Saint Paul
PORT AUTHORITY

AGENDA

Regular Board Meeting
April 27, 2021 - 2:00 p.m.
400 Wabasha Street No., Suite 240 | Saint Paul, MN 55102

Chair Bennett is calling a meeting of the Board of Commissioners for Tuesday, April 27, 2021 at 2:00 p.m. Chair Bennett has determined, due to the emergency declared by the Governor of Minnesota and the Mayor of Saint Paul regarding the COVID-19 health pandemic, that it is not practical nor prudent for the Saint Paul Port Authority Board and members of the staff to meet in-person or pursuant to Minnesota Statutes, Section 13D.02. In light of the COVID-19 health pandemic, it is not feasible for any member of the Saint Paul Port Authority Board and staff to be present at the regular location, and all staff and Board members of the Saint Paul Port Authority will attend this meeting by telephone or other electronic means.

It is also not feasible for members of the public to attend the meeting at its regular location due to the health pandemic and emergency. Accordingly, no meeting will be held at the Saint Paul Port Authority offices which are located at 400 Wabasha Street No., Suite 240, St. Paul, MN. Members of the public may monitor this meeting remotely at 651-395-7858, Conference ID: 925 850 374#. The purpose of the meeting is:

Administration

Oath of Office – Councilmember Rebecca Noecker

Minutes

Approval of Minutes of the March 23, 2021 Regular Board Meeting

Conflicts of Interest

Conflicts with any Items on the Agenda

New Business

Administrative Committee

1. Resolution No. 4694 - Approval of Designated Depositories of the Port Authority

2. Acceptance of 2020 Audits

General Matters

1. Such Other Business That May Come Before the Board

SAINT PAUL PORT AUTHORITY
MINUTES OF THE REGULAR BOARD MEETING
MARCH 23, 2021

The regular meeting of the Port Authority Board was held on March 23, 2021 at 2:25 p.m. via Microsoft Teams.

The following Board Members were present:

John Bennett	Nneka Constantino	John Marshall
Don Mullin	Dai Thao	Mitra Jalali
Matt Slaven		

Also present were the following:

Lee Krueger	Todd Hurley	Monte Hilleman
Andrea Novak	Kathryn Sarnecki	David Johnson
Dana Krueger	Bruce Kessel	Laurie Siever
Linda Williams	Ann Kosel	Tonya Bauer
Nelly Chick	Michael Linder	Peter Klein

Eric Larson, City of Saint Paul
Brianne Hamm, Securian Financial
Josh Morrison, Frogtown Resident

APPROVAL OF MINUTES

Commissioner Jalali made a motion to approve the minutes of the February 23, 2021 regular Board meeting. The motion was seconded by Commissioner Marshall, submitted to a roll call vote, and carried unanimously.

CONFLICT OF INTEREST

There were no conflicts of interest with any items on the agenda.

NEW BUSINESS

CREDIT COMMITTEE

RESOLUTION NO. 4693
2021 LEASE RENEWAL AND RENTAL RATE ADJUSTMENT – ALTER LOGISTICS COMPANY – SOUTHPORT TERMINAL

Motion was made by Chair Mullin to approve Resolution No. 4693 which was reviewed by the Credit Committee and recommended for approval by the Board. The motion was submitted to a roll call vote and carried unanimously.

GENERAL MATTERS

There being no further business, the meeting was adjourned at 2:30 p.m.

By ________________________________

Its __________________________________

Saint Paul
PORT AUTHORITY

MEMORANDUM

To: BOARD OF COMMISSIONERS **Meeting Date:** April 27, 2021

From: Bruce A. Kessel

Subject: **APPROVAL OF DESIGNATED DEPOSITORIES OF THE PORT AUTHORITY RESOLUTION NO. 4694**

Action Requested:
Approval of financial institutions as designated depositories of the Port Authority.

Background:
Minnesota Statutes requires governmental entities to designate depositories and permits the governing body to authorize its treasurer or chief financial officer to make such designations. A governmental entity's deposits and investments must comply with Minnesota Statutes Chapter 118A, entitled "Deposit and Investment of Local Public Funds".

In the past, all banks with locations in Saint Paul and the East Metro, as well as the 4M Fund, which was established by the League of Minnesota Cities, have been designated as depositories and were specifically identified on a periodic basis. Any deposits above insured amounts as established by FDIC or NCUA also will require collateralization in accordance with state statutes.

Financial institutions have been undergoing numerous changes including consolidation, name changes, and moving into new markets. Going forward, we propose that any financial institution that maintains FDIC or NCUA insurance and has a branch in Saint Paul or the East Metro, be automatically designated as an eligible depository.

Recommendation:
We recommend approval, as well as authorization for the President or their designee to execute all related documents necessary to establish and maintain the necessary account(s) and the authorization of the Chief Financial Officer or their designee to make or amend such designations hereafter.

Attachments: Resolution

Resolution No. 4694

RESOLUTION OF THE
PORT AUTHORITY OF THE CITY OF SAINT PAUL

[APPROVAL OF DESIGNATED DEPOSITORIES OF THE PORT AUTHORITY]

WHEREAS, pursuant to Minnesota Statute Chapter 469.052, all governmental entities are required to designate depositories and a governmental entity's deposits and investments must comply with Minnesota Statutes Chapter 118A.

NOW THEREFORE, BE IT RESOLVED, that the financial institutions (Banks and Credit Unions) located in Saint Paul or the East Metropolitan area are hereby designated depositories of the Port Authority of the City of Saint Paul (the "Port Authority"). Any funds deposited in said Banks and Credit Unions are to be insured by the appropriate United States Governmental entity (FDIC or NCUA) or collateralized in accordance with the appropriate state statute. Funds deposited in said Banks may be withdrawn by check, draft, or other orders when countersigned by the President or the Chief Financial Officer and impressed with facsimile signatures of the Chair and Treasurer. The President and Chief Financial Officer are authorized to endorse in the name of said Port Authority all checks or other negotiable instruments for deposit in said account; and be it

FURTHER RESOLVED that the Banks and Credit Unions are hereby authorized and directed to honor and pay any checks so drawn by any of said officers, whether said checks be payable to the order of the officer signing such checks, or any of said officers in their individual capacities or not, and whether such checks or drafts are deposited to the individual credit of any of the other officers, or not; and be it

FURTHER RESOLVED, that the Chief Financial Officer or their designee may designate one or more financial institutions as a depository of the Port Authority's funds and make investments of funds under Sections 118A.01 to 118A.06 or other applicable laws; and be it

FURTHER RESOLVED, that the President or their designee are hereby authorized and directed to execute all related documents necessary to establish and maintain the accounts and the authorization of the Chief Financial Officer or their designee to make or amend such designations thereafter; and be it

FINALLY RESOLVED, that the authority granted by this Resolution shall be effective as of April 27, 2021 and remain in effect until rescinded.

Adopted: April 27, 2021

PORT AUTHORITY OF THE CITY OF SAINT PAUL

By ____________________________________
Its ____________________________________

ATTEST:

By ______________________________
Its ____________________________

PORT AUTHORITY OF THE CITY OF SAINT PAUL

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

PORT AUTHORITY OF THE CITY OF SAINT PAUL
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2020

FINANCIAL SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the the business-type activities of the Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul, Minnesota) (Port Authority), as of and for the year ended December 31, 2020, and the related notes to basic financial statements. We were not engaged to audit the complete financial statements of the aggregate discretely presented component unit. These financial statements collectively comprise the Port Authority's basic fiancial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.

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

Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the aggregate discretely presented component units.

Summary of Opinions[b]

Opinion Unit	Type of Opinion
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Unit	Disclaimer

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Capital City Properties have not been audited, and we were not engaged to audit the Capital City Properties financial statements as part of our audit of the Port Authority's basic financial statements. Capital City Properties' financial activities are included in the Port Authority's basic financial statements as a discretely presented component unit and represent XX percent, XX percent, and XX percent of the assets, net position, and revenues, respectively, of the City's aggregate discretely presented component units.[c, d]

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component unit of the St. Paul Port Authority. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port Authority of the City of Saint Paul as of December 31, 2020, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in total OPEB liability (asset), schdule of money-weighted rate of return on plan assets – OPEB, schedule of the Port Authority's proportionate share of the net pension liability, and schedule of the Port Authority's pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of the Port Authority of the City of Saint Paul'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 result of that testing, and not to provide an opinion on the effectiveness of the Port Authority of the City of Saint Paul'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 Port Authority of the City of Saint Paul's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

REQUIRED SUPPLEMENTARY INFORMATION

The management of the Port Authority of the City of Saint Paul (the Port Authority) provides this narrative overview and analysis of the Port Authority's financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider this information in conjunction with the complete financial statements presented herein. All amounts, unless otherwise indicated, are presented in thousands of dollars.

The Port Authority's annual report consists of three basic financial statements: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements focus on the financial condition of the Port Authority, the results of operations, and cash flows of the Port Authority as a whole. In addition, the Statement of Fiduciary Net Position relates to funds deposited with the State of Minnesota Investment Board for future retiree health care costs as well as investment held in trust for the Port's defined contribution pension plan.

STATEMENT OF NET POSITION

	2020	2019
Current and Other Assets	$ 206,813	$ 173,388
Capital Assets	16,282	17,129
Total Assets	223,095	190,517
Deferred Outflows of Resources	523	416
Long-Term Liabilities	148,021	117,116
Other Liabilities	14,381	15,063
Total Liabilities	162,402	132,179
Deferred Inflows of Resources	62	268
Net Position:		
Net Investment in Capital Assets	8,394	8,446
Restricted, Debt Service	58,544	55,939
Restricted, Capital Maintenance on Owned Facilities	726	596
Unrestricted	(6,510)	(6,495)
Total Net Position	$ 61,154	58,486

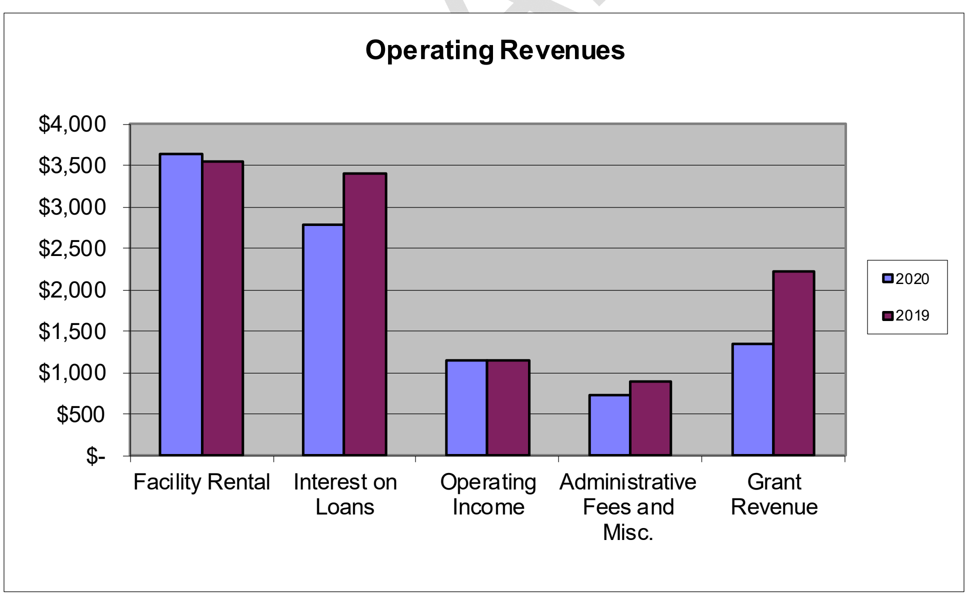
FINANCIAL HIGHLIGHTS

- Total assets were $223.2 million or 17.1% greater than in 2020. Current and Other Assets increased $33.5 million or 19.3% mainly from the following changes: 1) loans receivable increased by approximately $11.3 million mainly due to increases in special assessments associated with energy saving projects which were offset by third party loans payable; 2) increase in property taxes receivable of $6.3 million mainly associated with the issuance of new debt associated with a new development offset by tax collections; 3) repayments on loans and advances to tax increment financing districts resulted in increases in cash and investments of $2.8 million; and 4) minor changes in most of the other assets.
- Deferred Outflows increased $107 thousand over the prior year as a result of a decrease in pension related costs associated with the Port Authority's share of pension decreasing $40 thousand and deferrals on debt refundings being amortized $121 thousand.

- Total liabilities increased $30.2 million for a 22.9% increase over 2020. Debt associated with special assessments for third-party energy saving projects and funded by outside parties increased by $11.6 million and the net bonds increased by $9.6 million for new debt associated with a redevelopment project and offset by scheduled debt payments.

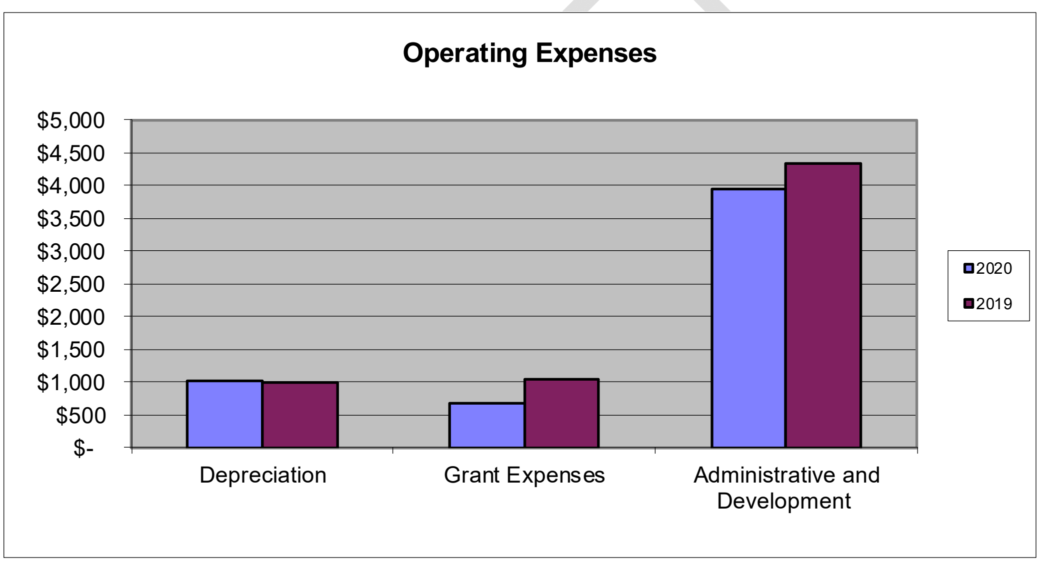
Operating Revenues: Operating revenues decreased $1,560 thousand or 13.9% to $9.66 million in 2020 from $11.22 million in 2019. Interest on loans decreased by around $625 thousand as a result of more energy saving loan activity. Operating Income decreased $8 thousand, or0.7%, mainly as a result of a $112 thousand increase in Energy Park Utility Company operating revenues offset by a decrease of $173 thousand in related operating expense. Administrative Fees saw a decrease of approximately $159 thousand, or a 17.7% decrease from 2019. Grants decreased $870 thousand as a result of remediation work funded in the prior year by grants from outside sources. The following schedule presents a summary of the revenues for the years ended December 31, 2020 and 2019, and the percentages of increase or decrease in relation to the prior year's revenues.

	2020	Percentage of Total	2019	Percentage of Total	Increase (Decrease) from 2019	Percentage Change
Operating Revenues						
Facility Rental	$ 3,649	37.8 %	$ 3,547	31.6 %	$ 102	2.9 %
Interest on Loans	2,778	28.8	3,403	30.3	(625)	(18.4)
Operating Income	1,149	11.9	1,157	10.3	(8)	(0.7)
Administrative Fees and Misc.	738	7.6	897	8.0	(159)	(17.7)
Grant Revenue	1,346	13.9	2,216	19.8	(870)	(39.3)
Total Operating Revenues	$ 9,660	100.0 %	$ 11,220	100.0 %	$ (1,560)	(13.9)%



Operating Expenses: Operating expenses decreased 8.6% to $8.2 million in 2020 from $9.0 million in 2019. Depreciation is mainly related to the Energy Park Utility distribution system and comparable to the prior year. As noted above, grant revenues decreased $870 thousand in the current year associated with decreased remediation efforts, resulting in overall grant expenses decreasing as well by $369 thousand. Administrative and Development costs decreased $400 thousand or 9.2% from the prior year mainly as a result of increased development activity. Revenues pledged to others relates to leased property revenues which are pledged to and passed on to third parties; while the majority of the main lease rate increases annually, a portion of this revenue is based upon volume. In 2020 these revenues and related expenses decreased by around $36 thousand or a 1.4% increase from 2019. The following schedule presents a summary of expenses for the years ended December 31, 2020 and 2019, and the percentage change in relation to the prior year's expenses.

	2020	Percentage of Total	2019	Percentage of Total	Increase (Decrease) from 2019	Percentage Change
Operating Expenses:						
Depreciation	$ 1,011	12.3 %	$ 980	10.9 %	$ 31	3.2 %
Grant Expenses	672	8.2	1,041	11.5	(369)	(35.4)
Administrative and Development	3,934	47.8	4,334	48.2	(400)	(9.2)
Revenues Pledged to Others	2,609	31.7	2,645	29.4	(36)	(1.4)
Total	$ 8,226	100.0 %	$ 9,000	100.0 %	$ (774)	(8.6)%



Debt Administration: As of December 31, 2020, the Port Authority has various debt issues outstanding. These issues include $35.3 million in general obligation bonds, $24.1 million in revenue bonds, $1.8 million in other development bonds, and $87.7 million in promissory notes for a net increase of $29.7 million from 2019. Notes/loans to third parties associated with financing energy saving projects increased $33.6 million. This increase was partially offset by scheduled payments on the debt. Port Authority's debt is either not rated or, in the case of general obligation debt, is assigned the City of Saint Paul's rating, which is rated AAA by Standard and Poor's Rating Service and Fitch Ratings. The majority of the other bonds, notes and loans were used for energy savings projects, of which most are secured by special assessments on the related projects and are fully offset with loans receivable. See Note 5 for additional information regarding the Port Authority's outstanding debt.

OTHER INFORMATION

Employees: The Port Authority had 19 and 18 regular fulltime employees as of December 31, 2020 and 2019.

General Business of the Port Authority: The Port Authority develops industrial business centers, and recycles brownfields to asist in creating tomorrow's jobs. This can result in the Port Authority owning land, buildings and improvements. The Port Authority also owns and operates barge terminals and related storage facilities. All of these facilities are located in Saint Paul, Minnesota. The Port Authority contributes to the East Metro's growth and prosperity by providing businesses with cleaner land on which to expand, space on the Mississippi River to receive and ship commodities efficiently, and loans for real estate, equipment purchases, and energy savings. Energy saving loans are financed with funds from grants or third party funds and can be used for projects throughout the state.

Recycling Brownfields: The Port Authority has remediated numerous sites which are then sold to entities that agree to various development criteria for the site. While the majority of the sites have been sold and developed, the Port continues to market space in two of its redeveloped business centers – the 61-acre Beacon Bluff Business Center on Saint Paul's East side and the River Bend Business Center at Shepard Road and Randolph Street.

Requests for Information: This financial report is designed to provide a general overview of the Port Authority's finances for all those with an interest in the Port Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Port Authority of the City of Saint Paul, Todd Hurley, Chief Financial and Operating Officer, 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102-1313.

BASIC FINANCIAL STATEMENTS

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020
(IN THOUSANDS)

	Primary Government	Component Unit
ASSETS		
Cash and Cash Equivalents	$ 1,061	$ 1,151
Restricted Cash and Cash Equivalents	20,181	353
Accounts Receivable	4,217	38
Due from Component Unit	282	-
Accrued Interest Receivable	-	1
Loans Receivable from Port Authority	-	1,183
Fuel Inventory	49	-
Prepaid Expenses	142	162
Restricted Investments	14,169	-
Investments	-	7,192
Other Assets	166,666	688
Net OPEB Asset	46	-
Capital Assets:		
Land and Construction in Progress	2,045	5,980
Other Capital Assets, Net of Depreciation	14,237	11,204
Total Assets	223,095	27,952
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources - Pensions	289	-
Deferred Outflows of Resources - Loss on Debt Refunding	234	-
Total Deferred Outflows of Resources	523	-
LIABILITIES		
Accounts Payable, Accrued Expenses, and Unearned Revenue	1,752	-
Accrued Interest Payable	1,498	513
Due to Port Authority	-	182
Other Accrued Liabilities	7,011	2,710
Long-Term Liabilities Due Within One Year	4,120	69,264
Long-Term Liabilities	146,486	3,688
Net Pension Liability	1,535	-
Total Liabilities	162,402	76,357
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pensions	62	-
NET POSITION		
Net Investment in Capital Assets	8,394	(5,780)
Restricted for:		
Debt Service	58,544	-
Capital Maintenance on Owned Facilities	726	-
Equity On Ice	-	140
Unrestricted	(6,510)	(42,765)
Total Net Position	$ 61,154	$ (48,405)

See accompanying Notes to Basic Financial Statements.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)

	Primary Government	Component Unit
OPERATING REVENUES		
Revenue Bond Facilities and Loan:		
Facility and Other Rentals	$ 3,649	$ -
Interest on Loans	2,778	-
Operating Income on Owned Facilities	1,149	721
Administrative and Other Fees	738	611
Grant Revenues	1,346	1
Total Operating Revenues	9,660	1,333
OPERATING EXPENSES		
Administrative and Development	3,934	1,674
Operations of Owned Facilities	-	1,252
Revenues Pledged to Others	2,609	-
Depreciation	1,011	553
Grant Expenses	672	800
Total Operating Expenses	8,226	4,279
OPERATING INCOME (LOSS)	1,434	(2,946)
NONOPERATING REVENUES (EXPENSES)		
Investment Income	362	397
Equity Earnings on Joint Ventures	-	1,046
Debt Service Levies	8,769	-
Miscellaneous Revenue	-	111
Interest Expense on Revenue Bonds and Notes Payable	(5,468)	(5,890)
Provision for Uncollectable Accounts	-	(100)
Income from Operating Leases	-	126
Fiscal and Development Fees	(2,951)	-
Gain on Sale of Property	522	2,133
Total Nonoperating Revenues (Expenses)	1,234	(2,177)
CHANGE IN NET POSITION	2,668	(5,123)
Net Position (Deficit) - Beginning of Year	58,486	(43,280)
NET POSITION (DEFICIT) - END OF YEAR	$ 61,154	$ (48,403)

See accompanying Notes to Basic Financial Statements.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$	4,798
Grant Receipts		1,362
Other Operating Receipts		8,676
Payments for Administrative and Development Expenses		(47,502)
Payments to Employees		(2,109)
Grant Expenses and Other Payments for Operations		(672)
Net Cash Used by Operating Activities		(35,447)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES		
Proceeds from the Sale of Property		522
Proceeds for Issuance of Debt		37,781
Principal Paid on Debt		(6,067)
Interest and Paying Agent Fees on Bonds		(7,325)
Receipts from Debt Service Levies		11,306
Net Cash Provided by Noncapital Financial Activities		36,217
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets		(165)
Principal Paid on Capital Debt		(2,045)
Net Cash Used by Capital and Related Financing Activities		(2,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income		362
Purchase of Investments		(706)
Proceeds from the Sale of Investments		(613)
Net Cash Used by Investing Activities		(957)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,397)
Cash and Cash Equivalents - January 1		23,640
CASH AND CASH EQUIVALENTS - DECEMBER 31	$	21,243
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income	$	1,434
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Depreciation		1,011
Changes in Assets and Liabilities:		
Increase in Receivables		(2,729)
Decrease in Prepaids		18
Increase in Inventory		(9)
Increase in Loans Receivable		(43,117)
Decrease in Other Assets		7,890
Increase in Net OPEB Asset		(39)
Increase in Deferred Outflows		(107)
Increase in Payables		850
Decrease in Other Liabilities		(443)
Decrease in Deferred Inflows		(205)
Net Cash Used by Operating Activities	$	(35,446)

See accompanying Notes to Basic Financial Statements.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
STATEMENT OF FIDUCIARY NET POSTION
DECEMBER 31, 2020
(IN THOUSANDS)

	OPEB Irrevocable Trust	Defined Contribution Pension Trust
ASSETS		
Restricted Investments	$ 702	$ 1,759
LIABILITIES		
Due to the Port Authority	$ 20	$ -
NET POSITION		
Restricted for Pension Benefits	-	1,759
Restricted for OPEB	682	-
Total Net Postion	$ 682	$ 1,759

STATEMENT OF CHANGES IN FIDUCIARY NET POSTION
YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)

	OPEB Irrevocable Trust	Defined Contribution Pension Trust
ADDITIONS		
Contributions - Employer	$ 19	$ 16
Contributions - Individuals	-	10
Earnings on Investments	48	80
Total Additions	67	106
DEDUCTIONS		
Benefits Paid to Plan Members	39	303
NET INCREASE (DECREASE) IN NET POSITION	28	(197)
Net Position - Beginning of Year	654	1,956
NET POSITION - END OF YEAR	$ 682	$ 1,759

See accompanying Notes to Basic Financial Statements.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul, Minnesota) (the Port Authority) is a body corporate of the state of Minnesota and a redevelopment agency within the meaning of Minnesota statutes. The Port Authority is an enterprise fund and accounts for operations similar to private business enterprises, where the intent is that the costs to provide services on a continuing basis be financed or recovered primarily through user charges. The Port Authority's purpose is to increase the volume of commerce and employment in the City of Saint Paul (the City) and the East Metro Area of the Twin Cities through the creation of development districts and the acquisition and construction of industrial, commercial, and other revenue-producing projects. The Port Authority finances this development in order to expand the tax base and create job opportunities.

Financial Reporting Entity

The powers of the Port Authority are vested in the seven-member board of commissioners, the members of which are nominated by the Mayor and confirmed by the City Council of the City of Saint Paul. Once appointed, the board of commissioners exercises all oversight responsibilities, including, but not limited to, matters of personnel, management, finance, and budget. The accompanying financial statements present the Port Authority and its component unit, an entity for which the Port Authority is considered to be financially accountable. The discretely presented component unit, described below, is reported in a separate column in the government-wide financial statements to emphasize that is it legally separated from the Port Authority.

Certain Port Authority bond issues have been backed by the full faith and credit of the City. This general obligation pledge has allowed the Port Authority to obtain lower borrowing costs for the purpose of financing redevelopment projects. Governmental Accounting Standards Board (GASB) Codification 2100 states that a primary government that appoints a voting majority of an organization's officials and is obligated in some manner for the debt of that organization is financially accountable for that organization. Based on this criterion, the Port Authority is considered a discretely presented component unit of the City and is included in its basic financial statements.

Discretely Presented Component Unit

Capital City Properties (CCP) is a Minnesota nonprofit corporation established in 1991 for the purpose of performing the functions and carrying out certain public purposes of the Port Authority. All of the members of the board of directors of CCP are either commissioners or staff of the Port Authority. CCP leases the Capital City Plaza Parking Garage St. Paul, as well as participates in various joint ventures. CCP separately issues its own financial statements which may be obtained by writing to CCP at 380 St. Peter Street, Suite 850, Saint Paul, Minnesota 55102-1313.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The Port Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

The Port Authority utilizes the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

The Port Authority excludes from its basic financial statements all debt considered conduit debt as well as the related assets and operations. The Port Authority defines conduit debt as "no-commitment" debt for which the Port Authority has no further obligation, as defined by governmental accounting standards generally accepted in the United Stated of America. See Note 11 for further information related to no-commitment debt.

Use of Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include demand deposit and savings accounts, money market funds, and commercial paper with original maturities of three months or less. Some cash of the discretely presented component unit is deposited with the Port Authority's deposits and invested on a short-term basis in checking, savings, and money market accounts. Interest income earned as a result of the pooling is distributed based on the investment fund balances for the proprietary funds. All of the Port Authority's cash and cash equivalents are restricted by bond indentures and/or board resolutions.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Investments

Restricted investments are reported at fair market value, with the unrealized gains and losses reported as a component of investment income, except for debt securities that have a remaining maturity at the time of purchase of one year or less, which are reported at amortized cost. All investments and earnings attributable to these restricted funds are accounted for directly by the Port Authority and are restricted in accordance with the provisions of bond indentures and a board resolution for operations and payments of debt service on the bonds. The funds and accounts the Port Authority is required to maintain are as follows:

- **Operations:** Pursuant to Board of Commissioners Resolution Number 3300 dated February 19, 1991, the Port Authority established an operating reserve account to enable the Port Authority to continue to carry out the covenants made with holders of bonds issued pursuant to certain bond financing programs. The reserve account is reviewed periodically, to determine whether the reserve is adequate.

- **Development programs:** Amounts have been restricted for the project-specific purposes.

Unamortized Bond Discounts and Premiums

Unamortized bond discounts and premiums are amortized over the life of the related debt.

Other Assets

Other assets consist of reimbursable project costs, future tax levies receivable, levied taxes receivable, and loans receivable (see Note 3).

Reimbursable project costs represent costs incurred by the Port Authority for specific projects that will be repaid in the future through various funding sources (tax increment financing, bond proceeds, state or federal grants, etc.). The Port Authority assesses the collectability of these costs on a project-by-project basis and reserves an amount as uncollectible based on known factors related to future funding sources and the estimated timing of collection.

The Port Authority records a receivable for future tax levies related to various bonds that are issued to finance projects. The bonds issued establish an irrevocable levy which creates a legally enforceable claim for repayment of the outstanding bond proceeds.

NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Properties and facilities are recorded at cost, including capitalized interest. Rental income is recorded for all properties and facilities under operating leases. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Land Improvements – Including Steam Utility System	10 - 40
Furniture, Fixtures, and Equipment	3 - 5

Impairment of Capital Assets

The Port Authority reviews its capital assets for recoverability whenever events or changes in circumstances suggest that the service utility of a capital asset may have significantly or unexpectedly declined, indicating that an impairment of its capital assets has occurred. If impairment has occurred, the estimated impairment is based on the diminished service utility of the capital asset. To date, management has determined that no impairment of long-lived assets exists.

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. 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 Port Authority also has a defined contribution plan for which a pension trust is reported in the fiduciary financial statements. See Note 9 for more details on the defined contribution plan.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Port Authority's irrevocable OPEB trust and additions to/deductions from the Port Authority's irrevocable OPEB trust's fiduciary net position have been determined on the same basis as they are reported by the Port Authority's irrevocable OPEB trust. For this purpose, Port Authority recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Comparative Data

Comparative data for the prior year has been presented only for certain sections of the accompanying financial statements in order to provide an understanding of the changes in the financial position and operations. Certain comparative information has been reclassified to conform to the current year presentation.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

In accordance with applicable Minnesota state statutes, the Port Authority maintains deposits at financial institutions authorized by the board of commissioners. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. government treasury bills, notes, and or bonds; securities issued by a U.S. government agency; general obligations of local governments rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk - Deposits – In the case of deposits, custodial risk is the risk that in the event of bank failure, the Port Authority's deposits may not be returned to it. The Port Authority's deposit policy does not provide additional restrictions beyond Minnesota State Statutes. At year-end, the carrying amount of the Port Authority's deposits was entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

Investments

The Port Authority may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and with the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated "A" or better; revenue obligations rated "AA" or better
- General obligations of the Minnesota Housing Finance Agency rated "A" or better
- Obligations of a school district with an original maturity not exceeding 13 months which is (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to Minn. Stat. § 126C.55.

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

- Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks, or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in one of the top two rating categories
- Repurchase or reverse purchase agreements and security 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The Port Authority held the following investments as of December 31, 2020:

Investment Type	Fair Value
U.S. Treasury Notes	$ 6,355
Federal Home Loan Mortgage Corp. (Freddie Mac)	130
Federal National Mortgage Assoc. (Fannie Mae)	558
Government National Mortgage Assoc. (Ginnie Mae)	5
Federal Home Loan Bank	46
State and Local Obligations: Municipal Bonds	151
Total Investments at Fair Value	$ 7,245

Investment Type	Amortized Cost
4M - External Investment Pools	$ 5,605

The OPEB Irrevocable Trust Fund held the following investments as of December 31, 2020:

Investment Type	Amortized Cost
MN SBI Non-Retirement Bond Fund	$ 472
MN SBI Non-Retirement Equity Fund	76
MN SBI Non-Retirement Money Market Fund	154
Total Investments at Amortized Cost	$ 702

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Defined Contribution Pension Trust Fund held the following investments as of December 31, 2020:

Investment Type	Fair Value
T. Rowe Price Large Cap Value	$ 197
Dodge & Cox Intl Stock Fund DFE Number 102	33
Amer Funds New World Fund, R6 DFE Number 184	4
Janus Henderson Triton N DFE Number 223	35
JPMorgan Large Cap Growth A DFE Number 234	106
Am Funds Europacific GR R6 DFE Number 286	30
Pioneer Brand Bond Y DFE Number 337	283
AB Glbl Bond av DFE Number 769	188
Fidelity US Bond Index DFE Number 900	32
Fidelity Total Market Index DFE Number 900	10
MyWayRetirement Index 2050 R DFE Number 900	26
MN Life Guaranteed Return Acct	815
Total Investments at Fair Value	$ 1,759

Interest Rate Risk – As a means of managing its exposure to fair value losses arising from increasing interest rates, it is the Port Authority's practice to match maturities to its liquidity needs. The Port Authority establishes benchmarks that reflect its expected cash flow needs and minimize interest rates that are materially longer or shorter than those established by the benchmarks chosen. Maximum duration of the portfolio is 120% of the benchmark duration.

The Port Authority's schedule of the average maturities by investment type as of December 31, 2020 is as follows:

	Investment Maturities (In Years)					
Investment Type	Less than 1	1-5	6-10	More Than 10	No Maturity	Total
U.S. Treasury Notes	$ 150	$ 5,478	$ 727	$ -	$ -	$ 6,355
Government-Sponsored Enterprises:						
Federal Home Loan Mortgage Corp (Freddie Mac)	-	75	45	10	-	130
Federal National Mortgage Assoc. (Fannie Mae)	-	234	252	72	-	558
Government National Mortgage Assoc. (Ginnie Mae)	-	5	-	-	-	5
Federal Home Loan Bank	-	46	-	-	-	46
State & Local Obligations: Municipal Bonds	126	25	-	-	-	151
4M - External Investment Pools	-	-	-	-	5,605	5,605
Total	$ 276	$ 5,863	$ 1,024	$ 82	$ 5,605	$ 12,850

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The OPEB Irrevocable Trust Fund's schedule of the average maturities by investment type as of December 31, 2020 is as follows:

Investment Type	Investment Maturities (In Years) No Maturity
MN SBI Non-Retirement Bond Fund	$ 472
MN SBI Non-Retirement Equity Fund	76
MN SBI Non-Retirement Money Market Fund	154
Total	$ 702

The Defined Contribution Pension Trust Fund's schedule of the average maturities by investment type as of December 31, 2020 is as follows:

Investment Type	Investment Maturities (In Years) No Maturity
T. Rowe Price Large Cap Value	$ 197
Dodge & Cox Intl Stock Fund DFE Number 102	33
Amer Funds New World Fund, R6 DFE Number 184	4
Janus Henderson Triton N DFE Number 223	35
JPMorgan Large Cap Growth A DFE Number 234	106
Am Funds Europacific GR R6 DFE Number 286	30
Pioneer Brand Bond Y DFE Number 337	283
AB Glbl Bond av DFE Number 769	188
Fidelity US Bond Index DFE Number 900	32
Fidelity Total Market Index DFE Number 900	10
MyWayRetirement Index 2050 R DFE Number 900	26
MN Life Guaranteed Return Acct	815
Total	$ 1,759

Credit Risk – As a means of managing its exposure that an issuer of a debt security will not fulfill its obligation, it is the Port Authority's practice to follow state law, which limits investments in authorized securities to certain credit risk ratings and maturities. It is the Port Authority's policy that securities must carry an A- or higher long-term rating by one rating agency or the highest quality short-term rating (without regard to modifiers) by two of the following rating agencies: Standard & Poors, Fitch, or Moody's.

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

The Port Authority's investments at December 31, 2020 carried the following ratings:

Investment Type	Credit Risk (Lowest rating from Moody's, S&P and Fitch Ratings) AAA/Aaa	AA/Aa	A	Not Rated	Total
U.S. Treasury Notes	$ 6,355	$ -	$ -	$ -	$ 6,355
Government-Sponsored Enterprises:					
Federal Home Loan Mortgage Corp (Freddie Mac)	-	-	-	130	130
Federal National Mortgage Assoc. (Fannie Mae)	-	272	-	286	558
Government National Mortgage Assoc. (Ginnie Mae)	-	-	-	5	5
Federal Home Loan Bank	-	46	-	-	46
State & Local Obligations: Municipal Bonds	-	126	25	-	151
4M - External Investment Pools	-	-	-	5,605	5,605
Total	$ 6,355	$ 444	$ 25	$ 6,026	$ 12,850

The OPEB Irrevocable Trust Fund's investments at December 31, 2020 carried the following ratings:

Investment Type	Credit Risk Not Rated
MN SBI Non-Retirement Bond Fund	$ 472
MN SBI Non-Retirement Equity Fund	76
MN SBI Non-Retirement Money Market Fund	154
Total	$ 702

The Defined Contribution Pension Trust Fund's investments at December 31, 2020 carried the following ratings:

Investment Type	Credit Risk Not Rated
T. Rowe Price Large Cap Value	$ 197
Dodge & Cox Intl Stock Fund DFE Number 102	33
Amer Funds New World Fund, R6 DFE Number 184	4
Janus Henderson Triton N DFE Number 223	35
JPMorgan Large Cap Growth A DFE Number 234	106
Am Funds Europacific GR R6 DFE Number 286	30
Pioneer Brand Bond Y DFE Number 337	283
AB Glbl Bond av DFE Number 769	188
Fidelity US Bond Index DFE Number 900	32
Fidelity Total Market Index DFE Number 900	10
MyWayRetirement Index 2050 R DFE Number 900	26
MN Life Guaranteed Return Acct	815
Total	$ 1,759

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk – For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Port Authority will not be able to recover the value of its investments that are in the possession of another party. The Port Authority requires all securities purchased to be made in such a manner so that the securities are registered in the Port Authority's name or are in the possession of the Port Authority or a third-party custodian in the Port Authority's name.

Concentration of Credit Risk – The Port Authority diversifies its portfolio in order to minimize the impact of losses from any one individual issuer. It is the Port Authority's policy to limit the amount invested in any one issuer at the time of the purchase, excluding securities of the U.S. Government and government sponsored enterprise securities. There were no violations of the policy during the year.

At December 31, 2020, the Port Authority had not invested more than 5% of the Port Authority's investments in any particular issuer.

At December 31, 2020, the OPEB Irrevocable Trust Fund had not invested more than 5% of its Fund's investments any particular issuer.

At December 31, 2020, the Defined Contribution Pension Trust Fund had not invested more than 5% of its Fund's investments any particular issuer.

Fair Value Measurements

The Port Authority uses fair value measurements to record fair value adjustments to certain asset and liabilities and to determine fair value disclosures.

The Port Authority follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the Port Authority has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

(ALL AMOUNTS IN THOUSANDS)

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Assets of the Port Authority measured at fair value on a recurring basis are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
U.S. Treasury Notes	$ 6,355	$ -	$ -	$ 6,355
Government-sponsored Enterprises:				
Federal Home Loan Mortgage Corp (Freddie Mac)	-	130	-	130
Federal National Mortgage Assoc. (Fannie Mae)	-	558	-	558
Government National Mortgage Assoc. (Ginnie Mae)	-	5	-	5
Federal Home Loan Bank	-	46	-	46
State & Local Obligations: Municipal Bonds	-	151	-	151
Total Investments Measured at Fair Value	$ 6,355	$ 890	$ -	$ 7,245

The OPEB Irrevocable Trust Fund did not have any assets which were measured at fair value.

Assets of the Defined Contribution Pension Trust Fund measured at fair value on a recurring basis are as follows:

Investment Type	Level 1	Level 2	Level 3	Total
T. Rowe Price Large Cap Value	$ 197	$ -	$ -	$ 197
Dodge & Cox Intl Stock Fund DFE Number 102	33	-	-	33
Amer Funds New World Fund, R6 DFE Number 184	4	-	-	4
Janus Henderson Triton N DFE Number 223	35	-	-	35
JPMorgan Large Cap Growth A DFE Number 234	106	-	-	106
Am Funds Europacific GR R6 DFE Number 286	30	-	-	30
Pioneer Brand Bond Y DFE Number 337	283	-	-	283
AB Glbl Bond av DFE Number 769	188	-	-	188
Fidelity US Bond Index DFE Number 900	32	-	-	32
Fidelity Total Market Index DFE Number 900	10	-	-	10
MyWayRetirement Index 2050 R DFE Number 900	26	-	-	26
MN Life Guaranteed Return Acct	815	-	-	815
Total Investments Measured at Fair Value	$ 1,759	$ -	$ -	$ 1,759

(ALL AMOUNTS IN THOUSANDS)

NOTE 3 OTHER ASSETS

Other assets consist of the following at December 31, 2020:

Reimbursable Project Costs	$ 10,980
Future Tax Levies	54,510
Loans Receivable	106,770
Allowance for Uncollectible Amounts	(5,594)
Total	$ 166,666

NOTE 4 CAPITAL ASSETS

Capital asset additions, retirements, and balances for the year ended December 31, 2020 were as follows:

	Balance at Beginning of Year	Increases	Decreases	Reclassifications	Balance at End of Year
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 2,045	$ -	$ -	$ -	$ 2,045
Capital Assets, Being Depreciated:					
Land Improvements	46,466	38	-	-	46,504
Furniture and Equipment	1,288	127	-	-	1,415
Total Capital Assets, Being Depreciated	47,754	165	-	-	47,919
Accumulated Depreciation for:					
Land Improvements	31,602	905	-	3	32,510
Furniture and Equipment	1,069	106	-	(3)	1,172
Total Accumulated Depreciation	32,671	1,011	-	-	33,682
Total Capital Assets, Being Depreciated, Net	15,083	(846)	-	-	14,237
Business-Type Activities Capital Assets, Net	$ 17,128	$ (846)	$ -	$ -	$ 16,282

(ALL AMOUNTS IN THOUSANDS)

NOTE 5 REVENUE BONDS AND NOTES PAYABLE

Unless otherwise noted below, all obligations are in the name of the Port Authority of the City of Saint Paul with interest due semi-annually and principal due in varying installments. At December 31, 2020, revenue bonds and notes payable consisted of the following:

Description	Amount
General Obligation Debt:	
2.0% to 3.75% Tax Exempt Tax Increment Revenue Refunding Bonds, Series 2010-2, with principal due through 2027 for the Williams Hill Project, primarily paid with tax increment but further collateralized with a general obligation pledge.	$ 965
2.0% to 3.625% Taxable Bonds, Series 2013-1, with principal due through 2038 for financing the acquisition, remediation and improvement of blighted and marginal land for redevelopment.	6,295
2.0% to 3.0% Refunding Bonds, Series 2014-1, with principal due through 2024, backed by the full faith and credit of the City of Saint Paul.	3,670
1.0% to 2.9%, Taxable General Obligation Bonds, Series 2016-2, with principal due through 2029, for financing the acquisition, remediation, and improvement of blighted and marginal land for redevelopment, backed by the full faith and credit of the City of Saint Paul.	5,025
2.0% to 4.0%, Tax Exempt General Obligation Refunding Bonds, Series 2016-3, with principal due through 2029, backed by the full faith and credit of the City of Saint Paul.	4,775
1.6% to 2.72%, Taxable General Obligation Bonds, Series 2019-1, with principal due through 2040, for financing the acquistion of the former Hillcrest Golf Course in preparation for redevelopment, backed by the full faith and credit of the City of Saint Paul.	7,165
5.0% Tax Exempt General Obligation Bonds, Series 2019-2 , with principal due through 2044, for financing the acquistion of the former Hillcrest Golf Course in preparation for redevelopment, backed by the full faith and credit of the City of Saint Paul.	2,440
3.0% Taxable General Obligation Refunding Bonds, Series 2019-3, with principal due through 2030, backed by the full faith and credit of the City of Saint Paul.	4,950
Revenue Bonds:	
$1,905,000 of 5.45% and $5,595,000 of 5.70% Tax Exempt Revenue Bonds Series 2012-3, with principal due through 2036, for the Energy Park Utility Company Project.	7,500
5.00% Taxable Revenue Bonds Series 2012-4, with principal due through 2022, for the Energy Park Utility Company Project.	375
4.02% Taxable Revenue Bonds Series 2013-6, with principal due through 2039, for the financing of a new multi-purpose regional ballpark.	7,410
Bonds Collateralized by Tax Increment Financing:	
4.25% Tax Exempt Tax Increment Revenue Bonds, Series 2017-6, with principal due through 2027, for the Riverbend project.	1,243
6.25% Limited Taxable Tax Increment Revenue Notes, Series 2011-2, with principal due in 2021, for Energy Lane.	606
Limited Bonds Collateralized by Future Tax Levies:	
5.0% Tax-Exempt Limited Tax-Supported Refunding Bonds, Series 2017-1, with principal due through 2037.	8,485
1.35% to 2.375% Taxable Limited Tax-Supported Bonds, Series 2017-2, with principal due through 2021.	365
Other Debt:	
Other Notes and Loans Payable	87,688
	148,957
Plus: Unamortized Bond Premium	1,649
Less: Current Maturities	(4,120)
Total	$ 146,486

(ALL AMOUNTS IN THOUSANDS)

NOTE 5 REVENUE BONDS AND NOTES PAYABLE (CONTINUED)

The Port Authority's lending and development programs are primarily financed by the issuance of various forms of revenue bonds or notes, which are collateralized based upon the circumstances under which the bonds were issued. The Port Authority's revenue bond and note agreements include various restrictions and covenants.

Scheduled maturities of long-term obligations for the years ending December 31 are as follows:

Year Ending	Principal	Interest	Total
2021	$ 4,120	$ 5,737	$ 9,857
2022	4,864	5,580	10,444
2023	4,634	6,070	10,704
2024	4,721	5,251	9,972
2025	3,539	5,120	8,659
2026-2030	101,415	15,265	116,680
2031-2035	14,764	3,867	18,631
2036-2040	8,740	1,076	9,816
2041-2045	2,160	-	2,160
Total	$ 148,957	$ 47,966	$ 196,923

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:					
General Obligation Bonds	$ 38,125	$ -	$ 2,840	$ 35,285	$ 2,535
Taxable Revenue Bonds	15,695	-	410	15,285	440
Development Revenue Bonds	2,193	-	344	1,849	317
Limited Tax Supported Bonds	9,205	-	355	8,850	365
Bond Premiums	1,855	-	206	1,649	-
Total Bonds Payable	67,073	-	4,155	62,918	3,657
Notes and Loans Payable	54,071	37,781	4,164	87,688	463
Total Long-Term Liabilities	$ 121,144	$ 37,781	$ 8,319	$ 150,606	$ 4,120

The Port Authority has issued refunding bonds which result in the in-substance defeasance of previous bond issuances, where the debt is removed from the Port Authority's books even though the debt has not yet been called and paid. The outstanding balance of refunded bonds which have not yet been called was $2,055 at December 31, 2020.

NOTE 6 RELATED PARTY TRANSACTIONS

As discussed in Note 1, CCP's corporate purpose is to perform functions and carry out certain public purposes of the Port Authority. In conjunction with this purpose, CCP makes periodic grants to the Port Authority. During 2020, these grants totaled $800.

In 2013, the Port Authority's Energy Park Utility Company (EPUC) entered into a loan agreement payable to CCP in the amount of $650. The revised terms of the loan include annual principal payments extending through 2024. EPUC also entered into an operating lease agreement with CCP which took effect in 2014 and through which EPUC will lease chiller equipment from CCP. The lease includes monthly payments of $11 which extend through June 2026.

In 2011, the Port Authority refinanced its series 2003-1 Taxable Tax Increment Revenue Note. CCP purchased the series 2011-2 Taxable Tax Increment Revenue Refunding Note of $1,740 with a final maturity in 2031. Under the terms of the note, annual payment will be made from available tax increment from the Energy Lane Business Center Tax Increment Financing District. In 2020, principal and interest payments were $176 and $20, respectively, resulting in an outstanding balance of $606 at December 31, 2020.

NOTE 7 DEFINED BENEFIT PENSION PLANS

All employees hired after June 30, 2003, as well as certain other employees, are participants in the General Employees Retirement Fund. The following are descriptions and disclosures related to this plan.

A. Plan Description

The Port Authority 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 (GERF)

All full-time and certain part-time employees of the Port Authority are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

NOTE 7 DEFINED BENEFIT PENSION PLANS (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.

GERF Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent 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.

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

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 6.5% of their annual covered salary in calendar year 2020 and the Port Authority was required to contribute 7.5% for Coordinated Plan members. The Port Authority's contributions to the General Employes Fund for the year ended December 31, 2020 were $137. The Port Authority's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2020, the Port Authority reported a liability of $1,535 for its proportionate share of the General Employees Fund's net pension liability. The Port Authority's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Port Authority totaled $47. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port Authority's proportion of the net pension liability was based on the Port Authority's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of PERA's participating employers. The Port Authority's proportionate share was 0.0256% at the end of the measurement period and 0.0231% for the beginning of the period.

For the year ended December 31, 2020, the Port Authority recognized pension expense of $92 for its proportionate share of General Employees Fund's pension expense. In addition, the Port Authority recognized an additional $4 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

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

At December 31, 2020, the Port Authority reported its proportionate share of General Employees Fund's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 14	$ 6
Changes in Actuarial Assumptions	-	57
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	26	-
Changes in Proportion and Differences Between Port Authority Contributions and Proportionate Share of Contributions	174	-
Port Authority Contributions Subsequent to the Measurement Date	75	-
Total	$ 289	$ 63

A total of $75 reported as deferred outflows of resources related to pensions resulting from Port Authority contributions to General Employees Fund subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to General Employees Fund pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expenses Amount
2021	$ (17)
2022	63
2023	68
2024	37
Thereafter	-

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF
Inflation	2.25% per Year
Active Member Payroll Growth	3.00% 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 for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan.

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and become effective with the July 1, 2020 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2020:

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Actuarial Assumptions (Continued)

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

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

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

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

Changes in Plan Provisions:

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

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 arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	5.10%
Private Markets	25	5.30%
Fixed Income	20	0.75%
International Equity	18	5.90%
Cash	2	0.00%
Totals	100 %	

(ALL AMOUNTS IN THOUSANDS)

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability in 2020 was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the Port Authority'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 Port Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	6.50%	7.50%	8.50%
Port Authority's Proportionate Share of the GERF Net Pension Liability	$ 2,460	$ 1,535	$ 772

H. Pension Plan Fiduciary Net Position

Detailed information about GERF's fiduciary's net position is available in a separately-issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE

Single Employer Retiree Healthcare Benefit Program

Plan Description: The Port Authority employees hired prior to January 1, 2002, and retiring after 20 or more years of service are eligible for up to $300 per month toward the cost of health insurance. Employees who retired prior to 1996 are reimbursed for 100% of the cost of health insurance for themselves and their spouse. At December 31, 2020, there were eleven beneficiaries receiving benefits. In addition, there are four current employees that may become eligible for benefits in the future.

(ALL AMOUNTS IN THOUSANDS)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Single Employer Retiree Healthcare Benefit Program (Continued)

Effective September 1, 2018, the Port Authority established an OPEB Irrevocable Trust Fund pursuant to Minnesota Statute Section 471.6175 with the Minnesota Public Employees Retirement Association serving as the administrator. The plan does not issue a stand-alone financial report.

Contributions and Funding Policy: Retiree health care benefits are currently funded based on the benefit disclosed above on a pay-as-you-go basis. The board of commissioners may change the funding policy at any time.

Net OPEB Liability: As the Port Authority had fewer than 100 employees as of December 31, 2020, the Port Authority's net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by through the use of the alternative measurement method as of that date.

Actuarial Assumptions: The total OPEB liability in the December 31, 2020 alternative measurement method valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified. The Port Authority has estimated the liability associated with this benefit using an alternative valuation method that takes into account the existing age of the individuals, their years of service and life expectancy, probability of receiving a benefit, a health care cost trend factor of 6.3%, 3.0% rate of inflation, and a 2.5% discount rate.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available).

Best estimates of rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
MN State Board of Investment Non-Retirement Bond Fund	50.00 %	5.25 %
MN State Board of Investment Non-Retirement Equity Fund	25.00	8.00
MN State Board of Investment Non-Retirement Money Market Fund	25.00	1.25
Total	100.00 %	

For the year ended December 31, 2020 the annual money weighted rate of return on investments, net of investment expense, was -.42%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(ALL AMOUNTS IN THOUSANDS)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Changes in the Net OPEB Liability: The following table summarized the changes in the plan's total OPEB liability, plan fiduciary net position, and the related net OPEB liability:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset)
Balances at December 31, 2019	$ 647	$ 653	$ (6)
Changes for the Year:			
Service Cost	28	-	28
Contributions-Employer	-	20	(20)
Net Investment income	-	48	(48)
Benefit Payments	(39)	(39)	-
Net Changes	(11)	29	(40)
Balances at December 31, 2020	$ 636	$ 682	$ (46)

There were no significant plan and assumption changes which occurred in 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.5%) or 1-percentage-point higher (3.5%) than the current discount rate:

	1% Decrease (1.5%)	Discount Rate (2.5%)	1% Increase (3.5%)
Net OPEB Liability (Asset)	$ 18	$ (46)	$ (101)

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.3%) or 1-percentage-point higher (7.3%) than the current healthcare cost trend rates:

		Healthcare Cost	
	1% Decrease (5.3%)	Current Trend Rates (6.3%)	1% Increase (7.3%)
Net OPEB Liability (Asset)	$ (46)	$ (46)	$ (45)

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS PAYABLE (CONTINUED)

Single Employer Retiree Healthcare Benefit Program (Continued)

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available on the statement of fiduciary net position and the statement of changes in fiduciary net position, as listed in the table of contents of these financial statements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended December 31, 2020, the Port Authority recognized OPEB expense of $6,619. At December 31, 2020, the Port Authority reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

NOTE 9 OTHER PENSION BENEFITS PAYABLE

The Port Authority sponsors a Section 414(d) single employer defined contribution pension benefit plan covering all full-time employees who were hired prior to June 30, 2003, and did not elect to participate in the General Employees Fund. Employee participation in the plan is mandatory, and employees are required to contribute 6.50% of their salary. The Port Authority provides a contribution of 7.50%. Total contributions for the years ended December 31, 2020, 2019, and 2018 were approximately $15, $18, and $37, respectively. The Port Authority's President and Chief Financial Officer have been appointed as the pension plan's trustees, and, therefore, it is reported within the financial statements as a defined contribution pension trust fund. There are currently seven plan members, of which, four are active, contributing employees and three are retirees.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grants: The Port Authority receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Such audits could result in a liability to the Port Authority.

Tax Increment Financing: The Port Authority receives incremental property tax revenue generated by some or all of the value of certain development sites. These funds are used to repay existing tax increment bonds as well as related administrative and economic development activities. The terms of each financing plan are unique for each project as are the tax increment revenues derived from the project. The adequacy of tax increment revenues to meet debt service requirements is dependent upon a number of variables, the outcome of which cannot be predicted with certainty.

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Risk Management: The Port Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and general liability, for which the Port Authority carries insurance and also requires lessees, payers under loans receivable, or property managers (in the case of real estate owned and operated) to carry commercial insurance. The Port Authority has not reduced insurance coverage requirements in the past year, and no claims have been paid by the Port Authority in any of the three preceding years.

Capital Assets: The Port Authority has pledged the revenues from certain of its assets, generally those in its barge terminals, to a bond program; the ongoing lease payments associated with these leases are recorded in the financial statements as revenue with an offsetting expense for the payment to the revenue bond program. In addition, if the Authority sells any of these pledged assets before September 1, 2032, the net proceeds from the sale is also pledged to the revenue bond program. No such sales are currently contemplated and therefore no liability is recorded.

Other Contingencies: In the normal course of its business, the Port Authority is subject to contingencies relating to the performance and completion of contracts, environmental matters, and claims of others. In the opinion of management and internal legal counsel, the ultimate settlement of known claims or disputes will not adversely affect the financial position or results of operations of the Port Authority.

NOTE 11 NO-COMMITMENT DEBT

The Port Authority has issued certain limited-obligation revenue bonds from the following financing sources:

Authority Resolution No. 876: The Common Revenue Bond Fund (Resolution 876) of the Port Authority of the City of Saint Paul (the 876 Bond Fund) includes balances and transactions relating to projects financed by bonds issued under Resolution 876. All debt service on revenue bonds issued under Resolution 876 is payable solely and exclusively from amounts specifically pledged, including amounts to be received under leases or loan agreements and account earnings.

These debt obligations are collateralized by all of the 876 Bond Fund assets and the related proceeds from operations and sale of 876 Bond Fund facilities. The 876 Bond Fund is managed by the Port Authority; however, these obligations are not secured by the credit of the Port Authority.

The 876 Bond Fund did not have adequate cash to pay the full principal amount due on December 1, 2004. Since then it has not made full debt service payments and it is unlikely full principal and interest payments will be made in the future.

NOTE 11 NO-COMMITMENT DEBT (CONTINUED)

The Port Authority and a group of bond holders entered into a mediated settlement which clarified various issues related to the 876 bonds, the pledged revenues and the maturity date of the bonds. The settlement was approved by the Ramsey County District Court in late 2011. As part of the Settlement, US Bank was appointed to act as the Trustee.

Conduit Financings: Conduit Financings represent bonds issued for project financings which are collateralized by the related amounts to be received under leases, loan agreements and property taxes.

None of the debt obligations issued from the above financing sources are secured by the credit of the Port Authority. The Port Authority is not obligated in any manner for repayment of this debt and, accordingly, it is not reported as liabilities in the accompanying financial statements. The aggregate amount of outstanding debt for the 876 Bond Fund and Conduit Financing obligations debt issues was $239,400 at December 31, 2020.

NOTE 12 TAX ABATEMENTS

The Port Authority has entered into various agreements under Minnesota Statutes Section 469.174, Subdivision 10, and Section 469.175, which allow for certain entities to develop tax increment financing plans. As part of developing tax increment financing (TIF) plans, the Port Authority identifies TIF districts for the purpose of financing redevelopment, housing, or economic development through the use of tax increment generated from the captured net tax capacity in the TIF district. The Port Authority has the following types of TIF districts:

Redevelopment Districts – These districts must, per state statue, be parcels with 70% of the area occupied by buildings, streets, utilities, parking lots, or other similar structures with more than 50% of those structures being substandard and requiring substantial renovation or clearance or be properties consisting of vacant, unused, underused, or inappropriately used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way.

Economic Development Districts – These districts must, per state statute, be areas which consist of projects which the Port Authority finds to be in the public interest because it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality, result in increased employment in the state, or result in preservation and enhancement of the tax base of the state.

NOTE 12 TAX ABATEMENTS (CONTINUED)

Hazardous Substance Subdistricts – These subdistricts are created, per state statute, within a TIF district and are made up of any parcels within the TIF district that are designated hazardous substance sites or are contiguous to the hazardous substance sites. Development or redevelopment of these sites would not reasonably be expected to occur solely through private investment and tax increment otherwise available.

As part of the tax increment financing plans, the Port Authority enters into agreements with developers and other entities for Taxable Tax Increment Revenue Notes, or Pay-As-You-Go TIF Notes. Under these agreements, the Port Authority pledges a certain percentage of future tax increment revenue received from the TIF district in return for agreed upon improvements or development activities to be performed within the TIF district by the other entity. Each Pay-As-You-Go TIF Note contains a principal amount and the Notes terminate at the earlier of the date on which the entire principal has been paid in full or a termination date included in the agreement. Once the termination date is reached, the Port Authority has no more liability to make payments on the Note, regardless of whether or not the principal had been paid in full.

During fiscal year 2020, the Port Authority had five such Pay-As-You-Go TIF Notes in place and made payments totaling $143 from tax increments received from the TIF Districts. The four agreements call for between 25% and 95% of the tax increments collected to be returned to the developer and have termination dates ranging from 2024 to 2044.

NOTE 13 SUBSEQUENT EVENT

Subsequent events?

REQUIRED SUPPLEMENTARY INFORMATION

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
YEAR ENDED DECEMBER 31, 2020
(ALL AMOUNTS IN THOUSANDS)

	2020	2019	2018
Total OPEB Liability			
Service Cost	$ 28	$ 108	$ 18
Benefit Payments	(39)	(45)	(34)
Net Change in Total OPEB Liability	(11)	63	(16)
Total OPEB Liability - Beginning	647	584	601
Total OPEB Liability - Ending (a)	$ 636	$ 647	$ 584
Plan Fiduciary Net Position			
Contributions - Employer	$ 20	$ 45	$ 634
Net Investment Income	48	56	(3)
Benefit Payments	(39)	(45)	(34)
Net Change in Plan Fiduciary Net Position	29	56	597
Plan Fiduciary Net Position - Beginning	653	597	-
Plan Fiduciary Net Position - Ending (b)	$ 682	$ 653	$ 597
Net OPEB Liability (Asset) - Ending (a) - (b)	$ (46)	$ (6)	$ (13)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.15%	100.86%	102.14%
Covered-Employee Payroll	$ 2,015	$ 1,999	$ 2,015
Net OPEB Liability as a Percentage of Covered-Employee Payroll	(2.26)%	(0.28)%	(0.62)%

	2020	2019	2018
Actuarially Determined Contribution (ADC)	N/A	N/A	N/A
Contributions in Relation to the ADC	N/A	N/A	N/A
Contribution Deficiency (Excess)	N/A	N/A	N/A
Covered-Employee Payroll	$ 2,015	$ 1,999	$ 2,015
Contributions as a Percentage of Covered-Employee Payroll	0.99%	2.25%	31.47%

The Port Authority of the City of Saint Paul implmented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB
DECEMBER 31, 2020
(ALL AMOUNTS IN THOUSANDS)

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2020	7.07%
2019	9.03%
2018	-0.88%

The Port Authority of the City of Saint Paul implmented GASB Statement No. 75 in fiscal year 2018, and the above table will be expanded to 10 years of information as the information becomes available.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
PERA SCHEDULE OF THE PORT AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2020
(ALL AMOUNTS IN THOUSANDS)

	Measurement Date						
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Port Authority's Proportion of the Net Pension Liability	0.0256%	0.0231%	0.0215%	0.0212%	0.0237%	0.0251%	0.0267%
Port Authority's Proportionate Share of the Net Pension Liability	$ 1,535	$ 1,277	$ 1,193	$ 1,353	$ 1,924	$ 1,301	$ 1,254
State's Proportionate Share of the Net Pension Liability Associated with the Port Authority	47	40	39	17	-	-	-
Total	$ 1,582	$ 1,317	$ 1,232	$ 1,370	$ 1,924	$ 1,301	$ 1,254
Port Authority's Covered Payroll	$ 1,827	$ 1,634	$ 1,365	$ 1,365	$ 1,472	$ 1,476	$ 1,382
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.02%	78.15%	87.40%	99.12%	130.71%	88.14%	90.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.20%	79.50%	75.90%	68.90%	78.20%	78.70%

The above table will be expanded to 10 years of information as the information becomes available.

PORT AUTHORITY OF THE CITY OF SAINT PAUL
PERA SCHEDULE OF THE PORT AUTHORITY'S CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2020
(ALL AMOUNTS IN THOUSANDS)

	Measurement Date						
	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Port Authority's Proportion of the Net Pension Liability	0.0256%	0.0231%	0.0215%	0.0212%	0.0237%	0.0251%	0.0267%
Port Authority's Proportionate Share of the Net Pension Liability	$ 1,535	$ 1,277	$ 1,193	$ 1,353	$ 1,924	$ 1,301	$ 1,254
State's Proportionate Share of the Net Pension Liability Associated with the Port Authority	47	40	39	17	-	-	-
Total	$ 1,582	$ 1,317	$ 1,232	$ 1,370	$ 1,924	$ 1,301	$ 1,254
Port Authority's Covered Payroll	$ 1,827	$ 1,634	$ 1,365	$ 1,365	$ 1,472	$ 1,476	$ 1,382
Port Authority's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	84.02%	78.15%	87.40%	99.12%	130.71%	88.14%	90.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.06%	80.20%	79.50%	75.90%	68.90%	78.20%	78.70%

The above table will be expanded to 10 years of information as the information becomes available.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS

General Employees Fund

2020 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

2019 Changes
Changes in Actuarial Assumptions

- The morality 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.

2018 Changes
Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- 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% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, 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% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes
Changes in Actuarial Assumptions

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

CHANGES IN SIGNIFICANT PLAN PROVISIONS, ACTUARIAL METHODS, AND ASSUMPTIONS (CONTINUED)

Changes in Plan Provisions

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

2016 Changes:
Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes:
Changes in Actuarial Assumptions

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

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

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[b] This table is not required by AU-C 700 . It is an optional tabular illustration that may assist the user in understanding the opinions issued for each of the opinion units.

[c] This paragraph identifies the unaudited organization, function, or activity included in the basic financial statements and gives its effects on the basic financial statements.

[d] Depending on the nature and magnitude of the unaudited component unit, it is possible that the auditor might issue a qualified opinion on the aggregate discretely presented component units (but not on the financial statements as a whole). See Appendix 11B-5 for an example when the auditor issues a qualified opinion on the aggregate discretely presented component units.

PORT AUTHORITY OF THE CITY OF SAINT PAUL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2020

PORT AUTHORITY OF THE CITY OF SAINT PAUL
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YEAR ENDED DECEMBER 31, 2020

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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
Port Authority of the City of Saint Paul
Saint Paul, 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 business-type activities, the aggregate remaining fund information, and the discretely presented component unit of the Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul, Minnesota) (the Port Authority), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements and have issued our report thereon dated REPORT DATE. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards.* This report does not include the results of the testing of internal control over financial reporting or compliance and other matters reported on for the discretely presented component unit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port Authority'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 Port Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the Port 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 Port Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the Port Authority of the City of Saint Paul's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Port Authority of the City of Saint Paul's major federal programs for the year ended December 31, 2020. The Port Authority of the City of Saint Paul's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, the aggregate remaining fund information, and the discretely presented component unit of the Port Authority of the City of Saint Paul as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port Authority of the City of Saint Paul's basic financial statements. We issued our report thereon dated REPORT DATE, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

THE PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Grant Name	Pass-through Grantor	Federal CFDA Number	Federal Expenditures
U.S. Department of Energy:			
ARRA - State Energy Program	MN Dept. of Commerce	81.041	$ 4,174,480

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

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

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Port Authority of the City of Saint Paul does not charge indirect costs to its federal programs and therefore does not utilize the de minimus indirect cost rate allowed under the Uniform Guidance.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

NOTE C STATE ENERGY PROGRAM

The amount reported on the financial statements for the ARRA-State Energy Program (81.041) for the Port Authority is the administrative and collection costs. Below is a summary of the loan activity during fiscal year 2020.

	State Energy Program
Loans Receivable Beginning	$ 13,438,731
New Loans Issued	4,174,480
Loan Repayments	(3,154,140)
Loans Receivable Ending	$ 14,459,071

THE PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes ___x___ no
   - Significant deficiency(ies) identified? ______ yes ___x___ none reported
3. Noncompliance material to financial statements noted? ______ yes ___x___ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ______ yes ___x___ no
   - Significant deficiency(ies) identified? ______ yes ___x___ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes ___x___ no

Identification of Major Federal Programs

Program	CFDA #
U.S. Department of Energy:	
ARRA - State Energy Program	81.041

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ______ yes ___x___ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Prior Year Findings

2019-001 Prior Period Adjustment to Defined Contribution Pension Trust

Type of Finding: Material Weakness in Internal Control over Compliance

Condition and Context: As part of our audit procedures surrounding the Port's pensions and other potential fiduciary activities, it was noted that the Port's defined contribution pension trust fund had improperly been excluded from the Port's Fiduciary fund statements starting in 2015. It was also noted that the January 1, 2019 net position of the defined contribution pension trust fund was material to the aggregate remaining fund information of the Port. Therefore, beginning net position of the defined contribution trust fund was restated as of January 1, 2019.

Recommendation: We recommend that the Port review their processes and procedures surrounding fiduciary funds and activities to ensure all entities and financial statement line items are properly captured in the Port's financial fiduciary financial statements.

Current Status: This finding has been resolved in 2020.

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INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, 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 business-type activities and aggregate remaining fund information of the Port Authority of the City of Saint Paul (a component unit of the City of Saint Paul) and its component unit (Capital City Properties) (collectively, the Organization) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated REPORT DATE.

In connection with our audit, nothing came to our attention that caused us to believe that the Organization 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 Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters, except as described in the Schedule of Findings and Recommendations as item 2020-001. 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 Organization's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The Organization's written response to the legal compliance finding identified in our audit is described in the Schedule of Findings and Recommendations. The Organization'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.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
REPORT DATE

PORT AUTHORITY OF THE CITY OF SAINT PAUL
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2020

FINDING: 2020-001 PROMPT PAYMENT OF BILLS

Type of Finding: Minnesota Legal Compliance Finding

Criteria: Minnesota Statute §471.425, requires municipalities and governmental entities to pay each vendor obligation according to the terms of the contract, or if no contract terms apply, within the standard payment period, which is defined as within 35 days from the date of receipt for municipalities which have regularly scheduled board meetings at least once a month.

Condition/Context: We noted two disbursements which were not paid within the standard payment period.

Effect: The Port Authority was not in compliance with state statutes related to payment of local government bills.

Cause: Industrial parks require a number of external and internal approvals prior to payment which can result in payments outside of the state parameters. With staff turnover during the year and the wind down of most existing industrial projects, we will continue to evaluate opportunities to improve processes and lower turn around time.

Recommendation: We recommend the Port Authority make every effort possible to ensure that invoices are paid within the statutory requirements.

Views of Management: Management agrees with the finding and recommendation and will continue to review the process of paying invoices and bills.

ENERGY PARK UTILITY COMPANY
(A UNIT OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

ENERGY PARK UTILITY COMPANY
(A UNIT OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL)
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the Energy Park Utility Company (the Company), a Unit of the Port Authority of the City of Saint Paul (the Port Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to basic financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Commissioners
Port Authority of the City of Saint Paul

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Energy Park Utility Company, a Unit of the Port Authority of the City of Saint Paul as of December 31, 2020 and 2019, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Financial Reporting Entity

As discussed in Note 1, the financial statements of the Company are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the Port Authority that is attributable to the transactions of Energy Park Utility Company. They do not purport to, and do not, present fairly the financial position of the Port Authority as of December 31, 2020 and 2019, or the changes in its financial position or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Omitted Management's Discussion and Analysis

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 12, 2021

ENERGY PARK UTILITY COMPANY
(A UNIT OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL)
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ (110,399)	$ (257,589)
Restricted Cash and Cash Equivalents	1,932,997	1,798,602
Accounts Receivable	311,683	402,504
Prepaids	42,922	38,209
Inventory	48,884	39,617
Total Current Assets	2,226,087	2,021,343
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	8,764,961	9,232,904
Total Assets	10,991,048	11,254,247
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	195,016	206,103
Accrued Interest Payable	183,953	187,182
Other Current Payables	76,500	64,610
Current Maturities on Long-Term Debt	271,512	243,990
Total Current Liabilities	726,981	701,885
LONG-TERM LIABILITIES		
Long-Term Debt (Less: Current Maturities)	8,070,680	8,345,886
Total Liabilities	8,797,661	9,047,771
NET POSITION		
Net Investment in Capital Assets	1,372,769	1,593,028
Restricted for:		
Capital Maintenance	725,583	595,944
Debt Service	257,414	252,657
Unrestricted	(162,379)	(235,153)
Total Net Position	$ 2,193,387	$ 2,206,476

See accompanying Notes to Basic Financial Statements.

ENERGY PARK UTILITY COMPANY
(A UNIT OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Charges for Services	$ 3,017,122	$ 3,112,064
OPERATING EXPENSES		
Operating Costs	1,701,741	1,790,893
Management Fees	111,823	108,810
Administrative Fees	55,214	55,267
Audit	14,805	14,400
Depreciation	505,682	495,251
Total Operating Expenses	2,389,265	2,464,621
OPERATING INCOME	627,857	647,443
NONOPERATING REVENUES (EXPENSES)		
Investment Income	538	11,546
Interest Expense	(467,824)	(478,090)
Other Fees	(170,000)	(170,000)
Other Nonoperating	(3,660)	-
Total Nonoperating Expenses	(640,946)	(636,544)
CHANGE IN NET POSITION	(13,089)	10,899
Net Position - Beginning of Year	2,206,476	2,195,577
NET POSITION - END OF YEAR	$ 2,193,387	$ 2,206,476

See accompanying Notes to Basic Financial Statements.

ENERGY PARK UTILITY COMPANY
(A UNIT OF THE PORT AUTHORITY OF THE CITY OF SAINT PAUL)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 3,107,943	$ 3,039,016
Payments for Operations	(1,896,760)	(2,032,474)
Net Cash Provided by Operating Activities	1,211,183	1,006,542
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(37,739)	(123,616)
Principal Paid on Revenue Bonds	(155,000)	(130,000)
Principal Paid on Notes Payable	(92,684)	(92,487)
Interest Paid on Long-Term Liabilities	(471,053)	(480,799)
Other Debt Related Costs	(3,660)	-
Net Cash Used by Capital and Related Financing Activities	(760,136)	(826,902)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Fees Paid to Port Authority	(170,000)	(170,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	538	11,546
NET INCREASE IN CASH AND CASH EQUIVALENTS	281,585	21,186
Cash and Cash Equivalents - Beginning of Year	1,541,013	1,519,827
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,822,598	$ 1,541,013
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 627,857	$ 647,443
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	505,682	495,251
Change in Operating Assets and Liabilities:		
Accounts Receivable	90,821	(73,048)
Prepaids	(4,713)	(8,210)
Inventory	(9,267)	(13,670)
Accounts Payable	(11,087)	(21,617)
Deposits Payable	-	-
Other Current Liabilities	11,890	(19,607)
Net Cash Provided by Operating Activities	$ 1,211,183	$ 1,006,542

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Unit

Energy Park Utility Company (the Company) is a unit of the Port Authority of the City of Saint Paul (the Port Authority) and is governed by the Commissioners of the Authority. The Company provides heating and cooling services through the operation of a hot and chilled-water system to businesses and residences located in Energy Park, an industrial and residential development district located in Saint Paul, Minnesota.

Financial Reporting Entity

The financial statements of the Company are intended to present the financial position, and the changes in the financial position and cash flows, of only the Company that is attributable to the transactions of the unit. They do not purport to, and do not, present fairly the financial position of the Port Authority of the City of Saint Paul, as of December 31, 2020 and 2019, or the changes in its financial position or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Measurement Focus and Basis of Accounting

The accrual basis of accounting is used by the Company. Under this method, revenues are recorded when earned and expenses are recorded when the related fund liability is incurred.

The Company distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund’s principal ongoing operations. The principal operating revenues of the Company are charges to customers for sales and services. The operating expenses of the Company include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Accounts Receivable

Accounts receivables are due from utility customers that are charged for access to the heating and cooling system as well as the variable costs associated with providing heating and cooling through long-term contracts. At December 31, 2020 and 2019, there is no allowance for doubtful accounts reflected in the financial statements. Accounts receivable are uncollateralized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Investment Reserve

The restricted investment reserve consists of deposits and investments held by the Port Authority and the Bond Trustee which are reported at fair value. The Port Authority is required to maintain a restricted investment reserve funded with an upfront fee and monthly additions of specified revenues, as defined, for future repairs and plant expansion. The balance was depleted to complete upgrades to the system and is being replenished from future specified revenues related to the new franchise agreement and long-term customer service agreements.

Capital Assets

Capital assets consist of land and a heating and cooling system, which are stated at cost. The heating and cooling system improvements are depreciated on a straight-line basis over the useful life of the asset of 25 years. The 25-year life is based on the life of the Hot and Chilled Water Service Agreements. Equipment related to the heating and cooling system is depreciated on a straight-line basis over the useful life of the asset of seven years. Depreciation expense was $505,682 and $495,251 in 2020 and 2019, respectively.

Franchise Fees

The Company collects and remits to the City of Saint Paul a franchise fee of the greater of 6.8% of revenues or $159,000. The Company is not required to collect or remit franchise fees for six months of each year for sales to residential customers, defined in the franchise agreement. Franchise fees collected for the City of Saint Paul were approximately $192,532 and $195,618 in 2020 and 2019, respectively. Franchise fees collected on behalf of the City of Saint Paul are not included as revenue or expenses in the statements of revenues, expenses, and changes in net position.

Fees Paid to the Port Authority

The Company made payments to the Port Authority for an annual fee as required by the franchise ordinance and may be increased annually based upon changes in the consumer price index for all urban consumers in the Minneapolis/St. Paul area for the latest 12-month period. The amount consists of a fixed reimbursement as well as administrative service charges and other miscellaneous fees. The fixed reimbursement was $170,000 in 2020 and $170,000 in 2019. The administrative service charges were $55,214 and $55,267 in 2020 and 2019, respectively, for a total payment to the Port Authority of $225,214 and $225,267 in 2020 and 2019, respectively.

Use of Accounting Estimates

The preparation of financial schedules in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial schedules, and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the differences between assets and liabilities in the financial statements. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by any outstanding balance of long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, it is the Company's policy (as a Unit of the Port Authority of Saint Paul) to use restricted first, then unrestricted net position.

NOTE 2 DEPOSITS AND INVESTMENTS

Deposits

The Port Authority maintains a cash and investment pool that is available for use by all funds including the Company. The Company's portion of this pool is displayed in the statements of net position as "Cash" and "Investments". In accordance with applicable Minnesota state statutes, the Port Authority maintains deposits at financial institutions authorized by the board of commissioners. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

Authorized collateral includes: U.S. government treasury bills, notes, and or bonds; securities issued by a U.S. government agency; general obligations of local governments rated "A" or better; revenue obligations of a state or local government rated "AA" or better; irrevocable standby letters of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

Custodial Credit Risk – Deposits – In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the Port Authority's deposits may not be returned to it. The Port Authority's deposit policy does not provide additional restrictions beyond Minnesota state statutes. At year-end, the carrying amount of the Port Authority's deposits was entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

The Port Authority may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and which receive the highest credit rating, are rated in one of the two highest rating categories by a nationally recognized statistical rating agency, and all of the investments have a final maturity of 13 months or less
- General obligations rated “A” or better; revenue obligations rated “AA” or better
- General obligations of the Minnesota Housing Finance Agency rated “A” or better
- Obligations of a school district with an original maturity not exceeding 13 months which is (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to Minn. Stat. § 126C.55.
- Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing 270 days or less
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks, or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in one of the top two rating categories
- Repurchase or reverse purchase agreements and security 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

Interest Rate Risk – As a means of managing its exposure to fair value losses arising from increasing interest rates, it is Port Authority practice to match maturities to its liquidity needs. Additionally, whenever possible, the investment with the shortest duration will be selected when choosing between equal alternatives.

Credit Risk – As a means of managing its exposure to an issuer of a debt security that will not fulfill its obligation, the trustee has been instructed by Port Authority to follow state law, which limits investments in authorized securities to certain credit risk ratings and maturities. It is also Port Authority policy to diversify the investment portfolio, in order to minimize the impact of losses from any one individual issuer, and to pre-qualify the allowable financial institutions and commercial paper issuers.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk – For an investment, the custodial credit risk is that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Port Authority will not be able to recover the value of its investments that are in the possession of another party. The Port Authority policy for managing custodial credit risk is to follow Minnesota Statutes. All securities are held by an independent third-party custodian selected by Port Authority as evidenced by safekeeping receipts in the Port Authority's name.

Concentration of Credit Risk – The Port Authority investment policy states that the maximum allowable exposure to any one issuer shall not exceed 5% of the total portfolio at the time of purchase, excluding securities of the U.S. Government/Federal and government sponsored enterprise securities.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the years ended December 31 was as follows:

	December 31, 2020			
	Balance at Beginning of Year	Additions / Other	Deductions	Balance at End of Year
Capital Assets Not Being Depreciated:				
Land	$ 176,961	$ -	$ -	$ 176,961
Capital Assets Being Depreciated:				
Heating and Cooling System	18,351,548	37,739	-	18,389,287
Less:				
Accumulated Depreciation	(9,295,605)	(505,682)	-	(9,801,287)
Total Capital Assets Being Depreciated, Net	9,055,943	(467,943)	-	8,588,000
Net Capital Assets	$ 9,232,904	$ (467,943)	$ -	$ 8,764,961

	December 31, 2019			
	Balance at Beginning of Year	Additions / Other	Deductions	Balance at End of Year
Capital Assets Not Being Depreciated:				
Land	$ 176,961	$ -	$ -	$ 176,961
Capital Assets Being Depreciated:				
Heating and Cooling System	18,227,932	123,616	-	18,351,548
Less:				
Accumulated Depreciation	(8,800,354)	(495,251)	-	(9,295,605)
Total Capital Assets Being Depreciated, Net	9,427,578	(371,635)	-	9,055,943
Net Capital Assets	$ 9,604,539	$ (371,635)	$ -	$ 9,232,904

NOTE 4 RISK MANAGEMENT

The Company is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; business interruption; error or omissions; employee's injuries and illnesses; or natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

NOTE 5 LONG-TERM OBLIGATIONS

Long-term obligations consisted of the following as of December 31:

Description	2020	2019
Port Authority of the City of Saint Paul Revenue Bonds, Energy Park Utility Company Project Series 2012-3 with maturities from 2022 through 2036 with Interest of 5.45% to 5.7% due semi-annually from February 1, 2013 through maturity.	$ 7,500,000	$ 7,500,000
Port Authority of the City of Saint Paul Taxable Revenue Bonds, Energy Park Utility Company Project Series 2012-4 with principal payments due August 1, 2014 through 2022 with Interest of 5.0% due semi-annually from February 1, 2013 through maturity.	375,000	530,000
Note Payable due to Capital City Properties, with principal payments due August 1, 2014 through 2021 with Interest of 4.0% due semi-annually from February 1, 2014 through maturity.	338,086	387,230
Loan Payable due to the St. Paul Port Authority, with principal and interest payments due monthly through 2023 and an annual interest rate of 4.0%.	129,106	172,646
Total	8,342,192	8,589,876
Less: Current Maturities	271,512	243,990
Long-Term Debt	$ 8,070,680	$ 8,345,886

The Series 2012-3 Bonds and the Series 2012-4 Bonds referred to collectively as the "Series 2012 Bonds" were issued to finance an upgrade from a two pipe to a four-pipe system (the Project). In addition, the bonds provided funding for reserve and capital maintenance accounts. The Series 2012 Bonds are payable solely from the Pledged Revenues, which consist of essentially all Company customer charges for services.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Capital City Properties (CCP) is a component unit of the Port Authority of the City of Saint Paul. The note payable to CCP was issued to provide funds to enable EPUC to complete the upgrade to a four-pipe system.

Scheduled maturities and interest payments on long-term obligations for the years ending December 31 are as follows:

	Bonds Payable		Notes Payable		Total	
Year Ending December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 175,000	$ 441,488	$ 96,512	$ 17,542	$ 271,512	$ 459,030
2022	290,000	432,738	334,051	13,598	624,051	446,336
2023	220,000	417,833	36,629	613	256,629	418,446
2024	250,000	405,843	-	-	250,000	405,843
2025	280,000	392,218	-	-	280,000	392,218
2026-2030	1,970,000	1,689,965	-	-	1,970,000	1,689,965
2031-2035	3,170,000	1,007,475	-	-	3,170,000	1,007,475
2036-2037	1,520,000	86,640	-	-	1,520,000	86,640
Total	$ 7,875,000	$ 4,874,198	$ 467,192	$ 31,753	$ 8,342,192	$ 4,905,951

Long-term liability activity for the years ended December 31 is presented below.

	December 31, 2020			
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Bonds Payable:				
Tax-Exempt Revenue				
Bonds Series 2012-3	$ 7,500,000	$ -	$ -	$ 7,500,000
Taxable Revenue Bonds				
Series 2012-4	530,000	-	(155,000)	375,000
Notes and Loans Payable	559,876	-	(92,684)	467,192
Total Long-Term Liabilities	$ 8,589,876	$ -	$ (247,684)	$ 8,342,192

	December 31, 2019			
	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Bonds Payable:				
Tax-Exempt Revenue				
Bonds Series 2012-3	$ 7,500,000	$ -	$ -	7,500,000
Taxable Revenue Bonds				
Series 2012-4	660,000	-	(130,000)	530,000
Notes and Loans Payable	652,363	-	(92,487)	559,876
Total Long-Term Liabilities	$ 8,812,363	$ -	$ (222,487)	$ 8,589,876

NOTE 6 COMMITMENTS AND CONTINGENCIES

The Port Authority has contracted with Ever-Green Energy Company LLC (the Ever-Green) pursuant to a management agreement which expires in 2022 for administrative and oversight services necessary for the operation of the System. Ever-Green was paid \$111,823 and \$108,810 in 2020 and 2019, respectively, to manage the System. In addition, Evergreen was reimbursed \$1,701,741 and \$1,790,893 for operating costs of the System for the years ended 2020 and 2019, respectively.

The Company entered into an operating lease in 2013 for chiller equipment which the Company will lease from CCP. The lease agreement, dated October 22, 2013, includes lease terms with 144 monthly payments of \$10,550 which commenced on July 1, 2014, and runs through June 30, 2026.

CliftonLarsonAllen LLP
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Board of Commissioners and Management
Port Authority of the City of Saint Paul
Saint Paul, Minnesota

In planning and performing our audit of the financial statements of the Energy Park Utility Company as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Energy Park Utility Company'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 Energy Park Utility Company's internal control. Accordingly, we do not express an opinion on the effectiveness of Energy Park Utility Company'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.

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

This communication is intended solely for the information and use of management, the board of commissioners, and others within Energy Park Utility Company, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 12, 2021