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**ANNUAL FINANCIAL REPORT
OF THE
CITY OF PINE CITY, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

Prepared By:

Administration Department

**Matthew Van Steenwyk,
City Administrator**



CITY OF PINE CITY, MINNESOTA

FINANCIAL STATEMENTS

December 31, 2020

Prepared By:

Administration Department

**Matthew Van Steenwyk,
City Administrator**

CITY OF PINE CITY, MINNESOTA
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I. INTRODUCTORY SECTION

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CITY OF PINE CITY, MINNESOTA
ORGANIZATION
December 31, 2020

	<u>Term Expires</u>
Mayor: Carl Pederson	January 1, 2023
Council Members: Gina Pettie	January 1, 2023
Brian Scholin	January 1, 2021
Steve Ovick	January 1, 2025
Mary Kay Sloan	January 1, 2023
City Administrator: Matthew Van Steenwyk	Appointed

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II. FINANCIAL SECTION

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pine City, Minnesota, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Pine City, Minnesota's 2019 financial statements and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated October 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and the schedules of OPEB and pension information, 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



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Pine City, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pine City, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Pine City, Minnesota's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, on our consideration of the City of Pine City, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Pine City, Minnesota's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pine City, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 28, 2021

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BASIC FINANCIAL STATEMENTS

CITY OF PINE CITY, MINNESOTA

STATEMENT OF ACTIVITIES

For The Year Ended December 31, 2020 (March 31, 2021 for the Housing and Redevelopment Authority)

With Comparative Totals For The Year Ended December 31, 2019

Functions/Programs	Program Revenues		
	Expenses	Charges For Services	Operating Grants and Contributions
Governmental activities:			
General government	\$631,180	\$24,536	\$68,688
Public safety	955,301	488,778	91,470
Public works	750,289	38,380	22,447
Culture and recreation	301,858	-	25,133
Economic development	224,724	-	132,795
Interest on long-term debt	215,637	-	-
Total governmental activities	<u>3,078,989</u>	<u>551,694</u>	<u>340,533</u>
Business-type activities:			
Liquor	2,116,657	2,472,907	-
Water	680,978	1,205,808	-
Sewer	562,118	793,802	-
Total business-type activities	<u>3,359,753</u>	<u>4,472,517</u>	<u>0</u>
Total primary government	<u>\$6,438,742</u>	<u>\$5,024,211</u>	<u>\$340,533</u>
Component unit:			
Housing and Redevelopment Authority	<u>\$245,920</u>	<u>\$150,456</u>	<u>\$57,098</u>

General revenues:
 General property taxes
 Tax increment collections
 Grants and contributions not restricted to specific programs
 Unrestricted investment earnings
 Gain on sale of capital asset
 Miscellaneous
 Transfers
 Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA

STATEMENT OF NET POSITION

December 31, 2020 (March 31, 2021 for the Housing and Redevelopment Authority)
With Comparative Totals for December 31, 2019

Statement 1

	Primary Government				Component Unit
	Governmental Activities	Business-Type Activities	Total		Housing and Redevelopment Authority
			2020	2019	
Assets:					
Cash and investments	\$5,125,950	\$5,732,343	\$10,858,293	\$9,777,859	\$166,988
Receivables:					
Accounts - net	70,223	190,829	261,052	228,496	3,850
Accrued interest	4,027	-	4,027	9,851	29
Due from other governments	108,110	-	108,110	4,298	1,379
Property taxes	70,842	-	70,842	62,440	-
Special assessments	790,724	352,837	1,143,561	738,771	-
Loans	110,711	-	110,711	121,645	-
Internal balances	(10,651)	10,651	-	-	-
Prepaid items	2,461	-	2,461	16,126	3,947
Inventories - at cost	-	339,200	339,200	305,461	-
Land held for resale	30,372	-	30,372	55,372	-
Net pension asset	397,405	-	397,405	208,880	-
Capital assets (net of accumulated depreciation):					
Nondepreciable	2,600,481	138,278	2,738,759	2,741,396	14,281
Depreciable	12,303,902	16,287,958	28,591,860	25,592,188	431,182
Total assets	<u>21,604,557</u>	<u>23,052,096</u>	<u>44,656,653</u>	<u>39,862,783</u>	<u>621,656</u>
Deferred outflows of resources:					
Related to pensions	124,693	-	124,693	91,554	-
Related to other post-employment benefits	18,968	-	18,968	23,513	-
Total deferred outflows of resources	<u>143,661</u>	<u>-</u>	<u>143,661</u>	<u>115,067</u>	<u>0</u>
Liabilities:					
Accounts payable	91,843	95,088	186,931	203,123	8,763
Due to other governments	64,251	21,869	86,120	22,575	6,631
Salaries payable	26,126	12,592	38,718	32,827	-
Contracts payable	256,046	-	256,046	316,366	-
Deposits payable	14,539	-	14,539	20,837	9,600
Accrued interest payable	54,858	114,984	169,842	95,450	-
Unearned revenue	-	-	-	25,000	-
Compensated absences payable:					
Due within one year	26,421	21,124	47,545	39,692	4,265
Due in more than one year	30,435	38,573	69,008	62,358	3,427
Long-term debt:					
Due within one year	471,000	580,000	1,051,000	548,838	-
Due in more than one year	6,434,391	7,357,717	13,792,108	13,124,624	-
Other post-employment benefits liability:					
Due within one year	15,724	-	15,724	19,085	-
Due in more than one year	94,172	-	94,172	104,598	-
Net pension liability:					
Due in more than one year	761,423	-	761,423	641,338	-
Total liabilities	<u>8,341,229</u>	<u>8,241,947</u>	<u>16,583,176</u>	<u>15,256,711</u>	<u>32,686</u>
Deferred inflows of resources related to pensions	145,836	-	145,836	176,117	-
Net position:					
Net investment in capital assets	8,172,558	8,488,519	16,661,077	16,315,093	445,463
Restricted for:					
Debt service	1,458,825	-	1,458,825	1,077,315	-
Fire Relief Association pension plan	328,744	-	328,744	237,625	-
Tax increment	92,194	-	92,194	83,015	-
Park improvements	14,622	-	14,622	14,622	-
Unrestricted	3,194,210	6,321,630	9,515,840	6,817,352	143,507
Total net position	<u>\$13,261,153</u>	<u>\$14,810,149</u>	<u>\$28,071,302</u>	<u>\$24,545,022</u>	<u>\$588,970</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020
With Comparative Totals For December 31, 2019

	General Fund
Assets	
Cash and investments	\$2,043,663
Accrued interest receivable	4,027
Accounts receivable - net	70,223
Due from other governments	91,521
Property taxes receivable:	
Delinquent	41,018
Due from county	28,879
Due from other funds	-
Prepaid items	2,461
Special assessments receivable	97
Land held for resale	30,372
Loans receivable	-
	\$2,312,261
	\$2,312,261
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities:	
Accounts payable	\$56,094
Due to other governments	64,251
Salaries payable	26,126
Contracts payable	67,004
Deposits payable	14,539
Due to other funds	-
Unearned revenue	-
	228,014
	228,014
Deferred inflows of resources:	
Unavailable revenue	71,390
	71,390
Fund balance (deficit):	
Nonspendable	2,461
Restricted	-
Committed	-
Assigned	-
Unassigned	2,010,396
	2,012,857
	2,012,857
Total liabilities, deferred inflows of resources, and fund balance	
	\$2,312,261
	\$2,312,261

Fund balance reported above

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Net pension asset and deferred outflows / inflows of resources related to the Pine City Fire Department Relief Association pension plan are not financial resources, and therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures, and therefore, are reported as unavailable revenue in the funds.

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

An internal service fund is used by management to charge the costs of pension and OPEB benefits to individual funds. The assets and liabilities are included in the governmental activities on the statement of net position.

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government		Total		Component Unit Housing and Redevelopment Authority
	Governmental Activities	Business-Type Activities	2020	2019	
\$1,266,900	\$728,944	\$ -	\$728,944	(\$521,643)	\$ -
-	(375,053)	-	(375,053)	(54,759)	-
440,166	(249,296)	-	(249,296)	(780,679)	-
119,459	(157,266)	-	(157,266)	(187,242)	-
-	(91,929)	-	(91,929)	(176,105)	-
-	(215,637)	-	(215,637)	(172,683)	-
<u>1,826,525</u>	<u>(360,237)</u>	<u>0</u>	<u>(360,237)</u>	<u>(1,893,111)</u>	<u>0</u>
-	-	356,250	356,250	222,309	-
124,122	-	648,952	648,952	526,352	-
86,482	-	318,166	318,166	477,887	-
<u>210,604</u>	<u>0</u>	<u>1,323,368</u>	<u>1,323,368</u>	<u>1,226,548</u>	<u>0</u>
<u>\$2,037,129</u>	<u>(360,237)</u>	<u>1,323,368</u>	<u>963,131</u>	<u>(666,563)</u>	<u>-</u>
<u>\$149,559</u>					<u>111,193</u>
	1,594,382	-	1,594,382	1,525,860	-
	58,976	-	58,976	60,223	-
	692,427	-	692,427	619,352	-
	48,752	52,067	100,819	141,301	-
	59,905	-	59,905	-	-
	56,640	-	56,640	66,078	-
	(821,156)	821,156	-	-	-
	<u>1,689,926</u>	<u>873,223</u>	<u>2,563,149</u>	<u>2,412,814</u>	<u>-</u>
	1,329,689	2,196,591	3,526,280	1,746,251	111,193
	11,931,464	12,613,558	24,545,022	22,798,771	477,777
	<u>\$13,261,153</u>	<u>\$14,810,149</u>	<u>\$28,071,302</u>	<u>\$24,545,022</u>	<u>\$588,970</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

	<u>General Fund</u>
Revenues:	
General property taxes	\$905,193
Tax increment collections	-
Special assessments	-
Licenses, fees and permits	197,562
Intergovernmental	898,120
Charges for services	279,005
Fines and forfeits	13,669
Investment income	19,416
Miscellaneous	56,640
Total revenues	<u>2,369,605</u>
Expenditures:	
Current:	
General government	599,027
Public safety	887,281
Public works	406,235
Culture and recreation	274,772
Economic development	-
Capital outlay:	
General government	-
Public safety	5,381
Public works	80,263
Culture and recreation	10,146
Economic development	-
Debt service:	
Principal	-
Interest and fiscal charges	-
Total expenditures	<u>2,263,105</u>
Revenues over (under) expenditures	<u>106,500</u>
Other financing sources (uses):	
Proceeds from sale of fixed asset	-
Insurance recovery	-
Transfers in	75,000
Transfers out	(200,000)
Issuance of debt	-
Bond premium	-
Total other financing sources (uses)	<u>(125,000)</u>
Net change in fund balance	(18,500)
Fund balance - January 1	<u>2,031,357</u>
Fund balance - December 31	<u><u>\$2,012,857</u></u>

The accompanying notes are an integral part of these financial statements.

401 Capital Improvement Fund	411 2020 Street Projects	Other Governmental Funds	Total Governmental Funds	
			2020	2019
\$1,424,720	\$ -	\$1,657,567	\$5,125,950	\$5,019,868
-	-	-	4,027	3,906
-	-	-	70,223	34,914
6,254	-	10,335	108,110	4,298
-	-	-	41,018	38,439
-	-	945	29,824	24,001
63,676	-	8,345	72,021	368,675
-	-	-	2,461	10,156
42,932	-	747,695	790,724	526,650
-	-	-	30,372	55,372
-	-	110,711	110,711	121,645
<u>\$1,537,582</u>	<u>\$0</u>	<u>\$2,535,598</u>	<u>\$6,385,441</u>	<u>\$6,207,924</u>
\$24,848	\$ -	\$10,901	\$91,843	\$90,463
-	-	-	64,251	2,729
-	-	-	26,126	22,114
32,233	151,635	5,174	256,046	316,366
-	-	-	14,539	20,837
-	61,446	10,575	72,021	239,021
-	-	-	-	25,000
<u>57,081</u>	<u>213,081</u>	<u>26,650</u>	<u>524,826</u>	<u>716,530</u>
42,932	-	746,832	861,154	619,265
-	-	-	2,461	10,156
-	-	1,047,233	1,047,233	1,628,959
200,000	-	707,842	907,842	563,674
1,237,569	-	9,552	1,247,121	785,148
-	(213,081)	(2,511)	1,794,804	1,884,192
<u>1,437,569</u>	<u>(213,081)</u>	<u>1,762,116</u>	<u>4,999,461</u>	<u>4,872,129</u>
<u>\$1,537,582</u>	<u>\$0</u>	<u>\$2,535,598</u>	<u>\$6,385,441</u>	<u>\$6,207,924</u>
			\$4,999,461	\$4,872,129
			14,904,383	12,669,566
			328,744	237,625
			861,154	619,265
			(7,017,105)	(5,622,887)
			(815,484)	(844,234)
			<u>\$13,261,153</u>	<u>\$11,931,464</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2020
With Comparative Totals For The Year Ended December 31, 2019

Statement 5

	<u>2020</u>	<u>2019</u>
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Total net change in fund balance - governmental funds (Statement 4)	\$127,332	\$327,074
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense:		
Capital outlay	2,666,216	3,074,068
Capital outlay not capitalized	(21,208)	(2,916)
Capital contributions received	1,266,900	-
Capital contributions of infrastructure to business-type activities	(1,171,156)	-
Depreciation expense	(505,935)	(454,565)
Loss resulting from reclass of construction in progress to land held for resale	-	(81,659)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in delinquent taxes	2,579	3,744
Change in delinquent and deferred special assessments	264,310	7,965
Change in land held for resale	(25,000)	25,372
The issuance of long-term debt (e.g. bonds) provides current financial resources for governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amounts of these differences are:		
Principal payments on long-term debt	411,000	947,837
Issuance of long-term debt, including bond premium	(1,769,557)	(2,003,969)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses reported in the statement of activities include the effects of the changes in these expense accruals as follows:		
Change in accrued interest payable	(29,678)	2,548
Change in compensated absences payable	(14,391)	(10,551)
Amortization of bond premiums	8,408	1,156
Governmental funds report pension contributions as expenditures, however, pension expense is reported in the statement of activities. This is the amount by which the Pine City Fire Department Relief Association's pension expense differs from pension contributions:		
Pension contributions	25,000	
Pension (expense)	<u>66,119</u>	16,054
An internal service fund is used by management to charge pension and OPEB costs to individual funds. This amount is the portion of net revenue (expense) attributable to governmental activities.	<u>28,750</u>	<u>13,072</u>
Change in net position of governmental activities (Statement 2)	<u>\$1,329,689</u>	<u>\$1,865,230</u>

The accompanying notes are an integral part of these financial statements.

401 Capital Improvement Fund	411 2020 Street Projects	Other Governmental Funds	Total Governmental Funds	
			2020	2019
\$148,992	\$ -	\$537,618	\$1,591,803	\$1,522,116
-	-	58,976	58,976	60,223
20,152	-	155,704	175,856	184,621
-	-	-	197,562	109,543
61,594	-	93,834	1,053,548	915,459
43,543	-	17,915	340,463	427,181
-	-	-	13,669	10,386
8,479	-	20,857	48,752	75,234
57,865	-	38,961	153,466	66,078
<u>340,625</u>	<u>0</u>	<u>923,865</u>	<u>3,634,095</u>	<u>3,370,841</u>
-	-	-	599,027	579,559
-	-	-	887,281	747,374
32,233	225	11,701	450,394	713,775
8,606	-	-	283,378	185,056
-	-	194,562	194,562	82,335
28,013	-	-	28,013	47,944
11,920	-	-	17,301	334,920
52,943	1,904,296	229,767	2,267,269	2,617,044
122,997	-	-	133,143	74,160
-	-	220,490	220,490	-
-	-	411,000	411,000	947,837
-	53,589	140,778	194,367	176,387
<u>256,712</u>	<u>1,958,110</u>	<u>1,208,298</u>	<u>5,686,225</u>	<u>6,506,391</u>
<u>83,913</u>	<u>(1,958,110)</u>	<u>(284,433)</u>	<u>(2,052,130)</u>	<u>(3,135,550)</u>
59,905	-	-	59,905	-
-	-	-	-	47,061
536,753	-	172,643	784,396	1,421,594
-	-	(234,396)	(434,396)	(10,000)
-	1,700,000	-	1,700,000	1,944,000
-	69,557	-	69,557	59,969
<u>596,658</u>	<u>1,769,557</u>	<u>(61,753)</u>	<u>2,179,462</u>	<u>3,462,624</u>
680,571	(188,553)	(346,186)	127,332	327,074
<u>756,998</u>	<u>(24,528)</u>	<u>2,108,302</u>	<u>4,872,129</u>	<u>4,545,055</u>
<u>\$1,437,569</u>	<u>(\$213,081)</u>	<u>\$1,762,116</u>	<u>\$4,999,461</u>	<u>\$4,872,129</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 For The Year Ended December 31, 2020
 With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2019

Statement 7

	Business-Type Activities Enterprise Funds					Governmental Activities
	Liquor Fund	Water Utility	Sewer Utility	Totals		Internal Service Fund - 2020
		Fund	Fund	2020	2019	
Sales	\$2,412,256	\$ -	\$ -	\$2,412,256	\$2,003,714	\$ -
Cost of sales	(1,722,525)	-	-	(1,722,525)	(1,463,300)	-
Gross profit	689,731	0	0	689,731	540,414	0
Operating revenues:						
Customer billings	-	1,184,821	793,202	1,978,023	2,000,253	-
Charges for services	5,740	20,987	600	27,327	40,898	78,667
Intergovernmental revenue	54,911	-	-	54,911	-	2,045
Total operating revenues	60,651	1,205,808	793,802	2,060,261	2,041,151	80,712
Total gross profit and operating revenues	750,382	1,205,808	793,802	2,749,992	2,581,565	80,712
Operating expenses:						
Salaries and benefits	279,379	221,102	221,102	721,583	613,447	30,729
Contractual services	1,915	13,142	16,321	31,378	23,081	-
Advertising	6,617	532	-	7,149	8,061	-
Materials and supplies	14,773	18,656	5,015	38,444	39,617	-
Insurance	11,945	6,987	7,505	26,437	25,245	-
Utilities	19,753	38,945	66,321	125,019	116,318	-
Repairs and maintenance	15,896	20,698	12,909	49,503	80,669	-
Miscellaneous expenses	36,940	13,883	14,083	64,906	55,242	-
Depreciation	16,103	225,056	167,779	408,938	352,175	-
Total operating expenses	403,321	559,001	511,035	1,473,357	1,313,855	30,729
Operating income (loss)	347,061	646,807	282,767	1,276,635	1,267,710	49,983
Nonoperating revenues (expenses):						
Investment income	4,125	23,880	24,062	52,067	66,067	-
Interest and fiscal charges	-	(127,999)	(57,105)	(185,104)	(303,849)	-
Total nonoperating revenues (expenses)	4,125	(104,119)	(33,043)	(133,037)	(237,782)	0
Income (loss) before capital contributions and transfers	351,186	542,688	249,724	1,143,598	1,029,928	49,983
Capital contributions and transfers:						
Special assessments	-	124,122	86,482	210,604	48,295	-
Intergovernmental revenue	-	-	-	-	213,632	-
Capital assets from governmental activities	-	642,541	528,615	1,171,156	-	-
Transfers out	(350,000)	-	-	(350,000)	(1,411,594)	-
Total capital contributions and transfers	(350,000)	766,663	615,097	1,031,760	(1,149,667)	-
Change in net position	1,186	1,309,351	864,821	2,175,358	(119,739)	49,983
Net position - January 1	833,010	4,951,481	6,839,649	12,624,140	12,743,879	(854,816)
Net position - December 31	\$834,196	\$6,260,832	\$7,704,470	\$14,799,498	\$12,624,140	(\$804,833)
Change in net position reported for business-type activities above				\$2,175,358		
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds.				21,233		
Change in net position of business-type activities (Statement 2)				\$2,196,591		

The accompanying notes are an integral part of these financial statements.

CITY OF PINE CITY, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

Statement 6

December 31, 2020

With Comparative Totals For Enterprise Funds For December 31, 2019

	Business-Type Activities Enterprise Funds					Governmental
	Liquor Fund	Water Utility Fund	Sewer Utility Fund	Totals		Internal Service Fund - 2020
				2020	2019	
Assets:						
Current assets:						
Cash and cash equivalents	\$406,442	\$2,722,032	\$2,603,869	\$5,732,343	\$4,757,991	\$ -
Accrued interest receivable	-	-	-	-	5,945	-
Accounts receivable - net	-	116,340	74,489	190,829	193,582	-
Prepaid items	-	-	-	-	5,970	-
Inventories - at cost	339,200	-	-	339,200	305,461	-
Total current assets	745,642	2,838,372	2,678,358	6,262,372	5,268,949	0
Noncurrent assets:						
Special assessments receivable	-	191,541	161,296	352,837	212,121	-
Capital assets:						
Nondepreciable	33,000	20,000	85,278	138,278	138,278	-
Depreciable	467,791	12,039,396	9,762,632	22,269,819	21,098,663	-
Total capital assets	500,791	12,059,396	9,847,910	22,408,097	21,236,941	0
Less: accumulated depreciation	(296,001)	(2,903,972)	(2,781,888)	(5,981,861)	(5,572,923)	-
Net capital assets	204,790	9,155,424	7,066,022	16,426,236	15,664,018	0
Total assets	950,432	12,185,337	9,905,676	23,041,445	21,145,088	0
Deferred outflows of resources:						
Related to pensions	-	-	-	-	-	99,693
Related to other post-employment benefits	-	-	-	-	-	18,968
Total deferred outflows of resources	0	0	0	0	0	118,661
Liabilities:						
Current liabilities:						
Accounts payable	76,063	9,796	9,229	95,088	112,660	-
Due to other governments	21,700	169	-	21,869	19,846	-
Salaries payable	5,970	3,542	3,080	12,592	10,713	-
Due to other funds	-	-	-	-	129,654	-
Accrued interest payable	-	77,730	37,254	114,984	70,270	-
Compensated absences payable - current portion	4,424	8,350	8,350	21,124	20,386	-
Long-term debt - current portion	-	480,200	99,800	580,000	138,838	-
Other post-employment benefits - current portion	-	-	-	-	-	15,724
Total current liabilities	108,157	579,787	157,713	845,657	502,367	15,724
Long-term liabilities:						
Compensated absences payable - noncurrent portion	8,079	15,247	15,247	38,573	39,199	-
Long-term debt - noncurrent portion	-	5,329,471	2,028,246	7,357,717	7,979,382	-
Other post-employment benefits	-	-	-	-	-	94,172
Net pension liability	-	-	-	-	-	761,423
Total noncurrent liabilities	8,079	5,344,718	2,043,493	7,396,290	8,018,581	855,595
Total liabilities	116,236	5,924,505	2,201,206	8,241,947	8,520,948	871,319
Deferred inflows of resources related to pensions	-	-	-	-	-	52,175
Net position:						
Net investments in capital assets	204,790	3,345,753	4,937,976	8,488,519	8,797,392	-
Unrestricted	629,406	2,915,079	2,766,494	6,310,979	3,826,748	(\$804,833)
Total net position	\$834,196	\$6,260,832	\$7,704,470	\$14,799,498	\$12,624,140	(\$804,833)
Net position reported above				\$14,799,498		
Adjustment to report the cumulative internal balance for the net effect of activity between the internal service fund and the enterprise funds over time.				10,651		
Net position of business-type activities (Statement 1)				<u>\$14,810,149</u>		

The accompanying notes are an integral part of these financial statements.

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CITY OF PINE CITY, MINNESOTA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2020

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2019

Statement 8

	Business-Type Activities Enterprise Funds				Governmental	
	Water Utility	Sewer Utility	Totals		Activities	
	Liquor Fund	Fund	Fund	2020	2019	Internal Service Fund - 2020
Cash flows from operating activities:						
Receipts from customers and users	\$2,417,996	\$1,207,538	\$794,825	\$4,420,359	\$4,012,007	\$ -
Receipts from interfund charges for employee benefits	-	-	-	-	-	78,667
Receipt of CARES funds	54,911	-	-	54,911	-	-
Payments to suppliers	(1,847,678)	(118,520)	(142,483)	(2,108,681)	(1,783,888)	-
Payments to employees and benefit providers	(283,736)	(217,695)	(218,159)	(719,590)	(608,406)	(78,667)
Net cash flows provided by (used in) operating activities	341,493	871,323	434,183	1,646,999	1,619,713	0
Cash flows from noncapital financing activities:						
Transfers to other funds	(350,000)	-	-	(350,000)	(1,411,594)	-
Payments of amounts due to other funds	-	(59,639)	(70,015)	(129,654)	(25,931)	-
Net cash flows provided by (used in) noncapital financing activities	(350,000)	(59,639)	(70,015)	(479,654)	(1,437,525)	0
Cash flows from capital and related financing activities:						
Special assessment collections	-	37,765	32,123	69,888	46,115	-
Acquisition of capital assets	-	-	-	-	(1,014,760)	-
Proceeds from issuance of long-term debt	-	-	-	-	5,457,046	-
Principal paid on long-term debt	-	(56,500)	(82,338)	(138,838)	(5,187,837)	-
Interest paid on long-term debt	-	(125,499)	(56,556)	(182,055)	(343,206)	-
Intergovernmental revenue	-	-	-	-	1,511,464	-
Net cash flows provided by (used in) capital and related financing activities	0	(144,234)	(106,771)	(251,005)	468,822	0
Cash flows from investing activities:						
Investment income	4,125	26,950	26,937	58,012	63,866	-
Net increase (decrease) in cash and cash equivalents	(4,382)	694,400	284,334	974,352	714,876	0
Cash and cash equivalents - January 1	410,824	2,027,632	2,319,535	4,757,991	4,043,115	-
Cash and cash equivalents - December 31	\$406,442	\$2,722,032	\$2,603,869	\$5,732,343	\$4,757,991	\$0
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$347,061	\$646,807	\$282,767	\$1,276,635	\$1,267,710	\$49,983
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:						
Depreciation	16,103	225,056	167,779	408,938	352,175	-
Changes in assets and liabilities:						
Decrease (increase) in receivables	-	1,730	1,023	2,753	(32,858)	-
Decrease (increase) in prepaid items	124	2,923	2,923	5,970	137	-
Decrease (increase) in inventory	(33,739)	-	-	(33,739)	36,559	-
Decrease (increase) in deferred outflows of resources	-	-	-	-	-	(32,339)
Increase (decrease) in accounts payable	16,301	(8,598)	(23,252)	(15,549)	(9,049)	-
Increase (decrease) in salaries payable	3,133	(396)	(858)	1,879	(2,603)	-
Increase (decrease) in compensated absences payable	(7,490)	3,801	3,801	112	7,642	-
Increase (decrease) in OPEB and net pension liability	-	-	-	-	-	106,298
Increase (decrease) in deferred inflows of resources	-	-	-	-	-	(123,942)
Total adjustments	(5,568)	224,516	151,416	370,364	352,003	(49,983)
Net cash provided by operating activities	\$341,493	\$871,323	\$434,183	\$1,646,999	\$1,619,713	\$0
Noncash investing, capital and financing activities:						
Capital asset contributions	\$0	\$642,541	\$528,615	\$1,171,156	\$0	\$0

The accompanying notes are an integral part of these financial statements.