

**AUSTIN PORT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF AUSTIN, MINNESOTA)**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**AUSTIN PORT AUTHORITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

INTRODUCTORY SECTION

ORGANIZATION SCHEDULE	1
------------------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	2
-------------------------------------	----------

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS	6
---	----------

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	12
----------------------------------	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	14
---	-----------

STATEMENT OF CASH FLOWS	15
--------------------------------	-----------

NOTES TO FINANCIAL STATEMENTS	16
--------------------------------------	-----------

SUPPLEMENTARY INFORMATION

COMBINING SCHEDULE OF NET POSITION	23
---	-----------

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	25
--	-----------

PROPERTY MANAGEMENT

COMBINING SCHEDULE OF NET POSITION	27
---	-----------

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	29
--	-----------

WALKER BUILDING

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	30
--	-----------

OTHER REQUIRED REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	31
--	-----------

INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE	33
---	-----------

INTRODUCTORY SECTION

**AUSTIN PORT AUTHORITY
ORGANIZATION SCHEDULE
DECEMBER 31, 2023**

BOARD OF COMMISSIONERS

		<u>Term Expires</u>
Jason Baskin	President	December 31, 2026
Jeff Austin	Vice-President	December 31, 2028
Lee Bjorndal	Treasurer	December 31, 2023
Tim Ruzek	Commissioner	December 31, 2024
Michael Bednar	Commissioner	December 31, 2025
Geoff Smith	Commissioner	December 31, 2026
Kris Heichel	Commissioner	December 31, 2027

OFFICERS

Craig Clark	Executive Director	Appointed
Tom Dankert	Secretary	Appointed

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Austin Port Authority
Austin, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, Minnesota, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of December 31, 2023 and 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the organization schedule but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Commissioners
Austin Port Authority

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Austin, Minnesota
April 29, 2024

REQUIRED SUPPLEMENTARY INFORMATION

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

As management of the Austin Port Authority, we offer readers of the Austin Port Authority's financial statements this narrative overview and analysis of the financial activities of the Austin Port Authority for the fiscal year ended December 31, 2023 and 2022. The information presented should be read in conjunction with the financial statements and the accompanying notes to the financial statements. The Austin Port Authority is considered part of the reporting entity of the City of Austin, Minnesota, and is included in the City's financial statements as a discretely presented component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (this section) the basic financial statements, and supplementary information. The Austin Port Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

The statement of net position provides information about the nature of assets and obligations (liabilities) of the Austin Port Authority as of the end of the year. The statement of revenues, expenses, and changes in net position reports revenues and expenses for the current year. The statement of cash flows reports cash receipts, cash payments, and changes in cash resulting from operating, noncapital financing activities, capital and related financing activities, and investing activities.

The basic financial statements can be found on pages 9-12 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 financial statements. The notes to the financial statements can be found on pages 13-19 of this report.

Supplemental information. The combining and individual account statements and schedules can be found on pages 20-24 of this report.

FINANCIAL HIGHLIGHTS

The largest portion of the Austin Port Authority's net position (84%) is the investment in capital assets at December 31, 2023. There was one minor capital addition in 2023, the removal of a wall at the Walker Building. However, the depreciation charge (primarily on the Hormel Institute Building) drove the net investment in capital assets down from the prior year. During 2023 the Austin Port Authority did sell a 10-acre parcel of land in their Creekside Business Park, and extended a first-right-of-refusal on some additional parcels. The Austin Port Authority is also finished year one of a three-year lease with International Paper to lease the Walker Building.

The sixth tax increment payment was received from the primary government in 2023. This \$70,000 annual payment is considered a Pay-As-You-Go tax increment district whereby if Hy-Vee makes the required annual tax payments, the Austin Port Authority will receive the first \$70,000 annually to reduce the outstanding balance that has been recorded to cover some of the costs that were associated with the demolition of the former Oak Park Mall facility. From the 2023 tax increment receipt, a \$5,000 payment was made to the Housing and Redevelopment Authority of Austin for funds they advanced for the Oak Park Mall demolition project.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

AUSTIN PORT AUTHORITY'S NET POSITION

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2023 and 2022:

Condensed Statement of Net Position

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 3,152,720	\$ 2,461,343	\$ 691,377	28.09%
Noncurrent Assets	1,518,045	1,741,052	(223,007)	(12.81%)
Net Capital Assets	20,097,615	20,750,997	(653,382)	(3.15%)
Total Assets	<u>\$ 24,768,380</u>	<u>\$ 24,953,392</u>	<u>\$ (185,012)</u>	(0.74%)
Current Liabilities	\$ 620	\$ 17,785	\$ (17,165)	(96.51%)
Noncurrent Liabilities	514,012	578,670	(64,658)	(11.17%)
Total Liabilities	<u>\$ 514,632</u>	<u>\$ 596,455</u>	<u>\$ (81,823)</u>	(13.72%)
Deferred Inflows of Resources	<u>\$ 215,513</u>	<u>\$ 310,529</u>	<u>\$ (95,016)</u>	(30.60%)
Net Position:				
Investment in Capital Assets	\$ 20,097,615	\$ 20,750,997	\$ (653,382)	(3.15%)
Restricted	-	10,357	(10,357)	(100.00%)
Unrestricted	3,940,620	3,285,054	655,566	19.96%
Total Net Position	<u>\$ 24,038,235</u>	<u>\$ 24,046,408</u>	<u>\$ (8,173)</u>	(0.03%)
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 24,768,380</u>	<u>\$ 24,953,392</u>	<u>\$ (185,012)</u>	(0.74%)

Condensed statement of net position highlights are as follows for the year ended December 31, 2023:

- The assets of the Austin Port Authority exceeded liabilities and deferred inflows of resources by \$24,038,235 (Net Position). This is a decrease of \$8,173 over the net position at the close of 2022.
- Current assets increased by \$691,377, primarily due to the sale of land in the Creekside Business Park, plus some first-right-of-refusal options on additional land in this development site. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes and a lease receivable.
- Noncurrent assets decreased by \$223,007 due to the receipt of payment on some notes receivable balances. Additionally, International Paper continued the lease payments during 2023, leaving only two more years remaining on the original three-year lease extension.
- Net capital assets decreased by \$653,382 due to the depreciation taken on all of our depreciable property. There was one capital addition made during 2023, as the 1,900 square foot office area in the Walker Building was removed for additional leasable warehouse space.
- Current liabilities decreased \$17,165 as the timing of some accounts payable related to a drainage review at a recently purchased property in 2022.
- Noncurrent liabilities decreased by \$64,658 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

The following tables summarize the financial position of the Austin Port Authority as of December 31, 2022 and 2021:

Condensed Statement of Net Position

	<u>2022</u>	<u>2021</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 2,461,343	\$ 2,943,993	\$ (482,650)	(16.39%)
Noncurrent Assets	1,741,052	1,175,115	565,937	48.16%
Net Capital Assets	<u>20,750,997</u>	<u>21,458,871</u>	<u>(707,874)</u>	(3.30%)
Total Assets	<u>\$ 24,953,392</u>	<u>\$ 25,577,979</u>	<u>\$ (624,587)</u>	(2.44%)
Current Liabilities	\$ 17,785	\$ 75,629	\$ (57,844)	(76.48%)
Noncurrent Liabilities	578,670	642,733	(64,063)	(9.97%)
Total Liabilities	<u>\$ 596,455</u>	<u>\$ 718,362</u>	<u>\$ (121,907)</u>	(16.97%)
Deferred Inflows of Resources	<u>\$ 310,529</u>	<u>-</u>	<u>\$ 310,529</u>	N/A
Net Position:				
Investment in Capital Assets	\$ 20,750,997	\$ 21,458,871	\$ (707,874)	(3.30%)
Restricted	10,357	110,777	(100,420)	(90.65%)
Unrestricted	<u>3,285,054</u>	<u>3,289,969</u>	<u>(4,915)</u>	(0.15%)
Total Net Position	<u>\$ 24,046,408</u>	<u>\$ 24,859,617</u>	<u>\$ (813,209)</u>	(3.27%)
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 24,953,392</u>	<u>\$ 25,577,979</u>	<u>\$ (624,587)</u>	(2.44%)

Condensed statement of net position highlights are as follows for the year ended December 31, 2022:

- The assets of the Austin Port Authority exceeded liabilities by \$24,046,408 (Net Position). This is a decrease of \$813,209 over the net position at the close of 2021.
- Current assets decreased by \$482,650, primarily due to the use of cash for downtown improvements, repayment of advances, and costs associated with a road extension at the Creekside Business Park. Current assets consist of cash and cash equivalents, taxes receivable, accounts receivable, interest receivable, and the current portion of notes and a lease receivable.
- Noncurrent assets increased by \$565,937 due to the issuance of additional notes receivable for a construction loan for two downtown properties and the recording of the new lease with International Paper in accordance with GASB (Governmental Accounting Standards Board) 87.
- Net capital assets decreased by \$707,874 due to the depreciation taken on all of our depreciable property. There were no capital additions or retirements made during 2022.
- Current liabilities decreased \$57,844 as the timing of some accounts payable related to downtown construction at properties located at 117 and 119 2nd Avenue NE existed in 2021.
- Noncurrent liabilities decreased by \$64,063 primarily due to the payment of some advances made by the primary government to cover the Oak Park Mall acquisition in 2015. The revenue received from the Pay-As-You-Go tax increment financing district is used to repay the primary government on this loan.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2023 and 2022:

Condensed Statements of Revenues, Expenses, and Changes in Net Position:

	<u>2023</u>	<u>2022</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Lease Revenues	\$ 95,769	\$ 95,304	\$ 465	0.49%
Total Operating Revenues	<u>\$ 95,769</u>	<u>\$ 95,304</u>	<u>\$ 465</u>	<u>0.49%</u>
Operating Expenses:				
Administrative and General	\$ 50,185	\$ 259,413	\$ (209,228)	(80.65%)
Depreciation and Amortization	709,519	707,874	1,645	0.23%
Total Operating Expense	<u>\$ 759,704</u>	<u>\$ 967,287</u>	<u>\$ (207,583)</u>	<u>(21.46%)</u>
Operating Loss	<u>\$ (663,935)</u>	<u>\$ (871,983)</u>	<u>\$ 208,048</u>	<u>23.86%</u>
Non-Operating Revenues (Expenses)	<u>655,762</u>	<u>58,774</u>	<u>596,988</u>	<u>1015.73%</u>
Change in Net Position	<u>\$ (8,173)</u>	<u>\$ (813,209)</u>	<u>\$ 805,036</u>	<u>98.99%</u>
Beginning Net Position	\$ 24,046,408	\$ 24,859,617	\$ (813,209)	(3.27%)
Change in Net Position	<u>(8,173)</u>	<u>(813,209)</u>	<u>805,036</u>	<u>98.99%</u>
Ending Net Position	<u>\$ 24,038,235</u>	<u>\$ 24,046,408</u>	<u>\$ (8,173)</u>	<u>(0.03%)</u>

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2023:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy of \$40,000 for 2023, a \$10,000 reduction from 2022, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses decreased by \$209,228 primarily as the result of some costs associated with a road extension out in the Creekside Business Park, coupled with some easement purchases at 117 and 119 2nd Avenue NE for downtown revitalization efforts. The Austin Port Authority continues to invest in critical infrastructure in the Creekside Business Park to further enhance the economic vitality of the acreage.
- Nonoperating revenues (expenses) increased by \$596,988 for 2023. The largest single issue for 2023 was the sale of land and option rights in the Creekside Business Park. A total of ten acres of land was sold to a local mechanical contractor for construction of their new corporate headquarters. A few other parcels were option to NuTek Biosciences for potential expansion of their recently built facility. Additionally, the interest rate environment allowed for over \$125,000 of investment earnings and market value gains in 2023.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

AUSTIN PORT AUTHORITY'S NET POSITION (CONTINUED)

The following charts summarize operating revenues, expenses, and changes in net position of the Austin Port Authority for the years ended December 31, 2022 and 2021:

Condensed Statements of Revenues, Expenses, and Changes in Net Position:

	<u>2022</u>	<u>2021</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Lease Revenues	\$ 95,304	\$ 96,321	\$ (1,017)	(1.06%)
Total Operating Revenues	<u>\$ 95,304</u>	<u>\$ 96,321</u>	<u>\$ (1,017)</u>	<u>(1.06%)</u>
Operating Expenses:				
Administrative and General	\$ 259,413	\$ 227,007	\$ 32,406	14.28%
Depreciation and Amortization	707,874	730,364	(22,490)	(3.08%)
Total Operating Expense	<u>\$ 967,287</u>	<u>\$ 957,371</u>	<u>\$ 9,916</u>	<u>1.04%</u>
Operating Loss	<u>\$ (871,983)</u>	<u>\$ (861,050)</u>	<u>\$ (10,933)</u>	<u>(1.27%)</u>
Non-Operating Revenues (Expenses)	58,774	83,347	(24,573)	(29.48%)
Change in Net Position	<u>\$ (813,209)</u>	<u>\$ (777,703)</u>	<u>\$ (35,506)</u>	<u>(4.57%)</u>
Beginning Net Position	\$ 24,859,617	\$ 25,637,320	\$ (777,703)	(3.03%)
Change in Net Position	<u>(813,209)</u>	<u>(777,703)</u>	<u>(35,506)</u>	<u>(4.57%)</u>
Ending Net Position	<u>\$ 24,046,408</u>	<u>\$ 24,859,617</u>	<u>\$ (813,209)</u>	<u>(3.27%)</u>

Condensed statements of revenues, expenses, and changes in net position highlights are as follows for the year ended December 31, 2022:

- Property taxes continue to be the operating capital of the Austin Port Authority, with a levy of \$50,000 for both 2022 and 2021, to support the operational needs of the Board of Commissioners. Delinquency collections increased the actual property tax revenue above the levy amount.
- Administrative and general expenses increased by \$32,406 primarily as the result of some costs associated with costs associated with a road extension out in the Creekside Business Park.
- Nonoperating revenues (expenses) decreased by \$24,573 for 2022. The largest single issue for 2022 was the rapid change in the interest rate environment that required the Austin Port Authority to take a large charge for unrealized investment value losses on their portfolio. Accounting standards require the unrealized losses and gains to be recorded annually. However, if investments are held to maturity the gains and losses balance out over the long run to even out. It is the policy of the Austin Port Authority to hold investments until maturity, thereby eliminating the long-term unrealized gains and losses.
- Capital contributions from the primary government occurred in 2021. During 2021 the Austin Port Authority acquired the former Y.M.C.A. for redevelopment as a 91-unit market rate apartment building for \$650,000 plus some legal costs. Contemporaneously with the purchase, the Austin Port Authority then sold the property to a private developer for the construction of the new apartment building. No such activity occurred in 2022.

**AUSTIN PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023 AND 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Austin Port Authority's investment in capital assets for its business-type activities as of December 31, 2023, amounts to \$20,097,615 (net of accumulated depreciation). This investment in capital assets includes buildings, improvements other than buildings, and machinery and equipment. The total decrease in the Austin Port Authority's investment in capital assets (net of accumulated depreciation) was 3.15% and was primarily attributable to the depreciation charge related to the Hormel Institute and Walker buildings. There was one capital addition made during 2023, as the 1,900 square foot office area in the Walker Building was removed for additional leasable warehouse space.

AUSTIN PORT AUTHORITY'S CAPITAL ASSETS

	2023	2022
Buildings	\$ 23,510,604	\$ 23,454,467
Improvements Other Than Buildings	553,784	553,784
Machinery and Equipment	2,108,645	2,108,645
Total	\$ 26,173,033	\$ 26,116,896
Less: Accumulated Depreciation	(6,075,418)	(5,365,899)
Net Capital Assets	\$ 20,097,615	\$ 20,750,997

Additional information on the Austin Port Authority's capital assets can be found in Note 4 on page 19 of this report.

Long-term debt. At the end of the current fiscal year, the Austin Port Authority had total debt outstanding of \$494,012. The outstanding balance represents an advance from the primary government related to the acquisition and demolition of the former Oak Park Mall shopping center.

The Austin Port Authority's total debt decreased by \$59,658 (10.78%) during the current fiscal year. A payment on the advance from the primary government was made in 2023 upon the receipt of the tax increment rebate.

The Austin Port Authority, as a component unit of the City of Austin, maintains a bond rating of "Aa2" from Moody's Investors Services for general obligation debt.

Additional information on the Austin Port Authority's long-term debt can be found in Note 5 on page 20 of this report.

NEXT YEAR'S RATES

The Walker Building is leased to International Paper for 2024 and 2025 with a 2.00% annual increase in the lease rate in both 2024 and 2025.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Austin Port Authority's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administrative Services, Austin Port Authority, 500 4th Avenue NE, Austin, Minnesota, 55912.

BASIC FINANCIAL STATEMENTS

**AUSTIN PORT AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,986,690	\$ 2,300,844
Taxes Receivable	1,309	1,370
Accounts Receivable	15,240	6,149
Due From Other Governments	641	514
Interest Receivable	1,060	496
Notes Receivable, Current Portion	43,559	51,299
Lease Receivable, Current Portion	104,221	100,671
Total Current Assets	\$ 3,152,720	\$ 2,461,343
NONCURRENT ASSETS		
Land Held for Resale	\$ 840,265	\$ 840,265
Notes Receivable	566,488	690,929
Lease Receivable	111,292	209,858
Total Noncurrent Assets	\$ 1,518,045	\$ 1,741,052
CAPITAL ASSETS		
Buildings	\$ 23,510,604	\$ 23,454,467
Improvements Other Than Building	553,784	553,784
Machinery and Equipment	2,108,645	2,108,645
Total	\$ 26,173,033	\$ 26,116,896
Less: Accumulated Depreciation	(6,075,418)	(5,365,899)
Net Capital Assets	\$ 20,097,615	\$ 20,750,997
Total Assets	\$ 24,768,380	\$ 24,953,392

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF NET POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

	2023	2022
LIABILITIES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Vouchers Payable	\$ 620	\$ 17,785
Total Current Liabilities	\$ 620	\$ 17,785
NONCURRENT LIABILITIES		
Advances from Primary Government	\$ 494,012	\$ 553,670
Due to Other Governments	20,000	25,000
Total Noncurrent Liabilities	\$ 514,012	\$ 578,670
Total Liabilities	\$ 514,632	\$ 596,455
DEFERRED INFLOWS OF RESOURCES		
Lease Related	\$ 215,513	\$ 310,529
Total Deferred Inflows of Resources	\$ 215,513	\$ 310,529
NET POSITION		
Net Position:		
Investment in Capital Assets	\$ 20,097,615	\$ 20,750,997
Restricted for Downtown Revitalization	-	10,357
Unrestricted	3,940,620	3,285,054
Total Net Position	\$ 24,038,235	\$ 24,046,408
Total Liabilities and Net Position	\$ 24,768,380	\$ 24,953,392

See accompanying Notes to Financial Statements.

AUSTIN PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Lease Revenues	\$ 95,769	\$ 95,304
Total Operating Revenues	\$ 95,769	\$ 95,304
OPERATING EXPENSES		
Administrative and General	\$ 50,185	\$ 259,413
Depreciation	709,519	707,874
Total Operating Expenses	\$ 759,704	\$ 967,287
OPERATING LOSS	\$ (663,935)	\$ (871,983)
NON-OPERATING REVENUES (EXPENSES)		
Property Taxes	\$ 40,559	\$ 50,749
Intergovernmental Revenues	2	2
Investment Earnings	126,826	(59,997)
Interest Earnings on Loans	3,306	3,897
Gain (Loss) on Sale of Land Held for Resale	350,000	-
Miscellaneous Revenues	140,411	70,060
Interest Expense and Fiscal Agent Fees	(5,342)	(5,937)
Total Non-Operating Revenues (Expenses)	\$ 655,762	\$ 58,774
CHANGE IN NET POSITION	\$ (8,173)	\$ (813,209)
NET POSITION, BEGINNING	24,046,408	24,859,617
NET POSITION, ENDING	\$ 24,038,235	\$ 24,046,408

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers and Users	\$ 86,612	\$ 89,277
Cash Paid to Suppliers for Goods and Services	(66,265)	(316,067)
Cash Paid to Employees	(1,085)	(1,190)
Net Cash Provided (Used) by Operating Activities	\$ 19,262	\$ (227,980)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interest Paid on Bonds and Notes	\$ (5,342)	\$ (5,937)
Advances from Primary Government	5,342	5,937
Property Taxes Received	40,559	50,749
Cash Received from Miscellaneous Sources	140,413	70,062
Sale of Land Held for Resale	350,000	-
Repayment of Advances from Primary Government	(65,000)	(65,000)
Repayment of Advances from Other Government	(5,000)	(5,000)
Net Cash Provided by Non-Capital Financing Activities	\$ 460,972	\$ 50,811
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Asset Acquisitions	\$ (56,137)	\$ -
Net Cash Used by Capital and Related Financing Activities	\$ (56,137)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	\$ 129,568	\$ (56,245)
Payments from Issuance of Notes Receivable	(2,059)	(404,097)
Principal Received on Note Receivable	134,240	33,605
Net Cash Provided (Used) by Investing Activities	\$ 261,749	\$ (426,737)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 685,846	\$ (603,906)
Cash and Cash Equivalents - Beginning	2,300,844	2,904,750
CASH AND CASH EQUIVALENTS - ENDING	\$ 2,986,690	\$ 2,300,844
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Loss	\$ (663,935)	\$ (871,983)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities		
Depreciation	709,519	707,874
(Increase) Decrease in:		
Taxes Receivable	61	35
Accounts Receivable	(9,091)	(6,139)
Due From Other Governments	(127)	77
Increase (Decrease) in:		
Vouchers Payable	(17,165)	(57,844)
Net Cash Provided (Used) by Operating Activities	\$ 19,262	\$ (227,980)

See accompanying Notes to Financial Statements.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of the Austin Port Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

B. Financial Reporting Entity

Austin Port Authority (the Authority) is a component unit of the City of Austin, Minnesota and is thus exempt from federal and state income tax. The purpose of the Authority is to carry out economic development and redevelopment within the City in accordance with such general policies as may from time to time be established by the Council and Mayor. The Authority is governed by a Board of Commissioners which consists of seven voting members, including the President, who is appointed by the Commissioners. Board members are comprised of five citizens and two council members appointed to six-year terms. In the event that a council member serving on the Authority board does not seek re-election or is not re-elected at the end of his or her council term, a new council member is appointed to serve out the term on the Authority board.

For financial reporting purposes, the Authority has included all funds. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete and has determined there are none. 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 Authority has no component units that meet the GASB criteria. The Authority is considered a part of the reporting entity of the City of Austin, Minnesota, and is included in the City's financial statements as a discretely presented component unit. The Authority has only one enterprise fund but maintains separate accounts within the Enterprise Fund for Oak Park Mall and Property Management activities.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with GAAP. Revenues are recognized when earned. Expenses are recorded when the related liability is incurred.

The principal operating revenues are rental and lease income, while the principal operating expenses are for the operations of the facilities that are being leased. All revenues and expenses not meeting this definition are reported as other revenues and expenses.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the investment pool of the City of Austin, Minnesota.

E. Land Held for Resale

Land held for resale represents 144.8 acres of land located in the Cook Farm site in the northwest area of Austin, 13.55 acres located on I-90 at the 11th Drive NE exit, 1.05 acres located along 18th Avenue NE (behind former Hy-Vee grocery store), and 25 acres on 14th Street NE. The land is available for purchase for commercial development. Land held for resale is valued at the lower of cost or net realizable value.

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Authority defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life of two years or more. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives vary from 10-60 years.

G. Advances to/from Primary Government

Transactions between the primary government (City of Austin) and the Authority that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from primary government."

H. Net Position

Net Position represents the difference between assets and liabilities in the basic financial statements. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted in the basic financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. It is the Authority's policy to apply restricted resources and then unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of January 1st. The tax levy is divided into two billings: the first-half billing is due May 15; the second-half billing is due October 15. The billings are considered past due if payment does not occur on or before the 15th of either May or October of each year, at which time the applicable property is subject to lien, penalties and interest are assessed.

NOTE 2 CASH AND INVESTMENTS

The City of Austin maintains a cash and investment pool that is available for use by the Authority. The Authority deposits all cash within the City of Austin's investment pool. Earnings from such investments are allocated to the Authority and respective City funds on the basis of applicable balance participation by each fund. The City's investment pool does not specifically identify the Authority's investments. Additional information about the investment pool can be found in the City of Austin's Comprehensive Annual Financial Report (CAFR).

NOTE 3 NOTES RECEIVABLE

Development Corporation of Austin

On October 23, 2007, the Authority issued a note receivable (Loan #1) in the amount of \$250,000 to the Development Corporation of Austin (DCA) to assist with the construction of a warehouse building in the Cook Farm. The note is at the stated rate of 4.00% with monthly payments of \$1,534 until January 1, 2028 at which time the entire unpaid principal and interest balance is payable. The note is secured by a mortgage from the purchaser.

Downtown Revitalization Loans

HPW, LLC Sprinkler Loan #1 (401 Main Street North)

On May 18, 2021, the Port Authority issued a note receivable in the amount of \$62,850 to HPW, LLC to install a sprinkler system in a downtown building. The note is secured by the building. The note is at 0%, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years.

HPW, LLC (117/119 2nd Avenue NE)

On October 14, 2020, the Port Authority issued a note receivable in the amount of \$185,000 to HPW, LLC to assist in the interior renovation of a downtown building. On April 11, 2022, the Port Authority amended this agreement to increase this loan amount to \$435,000. The note is secured by the building. The note is at 0%, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years. The undrawn balance of \$2,059 existed as of December 31, 2022 but was fully drawn down by December 31, 2023.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 NOTES RECEIVABLE (CONTINUED)

Downtown Revitalization Loans (Continued)

HPW, LLC Sprinkler Loan #2 (117/119 2nd Avenue NE)

On September 23, 2020, the Port Authority issued a note receivable in the amount of \$60,000 to HPW, LLC to install a sprinkler system in a downtown building. The note is secured by the building. The note is at 0%, and once completed the payments equate to 1/240th of the outstanding loan balance per month with a balloon payment due after 10 years. The loan was accessed in 2022.

The annual payments, including principal and interest, are as follows for the Downtown Revitalization project loans:

	HPW, LLC Sprinkler Loan #1	HPW, LLC Sprinkler Loan #2	HPW, LLC	Downtown Revitalization Loans
2024	\$ 3,143	\$ 3,000	\$ 21,750	\$ 27,893
2025	3,143	3,000	21,750	27,893
2026	3,143	3,000	21,750	27,893
2027	3,143	3,000	21,750	27,893
2028	3,143	3,000	21,750	27,893
2029-2033	40,326	41,000	313,563	394,889
Total Note Principal	\$ 56,041	\$ 56,000	\$ 422,313	\$ 534,354
Less: Current Portion	(3,143)	(3,000)	(21,750)	(27,893)
Long-Term Portion	\$ 52,898	\$ 53,000	\$ 400,563	\$ 506,461

The annual payments, including principal and interest are as follows for all notes receivable:

	DCA Loan #1	Downtown Revitalization Loans	Total
2024	\$ 18,408	\$ 27,893	\$ 46,301
2025	18,408	27,893	46,301
2026	18,408	27,893	46,301
2027	18,408	27,893	46,301
2028	9,097	27,893	36,990
2029	-	394,889	394,889
Total Payments	\$ 82,729	\$ 534,354	\$ 617,083
Less Interest	7,036	-	7,036
Total Note Principal	\$ 75,693	\$ 534,354	\$ 610,047
Less: Current Portion	(15,666)	(27,893)	(43,559)
Long-Term Portion	\$ 60,027	\$ 506,461	\$ 566,488

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2023 and 2022:

	12/31/22	Additions	Deletions	12/31/23
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ 56,137	\$ -	\$ 23,510,604
Improvements Other Than Building	553,784	-	-	553,784
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,116,896	56,137	-	26,173,033
Less: Accumulated Depreciation	5,365,899	709,519	-	6,075,418
Total Capital Assets, Being Depreciated	20,750,997	(653,382)	-	20,097,615
Total Capital Assets, Net of Accumulated Depreciation	\$ 20,750,997	\$ (653,382)	\$ -	\$ 20,097,615
	12/31/21	Additions	Deletions	12/31/22
Capital Assets, Being Depreciated:				
Buildings	\$ 23,454,467	\$ -	\$ -	\$ 23,454,467
Improvements Other Than Building	553,784	-	-	553,784
Machinery and Equipment	2,108,645	-	-	2,108,645
Subtotal	26,116,896	-	-	26,116,896
Less: Accumulated Depreciation	4,658,025	707,874	-	5,365,899
Total Capital Assets, Being Depreciated	21,458,871	(707,874)	-	20,750,997
Total Capital Assets, Net of Accumulated Depreciation	\$ 21,458,871	\$ (707,874)	\$ -	\$ 20,750,997

NOTE 5 LONG-TERM DEBT

Changes in long-term liabilities are as follows for the years ended December 31, 2023 and 2022:

	12/31/22	Increases	Decreases	12/31/23	Due Within One Year
Advances with City of Austin	\$ 553,670	\$ 5,342	\$ 65,000	\$ 494,012	\$ -
Long-Term Liabilities	\$ 553,670	\$ 5,342	\$ 65,000	\$ 494,012	\$ -
	12/31/21	Increases	Decreases	12/31/22	Due Within One Year
Advances with City of Austin	\$ 612,733	\$ 5,937	\$ 65,000	\$ 553,670	\$ -
Long-Term Liabilities	\$ 612,733	\$ 5,937	\$ 65,000	\$ 553,670	\$ -

Advances

The Port Authority received advances from the primary government for a portion of the estimated demolition costs related to the purchase of the Oak Park Mall. This arrangement is at 1% interest.

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 WALKER BUILDING LEASE

The Authority leases space in an industrial building to International Paper. The Authority receives \$9,133 per month, or \$109,596 annually, for the building under the terms of a lease agreement that expires December 31, 2025. The existing lease provides for annual lease increases of 2.00% in both 2024 and 2025.

The annual future minimum rentals on the operating lease are as follows:

<u>Year Ended December 31,</u>	<u>Walker Building</u>
2024	\$ 111,788
2025	114,023
Total Payments	\$ 225,811
Less: Interest	(10,298)
Total Lease Principal	\$ 215,513
Less: Current Portion	(104,221)
Noncurrent Portion	<u>\$ 111,292</u>

NOTE 7 RESTRICTED NET POSITION

There is restricted net position in the Property Management for downtown revitalization, as stipulated by the primary government. The balances of the restricted net position are \$0 and \$10,357 at December 31, 2023 and 2022, respectively.

NOTE 8 DESIGNATED NET POSITION

There is designated net position in the Property Management Fund for infrastructure improvements in the Creekside Business Park, plus continued downtown revitalization infrastructure efforts. The balances of the designated net position are as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Creekside Infrastructure - EDA Grant Match	\$ 546,250	\$ 546,250
Creekside Infrastructure - Harty Mechanical	400,000	-
Business Enhancement and Encouragement Program (BEEP)	50,000	-
Total Designated Net Position	<u>\$ 996,250</u>	<u>\$ 546,250</u>

**AUSTIN PORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has joined together with the City of Austin's insurance plan. The Authority pays an annual premium to this plan for its liability coverage. There has been no significant reduction in insurance coverage from the previous year in any of the Authority's policies. In addition, there have been no settlements in excess of the Authority's insurance coverage in any of the prior three years.

SUPPLEMENTARY INFORMATION

**AUSTIN PORT AUTHORITY
COMBINING SCHDEULES OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	Oak Park Mall		Property Management	
	2023	2022	2023	2022
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 970,205	\$ 922,050	\$ 2,016,485	\$ 1,378,794
Taxes Receivable	-	-	1,309	1,370
Accounts Receivable	-	-	15,240	6,149
Due From Other Governments	-	-	641	514
Interest Receivable	-	-	1,060	496
Notes Receivable, Current Portion	-	-	43,559	51,299
Lease Receivable, Current Portion	-	-	104,221	100,671
Total Current Assets	<u>\$ 970,205</u>	<u>\$ 922,050</u>	<u>\$ 2,182,515</u>	<u>\$ 1,539,293</u>
NONCURRENT ASSETS				
Land Held for Resale	\$ 23,656	\$ 23,656	\$ 816,609	\$ 816,609
Notes Receivable	-	-	566,488	690,929
Lease Receivable	-	-	111,292	209,858
Total Noncurrent Assets	<u>\$ 23,656</u>	<u>\$ 23,656</u>	<u>\$ 1,494,389</u>	<u>\$ 1,717,396</u>
CAPITAL ASSETS				
Buildings	\$ -	\$ -	\$ 23,510,604	\$ 23,454,467
Improvements Other Than Building	-	-	553,784	553,784
Machinery and Equipment	-	-	2,108,645	2,108,645
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,173,033</u>	<u>\$ 26,116,896</u>
Less: Accumulated Depreciation	-	-	(6,075,418)	(5,365,899)
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,097,615</u>	<u>\$ 20,750,997</u>
Total Assets	<u><u>\$ 993,861</u></u>	<u><u>\$ 945,706</u></u>	<u><u>\$ 23,774,519</u></u>	<u><u>\$ 24,007,686</u></u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current				
Vouchers Payable	\$ -	\$ 7	\$ 620	\$ 17,778
Total Current Liabilities	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 620</u>	<u>\$ 17,778</u>
NONCURRENT LIABILITIES				
Advances from Primary Government	\$ 494,012	\$ 553,670	\$ -	\$ -
Due to Other Governments	20,000	25,000	-	-
Total Noncurrent Liabilities	<u>\$ 514,012</u>	<u>\$ 578,670</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 514,012</u>	<u>\$ 578,677</u>	<u>\$ 620</u>	<u>\$ 17,778</u>
DEFERRED INFLOWS OF RESOURCES				
Lease Related	\$ -	\$ -	\$ 215,513	\$ 310,529
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,513</u>	<u>\$ 310,529</u>
NET POSITION				
Investment in Capital Assets	\$ -	\$ -	\$ 20,097,615	\$ 20,750,997
Restricted	-	-	-	10,357
Unrestricted	479,849	367,029	3,460,771	2,918,025
Total Net Position	<u>\$ 479,849</u>	<u>\$ 367,029</u>	<u>\$ 23,558,386</u>	<u>\$ 23,679,379</u>
Total Liabilities and Net Position	<u><u>\$ 993,861</u></u>	<u><u>\$ 945,706</u></u>	<u><u>\$ 23,774,519</u></u>	<u><u>\$ 24,007,686</u></u>

**AUSTIN PORT AUTHORITY
COMBINING SCHEDULES OF NET POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

Total	
2023	2022
\$ 2,986,690	\$ 2,300,844
1,309	1,370
15,240	6,149
641	514
1,060	496
43,559	51,299
104,221	100,671
\$ 3,152,720	\$ 2,461,343
\$ 840,265	\$ 840,265
566,488	690,929
111,292	209,858
\$ 1,518,045	\$ 1,741,052
\$ 23,510,604	\$ 23,454,467
553,784	553,784
2,108,645	2,108,645
\$ 26,173,033	\$ 26,116,896
(6,075,418)	(5,365,899)
\$ 20,097,615	\$ 20,750,997
\$ 24,768,380	\$ 24,953,392
\$ 620	\$ 17,785
\$ 620	\$ 17,785
\$ 494,012	\$ 553,670
20,000	25,000
\$ 514,012	\$ 578,670
\$ 514,632	\$ 596,455
\$ 215,513	\$ 310,529
\$ 215,513	\$ 310,529
\$ 20,097,615	\$ 20,750,997
-	10,357
3,940,620	3,285,054
\$ 24,038,235	\$ 24,046,408
\$ 24,768,380	\$ 24,953,392

**AUSTIN PORT AUTHORITY
COMBINING SCHEDULES OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Oak Park Mall		Property Management	
	2023	2022	2023	2022
OPERATING REVENUES				
Lease Revenues	\$ -	\$ -	\$ 95,769	\$ 95,304
Total Operating Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,769</u>	<u>\$ 95,304</u>
OPERATING EXPENSES				
Administrative and General	\$ -	\$ -	\$ 50,185	\$ 259,413
Depreciation	-	-	709,519	707,874
Total Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 759,704</u>	<u>\$ 967,287</u>
OPERATING LOSS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (663,935)</u>	<u>\$ (871,983)</u>
NON-OPERATING REVENUES (EXPENSES)				
Property Taxes	\$ -	\$ -	\$ 40,559	\$ 50,749
Intergovernmental Revenues	-	-	2	2
Interest Earnings	48,162	(26,336)	78,664	(33,661)
Interest Earnings on Loans	-	-	3,306	3,897
Gain (Loss) on Sale of Land Held for Resale	-	-	350,000	-
Miscellaneous Revenues	70,000	70,000	70,411	60
Interest Expense and Fiscal Agent Fees	<u>(5,342)</u>	<u>(5,937)</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>\$ 112,820</u>	<u>\$ 37,727</u>	<u>\$ 542,942</u>	<u>\$ 21,047</u>
CHANGE IN NET POSITION	<u>\$ 112,820</u>	<u>\$ 37,727</u>	<u>\$ (120,993)</u>	<u>\$ (850,936)</u>
Net Position - Beginning of Year	<u>367,029</u>	<u>329,302</u>	<u>23,679,379</u>	<u>24,530,315</u>
NET POSITION - END OF YEAR	<u><u>\$ 479,849</u></u>	<u><u>\$ 367,029</u></u>	<u><u>\$ 23,558,386</u></u>	<u><u>\$ 23,679,379</u></u>

**AUSTIN PORT AUTHORITY
 COMBINING SCHEDULES OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION (CONTINUED)
 YEARS ENDED DECEMBER 31, 2023 AND 2022**

Total	
2023	2022
\$ 95,769	\$ 95,304
\$ 95,769	\$ 95,304
\$ 50,185	\$ 259,413
709,519	707,874
\$ 759,704	\$ 967,287
\$ (663,935)	\$ (871,983)
\$ 40,559	\$ 50,749
2	2
126,826	(59,997)
3,306	3,897
350,000	-
140,411	70,060
(5,342)	(5,937)
\$ 655,762	\$ 58,774
\$ (8,173)	\$ (813,209)
24,046,408	24,859,617
\$ 24,038,235	\$ 24,046,408

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
COMBINING SCHEDULES OF NET POSITION
DECEMBER 31, 2023 AND 2022**

ASSETS	General		Walker Building	
	2023	2022	2023	2022
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,292,621	\$ 730,668	\$ 723,864	\$ 648,126
Taxes Receivable	1,309	1,370	-	-
Accounts Receivable	15,240	-	-	6,149
Due From Other Governments	641	514	-	-
Interest Receivable	252	302	808	194
Notes Receivable, Current Portion	43,559	51,299	-	-
Lease Receivable, Current Portion	-	-	104,221	100,671
Total Current Assets	<u>\$ 1,353,622</u>	<u>\$ 784,153</u>	<u>\$ 828,893</u>	<u>\$ 755,140</u>
NONCURRENT ASSETS				
Land Held for Resale	\$ 816,609	\$ 816,609	\$ -	\$ -
Notes Receivable	566,488	690,929	-	-
Lease Receivable	-	-	111,292	209,858
Total Noncurrent Assets	<u>\$ 1,383,097</u>	<u>\$ 1,507,538</u>	<u>\$ 111,292</u>	<u>\$ 209,858</u>
CAPITAL ASSETS				
Buildings	\$ 23,201,871	\$ 23,201,871	\$ 308,733	\$ 252,596
Improvements Other Than Building	517,099	517,099	36,685	36,685
Machinery and Equipment	2,108,645	2,108,645	-	-
Total	<u>\$ 25,827,615</u>	<u>\$ 25,827,615</u>	<u>\$ 345,418</u>	<u>\$ 289,281</u>
Less: Accumulated Depreciation	<u>(5,870,149)</u>	<u>(5,169,652)</u>	<u>(205,269)</u>	<u>(196,247)</u>
Net Capital Assets	<u>\$ 19,957,466</u>	<u>\$ 20,657,963</u>	<u>\$ 140,149</u>	<u>\$ 93,034</u>
Total Assets	<u><u>\$ 22,694,185</u></u>	<u><u>\$ 22,949,654</u></u>	<u><u>\$ 1,080,334</u></u>	<u><u>\$ 1,058,032</u></u>
LIABILITIES AND NET POSITION				
LIABILITIES				
Current				
Vouchers Payable	\$ 613	\$ 16,746	\$ 7	\$ 1,032
Total Current Liabilities	<u>\$ 613</u>	<u>\$ 16,746</u>	<u>\$ 7</u>	<u>\$ 1,032</u>
DEFERRED INFLOWS OF RESOURCES				
Lease Related	\$ -	\$ -	\$ 215,513	\$ 310,529
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 215,513</u>	<u>\$ 310,529</u>
NET POSITION				
Investment in Capital Assets	\$ 19,957,466	\$ 20,657,963	\$ 140,149	\$ 93,034
Restricted	-	10,357	-	-
Unrestricted	2,736,106	2,264,588	724,665	653,437
Total Net Position	<u>\$ 22,693,572</u>	<u>\$ 22,932,908</u>	<u>\$ 864,814</u>	<u>\$ 746,471</u>
Total Liabilities and Net Position	<u><u>\$ 22,694,185</u></u>	<u><u>\$ 22,949,654</u></u>	<u><u>\$ 1,080,334</u></u>	<u><u>\$ 1,058,032</u></u>

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
COMBINING SCHEDULES NET OF POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022**

Total	
2023	2022
\$ 2,016,485	\$ 1,378,794
1,309	1,370
15,240	6,149
641	514
1,060	496
43,559	51,299
104,221	100,671
\$ 2,182,515	\$ 1,539,293
\$ 816,609	\$ 816,609
566,488	690,929
111,292	209,858
\$ 1,494,389	\$ 1,717,396
\$ 23,510,604	\$ 23,454,467
553,784	553,784
2,108,645	2,108,645
\$ 26,173,033	\$ 26,116,896
(6,075,418)	(5,365,899)
\$ 20,097,615	\$ 20,750,997
\$ 23,774,519	\$ 24,007,686
\$ 620	\$ 17,778
\$ 620	\$ 17,778
\$ 215,513	\$ 310,529
\$ 215,513	\$ 310,529
\$ 20,097,615	\$ 20,750,997
-	10,357
3,460,771	2,918,025
\$ 23,558,386	\$ 23,679,379
\$ 23,774,519	\$ 24,007,686

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
GENERAL
SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES	<u>\$ -</u>	<u>\$ -</u>
OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL		
Board Member Compensation	\$ 1,085	\$ 1,190
Professional Services and Consulting	9,697	40,812
Legal and Appraisals	3,950	12,370
Insurance	2,520	2,520
Improvements Other Than Buildings	10,357	180,642
Miscellaneous	754	602
Total Administrative and General	<u>\$ 28,363</u>	<u>\$ 238,136</u>
Depreciation	<u>700,497</u>	<u>700,497</u>
Total Operating Expenses	<u>\$ 728,860</u>	<u>\$ 938,633</u>
OPERATING LOSS	<u>\$ (728,860)</u>	<u>\$ (938,633)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property Taxes	\$ 40,559	\$ 50,749
Intergovernmental Revenues	2	2
Interest Earnings	35,571	(25,422)
Interest Earnings on Loans	3,306	3,897
Gain on Sale of Land Held for Resale	350,000	-
Miscellaneous Revenue	60,086	60
Total Non-Operating Revenues	<u>\$ 489,524</u>	<u>\$ 29,286</u>
CHANGE IN NET POSITION	<u>\$ (239,336)</u>	<u>\$ (909,347)</u>
Net Position - Beginning of Year	<u>22,932,908</u>	<u>23,842,255</u>
NET POSITION - END OF YEAR	<u><u>\$ 22,693,572</u></u>	<u><u>\$ 22,932,908</u></u>

**AUSTIN PORT AUTHORITY
PROPERTY MANAGEMENT FUND
WALKER BUILDING
SUPPLEMENTARY SCHEDULES OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Lease Revenues	\$ 95,769	\$ 95,304
OPERATING EXPENSES		
ADMINISTRATIVE AND GENERAL		
Maintenance and Repair of Building	\$ 10,293	\$ 8,962
Legal and Appraisals	63	219
Insurance	804	804
Property Taxes	10,662	11,292
Total Administrative and General Expenses	<u>\$ 21,822</u>	<u>\$ 21,277</u>
Depreciation	<u>9,022</u>	<u>7,377</u>
Total Operating Expenses	<u>\$ 30,844</u>	<u>\$ 28,654</u>
OPERATING INCOME	<u>\$ 64,925</u>	<u>\$ 66,650</u>
NON-OPERATING REVENUES		
Interest Earnings	\$ 43,093	\$ (8,239)
Miscellaneous Revenues	10,325	-
Total Non-Operating Revenues	<u>\$ 53,418</u>	<u>\$ (8,239)</u>
CHANGE IN NET POSITION	\$ 118,343	\$ 58,411
Net Position - Beginning of Year	<u>746,471</u>	<u>688,060</u>
NET POSITION - END OF YEAR	<u><u>\$ 864,814</u></u>	<u><u>\$ 746,471</u></u>

OTHER REQUIRED REPORTS



**INDEPENDENT AUDITORS' 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**

Board of Commissioners
The Port Authority of the City of Austin
Austin, 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 Austin Port Authority, a component unit of the City of Austin, state of Minnesota, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated April 29, 2024.

Report on Internal Control Over Financial Reporting

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

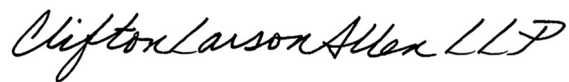
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Austin, Minnesota
April 29, 2024



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
The Port Authority of the City of Austin
Austin, 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 of the United States, the financial statements of the Austin Port Authority (the Authority), a component unit of the City of Austin, State of Minnesota, as of and for the year ended December 31, 2023 and the related notes to the financial statements and have issued our report thereon dated April 29, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the provisions of the depositories of public funds and public investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, 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 Authority's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
April 29, 2024



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.