
Date: April 21, 2020
Subject: **RESOLUTION 2020-XXX AUTHORIZING THE EXECUTION OF REPAYMENT AGREEMENT ON LOTS 4, BLOCK 1, SUN PRAIRIE FOURTH ADDITION WITH J ROBINSON CONSTRUCTION, INC**

Background:

On December 19, 2017 the City Council amended and extended a SAC and WAC deferral program through Resolution 2017-304 to continue to spur development activity and in 2018, the City Council extended the program to December 31, 2019 by Resolution 2018-268. J Robinson Construction, Inc. has requested that the City execute a Repayment Agreement for three new lots legally described as Lot 2, Block 1, Sun Prairie Fourth Addition, for the construction of three homes. The business is in 'good standing' upon review of the MN Secretary of State Office as of April 15, 2020.

The form of the Repayment Agreement is consistent with the form approved by the City Council on December 19, 2017. The Repayment Agreement will be dated as of the date that the Building Permit is paid for by the Developer.

Request

Staff is requesting that the City Council adopt the attached Resolution.

Attachments:

- Resolution 2020-XXX
- Repayment Agreements

RESOLUTION 2020-XXX

**AUTHORIZATION AND EXECUTION OF REPAYMENT AGREEMENT ON LOT 4,
BLOCK 1, SUN PRAIRIE FOURTH ADDITION WITH J ROBINSON CONSTRUCTION,
INC**

WHEREAS, the City of Isanti adopted a SAC and WAC Deferral program on December 19, 2017 which is documented by Resolution 2017-304 and extended the program to December 31, 2019 by Resolution 2018-268; and

WHEREAS, A boiler plate Repayment Agreement was drafted by City Development Attorney and the City Council directed Staff to utilize this agreement for parties interested in SAC and WAC Deferral for commercial or residential development; and

WHEREAS, J Robinson Construction, Inc (the "Developer") has asked the City of Isanti to enter into a Repayment Agreement for the properties legally described as: Lot 4, Block 1, Sun Prairie Fourth Addition (the "Property") and has agreed to pay the recording fee associated with the filing of the Repayment Agreement; and

WHEREAS, the Developer has stated the it will be the owner of the Property at the time of execution of the Repayment Agreement; and

WHEREAS, the date of the Repayment Agreement will be when the Developer signs prior to the payment of the building permit; and

WHEREAS, the Developer is registered, active and is in good standing with the Minnesota Secretary of State Office as of April 15, 2020.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota authorized the Mayor and City Administrator to execute the Repayment Agreement attached hereto contingent upon satisfactory proof of ownership witnessed in a recorded instrument of conveyance to the Developer.

This Resolution hereby approved by the Isanti City Council this 21st day of April 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources / City Clerk

**REPAYMENT AGREEMENT; STATUTORY SHORT FORM MORTGAGE; AND
DEED RESTRICTIONS**

THIS REPAYMENT AGREEMENT; STATUTORY SHORT FORM MORTGAGE; AND DEED RESTRICTIONS ("AGREEMENT"), made on or as of the ____ day of _____, 2020, by and between the City of Isanti, Minnesota, a Minnesota municipal corporation (hereinafter referred to as the "City") having its principal office at 110 First Avenue N.W. PO Box 428, Isanti, Minnesota 55040, and J Robinson Construction, Inc. , a corporation under the laws of the State of Minnesota (hereinafter referred to as the "Developer"), having its principal office at 27178 Tamarack St NW, Isanti, MN 55040.

WITNESSETH:

WHEREAS, the Developer intends to construct three single family homes (the "Improvements") on certain real property (the "Property") in the City; and

WHEREAS, in connection with the construction of the Improvements there are certain water and sanitary sewer charges that are payable by the Developer to the City; and

WHEREAS, the Developer has demonstrated to the satisfaction of the City that the Developer is unable to pay the full amount of the charges now and has asked the City to defer such charges and make them payable at a future point in time; and

WHEREAS, the City believes that the development of the Improvements by the Developer is in the best interests of the City and, therefore, it is willing to defer the charges if doing so will facilitate the development and viability of the Improvements.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Agreement" means this Agreement, as the same may be from time to time modified, amended, or supplemented.

"City" means the City of Isanti, Minnesota, its successors and assigns.

"County" means Isanti County, Minnesota.

"Deferred Charges" means the utility charges described in Section 3.1 of this Agreement being deferred by the City and which the Developer is obligated to pay in accordance with this Agreement.

"Developer" means J Robinson Construction, Inc, a Minnesota Corporation, its successors and assigns.

"Event of Default" means an action by the Developer listed in Article IV of this Agreement.

"Improvements" means the single-family home to be constructed by the Developer on the Property.

"Property" means the real property described on the attached Schedule A to this Agreement.

"State" means the State of Minnesota.

ARTICLE II

Representations

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is a statutory city duly organized and existing under the laws of the State. Under State law, the City has the power to enter into this Agreement and to perform its obligations hereunder.

Section 2.2. Representations by the Developer. The Developer represents that:

(a) The Developer is a corporation duly organized and authorized to transact business in the State, is not in violation of any provisions of its Bylaws or the laws of the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its Board of Directors.

ARTICLE III
Deferred Charges, Payment and Security

Section 3.1. Deferred Charges. The Developer owes to the City the sum of **\$ 6,071.00** in deferred utility charges ("Deferred Charges"). The Deferred Charges consist of **\$ 2,692.00** in Water Availability Charges and **\$ 3,379.00** in Sewer Availability Charges. The City has agreed to defer the payment of the Deferred Charges as described in this Agreement.

Section 3.2. Payment of the Deferred Charges. The Developer covenants and agrees that it will pay the Deferred Charges to the City on the earliest to occur of the following:

- (a) on the date that is one hundred and twenty (120) days after the date of this Agreement;
- (b) on the date that the Developer sells or transfers the Property or Improvements, or any portion thereof; or
- (c) on the date that the City issues a certificate of occupancy for the Improvements.

Interest shall accrue on the Deferred Charges at the rate of zero percent (0%) from the date hereof and continuing until the Deferred Charges and all accrued interest have been paid in full.

Section 3.3. Payment of Costs.

- (a) The Developer shall pay all costs for title work and recording of this Agreement.
- (b) The Developer shall pay all costs incurred by the City in connection with the preparation and implementation of this Agreement and related documents, including, without limitation, fees of attorneys related the preparation of this Agreement and related documents, if the Developer fails to complete construction of the Improvements within one hundred and twenty (120) days after the date of this Agreement.

Section 3.4 Security. As security for Developer's obligation of repayment of the Deferred Charges and Costs identified in Sections 3.1 and 3.3, Developer hereby grants and the City shall and hereby does have, a lien on the Property in the full amount necessary to satisfy any repayment obligation of the fees and charges identified in Sections 3.1 and 3.3 under this Agreement and the cost including reasonable attorney's fees, of collecting the same.

Section 3.5 Notice. At least 10 days before the date of any sale, cash out refinance, transfer or other conveyance of the Property or, in the event of a sale by contract for deed, Developer or their heirs, executors or representatives, shall give the City notice thereof.

Section 3.6 Mortgage. To secure any such repayment of the Deferred Charges under Section 3.1 and 3.3 as may become due under the provisions of this Article, the Developer hereby

grants to the City a Statutory Short Form Mortgage pursuant to the provisions of Minnesota Statutes Section 507.15 (2016) as follows:

UNIFORM SHORT FORM MORTGAGE

This statutory mortgage, made this ____ day of _____, 2020 between the City of Isanti, a Minnesota Municipal having its principal office at 110 First Avenue N.W. PO Box 428, Isanti, Minnesota 55040 (the "Mortgagor"), and J Robinson Construction, Inc., a corporation under the laws of the State of Minnesota having its principal office at 27178 Tamarack St NW, Isanti, MN 55040 (the "Mortgagee"),

Witnesseth, that to secure the payment of the Deferred Charges by the Mortgagee to the Mortgagor of \$6,071.00 as described in Article 3 of this Agreement (the "Indebtedness") the Mortgagor, hereby mortgages to the mortgagee and grants a security interest in the real property located at 205 9th Ave SE, in the City of Isanti, Isanti County, Minnesota, as legally described and set forth in "Schedule A" attached hereto and made a part hereof ("Property"), subject only to any liens or encumbrances of record thereon as of the date hereof.

And Mortgagor agrees and covenants with the Mortgagee the following statutory covenants;

1. To warrant the title to the Property, subject only to prior encumbrances of record as of the date hereof.
2. To pay the indebtedness as herein provided.
3. To pay all taxes.
4. To keep the buildings located on the Property insured against fire, windstorm and extended coverage for their full insurable value for the protection of the Mortgagee.
5. That the Property shall be kept in repair and no waste shall be committed.
6. That the whole of the principal sum shall become due after default, in the payment of any installment of principal or interest, or of any tax, or in the performance of any other covenant, at the option of the Mortgagee.

If default be made in any payment or covenant herein, the mortgagee shall have the statutory power of sale, and on foreclosure may retain statutory costs and attorney's fees.

Section 3.7. In the event Mortgagor or their heirs, executors or representatives shall fail or refuse to make a required repayment of the Indebtedness within the limited period set forth herein, the Mortgagee may, with or without notice to Mortgagor foreclose said lien in the same manner as provided pursuant an action for the foreclosure of mortgage upon said Property, as by statute provided, or may at its option proceed with foreclosure by advertisement pursuant to the statutory power of sale which the Mortgagor grants to the Mortgagee provided under this Mortgage, in accordance with applicable law. In the event of default by Mortgagor on any of Mortgagor's obligations under the terms of this Mortgage, Mortgagee shall also have the right to pursue any remedy available to it at law or in equity.

ARTICLE IV

Events of Default

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

(a) Failure by the Developer to pay when due any payments required to be paid under this Agreement.

(b) The Developer of the following: (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under United States Bankruptcy Laws or any similar Federal or State Laws; or (ii) make an assignment for the benefit of its creditors; or (iii) admits, in writing, its inability to pay its debts generally as they become due; or (iv) be adjudicated, bankrupt or insolvent.

Section 4.2. City's Remedies on Default. Whenever any Event of Default by Developer referred to in Section 4.1 of this Agreement occurs, the City may take any one or more of the following actions after providing ten (10) days written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said ten (10) days:

(a) Declare the entire outstanding balance of the Deferred Charges immediately due and payable;

(b) Terminate this Agreement;

(c) Deny issuance of certificates of occupancy or temporary certificates of occupancy;

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the City to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement, including the remedies provided under Article 3.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IV.

Section 4.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other

party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Costs of Enforcement. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer agrees that it shall, within ten (10) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Certificate of Occupancy. The City may deny a certificate of occupancy or temporary certificate of occupancy for the Property until all amounts owed to the City under the terms of this Agreement have been paid by Developer.

ARTICLE V

Additional Provisions

Section 5.1. Representatives Not Individually Liable. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due to Developer or successor in interest or on any obligations under the terms of this Agreement.

Section 5.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally to J Robinson Construction, Inc. 27178 Tamarack St NW, Isanti, MN 55040; and

(b) in the case of the City, is addressed to or delivered personally to the City at 110 First Avenue N.W., P.O. Box 428, Isanti, Minnesota 55040,

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 5.4. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the City or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Developer or any third party.

Section 5.5. Release. Upon payment of all fees and charges under Article III in accordance with the provisions of this Agreement, the City will furnish Developer with a Release of Mortgage for the Property within a reasonable period of time following the request. Developer shall be responsible for recording the Release of Mortgage.

Section 5.6. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Developer and the City.

Section 5.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.8. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

Section 5.9. Run with the Land. This Agreement may be recorded against the Property and shall run with the aforesaid Property and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, representatives, successors and assigns.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

[remainder of page intentionally left blank]
[signature pages to follow]

CITY/MORTGAGEE:
CITY OF ISANTI, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
)ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020,
by Jeff Johnson and Josi Wood, the Mayor and City Administrator of the City of Isanti, Minnesota,
a Minnesota municipal corporation, on behalf of the City.

Notary Public

DEVELOPER/MORTGAGOR:
J Robinson Construction, Inc.

By _____
Its President

STATE OF MINNESOTA)
)ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020, by Joshua W. Robinson, the President of J Robinson Construction, Inc, a corporation under the laws of the State of Minnesota, on behalf of the corporation.

Notary Public

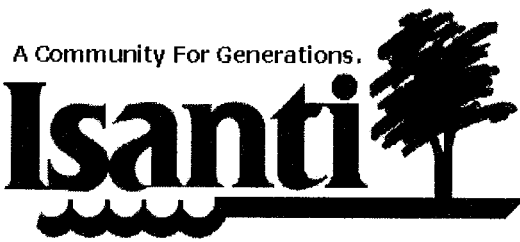
THIS INSTRUMENT WAS DRAFTED BY:

City of Isanti
110 1st Avenue NW
PO Box 428
Isanti, MN 55040
Telephone: (763) 444-5512

SCHEDULE A

Description of Property

Lots 5, Block 1, Sun Prairie Fourth Addition, Isanti County, Minnesota



Request for City Council Action

To: Mayor Johnson and Members City Council
From: Sheila Sellman, Community Development Director
Date: April 21, 2020
Subject: **RESOLUTION 2020-XXX AUTHORIZING THE EXECUTION OF REPAYMENT AGREEMENT ON LOT 5, BLOCK 1, SUN PRAIRIE FOURTH ADDITION WITH J ROBINSON CONSTRUCTION, INC**

Background:

On December 19, 2017 the City Council amended and extended a SAC and WAC deferral program through Resolution 2017-304 to continue to spur development activity and in 2018, the City Council extended the program to December 31, 2019 by Resolution 2018-268. J Robinson Construction, Inc. has requested that the City execute a Repayment Agreement for three new lots legally described as Lot 2, Block 1, Sun Prairie Fourth Addition, for the construction of three homes. The business is in 'good standing' upon review of the MN Secretary of State Office as of April 15, 2020.

The form of the Repayment Agreement is consistent with the form approved by the City Council on December 19, 2017. The Repayment Agreement will be dated as of the date that the Building Permit is paid for by the Developer.

Request

Staff is requesting that the City Council adopt the attached Resolution.

Attachments:

- Resolution 2020-XXX
- Repayment Agreements

RESOLUTION 2020-XXX

**AUTHORIZATION AND EXECUTION OF REPAYMENT AGREEMENT ON LOT 4,
BLOCK 1, SUN PRAIRIE FOURTH ADDITION WITH J ROBINSON
CONSTRUCTION, INC**

WHEREAS, the City of Isanti adopted a SAC and WAC Deferral program on December 19, 2017 which is documented by Resolution 2017-304 and extended the program to December 31, 2019 by Resolution 2018-268; and

WHEREAS, A boiler plate Repayment Agreement was drafted by City Development Attorney and the City Council directed Staff to utilize this agreement for parties interested in SAC and WAC Deferral for commercial or residential development; and

WHEREAS, J Robinson Construction, Inc (the "Developer") has asked the City of Isanti to enter into a Repayment Agreement for the properties legally described as: Lot 5, Block 1, Sun Prairie Fourth Addition (the "Property") and has agreed to pay the recording fee associated with the filing of the Repayment Agreement; and

WHEREAS, the Developer has stated the it will be the owner of the Property at the time of execution of the Repayment Agreement; and

WHEREAS, the date of the Repayment Agreement will be when the Developer signs prior to the payment of the building permit; and

WHEREAS, the Developer is registered, active and is in good standing with the Minnesota Secretary of State Office as of April 15, 2020.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota authorized the Mayor and City Administrator to execute the Repayment Agreement attached hereto contingent upon satisfactory proof of ownership witnessed in a recorded instrument of conveyance to the Developer.

This Resolution hereby approved by the Isanti City Council this 21st day of April 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources / City Clerk

**REPAYMENT AGREEMENT; STATUTORY SHORT FORM MORTGAGE; AND
DEED RESTRICTIONS**

THIS REPAYMENT AGREEMENT; STATUTORY SHORT FORM MORTGAGE; AND DEED RESTRICTIONS ("AGREEMENT"), made on or as of the ____ day of _____, 2020, by and between the City of Isanti, Minnesota, a Minnesota municipal corporation (hereinafter referred to as the "City") having its principal office at 110 First Avenue N.W. PO Box 428, Isanti, Minnesota 55040, and J Robinson Construction, Inc. , a corporation under the laws of the State of Minnesota (hereinafter referred to as the "Developer"), having its principal office at 27178 Tamarack St NW, Isanti, MN 55040.

WITNESSETH:

WHEREAS, the Developer intends to construct three single family homes (the "Improvements") on certain real property (the "Property") in the City; and

WHEREAS, in connection with the construction of the Improvements there are certain water and sanitary sewer charges that are payable by the Developer to the City; and

WHEREAS, the Developer has demonstrated to the satisfaction of the City that the Developer is unable to pay the full amount of the charges now and has asked the City to defer such charges and make them payable at a future point in time; and

WHEREAS, the City believes that the development of the Improvements by the Developer is in the best interests of the City and, therefore, it is willing to defer the charges if doing so will facilitate the development and viability of the Improvements.

NOW, THEREFORE, in consideration of the premises and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement, unless a different meaning clearly appears from the context:

"Agreement" means this Agreement, as the same may be from time to time modified, amended, or supplemented.

"City" means the City of Isanti, Minnesota, its successors and assigns.

"County" means Isanti County, Minnesota.

"Deferred Charges" means the utility charges described in Section 3.1 of this Agreement being deferred by the City and which the Developer is obligated to pay in accordance with this Agreement.

"Developer" means J Robinson Construction, Inc, a Minnesota Corporation, its successors and assigns.

"Event of Default" means an action by the Developer listed in Article IV of this Agreement.

"Improvements" means the single-family home to be constructed by the Developer on the Property.

"Property" means the real property described on the attached Schedule A to this Agreement.

"State" means the State of Minnesota.

ARTICLE II

Representations

Section 2.1. Representations by the City. The City makes the following representations as the basis for the undertaking on its part herein contained:

(a) The City is a statutory city duly organized and existing under the laws of the State. Under State law, the City has the power to enter into this Agreement and to perform its obligations hereunder.

Section 2.2. Representations by the Developer. The Developer represents that:

(a) The Developer is a corporation duly organized and authorized to transact business in the State, is not in violation of any provisions of its Bylaws or the laws of the State, has power to enter into this Agreement and has duly authorized the execution, delivery and performance of this Agreement by proper action of its Board of Directors.

ARTICLE III
Deferred Charges, Payment and Security

Section 3.1. Deferred Charges. The Developer owes to the City the sum of **\$ 6,071.00** in deferred utility charges ("Deferred Charges"). The Deferred Charges consist of **\$ 2,692.00** in Water Availability Charges and **\$ 3,379.00** in Sewer Availability Charges. The City has agreed to defer the payment of the Deferred Charges as described in this Agreement.

Section 3.2. Payment of the Deferred Charges. The Developer covenants and agrees that it will pay the Deferred Charges to the City on the earliest to occur of the following:

- (a) on the date that is one hundred and twenty (120) days after the date of this Agreement;
- (b) on the date that the Developer sells or transfers the Property or Improvements, or any portion thereof; or
- (c) on the date that the City issues a certificate of occupancy for the Improvements.

Interest shall accrue on the Deferred Charges at the rate of zero percent (0%) from the date hereof and continuing until the Deferred Charges and all accrued interest have been paid in full.

Section 3.3. Payment of Costs.

- (a) The Developer shall pay all costs for title work and recording of this Agreement.
- (b) The Developer shall pay all costs incurred by the City in connection with the preparation and implementation of this Agreement and related documents, including, without limitation, fees of attorneys related the preparation of this Agreement and related documents, if the Developer fails to complete construction of the Improvements within one hundred and twenty (120) days after the date of this Agreement.

Section 3.4. Security. As security for Developer's obligation of repayment of the Deferred Charges and Costs identified in Sections 3.1 and 3.3, Developer hereby grants and the City shall and hereby does have, a lien on the Property in the full amount necessary to satisfy any repayment obligation of the fees and charges identified in Sections 3.1 and 3.3 under this Agreement and the cost including reasonable attorney's fees, of collecting the same.

Section 3.5. Notice. At least 10 days before the date of any sale, cash out refinance, transfer or other conveyance of the Property or, in the event of a sale by contract for deed, Developer or their heirs, executors or representatives, shall give the City notice thereof.

Section 3.6. Mortgage. To secure any such repayment of the Deferred Charges under Section 3.1 and 3.3 as may become due under the provisions of this Article, the Developer hereby

grants to the City a Statutory Short Form Mortgage pursuant to the provisions of Minnesota Statutes Section 507.15 (2016) as follows:

UNIFORM SHORT FORM MORTGAGE

This statutory mortgage, made this ____ day of _____, 2020 between the City of Isanti, a Minnesota Municipal having its principal office at 110 First Avenue N.W. PO Box 428, Isanti, Minnesota 55040 (the "Mortgagor"), and J Robinson Construction, Inc., a corporation under the laws of the State of Minnesota having its principal office at 27178 Tamarack St NW, Isanti, MN 55040 (the "Mortgagee"),

Witnesseth, that to secure the payment of the Deferred Charges by the Mortgagee to the Mortgagor of \$6,071.00 as described in Article 3 of this Agreement (the "Indebtedness") the Mortgagor, hereby mortgages to the mortgagee and grants a security interest in the real property located at 205 9th Ave SE, in the City of Isanti, Isanti County, Minnesota, as legally described and set forth in "Schedule A" attached hereto and made a part hereof ("Property"), subject only to any liens or encumbrances of record thereon as of the date hereof.

And Mortgagor agrees and covenants with the Mortgagee the following statutory covenants;

1. To warrant the title to the Property, subject only to prior encumbrances of record as of the date hereof.
2. To pay the indebtedness as herein provided.
3. To pay all taxes.
4. To keep the buildings located on the Property insured against fire, windstorm and extended coverage for their full insurable value for the protection of the Mortgagee.
5. That the Property shall be kept in repair and no waste shall be committed.
6. That the whole of the principal sum shall become due after default, in the payment of any installment of principal or interest, or of any tax, or in the performance of any other covenant, at the option of the Mortgagee.

If default be made in any payment or covenant herein, the mortgagee shall have the statutory power of sale, and on foreclosure may retain statutory costs and attorney's fees.

Section 3.7. In the event Mortgagor or their heirs, executors or representatives shall fail or refuse to make a required repayment of the Indebtedness within the limited period set forth herein, the Mortgagee may, with or without notice to Mortgagor foreclose said lien in the same manner as provided pursuant an action for the foreclosure of mortgage upon said Property, as by statute provided, or may at its option proceed with foreclosure by advertisement pursuant to the statutory power of sale which the Mortgagor grants to the Mortgagee provided under this Mortgage, in accordance with applicable law. In the event of default by Mortgagor on any of Mortgagor's obligations under the terms of this Mortgage, Mortgagee shall also have the right to pursue any remedy available to it at law or in equity.

ARTICLE IV

Events of Default

Section 4.1. Events of Default Defined. The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement (unless the context otherwise provides), any one or more of the following events:

(a) Failure by the Developer to pay when due any payments required to be paid under this Agreement.

(b) The Developer of the following: (i) file any petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under United States Bankruptcy Laws or any similar Federal or State Laws; or (ii) make an assignment for the benefit of its creditors; or (iii) admits, in writing, its inability to pay its debts generally as they become due; or (iv) be adjudicated, bankrupt or insolvent.

Section 4.2. City's Remedies on Default. Whenever any Event of Default by Developer referred to in Section 4.1 of this Agreement occurs, the City may take any one or more of the following actions after providing ten (10) days written notice to the Developer of the Event of Default, but only if the Event of Default has not been cured within said ten (10) days:

(a) Declare the entire outstanding balance of the Deferred Charges immediately due and payable;

(b) Terminate this Agreement;

(c) Deny issuance of certificates of occupancy or temporary certificates of occupancy;

(c) Take whatever action, including legal, equitable or administrative action, which may appear necessary or desirable to the City to collect any payments due under this Agreement, or to enforce performance and observance of any obligation, agreement, or covenant of the Developer under this Agreement, including the remedies provided under Article 3.

Section 4.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or Developer is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the City or the Developer to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in this Article IV.

Section 4.4. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other

party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 4.5. Costs of Enforcement. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement of performance or observance of any obligation or agreement on the part of the Developer under this Agreement, the Developer agrees that it shall, within ten (10) days of written demand by the City, pay to the City the reasonable fees of such attorneys and such other expenses so incurred by the City.

Section 4.6. Certificate of Occupancy. The City may deny a certificate of occupancy or temporary certificate of occupancy for the Property until all amounts owed to the City under the terms of this Agreement have been paid by Developer.

ARTICLE V

Additional Provisions

Section 5.1. Representatives Not Individually Liable. No member, official, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach or for any amount which may become due to Developer or successor in interest or on any obligations under the terms of this Agreement.

Section 5.2. Titles of Articles and Sections. Any titles of the several parts, Articles, and Sections of the Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 5.3. Notices and Demands. Except as otherwise expressly provided in this Agreement, a notice, demand, or other communication under the Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(a) in the case of the Developer, is addressed to or delivered personally to J Robinson Construction, Inc. 27178 Tamarack St NW, Isanti, MN 55040; and

(b) in the case of the City, is addressed to or delivered personally to the City at 110 First Avenue N.W., P.O. Box 428, Isanti, Minnesota 55040,

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this Section.

Section 5.4. Disclaimer of Relationships. The Developer acknowledges that nothing contained in this Agreement nor any act by the City or the Developer shall be deemed or construed by the Developer or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Developer or any third party.

Section 5.5. Release. Upon payment of all fees and charges under Article III in accordance with the provisions of this Agreement, the City will furnish Developer with a Release of Mortgage for the Property within a reasonable period of time following the request. Developer shall be responsible for recording the Release of Mortgage.

Section 5.6. Modifications. This Agreement may be modified solely through written amendments hereto executed by the Developer and the City.

Section 5.7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 5.8. Judicial Interpretation. Should any provision of this Agreement require judicial interpretation, the court interpreting or construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the party who itself or through its agent or attorney prepared the same, it being agreed that the agents and attorneys of both parties have participated in the preparation hereof.

Section 5.9. Run with the Land. This Agreement may be recorded against the Property and shall run with the aforesaid Property and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, representatives, successors and assigns.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf and the Developer has caused this Agreement to be duly executed in its name and behalf on or as of the date first above written.

[remainder of page intentionally left blank]
[signature pages to follow]

CITY/MORTGAGEE:
CITY OF ISANTI, MINNESOTA

By _____
Its Mayor

By _____
Its City Administrator

STATE OF MINNESOTA)
)ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020,
by Jeff Johnson and Josi Wood, the Mayor and City Administrator of the City of Isanti, Minnesota,
a Minnesota municipal corporation, on behalf of the City.

Notary Public

DEVELOPER/MORTGAGOR:
J Robinson Construction, Inc.

By _____
Its President

STATE OF MINNESOTA)
)ss.
COUNTY OF ISANTI)

The foregoing instrument was acknowledged before me this ____ day of _____, 2020,
by Joshua W. Robinson, the President of J Robinson Construction, Inc, a corporation under the
laws of the State of Minnesota, on behalf of the corporation.

Notary Public

THIS INSTRUMENT WAS DRAFTED BY:

City of Isanti
110 1st Avenue NW
PO Box 428
Isanti, MN 55040
Telephone: (763) 444-5512

SCHEDULE A

Description of Property

Lots 4, Block 1, Sun Prairie Fourth Addition, Isanti County, Minnesota



Real People. Real Solutions.

L.7.

7533 Sunwood Drive NW
Suite 206
Ramsey, MN 55303-5119

Ph: (763) 433-2851
Fax: (763) 427-0833
Bolton-Menk.com

April 14, 2020

Mayor Johnson and Members of the City Council
City of Isanti
P.O. Box 428
Isanti, MN 55040

RE: Award Recommendation – 2020 6th Avenue SW Rehabilitation
City of Isanti, Minnesota
BMI Project No. R13.120122

Honorable Mayor Johnson and Members of the City Council:

Seven bids were received on the 2020 6th Avenue SW Rehabilitation Project on April 14, 2020. The bids were checked and tabulated and the final results are summarized as follows:

Bidder	Bid
ASTECH Corporation	\$538,044.14
Meyer Contracting Inc	\$560,466.92
Dresel Contracting Inc	\$567,644.02
Jones Construction Services	\$569,072.75
C&L Excavating Inc	\$597,455.75
Kuechle Underground	\$635,475.10
J.R. Ferche, Inc	\$812,125.25
Engineer's Estimate	\$472,618.50

ASTECH's bid is within the anticipated budget. We recommend award of this project to ASTECH Corporation in the amount of \$538,044.14.

If you have any questions, please contact me.

Sincerely,

BOLTON & MENK, INC.

Jason W. Cook, P.E.
City Engineer

RESOLUTION 2020-XXX

AWARDING THE BID FOR THE 2020 6TH AVENUE SW REHABILITATION PROJECT

WHEREAS, the City has planned for the 2020 6th Avenue SW Rehabilitation Project; and,

WHEREAS, the plans and specifications have been completed for these improvements; and,

WHEREAS, the funding for this project is, in part, planned to use State Aid funds, and special assessments following the MS 429 process; and,

WHEREAS, a public bid opening was held on April 14th, 2020; and,

WHEREAS, seven bids were received; and,

WHEREAS, ASTECH Corporation was the responsible low bidder with a bid of \$538,044.14; and,

WHEREAS, this bid price is within the anticipated budget;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota, as follows:

- 1) That the City shall award the project entitled "2020 6th Avenue SW Rehabilitation" to ASTECH Corporation in the amount of \$538,044.14.
- 2) Funding for the project shall come from Municipal State Aid funds, Special Assessments, and the Water Utility Fund.

This resolution was duly approved by the Isanti City Council this 21st day of April, 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk



Real People. Real Solutions.

L.8.

7533 Sunwood Drive NW
Suite 206
Ramsey, MN 55303-5119

Ph: (763) 433-2851
Fax: (763) 427-0833
Bolton-Menk.com

MEMORANDUM

Date: April 14, 2020
To: Honorable Mayor Johnson and Members of the City Council
City of Isanti
From: Jason W Cook, P.E.
City Engineer
Subject: Resolution for Municipal State Aid Funds Advancement
Isanti, Minnesota
BMI Project No: R13.120122

In order for the Finance Department of the Mn/DOT Municipal State Aid System (MSAS) to release our previously approved use of MSAS funds, a resolution must be passed requesting the State-Aid advancement. This will release funds to reimburse the City for the 2020 6th Avenue SW Rehabilitation project. \$582,701.18 of the \$664,539.10 total proposed project cost is eligible for MSAS funding.

We recommend approval of the attached resolution requesting the State Aid advancement of \$582,701.18.

If you have any questions concerning the proposed funding feel free to contact me prior to the meeting.

JWC

RESOLUTION 2020-XXX

REQUESTING ADVANCEMENT OF MUNICIPAL STATE AID FUNDS

WHEREAS, the City of Isanti has implemented Municipal State Aid Projects in 2020 which require State Aid funds in excess of those available in its Municipal Account, and

WHEREAS, said City is prepared to pay for the construction of said projects through the use of an advance from the Municipal State Aid Construction Fund to supplement the available funds in their Municipal State-Aid Construction Account, and

WHEREAS, the advance is based on the following determination of estimated expenditures:

	Total Project Cost	State Aid Eligible	Total City Cost
2020 6th Avenue SW Rehabilitation	\$664,539.10	\$582,701.18	\$81,837.92

Account Balance as of date 4/14/2020 (\$52,690.46)

Estimated Eligible Expenditures:

Project #245-116-001– 2020 6th Avenue SW Rehabilitation (\$582,701.18)

Total Amount Currently Available for Advance \$1,054,974.54

Advance Amount Requested \$582,701.18

WHEREAS, repayment of the funds so advanced will be made in accordance with the provisions of Minnesota Statutes 162.08, Subd. 5 & 7 and Minnesota Rules, Chapter 8820, and

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City Of Isanti, Minnesota:

1. That the Commissioner of Transportation be and is hereby requested to approve this advance for financing approved Municipal State Aid Highway Project(s) of the City of Isanti in an amount up to \$468,934.44 in accordance with Minnesota Rules 8820.1500, Subp. 9.
2. The City Council authorizes repayments from subsequent accruals to the Municipal Account of said City from future year allocations until fully repaid.

This resolution was duly adopted by the Isanti City Council this 21st day of April, 2020.

Motion by: _____ Seconded by: _____ Passed _____

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk

RESOLUTION 2020-XXX

APPROVING SPECIAL EVENT PERMIT REVISED DATES

WHEREAS, due to Covid-19 mitigation measures, events are being delaying; and,

WHEREAS, Special Event Permits have been approved by City Council by Resolution which states the specifics regarding the events including the dates; and,

WHEREAS, Council will allow for the date to change on all Special Event Permits which were approved without going back to Council if Staff agrees that the new date would not change any logistics approved by Council;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Isanti, Minnesota to hereby approve that staff has the authority to approve a revised Special Event Permit that has been approved by City Council if a date change is requested due to Covid-19.

Adopted by the Isanti City Council this 21st day of April, 2020.

Mayor Jeff Johnson

Attest:

Katie Brooks
Human Resources/City Clerk

RESOLUTION 2020-XXX

ACCEPTING DONATION OF LIGHTING IMPROVEMENT AT THE POLICE DEPARTMENT

WHEREAS, MN Statute 465.03 requires that cities accept donations for the benefit of its citizens in accordance with the terms prescribed by the donor; and,

WHEREAS, Wolf River Electric approached the city to donate materials and labor to upgrade the Police Department squad room lighting; and,

WHEREAS, the total monetary value of the donation is \$3146.84; and,

WHEREAS, Wolf River Electric will provide and install lighting in compliance with State Code; and,

WHEREAS, Wolf River Electric will supply the city with liability insurance certificate upon request; and,

WHEREAS, Wolf River Electric may use the installation for its marketing purposes in the future;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the City Council of the City of Isanti, Minnesota to accept the lighting upgrade donation from Wolf River Electric.

This Resolution is hereby approved by the Isanti City Council this 21st day of April, 2020.

Attest:

Mayor Jeff Johnson

Katie Brooks
Human Resources/City Clerk



CONTACT@WOLFRIVERELECTRIC.COM
WWW.WOLFRIVERELECTRIC.COM

Please make all checks payable to Wolf River Electric

[illegible]

SUBTOTAL	\$3,146.84
-----------------	-------------------

SHIPPING & HANDLING		0.00
---------------------	--	------

UTILITY REBATE	0.00
----------------	------

DISCOUNT	0.00
----------	------

SALES TAX	0.00
-----------	------

PROJECT TOTAL	\$3,146.84
---------------	------------

NEIGHBORHOOD DEVELOPMENT DONATION CONTRIBUTION	-\$3,146.84
--	-------------

DUE TODAY	\$0.00
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THANK YOU FOR YOUR BUSINESS!



M.1.

Isanti Police Department Monthly Report

March 2020

<u>Reported Crime</u>	<u>Month to Date</u>	<u>Year to Date</u>
Theft	8	26
Assault	4	8
Vandalism/Damage to Property	1	7
Narcotics	3	6
Burglary	0	0
Domestics	5	20
Crim Sex	0	1
Robbery	0	0
Loud Party/Disturbance	8	24
Medical	42	99
Permit to Purchase	10	24
Security Check / Extra Patrol	448	900

<u>Traffic Offenses</u>	<u>Month to Date</u>	<u>Year to Date</u>
No Insurance	1	11
DUI	1	4
Accidents	7	23
Hit & Run	0	1
Warrant P/U	1	10
Speed	8	29
DAR/DAS	3	13
Administrative Citations (Including Speed)	4	25

<u>Squad Mileage</u>	<u>Month End Mileage</u>	<u>Month Miles</u>	<u>YTD Miles</u>
Ford Explorer 221	88,860	1,350	2,662
Ford Explorer 224	79,231	2,838	5,939
Ford F150 225	31,997	1,172	4,197
Chevy Impala 223	96,345	450	1,306
Dodge Durango 226	NA - In Shop	0	1,559
Dodge Durango 227	13,090	2,224	5,924

CITY OF ISANTI MONTHLY REPORT

March 2020

RESIDENTIAL	Number of permits		Value of permits		Surcharge		Permit Fees		Sac/Wac Fees	
	Month	YTD	Month	YTD	Month	Quarter	Month	YTD	Month	YTD
FENCE	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ROOF / SIDING	1	2	\$0.00	\$0.00	\$1.00	\$2.00	\$80.00	\$160.00	\$80.00	\$160.00
DECK	1	1	\$0.00	\$0.00	\$5.35	\$5.35	\$351.45	\$351.45	\$351.45	\$351.45
LL FINISH	1	8	\$7,372.00	\$114,649.13	\$3.69	\$60.33	\$277.20	\$3,654.10	\$277.20	\$3,654.10
REMODEL / ADDITION	2	3	\$0.00	\$0.00	\$2.00	\$2.00	\$160.00	\$240.00	\$160.00	\$240.00
GARAGE / SHED	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MISCELLANEOUS	13	42	\$0.00	\$0.00	\$13.00	\$34.00	\$1,080.00	\$4,520.00	\$1,080.00	\$4,520.00
SINGLE DWELLINGS	5	20	\$551,755.90	\$2,200,184.52	\$378.26	\$1,090.75	\$9,634.40	\$43,209.90	\$9,634.40	\$43,209.90
MULTI DWELLINGS	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
MECHANICAL	6	32	\$0.00	\$0.00	\$6.00	\$26.00	\$450.00	\$2,175.00	\$450.00	\$2,175.00
PLUMBING	6	28	\$0.00	\$0.00	\$6.00	\$23.00	\$364.00	\$2,032.00	\$364.00	\$2,032.00
RESIDENTIAL TOTAL	35	136	\$559,127.90	\$2,314,833.65	\$415.30	\$1,243.43	\$12,397.05	\$56,342.45	\$12,397.05	\$56,342.45
COMMERCIAL										
NEW BUILDINGS	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
REMODEL / ADDITION	1	3	\$140,000.00	\$265,000.00	\$70.00	\$132.50	\$2,211.00	\$5,454.90	\$2,211.00	\$5,454.90
PLUMBING	0	2	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$82.50	\$0.00	\$82.50
MECHANICAL	2	5	\$5,700.00	\$5,700.00	\$10.85	\$10.85	\$537.08	\$957.83	\$537.08	\$957.83
ROOF / SIDING	1	1	\$6,000.00	\$6,000.00	\$3.00	\$3.00	\$227.70	\$227.70	\$227.70	\$227.70
MISCELLANEOUS	3	9	\$3,000.00	\$9,500.00	\$3.50	\$8.75	\$299.45	\$793.35	\$299.45	\$793.35
COMMERCIAL TOTAL	7	20	\$154,700.00	\$286,200.00	\$87.35	\$155.10	\$3,275.23	\$7,516.28	\$3,275.23	\$7,516.28
RESIDENTIAL/COMMERCIAL TOTAL	42	156	\$713,827.90	\$2,601,033.65	\$502.65	\$1,398.53	\$15,672.28	\$63,858.73	\$15,672.28	\$63,858.73

YEARLY BUILDING PERMIT COMPARISONS

Year	# permits	Single units	Multi units	Commercial	Permit Value	Permit Fees	WAC/SAC Fees
2015	165	15	0	0	\$7,722,597.00	\$83,789.60	\$116,265.00
2016	173	15	0	0	\$3,543,216.06	\$61,796.72	\$111,762.00
2017	248	38	0	3	\$13,140,698.67	\$170,424.58	\$457,904.88
2018	270	33	0	1	\$6,583,948.50	\$110,255.67	\$275,876.80
2019	262	37	0	0	\$7,265,883.45	\$123,393.28	\$191,326.00
2020	156	20	0	0	\$2,601,033.65	\$63,858.73	\$103,030.00

MONTHLY COMPARISON FOR 2020

Month	# Permits	Permit Value	Permit Fees
January	39	\$487,175.68	\$10,152.70
February	40	\$1,200,928.35	\$21,378.50
March	42	\$713,827.90	\$15,672.28
April	24	\$228,657.72	\$17,447.25
May	0	\$0.00	\$0.00
June	0	\$0.00	\$0.00
July	0	\$0.00	\$0.00
August	0	\$0.00	\$0.00
September	0	\$0.00	\$0.00
October	0	\$0.00	\$0.00
November	0	\$0.00	\$0.00
December	0	\$0.00	\$0.00
Totals	145	\$2,630,589.65	\$64,650.73



Real People. Real Solutions.

M.4.

7533 Sunwood Drive NW
Suite 206
Ramsey, MN 55303-5119

Ph: [763] 433-2851
Fax: [763] 427-0833
Bolton-Menk.com

MEMORANDUM

Date: April 15, 2020
To: Honorable Mayor Johnson and Members of the City Council
From: Jason W. Cook, P.E.
City Engineer
Subject: Project Status Report
Isanti, MN
Project No.: R13.120117

Please find listed below a status report of the current projects in the City of Isanti:

1) TH 65 & Cajima Street RCUT Improvements

A preconstruction meeting was held on April 15, 2020, with construction planned to begin at the end of April.

2) 6th Avenue Rehabilitation

Bids were opened on April 14, 2020. Seven bids were received. We will bring an award recommendation to the April 21, 2020 Council meeting.

3) 2020 Pavement Management Project

A preconstruction meeting will be held this month.

4) 2020 Storm System Management Project

The majority of this project has been completed in the past month. Minor remaining items will be completed in the coming weeks.

5) Legacy Pines 2nd Addition

This project has been authorized and is scheduled to be completed in 2020.

6) MS4 Implementation

We will continue to assist the City as requested to meet MS4 requirements.

In addition to the current projects listed above we have completed and accepted 55 private developments and 76 city contracts since being selected as your City Engineer in 2008.

Please contact me if you have any questions.